



Department of the Treasury
Internal Revenue Service

www.irs.gov

Notice **1340**
(March 2005)

Tax-Exempt Organizations and Raffle Prizes - Reporting Requirements and Federal Income Tax Withholding

Tax-Exempt and Government Entities Division

This notice discusses federal tax reporting and income tax withholding requirements that apply to raffles conducted by organizations exempt under section 501 of the Internal Revenue Code. A tax-exempt organization that sponsors raffles may be required to secure information about the winner(s) and file reports on the prizes with the Internal Revenue Service. The organization may also be required to withhold and remit federal income taxes on prizes.

Reporting Raffle Prizes

“Raffle” Defined: In general, a raffle is considered a form of lottery. As such, a raffle generally refers to a method for the distribution of prizes among persons who have paid for a chance to win such prizes, usually determined by the numbers, or symbols, on tickets drawn.

Generally, an exempt organization must report raffle prizes if (a) the amount paid reduced, at the exempt organization’s option, by the wager (the amount a person paid for the chance to win a prize), is \$600 or more; and (b) the payout is at least 300 times the amount of the wager. The organization uses Form W-2G for this report.

Example 1: Wendy purchased a \$1 ticket for a raffle conducted by **X**, an exempt organization. On October 31, 2004, the drawing was held and Wendy won \$900. **X** must file Form W-2G with the IRS and give a copy of Form W-2G to Wendy.

A person receiving gambling winnings must furnish the exempt organization a statement on Form 5754 made under penalties of perjury stating his or her identity and the identity of any others entitled to the winnings (and their shares of the winnings.) When the person receiving winnings is not the actual winner, or is a member of a group of two or more winners on a single ticket, the recipient must furnish the exempt organization information listed on Form 5754, *Statement by Person(s) Receiving Gambling Winnings*, and the organization must file Forms W-2G based on that information. The organization must keep Form 5754 for four years and make it available for IRS inspection. (See the specific instructions for Form 5754 for more information.)

The exempt organization must file Forms W-2G with the IRS by the last day of February of the year after the year of the raffle. Use Form 1096, *Annual Summary and Transmittal of U.S. Information Returns*, to transmit Forms W-2G to the IRS. The organization must also issue Forms W-2G to prize recipients by January 31 of the year after the year of the raffle.

Withholding Tax on Raffle Prizes

Regular Gambling Withholding: An organization that pays raffle prizes must withhold 25% from the winnings and report this amount to the IRS on Form W-2G. This *regular gambling withholding* applies to winnings of more than \$5,000. If the organization fails to withhold correctly, it is liable for the tax.

Example 2: Lou purchased a \$1 ticket for a raffle conducted by **X**, an exempt organization. On October 31, 2004, the drawing was held and Lou won \$6,000. Because the proceeds from the wager are greater than \$5,000 (\$6,000 prize minus \$1 ticket cost), **X** must withhold \$1,499.75 (\$5,999 x 25%) from Lou’s winnings. If **X** fails to withhold \$1,499.75 before distributing the prize, **X** is liable for the withholding tax.

Backup Withholding: An organization is required to withhold 28 percent of the total proceeds if (1) the prize is otherwise subject to reporting (i.e., the amount of the prize, less the amount wagered, is \$600 or more and 300 times the amount of the wager), and (2) the winner fails to furnish a correct taxpayer identification number (social security number, individual taxpayer identification number, or employer identification number). This is called *backup withholding*.

Noncash Prizes: For noncash prizes, the winner must pay the organization 25% of the fair market value of the prize minus the amount of the wager.

Example 3: Jason purchased a \$1 ticket for a raffle conducted by X, an exempt organization. On October 31, 2004, the drawing was held and Jason won a car worth \$10,000 (fair market value). Because the prize exceeds \$5,000 and the fair market value of the car is \$10,000, the tax on the fair market value of the prize is \$2,499.75 [(\$10,000 minus \$1 ticket cost) x 25%]. Jason must pay \$2,499.75 to X to remit to the IRS on his (Jason's) behalf. X would indicate the fair market value of the prize (\$10,000) in box 1 and the amount of the withholding tax paid (\$2,499.75) in box 2 on Form W-2G.

Organization Pays Withholding Tax: If the organization, as part of the prize, pays the taxes required to be withheld, it must pay tax not only on the fair market value of the prize less the wager, but also on the taxes it pays on behalf of the winner. This results in a grossed up prize requiring the use of an algebraic formula. Under this formula, the organization must pay withholding tax of 33.33% of the prize's fair market value. The organization reports the *grossed up* amount of the prize (fair market value of prize plus amount of taxes paid on behalf of winner) in box 1 of Form W-2G, and the withholding tax in box 2 of Form W-2G.

Example 4: If in Example 3, X pays the withholding tax on Jason's behalf, the withholding tax is \$3,332.67 [(\$10,000 fair market value of prize minus \$1 ticket cost) x 33.33%]. X must report \$13,333 as the gross winnings in box 1 of Form W-2G, and \$3,334.67 withholding tax in box 2.

Reporting and Paying Tax to the IRS

The organization must use Form 945, *Annual Return of Withheld Federal Income Tax*, to report and send withheld amounts to the IRS. This is NOT the same form used to report Federal income tax withheld and FICA with respect to employees. Form 945 is an annual return, and is due January 31 of the year after the year in which the taxes were withheld (for example, for taxes withheld in 2004, the return would be due January 31, 2005). Separate tax deposits are required for payroll and non-payroll withholding. Be sure to mark the **Form 945** checkbox on Form 8109, the Federal tax deposit coupon.

The organization must list the EIN (employer identification number) of the organization conducting the raffle on Forms W-2G, 1096, and 945. If you have not secured an EIN, you may apply for one on Form SS-4, *Application for Employer Identification Number*, available from the IRS. You may also apply for an EIN on-line at www.irs.gov, under the topic Employer ID Numbers on the *Businesses Contents* page.

For more information, see IRS Publication 3079, *Gaming Publication for Tax-Exempt Organizations*, or call EO Customer Account Services at 1-877-829-5500 (toll-free). IRS forms and publications can be ordered by calling toll-free 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web site (www.irs.gov).

Raffles and Casino/Poker Nights in Texas

Frequently Asked Questions

The Charitable Raffle Enabling Act, Chapter 2002 of the Occupations Code (CREA) establishes the guidelines for raffles in Texas. See Tex. Occ. Code Ann. Ch. 2002 (Vernon 2004). The statute is very technical and should be consulted before advising an organization regarding the legality of a proposed raffle. There are numerous Attorney General Opinions regarding both raffles and casino/poker nights. The Attorney General is not permitted to give specific legal advice to members of the general public, and this following represents only guidelines for suggested responses to frequently asked questions.

Raffles What is a raffle?

CREA defines a raffle as "the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize."

Who may conduct raffles?

Only a qualified religious society that has been in existence in Texas for at least 10 years; a qualified volunteer fire department that operates fire fighting equipment, provides fire-fighting services and that does not pay its members other than nominal compensation; a qualified volunteer emergency medical service that does not pay its members other than nominal compensation or a qualified 501(c) tax-exempt, nonprofit organization that has been in existence for at least three years may hold raffles in Texas. Individuals and for profit businesses may not hold raffles.

