

The IRS Form 990: A Tool for Understanding Organizational Capacity

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Today's Agenda

- IRS Form 990: Background
- Summary & Program Service Accomplishments
- Governance & Leadership
- Understanding Financial Health Using the Form 990
- Public Support, Fundraising, and Other Areas of Note

Question for the Group

What do you think of when you think about
organizational capacity?



Using the 990 to Understand Capacity

Critical Questions

- What are the organization's **programmatic activities**?
- How strong is the organization's **governance** function. What does it say about **leadership**?
- What does the 990 tell us about **fundraising** activities and the level of **public support**?

Question for the Group

What do you think of when you think about financial health?



Using the 990 to Understand Capacity

Three Key Questions About Financial Health

1. How strong are the organization's **reserves**? How liquid are they?
2. How many months of operations can be covered with available **cash**?
3. What are the trends in **operating results**?

The IRS Form 990: Background

The IRS Form 990

What is it?

- Information return for organizations exempt from income tax
- Provides the IRS and state charity agencies with information to assist them in enforcing the laws governing nonprofits
- The most publicly available document about an organization

The IRS Form 990

What Are the Filing Requirements?

- Annual gross revenue of \$50K or less: **990-N (E-postcard)**
- Annual gross revenue of \$200K or less and total assets of less than \$500K: **990-EZ or 990**
- Gross revenue greater than \$200K, or total assets of \$500K or more: **990**

Summary & Program Service Accomplishments

Front Page: Part I, Summary

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

**Open to Public
Inspection**

A For the 2014 calendar year, or tax year beginning , 2014, and ending , 20														
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return	<table><tr><td colspan="2">C Name of organization</td><td rowspan="2">D Employer identification number</td></tr><tr><td>Doing business as</td><td></td></tr><tr><td>Number and street (or P.O. box if mail is not delivered to street address)</td><td>Room/suite</td><td rowspan="2">E Telephone number</td></tr><tr><td colspan="2">City or town, state or province, country, and ZIP or foreign postal code</td></tr><tr><td colspan="2"></td><td>G Gross receipts \$</td></tr></table>	C Name of organization		D Employer identification number	Doing business as		Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	E Telephone number	City or town, state or province, country, and ZIP or foreign postal code				G Gross receipts \$
C Name of organization		D Employer identification number												
Doing business as														
Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	E Telephone number												
City or town, state or province, country, and ZIP or foreign postal code														
		G Gross receipts \$												

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: _____ _____		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a) 3		
	4	Number of independent voting members of the governing body (Part VI, line 1b) 4		
	5	Total number of individuals employed in calendar year 2014 (Part V, line 2a) 5		
	6	Total number of volunteers (estimate if necessary) 6		
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 7a		
	b	Net unrelated business taxable income from Form 990-T, line 34 7b		
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)		
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		

Front Page: Part I, Summary (continued)

Part II Signature Block					
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge					
Sign Here	***** Signature of officer			2015-05-14 Date	
	Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Firm's name ▶			PTIN P00543002	
	Firm's address ▶			Firm's EIN ▶ Phone no	
May the IRS discuss this return with the preparer shown above? (see instructions)					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
For Paperwork Reduction Act Notice, see the separate instructions.				Cat No 11282Y	Form 990 (2014)

→ Key Question: How long after the end of the fiscal year was the organization's 990 filed?

Schedule 0

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

▶ **Attach to Form 990 or 990-EZ.**

► Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015

Open to Public Inspection

Name of the organization

Employer identification number

Part III: Statement of Program Service Accomplishments

Form 990 (2014)

Page **2**

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III ☐

1 Briefly describe the organization's mission:

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ **Yes** ☐ **No**

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ **Yes** ☐ **No**

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4b (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4c (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

Governance & Leadership

Governance & Leadership

Information about the “tone at the top”

- Governing Body and Management
- Policies
- Compensation
- Other Areas of Note

Governance, Management & Disclosure

Part VI, Section A: Governing Body and Management

- Use of management company
- Changes to organizational documents
- Documentation of board and committee meetings
- Presentation of 990 to board
- List of officers, directors, trustee or key employees
- Did the org become aware of a significant diversion of assets?

→ Key Questions: How many board members? Are they reviewing the 990? Is there an unusual management structure?

Part VI, Section A: Governing Body and Management

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response or note to any line in this Part VI ☐

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		
6	Did the organization have members or stockholders?		
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?		
8b	Each committee with authority to act on behalf of the governing body?		
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		

Governance, Management & Disclosure

Part VI, Section B: Policies

- Conflict of Interest
 - Monitoring and enforcement of conflict of interest policy
 - Whistle Blower Policy
 - Document retention and destruction
- *Key Questions: Does the organization have appropriate governance policies in place to set the right “tone at the top?”*

Part VI, Section B: Policies

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	<input type="checkbox"/>	<input type="checkbox"/>
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	<input type="checkbox"/>	<input type="checkbox"/>
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<input type="checkbox"/>	<input type="checkbox"/>
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? <i>If "No," go to line 13</i>	<input type="checkbox"/>	<input type="checkbox"/>
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input type="checkbox"/>	<input type="checkbox"/>
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? <i>If "Yes," describe in Schedule O how this was done</i>	<input type="checkbox"/>	<input type="checkbox"/>
13	Did the organization have a written whistleblower policy?	<input type="checkbox"/>	<input type="checkbox"/>
14	Did the organization have a written document retention and destruction policy?	<input type="checkbox"/>	<input type="checkbox"/>
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	<input type="checkbox"/>	<input type="checkbox"/>
b	Other officers or key employees of the organization	<input type="checkbox"/>	<input type="checkbox"/>
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	<input type="checkbox"/>	<input type="checkbox"/>
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	<input type="checkbox"/>	<input type="checkbox"/>

Governance, Management & Disclosure

Part VI, Section B: Policies

- Process for determining **compensation**. Process should include:
 - A review and approval by independent persons
 - Comparability data
 - Contemporaneous substantiation of the deliberation and decision

→ *Key Question: Is there a deliberate, fair, comprehensive process to set compensation for leadership?*

Part VI, Section B: Policies

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	<input type="checkbox"/>	<input type="checkbox"/>
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	<input type="checkbox"/>	<input type="checkbox"/>
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	<input type="checkbox"/>	<input type="checkbox"/>
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? <i>If "No," go to line 13</i>	<input type="checkbox"/>	<input type="checkbox"/>
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<input type="checkbox"/>	<input type="checkbox"/>
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? <i>If "Yes," describe in Schedule O how this was done</i>	<input type="checkbox"/>	<input type="checkbox"/>
13	Did the organization have a written whistleblower policy?	<input type="checkbox"/>	<input type="checkbox"/>
14	Did the organization have a written document retention and destruction policy?	<input type="checkbox"/>	<input type="checkbox"/>
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	<input type="checkbox"/>	<input type="checkbox"/>
b	Other officers or key employees of the organization	<input type="checkbox"/>	<input type="checkbox"/>
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	<input type="checkbox"/>	<input type="checkbox"/>
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	<input type="checkbox"/>	<input type="checkbox"/>

Compensation

Part VII, Section A

- “Key employees” paid over \$150,000
 - Five highest compensated staff (paid over \$100,000) other than “key employees,” directors, and trustees
 - Former officers, key employees, and highest compensated employees paid over \$100,000
- *Key Questions: Does compensation seem reasonable? Are there significant pay disparities between employees? Are any board members being paid?*

Compensation

What is a “key employee?”

