

Nonprofit News

Reporting on Schedule G by Vanessa Kirchner, CPA

We often find ourselves explaining to our nonprofit clients why the information in the Federal Form 990 return looks so different from their financial statements. Often it is due to the fact that amounts are required to be grouped or split out differently on the tax return. In particular, one area that is significantly different is the reporting for fundraising events. This activity is shown on Schedule G, Part II of the Form 990. Because the Form 990 is accessible to the general public, it is important for you to understand what information is being presented to your potential donors.

Here is an explanation of the main elements of the schedule and their significance. Keep in mind that this schedule is only required if total revenue earned by the organization from fundraising events was more than \$15,000 for the year. Then only the events with total revenue greater than \$5,000 are shown on the schedule.

Gross Receipts - This is all revenue earned from and at the event, not subtracting any costs or contributions. Most nonprofits use this number to assess the success of a fundraising event. The Pennsylvania Association of Nonprofit Organizations (PANO) recommends that for every \$1 spent on a special event, \$3 should be earned.

Contributions - For the purposes of the schedule, contributions are subtracted out of total revenue. Contributions include any non-cash items received for the fundraising event.

Gross Income - Here is where the Form 990 differs from most nonprofits' internal reporting. For the purposes of the Schedule G, the income amount used to calculate the profit or loss from a fundraising event is only the non-contribution income. This would be just the value of the meal, entertainment or the participation costs and any other fees charged.

Direct Expenses - Depending on how detailed your records are, you should split out the expenses into the following categories - make sure to exclude the value of any donated services or use of facilities since these are not included on the Form 990 and are instead a reconciling item to the financial statements.

1. Cash prizes
2. Noncash prizes
3. Rent/facility costs - exclude any donated facilities
4. Food and beverages
5. Entertainment
6. Other direct expenses

Net Income - This is the total profit/loss earned when you take the gross income (total revenue less contributions) and subtract out the direct expenses. Many nonprofits will find that they have a loss for fundraising events on Schedule G but show a profit on their financials statements.

This means that the majority of the

Fall
2015

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Client of the Quarter



TRAVIS MANION FOUNDATION "If Not Me, Then Who..."

Travis Manion sacrificed his life to save his entire patrol squad on April 29, 2007. Shortly after the death of 1st Lt. Travis Manion in Iraq, the fallen Marine's mother, the late Janet Manion, founded the Travis Manion Foundation to assist our nation's veterans and families of the fallen. The Travis Manion Foundation (TMF) engages with veterans and families of the fallen in all stages of their personal journeys and offers them unique opportunities to empower them to achieve their goals. TMF believes that the best way to honor the fallen is by challenging the living. TMF challenges veterans and survivors to lead the "If Not Me, Then Who..." movement and inspire others to continue the service to community and country exemplified by the nation's fallen heroes.

For veterans, TMF has developed the Veterans Services Program which permits veterans to pursue their next successful career. This program is designed for job-ready veterans who are looking for professional development and transitional assistance in a specific field about which they are passionate. The target demographic for the program is younger, former enlisted, post-9/11 military service personnel who lack the network and work experience necessary to be considered competitive for employment.



The Mentorship and Advocacy Program for Veterans (MAP-V) is a high-touch, 10-month program designed to empower veterans through funded internships, mentoring, and professional development to provide passion-focused career preparation and experience, networking, support, and camaraderie to transitioning, post-9/11 veterans.

TMF also links veterans & survivors with the next generation of leaders. The *Character Does Matter* program connects veterans with over 100,000 young adults in their communities to spread stories of our Nation's heroes and to develop strong character traits in the youth. The money generated from this movement has also allowed TMF to give \$24,000 annually in scholarships to high school students.



A popular and important event that the Travis Manion Foundation runs to increase veteran awareness is its 9/11 Heroes Run. This run is a 5 kilometer + 1 mile run/walk that is open to all runners

of any experience level. This event has drawn over 50,000+ participants in 300 races world wide. They even offer a virtual runner option incase there is not a race close enough.