Do I have to register or obtain a permit to conduct a raffle?

No. You just have to qualify under the law.

How many raffles may be held?

Each qualified organization is allowed two raffles per calendar year.

What if a raffle cannot be held on the date scheduled?

The organization may set another date not later than 30 days from the original date. If the prizes are not awarded within 30 days of the original date, the organization must refund the ticket money to the purchasers.

For what may the money raised be used?

All proceeds from raffles must be used for the charitable purposes of the organization as defined by CREA 2002.002(1).

How may a raffle be promoted?

Paid advertising through a medium of mass communication is prohibited. Donated advertising is permissible.

Can I advertise and sell tickets on the Internet?

CREA states that the organization may not promote or advertise a raffle statewide or sell or offer to sell tickets statewide. The term statewide has not been defined or interpreted in any known court proceeding or Attorney General Opinion, but it is generally thought that statewide would include Internet promotion.

Who can sell tickets?

The organization's members or anyone who is authorized by the organization may sell tickets.

Can I hire people to sell tickets? Can I give a prize to the person who sells the most tickets?

No. The organization may not compensate a person directly or indirectly for selling tickets.

May I hire someone to organize and conduct the raffle?

No. The organization may not compensate a person directly or indirectly for organizing or conducting a raffle.

What must be printed on the tickets?

Five items must be on each ticket: 1) the name of the organization conducting the raffle; 2) the address of the organization or named officer of the organization; 3) the ticket price; 4) a general description of each prize having a value of more than \$10 to

awarded in the raffle and 5) the date on which the raffle prize or prizes will be awarded.

Can I give cash prizes?

No. Cash prizes are strictly prohibited. "Money" is defined by CREA as "coins, paper currency, or a negotiable instrument that represents and is readily convertible to coins or paper currency." See 2002.002(1-a). A certificate of deposit is a prohibited prize. See Tex. Att'y Gen. Op. No. JC-0111 (1999). A U.S. savings bond and a prepaid, or "stored-value," credit card is not prohibited. See Tex. Att'y Gen. Op. No. GA-0341 (2005). The question of the prohibition of a gift certificate has not been addressed in an Opinion, but it has been suggested that as long as it is not readily convertible to cash, it would likely not be prohibited.

Is there a limit on the value of prizes?

Yes. For purchased prizes, the value of each prize may not exceed \$50,000. For a purchased residential dwelling, the value may not exceed \$250,000. There is no limit on the value of donated prizes.

Do I need to have the prize on hand at the time of the drawing?

CREA states that the organization must have the prize in its possession or ownership or it must post a bond with the county clerk of the county in which the raffle is to be held for the full amount of the money value of the prize.

How do I post a bond with the county clerk?

The statute is very vague on this, but it is assumed that it must be some sort of surety bond. Many county clerks are unaware of the required procedure, so it is suggested that a surety bond be obtained from a bond company and the county clerk's office be asked to keep it on file until the prize is awarded. Refer the clerk's office to CREA 2002.056(d)(2).

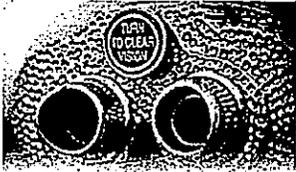
Poker/Casino Nights Can my nonprofit hold a poker tournament or casino night fundraiser?

Unlike raffles and bingo, there is NO exception to the gambling law in Texas for nonprofits to hold poker or casino night fundraising events. The gambling law, Chapter 47 of the Penal Code, applies to nonprofits and to for profits equally. See Tex. Code Ann. §47 (Vernon 2003). Basically, there are three parts to an activity that could make it illegal gambling: 1) money or anything of value is paid to enter the game; 2) the winners are decided by a game of chance and 3) prizes of value are awarded. If all three of those conditions are met, then it's probably gambling and illegal. If the game is free to enter, then prizes of value may be awarded. If an entry fee is charged, then prizes of value may not be awarded. There are some exceptions to this rule, including certain carnival contests in which prizes with a value of less than \$25 are awarded and mechanical devices for amusement purposes in which prizes with a value of less than \$5 are awarded. If your organization is considering conducting an event involving a game of chance, you should consult Chapter 47 of the Penal Code to determine its legality.

What if the poker tournament or casino night is held in a private place?

It is legal for individuals to play poker or other casino activities in a private place, defined as "a place to which the public does not have access." They can bet money and win money. However, all money must be redistributed to the participants. The "house" cannot keep a cut, thus it would obviously be difficult for a nonprofit to raise funds in this way.

Form 990 Red Flags for 501(c)(3) Charitable Organizations



Accurate, timely and complete filing of Form 990 is critical to maintain an NFP's tax-exempt status. Prior to filing the return, the NFP's leadership team and governing board should be afforded the opportunity to review—and ask questions—about the return. This article is intended to be used as a guide for a Form 990 reviewer to identify potential red flags that should be examined or considered prior to filing. It should not be considered as an absolute judgment on the appropriateness of these activities, but rather could be indicative of issues that need further consideration.

Potential Red Flags

Form 990 asks the NFP to indicate whether certain governance practices have been established and whether it has policies regarding conflicts of interest, whistleblowers, document retention and destruction, and others. A “yes” response to these questions is a strong indication of the robustness of the entity's reporting environment and internal controls. A “no” response to these questions could be a potential red flag. Or, perhaps informal policies exist that have not yet undergone review and approval by the governing board. The reviewer of Form 990 should obtain an understanding of the NFP's policies and consider whether they are appropriate for the size and complexity of the organization.

Core Form – Balance Sheet

A deficit in unrestricted net assets could be a potential red flag; however, it may simply reflect economic realities. The reviewer of Form 990 should obtain an understanding as to why the deficit exists and what it represents, and ask whether it impacts the viability or going concern of the entity.

Schedule C – Political Campaign and Lobbying Activities

Although 501(c)(3) organizations may conduct a limited amount of lobbying activities; they are absolutely prohibited from participating in political campaign activities. Political campaign activities includes directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. Contributions to political campaign funds or public statements of position, verbal or written, made on behalf of the organization in favor of or in opposition to any candidate for public office violate the prohibition against political campaign activity. However, certain activities or expenditures may not be prohibited depending on the facts and circumstances; for example, voter education and registration drives or activities conducted in a non-partisan manner are not considered political campaign activities. If Part I of Schedule C indicates that the organization has been engaged in political campaign activities, this is a potential red flag and reviewers of the Form 990 should obtain an understanding of the nature of the activities.

Schedule D – Supplemental Financial Statements

Organizations that maintain endowments should be managing it for present and future needs of the NFP. Schedule D represents a five-year “snapshot” reflecting earnings and appropriations. Reviewers of Form 990 should consider the treatment of the endowment in the context of the mission and type of organization.