- Receives compensation in excess of \$150,000
- Has responsibility over the organization as a whole that is similar to those of officers, directors, or trustees
- Manages a discrete segment or activity of the organization that represents 10% or more of the organization’s activities, assets, income, or expenses
- Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation

Part VII: Compensation

Form 990 (2014)

Page 8

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees *(continued)*

[illegible]

Additional Compensation Information

Schedule J

Provides additional information on compensation practices for officers, directors, trustees and key employees

→ *Key Questions:*

- Did the organization pay for first class or charter travel?
- Was there access to discretionary spending accounts?
- Did the organization pay for “business use” of a personal residence?
- Were personal services (e.g. maid, chauffeur, etc.) provided?

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015

**Open to Public
Inspection**

Name of the organization

Employer identification number

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

- b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

- 2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

- 3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

- 4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

Yes No

1b	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>

Tone at the Top: Other Areas of Note

Some Additional Questions to Consider:

- **Part IV, Question 26:** Did the organization take out a loan from a board member? *(if so, more info will be provided in Schedule L)*
- **Part IV, Question 28:** Was the organization a party to a business transaction with a current or former officer, director, trustee, or key employee? *(if so, more info will be provided in Schedule L)*
- **Part IV, Question 32:** Did the organization sell or transfer more than 25% of its net assets *(if so, more info will be provided in Schedule N)*
- **Part XII, Question 2c:** Does the organization have a board committee that oversees the audit process?

Understanding Financial Health Using the 990

The 990: Understanding Financial Health

Three Key Questions About Financial Health

1. How strong are the organization's **reserves**? How liquid are they?
2. How many months of operations can be covered with available **cash**?
3. What are the trends in **operating results**?

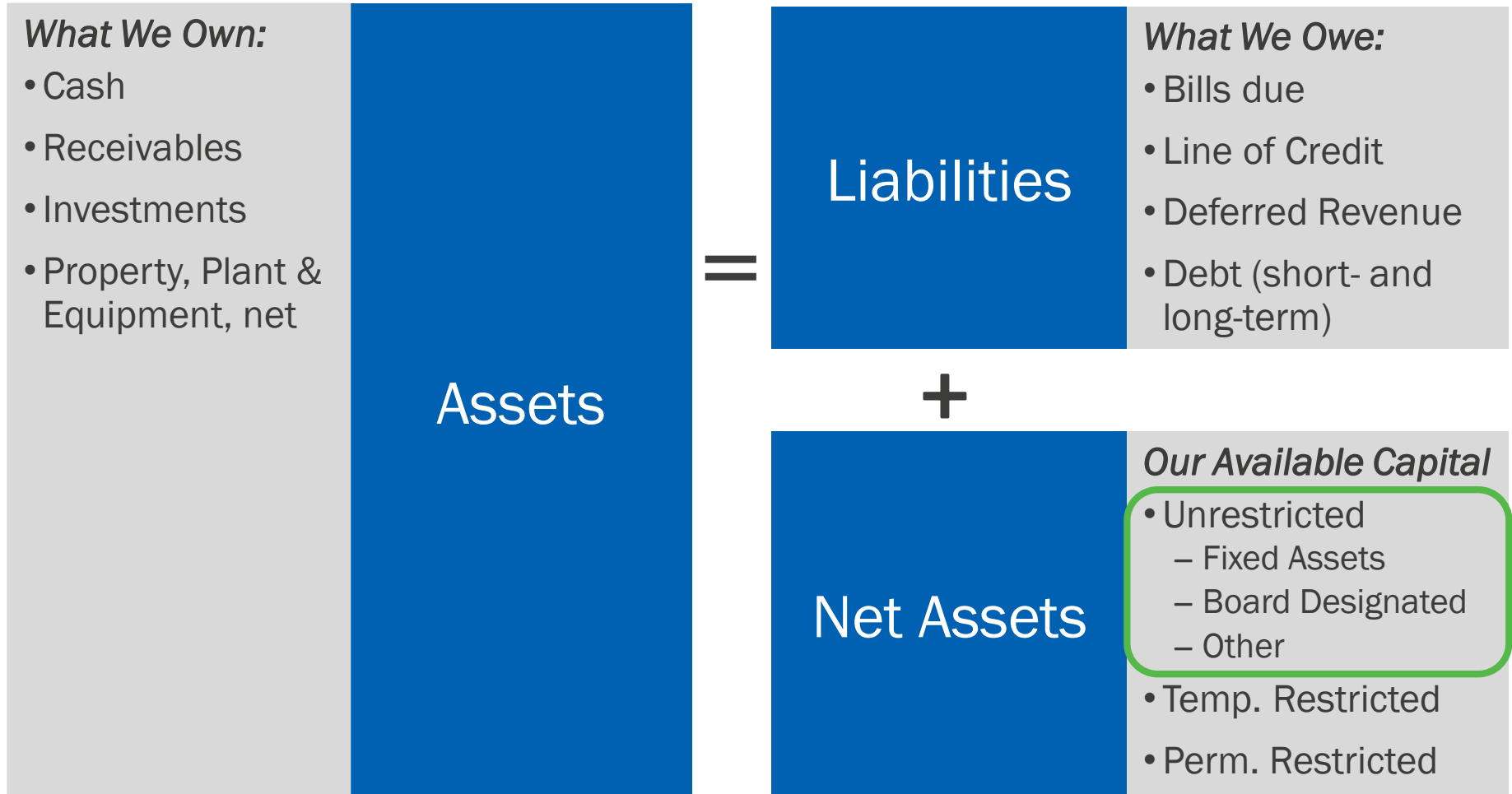
Operating Reserves & Liquidity

The 990: Understanding Financial Health

Three Key Questions About Financial Health

1. How strong are the organization's **reserves**? How liquid are they?
2. How many months of operations can be covered with available **cash**?
3. What are the trends in **operating results**?