Schedule F – Statement of Activities Outside of the United States

Organizations engaging in foreign activities, including grantmaking, investing, or programmatic activities, will report this information on Schedule F. Evaluating the

disclosures about these activities in the context of the mission of the organization is important in assessing the appropriateness and oversight of these activities and could reveal some potential red flags. For example, organizations may have reporting requirements in other countries, may be using donor funds in a way that is inconsistent with the mission, or may not be appropriately monitoring the use of grant monies.

Schedule G – Supplemental Information Regarding Fundraising or Gaming

Fundraising events help raise money to support the mission and purpose of many organizations. However, it is important to consider the costs to raise this money. Schedule G presents information about professional fundraising, as well as special events carried out by the NFP, including dollars retained by professional fundraisers. It is a potential red flag if amounts spent on fundraising are high compared to money raised to support the NFP's mission. Reviewers of Form 990 should evaluate the relationship between fundraising costs and money raised to assess whether it seems appropriate for the type of organization and the extent of its activities.

Schedule J – Compensation Information

It is worthwhile to look at benefits provided to executives as well as the disclosure of the process for setting executive compensation. Readers of Form 990 should consider whether salaries and benefits seem appropriate and reasonable in this context.

Schedule L – Transactions with Interested Persons

Independence of the entity's governing body is critical. Too many overlapping or conflicting roles can present difficulties in the board's ability to act in the best interest of the organization and is a potential red flag. The number of independent directors versus total directors should be considered in the overall context of the mission and purpose of the organization.

Schedule M – Non-Cash Contribution

Types of non-cash donations given to an organization are important to understand, again in the context of the mission of the organization. It is a red flag if a charitable organization is used as an accommodation party to facilitate donor charitable deductions for items without true value to the NFP. Form 990 reviewers should gain an understanding of the types of non-cash donations. Many NFPs have gift acceptance policies which help to clarify the types of gifts that are accepted and the policy for review and approval prior to gift acceptance.

Schedule R – Related Organizations and Unrelated Partnerships

NFPs may have relationships with other entities. Understanding the transactions with these other entities is important in the context of cost and benefit to the organization.

Conclusion

Because Form 990s are made available for public inspection, accuracy is of utmost importance. Information presented in the Form 990 can affect an NFP's ability to secure credit, obtain grants, or raise funds from donors, members, or other supporters who rely on the information to assess the NFP's efficacy of operations and its program service accomplishments. An NFP's leadership team, including its governing board, should spend time diligently reviewing the Form 990 prior to filing, and should ask their CPA or tax return preparer if anything seems amiss. Sometimes it is just a matter of clearing up a misunderstanding or oversight. Other times, potential red flags uncover an issue that needs swift action.

Key Differences between Financial Statements Prepared in Accordance with U.S. GAAP and IRS Form 990

Purpose of This Tool: There are significant differences between the requirements of GAAP and the required presentation of financial information in Form 990. Some of the key differences are depicted in the chart below for ease of reference.

U.S. GAAP	TAX
<p>Donated Property and Services:</p> <ul style="list-style-type: none"> Record gifts of property at fair market value at date of donation Record gifts of use of facilities if otherwise need to be paid. Recognize contributions of services if they: <ul style="list-style-type: none"> Create or enhance nonfinancial assets, or Require specialized skills and would typically need to be purchased if not provided by donation Disclose in notes to financials the extent of donated services even if not at a level that leads to recognition 	<ul style="list-style-type: none"> Record gifts of property at fair market value at date of donation Does NOT record use of facilities or gifts of donated services Form 990 has a reconciliation to audited GAAP financial statements
<p>Investments:</p> <ul style="list-style-type: none"> Show most investments at fair market value, which can result in unrealized gains and losses reflected Investment expenses are generally netted against investment earnings (although not required to be) 	<ul style="list-style-type: none"> Unrealized gains and losses are not reported Investment expenses are detailed on Form 990 Part IX statement of functional expenses
<p>Consolidated Financial Statements:</p> <ul style="list-style-type: none"> Consolidated financial statements must be prepared if certain criteria are met 	<ul style="list-style-type: none"> Consolidated filings may not be prepared, except under a group exemption
<p>Functional Expenses:</p> <ul style="list-style-type: none"> Functionalized expenses presented by natural classification not required for all organizations 	<ul style="list-style-type: none"> Functional expenses presented by natural classification required for all 501 (c)(3) charitable organizations and 501(c)(4) social welfare organizations
<p>Financial Statement Audit:</p> <ul style="list-style-type: none"> Audit may be required by some states, funders and/or watchdog agencies 	<ul style="list-style-type: none"> Audit not required by IRS
<p>Materiality:</p> <ul style="list-style-type: none"> Judgment of materiality considered in preparation of financial statements 	<ul style="list-style-type: none"> Thresholds for reporting (not judgment-based)
<p>Special Events:</p> <ul style="list-style-type: none"> Flexibility in presentation in financial statements (gross revenues or less direct expenses) 	<ul style="list-style-type: none"> No flexibility in presentation (gross revenues less direct expenses)

Unrelated Business Income Taxes (UBIT) in a Nutshell

Tips for not-for-profits on navigating the most complex area of the Internal Revenue Code

by AICPA Not-for-Profit Section



Most not-for-profits (NFPs) are founded to provide some public benefit. Tax-exempt status refers to the federal income tax exemption that is available for certain kinds of income under section 501(a) of the Internal Revenue Code (IRC). NFPs that have obtained tax-exempt status from the IRS are referred to as tax-exempt organizations or simply exempt organizations (EOs). The benefits of exempt status include exemption from federal income tax on income related to the organization's exempt purpose and, for some entities, the eligibility to receive tax-deductible contributions from donors and supporters.

Federal law permits an NFP to engage in a certain amount of income-producing activity that is unrelated to the EO's exempt purpose, which may be subject to unrelated business income taxes (UBIT). The income that is subject to federal taxes is referred to as unrelated business taxable income (UBTI).

Related vs. Unrelated Activities

To obtain and maintain tax-exempt status, an NFP must be organized and operated primarily for exempt purposes. However, federal tax law permits an NFP to engage in a certain amount of income-producing activity that is unrelated to its exempt purpose.

It is important to understand that an entity's purpose is different than its activities. The entity's purpose is the reason why the organization exists and its basis for qualification as a tax-exempt entity. Activities are the organization's actions and undertakings.

Organizations Subject to UBIT

An NFP may be liable for federal income taxes if it generates certain types of income from business activities that are unrelated to the NFP's tax-exempt purpose.

Some of an NFP's activities are related to the entity's exempt purpose, and some may be unrelated. The IRS is interested in how the unrelated income was earned, not in how it is used. Thus, income from unrelated business activities may be taxable even if the income derived from such activities is used to further the NFP's tax-exempt purpose.

Nearly all tax-exempt organizations are subject to the UBIT requirements. These include charitable entities such as religious and educational organizations and scientific and research institutions. The requirements also apply to social welfare organizations, advocacy groups, veterans' organizations, trade and professional associations, labor organizations, employee benefit funds and fraternal organizations.

Organizations that are not generally subject to UBIT requirements include:

- corporations that have been organized under Acts of Congress and that are instrumentalities of the United States, and
- certain charitable trusts not subject to the tax on private foundations

Unrelated business income is:

- income from a trade or business which is regularly carried on and is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption.

Unrelated business income will result in UBIT unless an exception or exclusion is available.

Commerciality Doctrine

It is helpful to understand that the law related to unrelated business income was implemented by Congress in 1950 to curb unfair competitive advantage of tax-exempt organizations over commercial for-profit entities. An NFP cannot qualify for tax exemption or can have its tax-exempt status revoked if it is, in reality, a commercial enterprise. This is a legal concept known as the commerciality doctrine.

For example, a tax-exempt NFP youth organization operates a miniature golf course that is open to the general public. The golf course, which is managed by salaried employees, is substantially similar to commercial courses. The admission fees charged are comparable to fees of commercial facilities and are designed to return a profit. The operation of the miniature golf course in a commercial manner does not contribute importantly to the accomplishment of the organization's exempt purpose and, therefore, is an unrelated business.

Consequences of Excessive UBI

NFPs can lose their tax-exempt status if the IRS determines that the percentage of their income that is from business activities unrelated to their specific exempt purposes is excessive. There is, however, no specific percentage of unrelated business income defined by the IRS as too large a percentage. The facts and circumstances of each unrelated business income situation would be considered.

Many NFPs depend on their tax-exempt status for funding purposes and could lose their funding if that status was revoked.

Additional Resources

To learn more about UBIT, refer to this [archived webcast](#) from the AICPA's Not-for-Profit Section, in which industry experts will help you navigate the complexities of complying with UBIT rules. This archive is not eligible for CPE credit.

Save Our Charities
Consolidated Statements of Financial Position
December 31, 20X1 and 20X0

	20X1	20X0
Assets		
Cash and cash equivalents	\$ 5,821,340	\$ 3,485,916
Operating investments	723,006	641,132
Accounts receivable, net	312,216	387,200
Promises to give, net	1,990,615	897,930
Gift shop inventory, net	21,672	14,517
Prepaid expenses and other assets	290,813	355,387
Deferred bond offering costs, net	216,809	224,952
Cash restricted to building project	500,000	-
Property and equipment, net	30,810,802	30,265,057
Assets held under split-interest agreements	1,977,102	1,929,260
Beneficial interests in charitable trusts held by others	812,850	804,179
Beneficial interest in assets held by community foundation	1,094,842	1,090,505
Beneficial interests in perpetual trusts	2,595,059	2,515,201
Endowment		
Promises to give, net	336,999	372,553
Investments	47,027,131	43,378,704
Total assets	\$ 94,531,256	\$ 86,362,493
Liabilities and Net Assets		
Accounts payable	\$ 670,603	\$ 239,809
Accrued expenses and other liabilities	647,722	645,147
Deferred revenue	2,967,135	2,604,216
Line of credit	225,000	275,000
Liabilities under split-interest agreements	1,418,127	1,488,803
Capital lease obligations	69,214	86,459
Bonds and notes payable	9,788,586	9,984,720
Interest-rate swap	240,300	273,500
Total liabilities	16,026,687	15,597,654
Net Assets		
Unrestricted		
Undesignated	3,057,607	1,327,724
Board-designated operating reserve	300,000	250,000
Board-designated endowment	15,511,186	14,912,222
Invested in property and equipment, net of related debt	21,150,885	20,193,878
[The above line is an optional break-out some NPOs find useful.]	40,019,678	36,683,824
Temporarily restricted	15,620,141	11,630,869
Permanently restricted	22,864,750	22,450,146
Total net assets	78,504,569	70,764,839
Total liabilities and net assets	\$ 94,531,256	\$ 86,362,493

Save Our Charities
Consolidated Statement of Activities
Year Ended December 31, 20X1

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Program service fees	\$ 12,972,526	\$ -	\$ -	\$ 12,972,526
Exchange portion of membership dues	373,781	-	-	373,781
Gift shop sales	112,364	-	-	112,364
Less cost of goods sold	(59,621)	-	-	(59,621)
Net gift shop sales	<u>52,743</u>	<u>-</u>	<u>-</u>	<u>52,743</u>
Net investment return	1,173,826	3,369,715	-	4,543,541
Other revenue	101,275	-	-	101,275
Federal and state contracts and grants	256,663	-	-	256,663
Contributions	3,352,578	2,528,554	330,409	6,211,541
Donated professional services	23,555	-	-	23,555
In-kind contributions	36,280	-	-	36,280
Gross special events revenue	114,989	-	-	114,989
Less cost of direct benefits to donors	(12,601)	-	-	(12,601)
Net special events revenue	<u>102,388</u>	<u>-</u>	<u>-</u>	<u>102,388</u>
Change in value of split-interest agreements held by Save Our Charities	-	130,406	-	130,406
Distributions from and change in value of beneficial interests in assets held by others	145,649	21,209	84,195	251,053
Change in value of interest-rate swap	33,200	-	-	33,200
Net assets released from restriction pursuant to endowment spending-rate distribution formula	728,892	(728,892)	-	-
Net assets released from restrictions	<u>1,331,720</u>	<u>(1,331,720)</u>	<u>-</u>	<u>-</u>
Total revenue, support, and gains	<u>20,685,076</u>	<u>3,989,272</u>	<u>414,604</u>	<u>25,088,952</u>
Expenses and Losses				
Program services expense				
Advisory Program	13,340,967	-	-	13,340,967
Training Program	2,464,694	-	-	2,464,694
Total program expenses	<u>15,805,661</u>	<u>-</u>	<u>-</u>	<u>15,805,661</u>
Supporting services expense				
Management and general	883,593	-	-	883,593
Fundraising and development	592,859	-	-	592,859
Total supporting services expenses	<u>1,476,452</u>	<u>-</u>	<u>-</u>	<u>1,476,452</u>
Loss on uncollectable promises to give	7,109	-	-	7,109
Impairment loss on building	60,000	-	-	60,000
Total expenses and losses	<u>17,349,222</u>	<u>-</u>	<u>-</u>	<u>17,349,222</u>
Change in Net Assets	3,335,854	3,989,272	414,604	7,739,730
Net Assets, Beginning of Year	<u>36,683,824</u>	<u>11,630,869</u>	<u>22,450,146</u>	<u>70,764,839</u>
Net Assets, End of Year	<u>\$ 40,019,678</u>	<u>\$ 15,620,141</u>	<u>\$ 22,864,750</u>	<u>\$ 78,504,569</u>

Save Our Charities
Consolidated Statement of Activities
Year Ended December 31, 20X0