Statement of Financial Position



Information in the Audit vs. Form 990

Audit: Statement of Financial Position

NONPROFIT ORG., INC. STATEMENT OF FINANCIAL POSITION JUNE 30, 2013 and 2014			
ASSETS			
	2014	2013	
Assets:			
Cash	\$274,139	\$297,389	
Pledges and contracts receivable	200,000	210,000	
Prepaid expenses	17,000	22,000	
Total Current Assets	491,139	529,389	
Property and equipment, less accumulated depreciation of \$27,505	39,393	64,393	
Other Assets - security deposit	12,000	12,000	
Total Assets	\$542,532	\$605,782	
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	\$ 29,578	\$140,054	
Advances	51,300	78,500	
Current portion of long-term debt	10,500	9,750	
Total Current Liabilities	91,378	228,304	
Long-term debt	160,744	170,494	
Total Liabilities	252,122	398,798	
Net Assets:			
Unrestricted	(38,427)	114,417	
Temporarily restricted	328,837	92,567	
Total Net Assets	290,410	206,984	
Total Liabilities and Net Assets	\$542,532	\$605,782	



990: Balance Sheet (Part X)

Form 990 (2014)		Page 11
Part X Balance Sheet		
Check if Schedule O contains a response or note to any line in this Part X <input type="checkbox"/>		
	(A)	(B)
	Beginning of year	End of year
Assets		
1 Cash—non-interest-bearing		1
2 Savings and temporary cash investments		2
3 Pledges and grants receivable, net		3
4 Accounts receivable, net		4
5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L.		5
6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L.		6
7 Notes and loans receivable, net		7
8 Inventories for sale or use		8
9 Prepaid expenses and deferred charges		9
10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	
b Less: accumulated depreciation	10b	10c
11 Investments—publicly traded securities		11
12 Investments—other securities. See Part IV, line 11.		12
13 Investments—program-related. See Part IV, line 11.		13
14 Intangible assets		14
15 Other assets. See Part IV, line 11.		15
16 Total assets. Add lines 1 through 15 (must equal line 34).		16
Liabilities		
17 Accounts payable and accrued expenses		17
18 Grants payable		18
19 Deferred revenue		19
20 Tax-exempt bond liabilities		20
21 Escrow or custodial account liability. Complete Part IV of Schedule D.		21
22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L.		22
23 Secured mortgages and notes payable to unrelated third parties		23
24 Unsecured notes and loans payable to unrelated third parties		24
25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D.		25
26 Total liabilities. Add lines 17 through 25.		26
Net Assets or Fund Balances		
27 Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
28 Unrestricted net assets		27
29 Temporarily restricted net assets		28
30 Permanently restricted net assets		29
Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.		
30 Capital stock or trust principal, or current funds		30
31 Paid-in or capital surplus, or land, building, or equipment fund		31
32 Retained earnings, endowment, accumulated income, or other funds		32
33 Total net assets or fund balances		33
34 Total liabilities and net assets/fund balances		34
Form 990 (2014)		

STATEMENTS OF FINANCIAL POSITION
March 31, 2014 and 2013

ASSETS

	2014	2013
ASSETS		
Cash and equivalents	\$ 3,747,291	\$ 3,281,734
Accrued investment income	2,488	6,575
Dues and other receivables, net	28,032	35,451
Grants, contracts and contributions receivables, net	4,547,523	3,380,934
Prepaid expenses and other	172,712	99,904
Cash and equivalents - endowment	859,023	416,225
Investments - endowment	3,725,152	2,717,424
Property and equipment, net	1,725,538	1,730,506
Funds held by trustees	<u>9,178,413</u>	<u>10,856,154</u>
TOTAL ASSETS	<u><u>\$23,986,172</u></u>	<u><u>\$22,524,907</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 517,477	\$ 587,845
Scholarships payable	1,388,097	952,382
Deferred revenue	246,031	178,497
Accrued pension cost	579,469	856,211
Deferred rent obligation	<u>62,752</u>	<u>7,466</u>
Total Liabilities	<u><u>2,793,826</u></u>	<u><u>2,582,401</u></u>

NET ASSETS

Unrestricted:		
Board designated	599,376	544,434
Undesignated	<u>4,559,986</u>	<u>219,647</u>
Total Unrestricted	5,159,362	764,081
Temporarily restricted	3,227,571	7,768,647
Permanently restricted	<u>12,805,413</u>	<u>11,409,778</u>
Total Net Assets	<u><u>21,192,346</u></u>	<u><u>19,942,506</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$23,986,172</u></u>	<u><u>\$22,524,907</u></u>
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IRS Form 990: Balance Sheet

Form 990 (2013)

Page **11**

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing		1	
	2 Savings and temporary cash investments	3,281,734	2	3,747,291
	3 Pledges and grants receivable, net	3,380,934	3	4,547,523
	4 Accounts receivable, net	35,451	4	28,032
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	99,904	9	172,712
	10a Land, buildings, and equipment. cost or other basis. Complete Part VI of Schedule D	10a 3,400,188		
	b Less accumulated depreciation	10b 1,674,650	1,730,506	10c 1,725,538
	11 Investments—publicly traded securities	2,717,424	11	3,725,152
	12 Investments—other securities. See Part IV, line 11	10,856,154	12	9,178,413
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	422,800	15	861,511
16 Total assets. Add lines 1 through 15 (must equal line 34)	22,524,907	16	23,986,172	

IRS Form 990: Balance Sheet (continued)

Liabilities	17	Accounts payable and accrued expenses	587,845	17	517,477
	18	Grants payable	952,382	18	1,388,097
	19	Deferred revenue	178,497	19	246,031
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D . .		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties . .		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	863,677	25	642,221
26	Total liabilities. Add lines 17 through 25	2,582,401	26	2,793,826	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	764,081	27	5,159,362
	28	Temporarily restricted net assets	7,768,647	28	3,227,571
	29	Permanently restricted net assets	11,409,778	29	12,805,413
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	19,942,506	33	21,192,346
34	Total liabilities and net assets/fund balances	22,524,907	34	23,986,172	

Form **990** (2013)