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Program service fees	\$ 12,444,784	\$ -	\$ -	\$ 12,444,784
Exchange portion of membership dues	355,044	-	-	355,044
Gift shop sales	107,677	-	-	107,677
Less cost of goods sold	(58,781)	-	-	(58,781)
Net gift shop sales	48,896	-	-	48,896
Net investment return	43,032	6,154	-	49,186
Other revenue	82,710	-	-	82,710
Federal and state contracts and grants	285,129	-	-	285,129
Contributions	1,644,438	226,888	1,857,667	3,728,993
Donated professional services	46,468	-	-	46,468
In-kind contributions	31,089	-	-	31,089
Donated equipment	53,000	-	-	53,000
Gross special events revenue	272,402	-	-	272,402
Less cost of direct benefits to donors	(36,939)	-	-	(36,939)
Net special events revenue	235,463	-	-	235,463
Change in value of split-interest agreements held by Save Our Charities	-	51,472	-	51,472
Distributions from and change in value of beneficial interests in assets held by others	135,950	43,659	51,978	231,587
Gain on sale of equipment	990	-	-	990
Change in value of interest-rate swap	37,900	-	-	37,900
Net assets released from restriction pursuant to endowment spending-rate distribution formula	960,117	(960,117)	-	-
Net assets released from restrictions	202,933	(202,933)	-	-
Total revenue, support, and gains	<u>16,607,943</u>	<u>(834,877)</u>	<u>1,909,645</u>	<u>17,682,711</u>
Expenses and Losses				
Program services expense				
Advisory Program	12,907,293	-	-	12,907,293
Training Program	2,225,205	-	-	2,225,205
Total program expenses	<u>15,132,498</u>	<u>-</u>	<u>-</u>	<u>15,132,498</u>
Supporting services expense				
Management and general	870,669	-	-	870,669
Fundraising and development	562,977	-	-	562,977
Total supporting services expenses	<u>1,433,646</u>	<u>-</u>	<u>-</u>	<u>1,433,646</u>
Loss on uncollectable promises to give	139,822	-	294,421	434,243
Total expenses and losses	<u>16,705,966</u>	<u>-</u>	<u>294,421</u>	<u>17,000,387</u>
Change in Net Assets	(98,023)	(834,877)	1,615,224	682,324
Net Assets, Beginning of Year	36,781,847	12,465,746	20,834,922	70,082,515
Net Assets, End of Year	<u>\$ 36,683,824</u>	<u>\$ 11,630,869</u>	<u>\$ 22,450,146</u>	<u>\$ 70,764,839</u>

[Optional – recommended but not required
unless the entity is a voluntary health and welfare organization]

Save Our Charities
Consolidated Statement of Functional Expenses
Year Ended December 31, 20X1

	Program Services			Management and General	Fundraising and Development	Cost of Goods Sold	Total
	Advisory	Training	Total				
Grants and other assistance	\$ 294,261	\$ -	\$ 294,261	\$ -	\$ -	\$ -	\$ 294,261
Salaries and wages	6,769,754	1,061,585	7,831,339	370,234	254,176	-	8,455,749
Employee benefits	1,398,503	310,865	1,709,368	99,963	26,222	-	1,835,553
Payroll taxes	541,580	84,927	626,507	29,619	19,823	-	675,949
Professional services	1,306,807	87,197	1,394,004	37,780	1,704	-	1,433,488
Accounting fees	-	-	-	40,073	-	-	40,073
Legal fees	-	7,939	7,939	-	-	-	7,939
Advertising and promotion	33,085	21,006	54,091	79,261	132,478	-	265,830
Office expenses	87,071	56,654	143,725	9,867	22,794	-	176,386
Information technology	37,858	606,535	644,393	12,399	14,653	-	671,445
Occupancy	446,601	29,799	476,400	14,918	55,427	-	546,745
Travel	170,957	18,283	189,240	149,292	-	-	338,532
Conferences, conventions and meetings	32,516	66,287	98,803	11,505	-	-	110,308
Interest	387,428	-	387,428	-	9,457	-	396,885
Insurance	198,174	12,556	210,730	5,443	1,022	-	217,195
Training and development	457,617	20,659	478,276	9,113	33,669	-	521,058
Gift shop cost of goods sold	59,621	-	59,621	-	-	-	59,621
Cost of direct benefits to donors	-	-	-	-	-	12,601	12,601
Depreciation and amortization	1,147,186	74,425	1,221,611	20,112	13,960	-	1,255,683
Bad debt expense	-	-	-	16,892	-	-	16,892
Other	31,569	5,977	37,546	2,122	7,474	-	47,142
Total expenses by function	13,400,588	2,464,694	15,865,282	908,593	592,859	12,601	17,379,335
Less expenses included with revenues on the statement of activities							
Gift shop cost of goods sold	(59,621)	-	(59,621)	-	-	-	(59,621)
Cost of direct benefits to donors	-	-	-	-	-	(12,601)	(12,601)
Investment management fees	-	-	-	(25,000)	-	-	(25,000)
Total expenses included in the expense section on the statement of activities	\$ 13,340,967	\$ 2,464,694	\$ 15,805,661	\$ 883,593	\$ 592,859	\$ -	\$ 17,282,113

[Optional – recommended but not required
unless the entity is a voluntary health and welfare organization]

Save Our Charities
Consolidated Statement of Functional Expenses
Year Ended December 31, 20X0

	Program Services			Management and General	Fundraising and Development	Cost of Goods Sold	Total
	Advisory	Training	Total				
Grants and other assistance	\$ 288,376	\$ -	\$ 288,376	\$ -	\$ -	\$ -	\$ 288,376
Salaries and wages	6,634,358	1,040,354	7,674,712	362,830	249,092	-	8,286,634
Employee benefits	1,370,533	304,648	1,675,181	97,964	25,698	-	1,798,843
Payroll taxes	530,749	83,228	613,977	29,026	19,427	-	662,430
Professional services	1,028,671	85,453	1,114,124	49,469	1,670	-	1,165,263
Accounting fees	-	-	-	39,271	-	-	39,271
Legal fees	-	2,017	2,017	5,763	-	-	7,780
Advertising and promotion	50,823	18,755	69,578	68,476	122,918	-	260,972
Office expenses	86,193	55,521	141,714	9,669	22,338	-	173,721
Information technology	37,101	415,972	453,073	12,151	2,360	-	467,584
Occupancy	444,669	29,203	473,872	12,660	54,318	-	540,850
Travel	167,538	17,917	185,455	148,495	-	-	333,950
Conferences, conventions and meetings	31,865	64,961	96,826	11,275	-	-	108,101
Interest	449,561	-	449,561	-	10,085	-	459,646
Insurance	194,211	12,305	206,516	5,334	1,002	-	212,852
Training and development	465,125	20,246	485,371	8,931	33,763	-	528,065
Gift shop cost of goods sold	58,781	-	58,781	-	-	-	58,781
Cost of direct benefits to donors	-	-	-	-	-	36,939	36,939
Depreciation and amortization	1,096,582	68,768	1,165,350	19,721	12,981	-	1,198,052
Bad debt expense	-	-	-	12,554	-	-	12,554
Other	30,938	5,857	36,795	2,080	7,325	-	46,200
	<u>12,966,074</u>	<u>2,225,205</u>	<u>15,191,279</u>	<u>895,669</u>	<u>562,977</u>	<u>36,939</u>	<u>16,686,864</u>
Less expenses included with revenues on the statement of activities							
Gift shop cost of goods sold	(58,781)	-	(58,781)	-	-	-	(58,781)
Cost of direct benefits to donors	-	-	-	-	-	(36,939)	(36,939)
Investment management fees	-	-	-	(25,000)	-	-	(25,000)
Total expenses included in the expense section on the statement of activities	<u>\$ 12,907,293</u>	<u>\$ 2,225,205</u>	<u>\$ 15,132,498</u>	<u>\$ 870,669</u>	<u>\$ 562,977</u>	<u>\$ -</u>	<u>\$ 16,566,144</u>