Capital for Change and Security

Type of Capital

Capacity Goal

Operating Reserve /
LUNA

Liquidity

Security

Facility Reserves

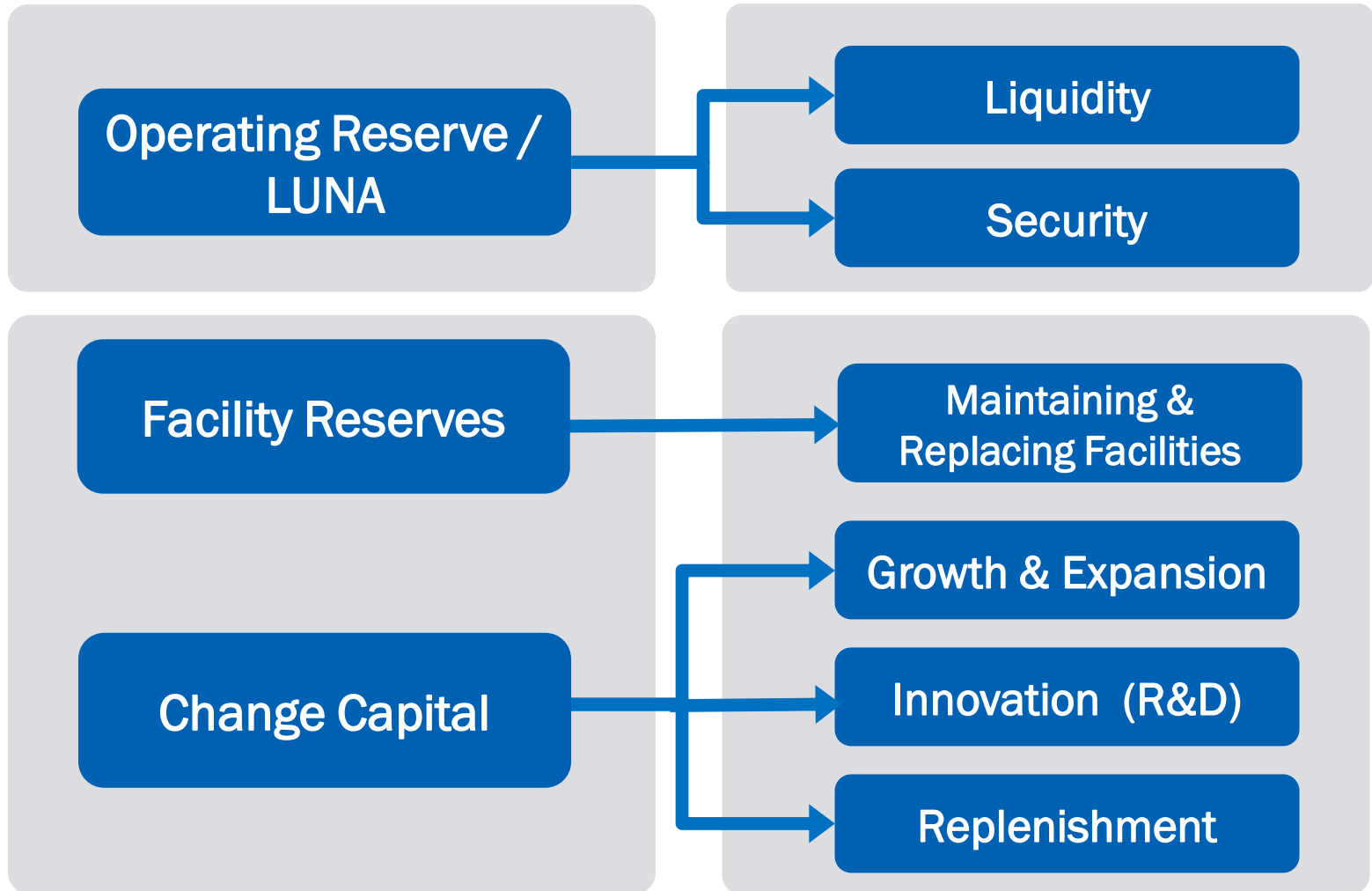
Maintaining &
Replacing Facilities

Change Capital

Growth & Expansion

Innovation (R&D)

Replenishment



Measuring Liquidity (Level of Reserves)

Liquid Unrestricted Net Assets (LUNA)

- The portion of unrestricted net assets that could be converted to cash relatively easily (may or may not include board designated funds, based on accessibility)
- Funds available for purposes such as supplying working capital, guarding against downturns, and pursuing new opportunities

$$\text{LUNA} = \text{Unrestricted Net Assets} - (\text{Fixed Assets} - \text{Mortgages})$$

Benchmark: LUNA sufficient to cover 3-6 months of operating expenses is generally considered healthy, but *this depends* on an organization's business model, plans, and goals.

Calculating LUNA Using the Form 990

Understanding Financial Health Using the IRS Form 990



Liquid Unrestricted Net Assets (LUNA)

	Year: _____	Location in Form 990
Unrestricted Net Assets, End of Year	\$ <input type="text"/>	Part X, column (B), line 27
Subtract Net Fixed Assets	– \$ <input type="text"/>	Part X, column (B), line 10c
Add Mortgages:	+ \$ <input type="text"/>	Part X, column (B), line 23
TOTAL LUNA:	\$ <input type="text"/>	
<i>Average Monthly Expenses</i>		
Total annual expense divided by 12:	\$ <input type="text"/>	Part IX, column (A), line 25 ÷ 12
MONTHS OF LUNA:		
Total LUNA divided by avg. monthly expenses:	<input type="text"/>	

Calculating LUNA Using the Form 990

Liquid Unrestricted Net Assets (LUNA)

Year: 2014

Unrestricted Net Assets, End of Year

\$ 5,159,362

Subtract Net Fixed Assets

—

\$ 1,725,538

Add Mortgages:

+

\$ -

TOTAL LUNA:

\$ 3,433,824

Average Monthly Expenses

Total annual expense divided by 12:

\$ 692,979

MONTHS OF LUNA:

Total LUNA divided by avg. monthly expenses:

5.0

The 990: Understanding Financial Health

Three Key Questions About Financial Health

1. How strong are the organization's **reserves**? How liquid are they?
2. How many months of operations can be covered with available **cash**?
3. What are the trends in **operating results**?

Calculating Months of Cash on Hand

Understanding Financial Health Using the IRS Form 990



Liquid Unrestricted Net Assets (LUNA)

	Year: _____	Location in Form 990
Unrestricted Net Assets, End of Year	\$ <input type="text"/>	Part X, column (B), line 27
Subtract Net Fixed Assets	– \$ <input type="text"/>	Part X, column (B), line 10c
Add Mortgages:	+ \$ <input type="text"/>	Part X, column (B), line 23
TOTAL LUNA:	\$ <input type="text"/>	
<i>Average Monthly Expenses</i>		
Total annual expense divided by 12:	\$ <input type="text"/>	Part IX, column (A), line 25 ÷ 12
MONTHS OF LUNA:		
Total LUNA divided by avg. monthly expenses:	<input type="text"/>	

Calculating Months of Cash on Hand

Months of Cash on Hand	
Cash, Non-Interest Bearing	\$ -
Add Savings and Temp. Cash Investments	+ \$ 3,747,291
TOTAL CASH & CASH EQUIVALENTS:	\$ 3,747,291
<i>Average Monthly Expenses</i>	
Total annual expense divided by 12:	\$ 692,979
MONTHS OF CASH ON HAND:	
Total cash divided by avg. monthly expenses:	5.4

Other Key Financial Indicators

The 990: Understanding Financial Health

Three Key Questions About Financial Health

1. How strong are the organization's **reserves**? How liquid are they?
2. How many months of operations can be covered with available **cash**?
3. What are the trends in **operating results**?