See Notes to Consolidated Financial Statements

Save Our Charities
Consolidated Statements of Cash Flows
Years Ended December 31, 20X1 and 20X0

	20X1	20X0
Cash Flows from Operating Activities		
Program service payments received	\$ 13,410,429	\$ 12,458,235
Membership receipts	373,781	355,044
Gift shop sales receipts	112,364	107,677
Receipts from federal and state contracts and grants	256,663	285,129
Contributions received, net of amounts restricted for long-term purposes	4,264,113	2,647,976
Receipts from special events	114,989	272,402
Distributions from beneficial interests and assets held by others	182,521	155,717
Other cash receipts	101,275	82,710
Grants paid	(294,261)	(288,376)
Payments for salaries, benefits and taxes	(10,964,676)	(10,734,090)
Payments to vendors	(3,960,150)	(4,111,056)
Interest paid	(408,371)	(460,624)
Net Cash from (used for) Operating Activities	3,188,677	770,744
Cash Flows from Investing Activities		
Purchases of operating investments	(275,000)	(150,000)
Proceeds from sales of operating investments	173,520	109,761
Purchases of property and equipment	(1,407,916)	(875,456)
Proceeds from sales of property and equipment	-	5,390
(Addition to) withdrawal from cash restricted to building project	(500,000)	-
(Addition to) withdrawal from assets held under split-interest agreements	88,476	(6,859)
(Addition to) withdrawal from endowment	541,671	(342,531)
Net Cash from (used for) Investing Activities	(1,379,249)	(1,259,695)
Cash Flows from Financing Activities		
Collections of contributions restricted to building project	500,000	-
Collections of contributions restricted to endowment	365,963	1,891,105
Payments to beneficiaries of split-interest agreements	(76,588)	(87,219)
Proceeds from establishment of split-interest agreements	-	107,899
Net borrowings (repayments) under line of credit	(50,000)	275,000
Proceeds from issuance of bonds and notes	-	125,000
Principal payments on bonds, notes and capital leases	(213,379)	(198,616)
Net Cash from (used for) Financing Activities	525,996	2,113,169
Net Change in Cash and Cash Equivalents	2,335,424	1,624,218
Cash and Cash Equivalents, Beginning of Year	3,485,916	1,861,698
Cash and Cash Equivalents, End of Year	\$ 5,821,340	\$ 3,485,916

Save Our Charities
Consolidated Statements of Cash Flows
Years Ended December 31, 20X1 and 20X0

	20X1	20X0
Reconciliation of Change in Net Assets to Net Cash from (used for) Operating Activities		
Change in net assets	\$ 7,739,730	\$ 682,324
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	1,247,540	1,189,909
Amortization of discount on promises to give	(6,889)	(7,924)
Amortization of bond issuance costs	8,143	8,143
Realized and unrealized (gain) loss on operating investments	19,606	(490)
Impairment loss – building	60,000	-
(Gain) loss on sale of property and equipment	-	(990)
Contributed property and equipment capitalized	-	(53,000)
Loss on uncollectable promises to give	7,109	434,243
Contributions received under split-interest agreements	-	(28,486)
Contributions restricted to building project	(500,000)	-
Contributions restricted to endowment	(330,409)	(1,857,667)
Change in value of split-interest agreements held by SOC	(130,406)	(51,472)
Change in beneficial interests in assets held by others	(92,866)	(75,870)
Endowment net investment (return) loss	(4,556,061)	(43,269)
Change in value of interest rate swap	(33,200)	(37,900)
Changes in operating assets and liabilities		
Accounts receivable, net	74,984	(40,644)
Promises to give, net	(726,942)	716,652
Gift shop inventory, net	(7,155)	3,427
Prepaid expenses and other assets	64,574	(38,072)
Accounts payable	(14,575)	(96,082)
Accrued expenses and other liabilities	2,575	13,817
Deferred revenue	362,919	54,095
Net Cash from (used for) Operating Activities	\$ 3,188,677	\$ 770,744
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for		
Interest	\$ 408,371	\$ 460,624
Unrelated business income taxes [if any]	-	-
	\$ 408,371	\$ 460,624
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Accounts payable for property and equipment	\$ 445,369	\$ -
Equipment financed through capital lease arrangement	-	94,700
	\$ 445,369	\$ 94,700

FINANCIAL RATIO WORKSHEET

Year:
20X1

Year:
20X0

Target

RELIANCE RATIO

Single largest type of income
Total Income

<u>6,211,541</u>	<u>3,728,993</u>
25,088,952	17,682,711

An indication of a reliance on a type of income generation, which requires focus on that area, and may be a risk

24.8%	21.1%	of income reliant on single category
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RELIANCE ON GOVERNMENT RATIO

Grants & Contract Income from Gov't Agencies
Total Income

<u>256,663</u>	<u>285,129</u>
25,088,952	17,682,711

An indication of possible reliance, especially important if funds are cost reimbursement or similar limiting formula

1.0%	1.6%	of income reliant on government sources
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EARNED INCOME RATIO

Total Earned Income (Revenue)
Total Income

<u>12,972,526</u>	<u>12,444,784</u>
25,088,952	17,682,711

Based on internal goals, compare to peer organizations or field of service comparisons.

51.7%	70.4%	of income is earned income
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SELF SUFFICIENCY RATIO

Total Earned Income (Revenue)
Total Expenses

<u>12,972,526</u>	<u>12,444,784</u>
17,282,113	16,566,144

Based on internal goals, compare to peer organizations or field of service comparisons.

75.1%	75.1%	of expenses are supported by earned income
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PERSONNEL COST RATIO

Total Personnel Expense
Total Expenses

<u>10,967,251</u>	<u>10,747,907</u>
17,282,113	16,566,144

Valuable to track over time

63.5%	64.9%	of expenses spent for staff costs
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BENEFIT COST RATIO

Taxes, Insurance & Other Benefit Expense
Total Salary & Wage Expense

<u>2,511,502</u>	<u>2,461,273</u>
8,455,749	8,286,634

Valuable to track over time

29.7%	29.7%	in addition to salaries is spent for taxes & benefits
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FINANCIAL RATIO WORKSHEET

Year:

Year:

Target

GEN, ADMIN & FUNDRAISING COST RATIO

General & Admin + Fundraising Expense
Total Expenses

<u>1,476,452</u>	<u>1,433,646</u>
17,282,113	16,566,144

External reviewers use this to assess effective use of funds, generally no more than 35%. Lower isn't necessarily better.

8.5%	8.7%	of expenses spent on administration & fundraising
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FUNDRAISING EFFICIENCY

Total contributed income (Support)

<u>6,211,541</u>	<u>3,728,993</u>
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Cost of fundraising is dependent on the type of contributions solicited (large grants vs. small individual donors, for example).

Total fundraising expenses

592,859	562,977
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Target based on comparisons and analysis.

\$ 10.48	\$ 6.62	funds raised for each dollar spent
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COST PER UNIT OF SERVICE

Total Program Expenses (single program)

<u>2,464,694</u>	<u>2,225,205</u>
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Use to monitor fundraising needs and case, to monitor expenses, and track over time

Total Units of Service Provided

5,264	5,034
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\$ 468.22	\$ 442.04	cost to provide one unit of _ attendees to training seminars_
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CUNA (PROFITABILITY) RATIO

Change in Unrestricted Net Assets

<u>3,335,854</u>	<u>(98,023)</u>
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Valuable for analysis of trends and as an indicator for planning to build reserves. The target ratio depends on how much reserve or cushion is already on hand.

Total Unrestricted Income

20,685,076	16,607,943
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(Including releases from restrictions)

16.1%	-0.6%	of income retained for reserves and organizational cushion
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FINANCIAL RATIO WORKSHEET

	<u>Year:</u> 20X1	<u>Year:</u> 20X0	<u>Target</u>
CURRENT RATIO			
<u>Current Assets</u>	9,158,662	5,762,082	At least 1:1, higher is better
Current Liabilities	4,285,460	3,489,172	
	\$ 2.14	\$ 1.65	of current assets for every \$1 of current liabilities

DAYS CASH ON HAND

			3 months (90 days) is a common goal, depends on the stability of cash receipts
<u>Cash & Short-term Investments</u>	6,544,346	4,127,048	
Daily Cash Required	44,092	42,104	
Calculation: Total Expenses minus depreciation, non-cash expense, and pass-through expenses. Divide the sum by 365			
	148.43	98.02	Number of days that expenses can be paid

DEBT RATIO

			Ratio of 2:1 is comfortable, can be higher if the liability is for a productive purpose such as a building or financing for a housing project
<u>Total Liabilities</u>	16,026,687	15,597,654	
Total Unrestricted Net Assets	40,019,679	36,683,824	
	\$ 0.40	\$ 0.43	of liabilities for every \$1 of unrestricted net assets

REQUIRE INTERNAL FINANCIAL INFORMATION NOT AVAILABLE FOR EXTERNAL REVIEW

ACCOUNTS RECEIVABLE AGING

			The lower the better, compare to field of service peers
<u>Accounts receivables more than 90 days old</u>	2,500	5,000	
Total Accounts Receivables	312,216	387,200	
	0.8%	1.3%	of receivables were due 3 months ago or more

ACCOUNTS PAYABLE AGING

			The goal is zero. An indication of a problem - could be short-term or long-term
<u>Accounts payables due more than 90 days</u>	1,500	750	
Total Accounts Payables	670,603	239,809	
	0.2%	0.3%	of payables were due 3 months ago or more

Independent Contractor *or* Employee

Which are you?

For federal tax purposes, this is an important distinction. Worker classification affects how you pay your federal income tax, social security and Medicare taxes, and how you file your tax return. Classification affects your eligibility for social security and Medicare benefits, employer provided benefits and your tax responsibilities. If you aren't sure of your work status, you should find out now. This brochure can help you.

The courts have considered many facts in deciding whether a worker is an independent contractor or an employee. These relevant facts fall into three main categories: behavioral control; financial control; and relationship of the part. In each case, it is very important to consider all the facts - no single fact provides the answer. Carefully review the following definitions.

Behavioral Control

These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done - as long as the employer has the right to direct and control the work. For example:

Instructions - if you receive extensive instructions on how work is to be done, this suggests that you are an employee. Instructions can cover a wide range of topics, for example:

- how, when, or where to do the work
- what tools or equipment to use
- what assistants to hire to help with the work
- where to purchase supplies and services

If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

Training - if the business provides you with training about required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that you may be an employee.

Financial Control

These facts show whether there is a right to direct or control the business part of the work. For example:

Significant Investment - if you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.

Expenses - if you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.

Opportunity for Profit or Loss - if you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

Relationship of the Parties

These are facts that illustrate how the business and the worker perceive their relationship. For example:

Employee Benefits - if you receive benefits, such as insurance, pension, or paid leave, this is an indication that you may be an employee. If you do not receive benefits, however, you could be either an employee or an independent contractor.

Written Contracts - a written contract may show what both you and the business intend. This may be very significant if it is difficult, if not impossible, to determine status based on other facts.

When You Are an Employee...

- Your employer must withhold income tax and your portion of social security and Medicare taxes. Also, your employer is responsible for paying social security, Medicare, and unemployment (FUTA) taxes on your wages. Your employer must give you a Form W-2, Wage and Tax Statement, showing the amount of taxes withheld from your pay.
- You may deduct unreimbursed employee business expenses on Schedule A of your income tax return, but only if you itemize deductions and they total more than two percent of your adjusted gross income.

When You Are an Independent Contractor...

- The business may be required to give you Form 1099-MISC, Miscellaneous Income, to report what it has paid to you.
- You are responsible for paying your own income tax and self-employment tax (Self-Employment Contributions Act - SECA). The business does not withhold taxes from your pay. You may need to make estimated tax payments during the year to cover your tax liabilities.
- You may deduct business expenses on Schedule C of your income tax return.





Not-for-Profit Section

Exhibit 12: Cost Drivers and Allocation Methods Commonly Employed by NFP's

Cost Driver	Allocation Method	Costs to Allocate	Records to Maintain
Staff time	Time Spent by employees	Salaries, wages, taxes, and benefits	Timekeeping records
Staffing levels	Number of employees (FTEs)	Expenses incurred in operations irrespective to employee productivity, such as general supplies, IT support services, recycling costs, training	Employee count
Printing	Number of copies made	Printing and copying machines	Printer log
Space	Square footage occupied	Rent, Utilities, and facilities maintenance	Map of facilities and space occupied by departments
Travel	Miles driven	Travel expenses and costs associated with vehicles leased or owned by the organization	Mileage log

For many NFPs, the cost of employee compensation (salaries, payroll taxes, and employee benefits) is one of the largest expenses. NFPs are encouraged to keep a system to track employee time by function in order to allocate expenses by functional classification.