Information in the Audit vs. Form 990

Audit: Statement of Activities

NONPROFIT ORG. INC. STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013 and 2014				
	Unrestricted	Temporarily Restricted	Total	2013
Revenue and support:				
Government contracts	\$ 692,998	--	\$ 692,998	659,850
Grants and contributions, non-government	188,760	559,100	747,860	834,982
Fundraising event	--	11,100	11,100	12,500
Satisfaction of program restrictions	333,930	(333,930)	--	--
Interest income	3,915	--	3,915	4,578
Total revenue and support	1,219,603	236,270	1,455,873	1,511,710
Expenses:				
Program A	357,953	--	357,953	387,997
Program B	118,378	--	118,378	127,738
Program C	381,238	--	381,238	380,694
Program D	229,861	--	229,861	232,894
Total program expenses	1,087,430	--	1,087,430	1,129,323
Supporting Services				
Administrative and general	118,058	--	118,058	128,785
Fundraising	166,959	--	166,959	170,780
Total expenses	1,372,447	--	1,372,447	1,428,888
Change in net assets	(152,844)	236,270	83,426	82,842
Net assets - beginning of year	114,417	92,567	206,984	124,142
Net assets - end of year	\$ (38,427)	\$ 328,837	\$ 290,410	\$ 206,984

990: Stmt of Revenues (Part VIII)

Form 990 (2014) Page 9

Part VIII Statement of Revenue
Check if Schedule O contains a response or note to any line in this Part VIII ☐

	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts				
1a Federated campaigns	1a			
b Membership dues	1b			
c Fundraising events	1c			
d Related organizations	1d			
e Government grants (contributions)	1e			
f All other contributions, gifts, grants, and similar amounts not included above	1f			
g Noncash contributions included in lines 1a-1f: \$				
h Total. Add lines 1a-1f				
Program Service Revenue				
2a Business Code				
b				
c				
d				
e				
f All other program service revenue				
g Total. Add lines 2a-2f				
3 Investment income (including dividends, interest, and other similar amounts)				

990: Stmt of Expenses (Part IX)

Form 990 (2014) Page 10

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).
Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				

STATEMENTS OF ACTIVITIES
Years Ended March 31, 2014 and 2013

Two columns

	2014		
	Unrestricted	Temporarily Restricted	Permanently Restricted
			Total
OPERATING REVENUE, GAINS AND OTHER SUPPORT			
Special events revenue	\$ 1,763,481		\$ 1,763,481
Less: Direct costs of special events	(263,311)		(263,311)
Special events, net	1,500,170		1,500,170
Contributions and private grants	2,391,033	\$ 2,240,672	\$ 941,158
In-kind contributions	668,170		668,170
Government grants and contracts		(18,829)	(18,829)
Program revenue	646,722		646,722
Other income	59,434		59,434
	5,265,529	2,221,843	941,158
Net assets released from restrictions	7,727,937	(7,727,937)	
			8,428,530
Total Operating Revenue, Gains and Other Support	12,993,466	(5,506,094)	941,158
			8,428,530
EXPENSES			
Program Services:			
Affiliate services/growth	2,157,347		2,157,347
Program, research and training	4,570,196		4,570,196
Public education and advocacy	1,128,422		1,128,422
Total Program Services	7,855,965		7,855,965
Supporting Services:			
Management and general	300,903		300,903
Fundraising	809,677		809,677
Total Supporting Services	1,110,580		1,110,580
Total Expenses	8,966,545		8,966,545
CHANGE IN NET ASSETS	4,395,281	(4,541,076)	1,395,635
			1,249,840
NET ASSETS			
Beginning of Year	764,081	7,768,647	11,409,778
			19,942,506
End of Year	\$ 5,159,362	\$ 3,227,571	\$ 12,805,413
			\$ 21,192,346

Front Page: Part I, Revenue and Expense

Activities	5	Total number of individuals employed in calendar year 2013 ()	5	48
	6	Total number of volunteers (estimate if necessary)	6	40
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	b	Net unrelated business taxable income from Form 990-T, line 34	b	0
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	7,389,001	7,160,157
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	706,706	646,722
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	446,002	659,810
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	-20,551	-29,152
			8,521,158	8,437,537
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,704,504	2,128,994
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	4,080,754	4,426,951
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) <u>787,109</u>		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	1,983,874	1,759,797
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	7,769,132	8,315,742
	19	Revenue less expenses Subtract line 18 from line 12	752,026	121,795
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	22,524,907	23,986,172
	21	Total liabilities (Part X, line 26)	2,582,401	2,793,826
	22	Net assets or fund balances Subtract line 21 from line 20	19,942,506	21,192,346

Only one column

Calculating Operating Results

Understanding Financial Health Using the IRS Form 990



Liquid Unrestricted Net Assets (LUNA)

	Year: _____	Location in Form 990
Unrestricted Net Assets, End of Year	\$ <input type="text"/>	Part X, column (B), line 27
Subtract Net Fixed Assets	– \$ <input type="text"/>	Part X, column (B), line 10c
Add Mortgages:	+ \$ <input type="text"/>	Part X, column (B), line 23
TOTAL LUNA:	\$ <input type="text"/>	
<i>Average Monthly Expenses</i>		
Total annual expense divided by 12:	\$ <input type="text"/>	Part IX, column (A), line 25 ÷ 12
MONTHS OF LUNA:		
Total LUNA divided by avg. monthly expenses:	<input type="text"/>	

Calculating Operating Results

Operating Results

Year: 2014

Unrestricted Net Assets, End of Year

\$ 5,159,362

Less Unrestricted Net Assets, Beginning of Year

—

\$ 764,081

Change in Unrestricted Net Assets*

\$ 4,395,281

**Represents operating surplus or deficit for the year*

Information in the Audit vs. Form 990

Audit: Statement of Functional Expenses

	Program Services				Program Expenses
	Program A	Program B	Program C	Program D	
Salaries	\$168,189	\$ 67,710	\$247,474	\$129,323	\$612,696
Payroll taxes and Employee benefits	34,037	13,703	49,962	26,120	123,822
Rent	97,288	8,215	24,436	13,271	143,210
Utilities	2,935	1,180	3,509	1,906	9,530
Office cleaning	1,797	723	2,149	1,167	5,836
Consultants	6,989	3,237	8,668	7,440	26,334
Accounting & Auditing Fees	-	-	-	-	-
Office expense	6,123	2,462	7,248	3,945	19,778
Supplies	7,907	2,500	3,355	2,514	16,276
Telephone	7,591	3,052	9,078	4,930	24,651
Postage and messengers	1,500	750	600	1,584	4,434
Photocopying	135	145	80	2,565	2,925
Equipment leasing	3,535	1,421	4,227	2,296	11,479
Insurance	2,848	1,145	3,406	1,849	9,248
Local transportation	667	268	798	434	2,167
Meals and entertainment	1,798	723	1,371	125	4,017
Seminars and training	500	250	750	2,500	4,000
Fees	560	3,247	1,003	-	4,810
Data processing	496	199	593	322	1,610
Dues and subscriptions	385	532	130	683	1,730
Advertising	5,017	3,838	3,245	5,979	18,079
Depreciation	2,284	918	2,731	1,483	7,416
Miscellaneous	522	210	625	16,275	17,632
Total expenses	<u>\$357,953</u>	<u>\$118,378</u>	<u>\$381,238</u>	<u>\$229,861</u>	<u>\$1,087,430</u>



990: Stmt of Functional Expenses (Part IX)

Form 990 (2014) Page 10

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).
Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 408(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a				
b				
c				
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e				
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising initiative. See instructions				

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended March 31, 2014 and 2013

	Program, Research and Training		Management and General		Fundraising	
	2014	2013	2014	2013	2014	2013
Salaries	\$ 1,984,812	\$ 1,803,069	\$ 113,941	\$ 125,136	\$ 502,402	\$ 468,645
Payroll taxes and employee benefits	611,422	506,689	33,415	34,532	147,696	130,483
Consultants and professional fees	255,287	445,685	32,789	42,295	74,653	86,399
Supplies	17,922	15,750	1,579	2,158	18,376	3,694
Telephone and computer expense	109,558	103,301	853	1,741	3,621	6,229
Postage and shipping expense	10,457	8,504	1,616	1,406	7,650	3,706
Occupancy	165,605	197,444	49,570	68,370	42,418	50,668
Insurance	30,283	27,842	9,078	9,704	7,768	7,192
Equipment rental and maintenance	55,710	69,441	4,529	5,811	3,876	4,306
Travel and meetings expense	275,573	281,527	9,994	11,219	178,643	165,962
Printing and publications expense	53,973	9,166	3,136	18,466	64,232	52,293
Subscriptions	1,534	4,208	408	1,321	557	1,230
Membership dues	17,154	13,894	5,181	4,843	7,183	3,589
Scholarships	33,246	39,124				
Pass-through grants to affiliates	897,610	799,197				5,000
Depreciation	48,188	49,544	14,634	17,269	12,522	12,798
Miscellaneous	1,862	713	20,180	217	1,391	4,510
Direct costs of special events					(263,311)	(219,346)
TOTAL EXPENSES	\$ 4,570,196	\$ 4,375,098	\$ 300,903	\$ 344,488	\$ 809,677	\$ 787,358

Part IX: Statement of Functional Expenses

Are expenses spread across all three columns?

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	1,297,994	1,297,994		
2 Grants and other assistance to individuals in the United States. See Part IV, line 22.	819,789	819,789		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	11,211	11,211		
4 Benefits paid to or for members.				
5 Compensation of current officers, directors, trustees, and key employees.	774,685	511,680	64,792	198,213
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7 Other salaries and wages.	2,689,085	2,313,785	54,406	320,894
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).				
9 Other employee benefits.	721,590	606,230	20,063	95,297
10 Payroll taxes.	241,591	197,802	8,095	35,694
11 Fees for services (non-employees):				
a Management.				
b Legal.				
c Accounting.	23,864		23,864	
d Lobbying.	9,049	9,049		
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees.	34,914		34,914	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on				

Part IX: Statement of Functional Expenses

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

(A)
Total expenses

(B)
Program service
expenses

(C)
Management and
general expenses

(D)
Fundraising
expenses



a	PRINTING AND PUBLICATIO	156,682	140,981	3,136	12,565
b	EQUIPMENT RENTAL AND MA	69,694	61,289	4,529	3,876
c	MEMBERSHIP DUES	35,670	23,306	5,181	7,183
d	MISCELLANEOUS	26,083	4,747	20,179	1,157
e	All other expenses	3,843	2,878	408	557

25	Total functional expenses. Add lines 1 through 24 e	8,315,742	7,195,323	333,310	787,109
-----------	--	-----------	-----------	---------	---------

26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				
-----------	---	--	--	--	--

Overhead vs. Indirect Cost

Overhead Rate

$$\frac{\text{Management \& General} + \text{Fundraising}}{\text{Total } \text{Organizational} \text{ Expense}}$$

Indirect Cost Rate

$$\frac{\text{Management \& General} + \text{Fundraising}}{\text{Total } \text{Program} \text{ Expense}}$$

Calculating Overhead / Indirect Cost Rate

Overhead Rate

Management & General Expense + Fundraising Expense

\$

Part IX, column (C), line 25 + Part IX, column (D), line 25

Total Functional Expenses

÷

\$

Part IX, column (A), line 25

Overhead Rate

Supporting services divided by total expenses

%

Indirect Cost Rate

Management & General Expense + Fundraising Expense

\$

Part IX, column (C), line 25 + Part IX, column (D), line 25

Program Service Expenses

÷

\$

Part IX, column (B), line 25

Indirect Cost Rate

Supporting services divided by total program expense

%

Calculating Overhead / Indirect Cost Rate

Overhead Rate

Management & General Expense + Fundraising Expense

\$ 1,120,419

Total Functional Expenses

÷

\$ 8,315,742

Overhead Rate

13%

Indirect Cost Rate

Management & General Expense + Fundraising Expense

\$ 1,120,419

Program Service Expenses

÷

\$ 7,195,323

Indirect Cost Rate

16%

Public Support

Public Charity Status

Public Support Test and “Tipping”

- **Tipping:** Occurs when a donor makes so large a grant that the grantee fails the IRS public support test and is “tipped” out of public charity status into private foundation status.
- **Public Support Test:** charities must prove that they receive at least one-third of their total support in contributions from the general public.

→ *Key Questions: Is the organization over-reliant on one funder? If so, what risks may that pose?*

Schedule A: Public Charity Status and Public Support

SCHEDULE A (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Open to Public
Inspection

Name of the organization

Employer identification number

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 $\frac{1}{3}$ % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 $\frac{1}{3}$ % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.