Exhibit 14: Sample Record Retention and Deconstruction Policy

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Annual information returns (IRS Form 990 series of returns)	Permanently
Application for tax-exempt status and IRS determination letter	Permanently
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes, and leases (expired)	7 years
Contracts (still in effect)	Contract period
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Determination letter for income tax exemption	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analyses/expense distribution schedules	7 years
Year-end financial statements	Permanently
Insurance records, current accident reports, claims, policies, and so on (active and expired)	Permanently
Internal audit reports	3 years
Inventory records for products, materials, and supplies	3 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws, and charter	Permanently
Patents and related papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

Cash Flow Statement

	Dec 2014	Jan 2015	Feb 2015	March 2015	April 2015	May 2015	June 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015
Cash on Hand (checking & savings)	\$16,336.26	\$19,416.35	\$73,703.08	\$58,852.07	\$52,897.84	\$54,827.47	\$24,312.94	\$23,387.72	\$12,329.83	\$35,703.10	\$25,685.80	\$11,317.38	\$4,325.12
Cash Income													
A Time to Shine	\$0.00	\$0.00	\$0.00	\$7,950.00	\$3,750.00	\$1,100.00	\$5,951.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Center Partners	\$600.00	\$0.00	\$0.00	\$1,435.00	\$300.00	\$0.00	\$1,650.00	\$525.00	\$225.00	\$75.00	\$200.00	\$1,995.00	\$150.00
Consulting	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$300.00	\$0.00
Donations	\$4,110.00	\$250.00	\$500.00	\$300.00	\$4,675.00	\$925.00	\$50.00	\$650.00	\$200.00	\$350.00	\$3,025.00	\$370.00	\$300.00
Grant Income - including restricted	\$16,000.00	\$89,504.05	\$0.00	\$300.00	\$7,025.00	\$8,612.00	\$18,850.00	\$0.00	\$37,062.00	\$1,390.00	\$700.00	\$7,313.00	\$17,000.00
Program Income	\$8,339.00	\$970.00	\$948.00	\$299.30	\$665.00	\$1,791.15	\$459.31	\$1,505.00	\$2,210.00	\$5,165.00	\$17,560.00	\$12,180.81	\$11,289.79
Sub-lease	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00
Misc.	\$0.64	\$0.53	\$15.16	\$15.83	\$14.70	\$14.45	\$13.83	\$25.07	\$0.62	\$13.61	\$25.25	\$0.33	\$0.00
Total	\$29,649.64	\$91,324.58	\$2,063.16	\$10,900.13	\$17,029.70	\$13,042.60	\$27,574.74	\$3,305.07	\$40,297.62	\$7,593.61	\$22,110.25	\$22,759.14	\$29,339.79
Total Cash Available (before cash ou	\$45,985.90	\$110,740.93	\$75,766.24	\$69,752.20	\$69,927.54	\$67,870.07	\$51,887.68	\$26,692.79	\$52,627.45	\$43,296.71	\$47,796.05	\$34,076.52	\$33,664.91
Expenses													
Financial Review	\$1,000.00	\$3,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Internet/Telephone	\$404.74	\$283.25	\$373.12	\$323.07	\$323.12	\$336.04	\$323.21	\$341.48	\$323.28	\$333.09	\$331.55	\$181.42	\$320.00
Lease	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,033.32	\$1,064.32	\$1,064.32
Payroll expenses (taxes & SEP)	\$14,357.38	\$12,684.37	\$12,480.77	\$12,684.38	\$12,722.52	\$12,582.59	\$12,685.11	\$12,795.28	\$12,576.44	\$12,726.90	\$13,128.46	\$12,696.22	\$12,600.00
Property Tax	\$0.00	\$303.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Office Supplies	\$2.99	\$353.46	\$42.91	\$404.85	\$27.95	\$274.98	\$79.37	\$124.01	\$73.67	\$474.18	\$286.78	\$219.72	\$100.00
Program Expenses	\$5,746.61	\$713.85	\$1,526.71	\$516.99	\$324.60	\$3,673.82	\$6,419.51	\$330.77	\$57.53	\$1,375.62	\$6,426.51	\$11,643.56	\$3,030.62
Postage	\$194.07	\$168.63	\$176.03	\$396.90	\$130.00		\$98.00	\$0.00	\$210.00	\$107.00	\$631.00	\$470.00	\$250.00
Travel / Expense Reimb.	\$96.46	\$245.28	\$408.80	\$257.07	\$403.58	\$602.73	\$183.39	\$190.41	\$263.26	\$165.63	\$22.69	\$49.89	\$200.00
Bank monthly charges	\$255.55	\$135.08	\$88.76	\$71.90	\$61.09	\$84.52	\$119.37	\$74.31	\$96.55	\$105.12	\$141.97	\$159.85	\$62.50
Insurance	\$319.42	\$1,848.38	\$113.46	\$119.46	\$119.46	\$140.46	\$119.46	\$0.00	\$0.00	\$115.06	\$114.54	\$114.54	\$116.00
Copier Maint / Copies made	\$739.62	\$265.47	\$241.59	\$79.98	\$263.51	\$339.58	\$202.35	\$167.37	\$118.39	\$164.26	\$325.93	\$522.32	\$250.00
Memberships/Subscriptions	\$20.00	\$277.99	\$1,514.99	\$75.00	\$19.99	\$19.99	\$0.00	\$36.99	\$19.99	\$0.00	\$79.96	\$0.00	\$20.00
Recurring CC Charges	\$132.00	\$143.95	\$153.51	\$173.89	\$153.90	\$153.90	\$59.99	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$145.00
Computer Hardware/Software	\$0.00	\$0.00	\$0.00	\$99.00	\$0.00	\$150.00	\$113.90	\$113.90	\$213.90	\$622.90	\$135.80	\$113.90	\$0.00
Credit Card Payments	\$0.00	\$0.00	\$0.00	\$0.00	-\$488.11	-\$3,484.78	-\$222.43	-\$1,321.00	\$543.81	\$0.00	\$0.00	\$0.00	\$0.00
Restricted Expenses	\$658.72	\$11,866.80	\$0.00	\$0.00	\$0.00	\$27,593.98	\$7,285.41	\$93.12	\$1,032.81	\$210.00	\$13,300.37	\$0.00	\$0.00
Board Expense	\$64.99	\$22.00	\$0.00	\$64.95	\$5.14	\$56.00	\$0.00	\$11.00	\$0.00	\$0.00	\$0.00	\$0.00	\$250.00
Conferences / Trainings	\$0.00	\$1,085.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$332.00	\$321.40	\$0.00	\$1,757.92	\$1,416.13	\$0.00
Miscellaneous	\$1,543.68	\$2,107.48	-\$1,239.80	\$553.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$137.83	-\$1,278.13	\$1,059.53	\$0.00
Total	\$26,569.55	\$37,037.85	\$16,914.17	\$16,854.36	\$15,100.07	\$43,557.13	\$28,499.96	\$14,362.96	\$16,924.35	\$17,610.91	\$36,478.67	\$29,751.40	\$18,408.44
Cash Position (end of month)	\$19,416.35	\$73,703.08	\$58,852.07	\$52,897.84	\$54,827.47	\$24,312.94	\$23,387.72	\$12,329.83	\$35,703.10	\$25,685.80	\$11,317.38	\$4,325.12	\$15,256.47
(less) Restricted Money	\$622.10	\$31,009.35	\$31,009.35	\$31,009.35	\$38,334.35	\$12,540.37	\$4,551.84	\$13,011.84	\$27,276.68	\$28,956.68	\$7,856.31	\$2,660.27	\$2,660.27