Fundraising

Schedule G: Fundraising

Key Questions on Fundraising

- Part I: Types of fundraising activities conducted; engagement of outside contractors for fundraising
- Part II: Financial return on special events

→ *Key Questions: Who is doing fundraising for this organization? How are they doing on special events?*

Schedule G: Fundraising Activities

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule G (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Open to Public
Inspection

Name of the organization

Employer identification number

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- | | |
|---|--|
| a <input type="checkbox"/> Mail solicitations | e <input type="checkbox"/> Solicitation of non-government grants |
| b <input type="checkbox"/> Internet and email solicitations | f <input type="checkbox"/> Solicitation of government grants |
| c <input type="checkbox"/> Phone solicitations | g <input type="checkbox"/> Special fundraising events |
| d <input type="checkbox"/> In-person solicitations | |

- 2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ Yes ☐ No
- b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1		<input type="checkbox"/>	<input type="checkbox"/>			
2		<input type="checkbox"/>	<input type="checkbox"/>			
3		<input type="checkbox"/>	<input type="checkbox"/>			

Schedule G: Fundraising Activities (continued)

Part II Fundraising Events. Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		(event type)	(event type)	(total number)	(add col. (a) through col. (c))
Revenue	1	Gross receipts			
	2	Less: Contributions			
	3	Gross income (line 1 minus line 2)			
Direct Expenses	4	Cash prizes			
	5	Noncash prizes			
	6	Rent/facility costs			
	7	Food and beverages			
	8	Entertainment			
	9	Other direct expenses			
	10	Direct expense summary. Add lines 4 through 9 in column (d) ▶			
	11	Net income summary. Subtract line 10 from line 3, column (d) ▶			

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

	(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
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Depreciation

Depreciation

Schedule D: Depreciation of Fixed Assets

Shows depreciation of fixed assets by category: land, buildings, leasehold improvements, and equipment

→ *Key Questions: How depreciated are the organization's buildings and equipment? If highly depreciated (over 80%), are there reserves to fund replacement/repair?*

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

Open to Public Inspection



- b** If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? **3b** ☐ ☐
- 4** Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		209,205		209,205
b Buildings		2,431,807	1,074,816	1,356,991
c Leasehold improvements		214,749	187,786	26,963
d Equipment		544,427	412,048	132,379
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				1,725,538

$$\begin{aligned} \text{"Book Value" of Fixed Assets: } & \underline{\$1,725,538} \\ \div \text{ Fixed Assets at Original Cost: } & \underline{\$3,400,188} \\ = \text{ Percentage Depreciated: } & 51\% \end{aligned}$$

Resources

Resources

FMA's Toolkit for Grantmakers

Area	Available Tools
Audit	<ul style="list-style-type: none">• Financial Health Analysis Tool: Audit Version
IRS Form 990	<ul style="list-style-type: none">• Assessing Organizational Capacity Using the Form 990• Financial Health Analysis Tool: Form 990 Version
Infrastructure and Budgets	<ul style="list-style-type: none">• Framework for Reviewing Organizational and Program Budgets• Nonprofit Financial Infrastructure: Questions to Ask Your Grantees

Website Address: <http://fmaonline.net/toolkit-for-grantmakers/>

Tool: Assessing Capacity with the 990



TOOLKIT RESOURCE

<http://fmaonline.net/toolkit-for-grantmakers>

Topic Area	Question	Where to Look in the 990	Notes
Program Services	What is the organization's mission?	Part III, Question 1	
	Were any significant changes made to program services?	Part III, Question 3; Schedule O	
	What are the program service accomplishments of the three largest programs?	Part III, Question 4	
Governance, Management & Disclosure ("Tone at the Top")	How many board members are there? Are they independent?	Part VI, Section A, Question 1	
	Did the organization recently become aware of a significant diversion of assets?	Part VI, Section A, Question 5	
	Are board and committee meetings documented?	Part VI, Section A, Question 8	
	Is there a conflict of interest policy in place? Is compliance with the policy monitored?	Part VI, Section B, Question 12	
	Is there a policy for whistleblower protection?	Part VI, Section B, Question 13	
	Is there a document retention policy?	Part VI, Section B, Question 14	
	In which states does the organization file a 990?	Part VI, Section C, Question 17	
	How does the organization make key documents available to the public?	Part VI, Section C, Question 18	
Compensation	Are compensation levels reviewed and approved by independent persons?	Part VI, Section B: Question 15	
	Is comparability data used when setting compensation levels?		
	Is there substantiation of the deliberation and decision to set compensation?		
	What sources are being used to substantiate the compensation of the CEO/Executive Director?	Schedule J, Part I: Question 3	
	Who are the highest compensated employees?	Part VII, Section A	

Financial Health Analysis Tool

Less is More: How Grantmakers are Using Simple Financial Metrics

Hilda Polanco and Luther Snow, The Foundation Review, June 2018



Access the article here:

<https://scholarworks.gvsu.edu/cgi/viewcontent.cgi?article=1414&context=tfr>

Financial Health Analysis: 990 Version



TOOLKIT RESOURCE

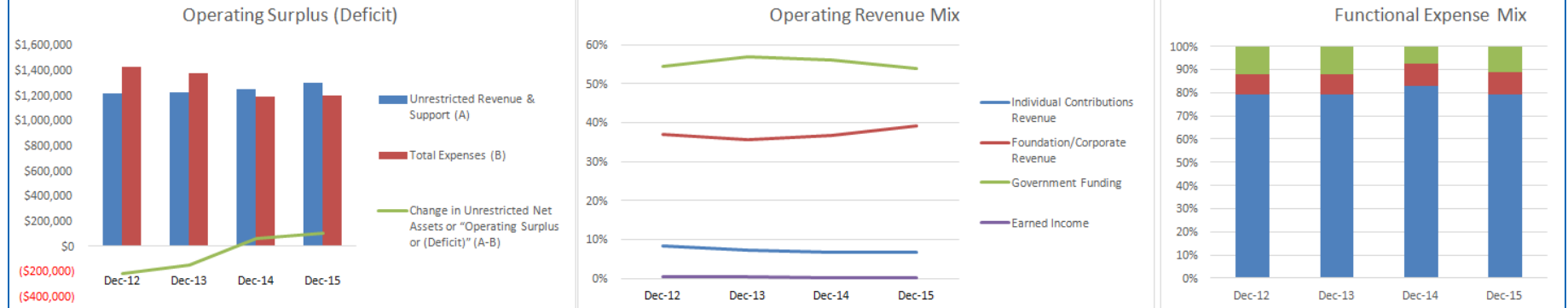
<http://fmaonline.net/toolkit-for-grantmakers>

Oldest -----> Newest

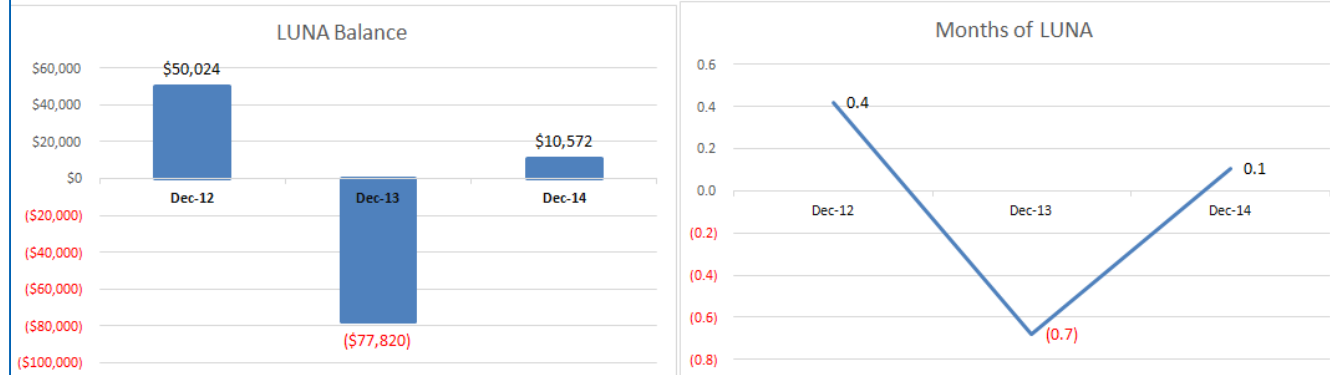
		Document:	1. 990 from 3 years ago	2. 990 from 2 years ago	3. 990 from last year	4. Next Year: Budget*	Source on IRS Form 990
		Fiscal Year Ending:					
Balance Sheet	Did your organization have an operating surplus or deficit?						
	Unrestricted Net Assets, End of Year (A)						Part X, column (B), line 27
	Less:						Part X, column (A), line 27
	Unrestricted Net Assets, Beginning of Year (B)						
	Change in Unrestricted Net Assets or "Operating Surplus or (Deficit)" (A-B)		\$0	\$0	\$0	\$0	
Statement of Functional Expenses	How are resources allocated across programs and supporting services?						
	Total Expense						Part IX, column (A), line 25
	Total Program Expense						Part IX, column (B), line 25
	Divided by total expense:						
	Program Expense % $\left(\frac{\text{Program Expenses}}{\text{Total Expenses}} \right)$						
	Total Management & General Expense						Part IX, column (C), line 25
	Divided by total expense:						
	Management & General Expense % $\left(\frac{\text{Management \& General Expenses}}{\text{Total Expenses}} \right)$						
	Total Fundraising Expense						Part IX, column (D), line 25
	Divided by total expense:						
	Fundraising Expense % $\left(\frac{\text{Fundraising Expenses}}{\text{Total Expenses}} \right)$						
	How liquid are the organization's reserves?						
	Unrestricted Net Assets, end of year (A)		\$0	\$0	\$0		Automatically populates
	Board Designated Net Assets** (B)						N/A

Tool Output: Trends Charts

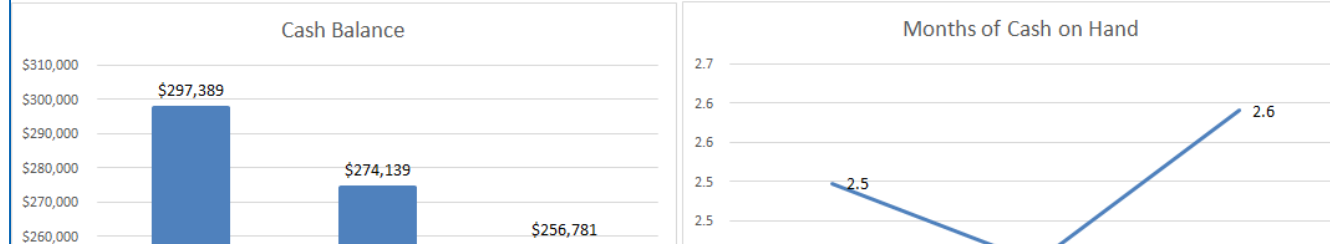
Operating Results



Liquid Unrestricted Net Assets



Cash on Hand



Resources

- *The Key to Long Term Financial Health Liquid Unrestricted Net Assets (LUNA)*, Hilda Polanco, New York Nonprofit Press, May 2012:
<http://www.nynp.biz/index.php/strengthening-nonprofits/10505-the-key-to-long-term-financial-health-liquid-unrestricted-net-assets-luna>
- *Keeping It in Reserve: Grantmaking for a Rainy Day*, Hilda Polanco and John Summers, Nonprofit Quarterly, 2016:
<https://nonprofitquarterly.org/2016/05/02/keeping-it-in-reserve-grantmaking-for-a-rainy-day/>
- *Public Support Test: What is “Tipping?”* Rasmuson Foundation:
https://www.rasmuson.org/_attachments/tipping.doc
- *IRS Form 990: Overview and Resources*, Independent Sector:
<http://www.wallacefoundation.org/knowledge-center/Resources-for-Financial-Management/Pages/Resource-Center-for-Good-Governance-and-Ethical-Practice.aspx>

Resources for Your Grantees

StrongNonprofits.org

In collaboration with the Wallace Foundation, FMA has created a library of tools and resources to help organizations become “fiscally fit”

Four Topic Areas: [Planning](#) | [Monitoring](#) | [Operations](#) | [Governance](#)



The screenshot displays the website's header with the navigation path: The Wallace Foundation / Knowledge Center / Resources for Nonprofit Financial Management. On the right, there are links for Share, Print, and Email. The main heading is 'Resources for Nonprofit Financial Management' in purple. Below it is a search bar with the text 'Search Financial Management Resources' and a 'GO' button. A horizontal menu contains tabs for Overview, Planning, Monitoring, Operations, Governance, and All Resources. The 'Planning' tab is selected. On the left, under 'SHOW:', there are three checked checkboxes: General Resources, Tools and Templates, and Case Studies. The main content area features the title 'Planning Resources for Nonprofit Financial Management' followed by a description: 'Good planning finds the most effective ways to deploy your organization's resources – and meet your overall objectives. Materials here include help with budgeting, cost calculations and cash projections.' At the bottom, a link for 'Strengthening the Budget Development Process' is visible. The background of the website header shows a group of people in a meeting.

The Wallace Foundation / Knowledge Center / Resources for Nonprofit Financial Management

Share | Print | Email

Resources for Nonprofit Financial Management

Search Financial Management Resources **GO**

Overview | **Planning** | Monitoring | Operations | Governance | All Resources

SHOW:

- ☒ General Resources
- ☒ Tools and Templates
- ☒ Case Studies

Planning Resources for Nonprofit Financial Management

Good planning finds the most effective ways to deploy your organization's resources – and meet your overall objectives. Materials here include help with budgeting, cost calculations and cash projections.

[Strengthening the Budget Development Process](#)

Resources for Your Grantees

Online Tutorials for StrongNonprofits.org

FMA offers complimentary orientation one-hour webinars that feature an overview of the website and drill down on several of its key resources

Upcoming webinar date:

- **May 21, 2019 at 2:00pm (eastern)**

To register, or see upcoming webinar dates:

<http://fmaonline.net/strongnonprofits>

For a 15-minute, on-demand webinar tour of the site:

<http://fmaonline.net/SNPonDemand>

Questions?



- Established in 1999 to serve not-for-profit organizations around the country
- Provides customized financial management, accounting, software, organizational development, and other consulting services
- Works directly with organizations or through funder-supported management and technical assistance programs

FMA exists to build a community of individuals with the confidence and skills to lead organizations that change the world

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