The Travis Manion Foundation has quickly asserted itself into the role of helping United States Veterans. For more information about Travis Manion, please visit www.TravisManion.org or call (215) 348-9080.



Board Chair Boot Camp



January 21, 2016

8:30 am-10:30 am
Covenant Bank
1980 S. Easton Rd., Doylestown PA

Or

January 21, 2016

4:00 pm-6:00 pm
United Way of Bucks County
413 Hood Blvd., Fairless Hills PA

This session has been created for current chairs, those new to the chair position, as well as identified successors. We will review roles and responsibilities of both the board and the chair, but will delve more deeply into how the chair can create a culture of inquiry and guide the board in steering the organization towards a sustainable future.

\$25 per person

Registration fee includes light refreshments and materials

Register for either session at:
www.catalystnonprofit.com/training.htm

Liz Vibber, 215-343-2727 or
lvibber@bbco-cpa.com

The Role of Board Chair

The Board Chair plays a pivotal role in creating a culture for the board that guides a mission-driven, successful and impactful organization. Often chairs step into the position with little training and possibly an incomplete understanding of the role.

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revenue earned for the event is from contributions. Nonprofits often solicit sponsorships to help to defray the costs of the special event. Since sponsorships are counted as contributions, this can add to the larger balance of contributions for an event.

It is important to remember that even if an event is showing a loss on Schedule G, the event is still an opportunity for the organization to get more potential donors interested in the organization.

The organization will want to review its event costs, ticket prices, and other elements to ensure that all values are being accurately calculated and that the event is being run as efficiently as possible.

If you have questions regarding the reporting of revenue from your organization's fundraising events, please do not hesitate to contact Vanessa Kirchner, CPA of Bee, Bergvall & Co. at 215-343-2727

Fundraising Ratio Calculator (courtesy of PANO)

Using the Form 990, enter the numbers from the following lines:

Revenue-Use Part VIII

Line 1h _____
Line 8c _____
Line 9b _____
Total Revenue: _____

Expenses-Use Part IX

Line 25d _____
Total Expenses: _____

Divide Revenue Total by Expense Total for Fundraising Ration.

Look for 3.0 or greater. On average a nonprofit should have a fundraising ratio of 3 to 1. Standards of Excellence states that for every \$1 spent on fundraising, the charity should raise at least \$3.



Summary of Disclosure Requirements on Solicitations and Acknowledgments

This documents was developed by PANO as a summary of the key points in the Standards for Excellence
 "Openness – Disclose It" Educational Resource Packet



	Solicitations	Acknowledgements
State	If registered with the BCCO1 : "The official registration and financial information of (Name of Nonprofit Organization) may be obtained from the Pennsylvania Department of State by calling toll free within Pennsylvania, 1- 800-732-0999. Registration does not imply endorsement." Note: If registered in other states organizations must follow the laws of those states for disclosures	If registered with the BCCO: "The official registration and financial information of (Name of Nonprofit Organization) may be obtained from the Pennsylvania Department of State by calling toll free within Pennsylvania, 1-800-732- 0999. Registration does not imply endorsement." Note: If registered in other states organizations must follow the laws of those states for disclosures.
Federal	For solicitations in which goods or services will be received if the ticket price is \$75 or greater: Example: The ticket price for the event is \$150. For tax purposes, only \$100 is tax-deductible. The balance of \$50 represents the fair market value of the food and entertainment for the event. (Recommended not required) "ABC Nonprofit is a 501(c)(3) nonprofit organization – contributions to which are tax deductible to the fullest extent permitted by law."	For cash contribution for which no goods or services were received: "No goods or services were received in exchange for this contribution." For gifts in which something is received: The ticket price for the event is \$150. For tax purposes, only \$100 is tax-deductible. The balance of \$50 represents the fair market value of the food and entertainment for the event. For gifts in kind: Do not list value of gifts contributed items. (Recommended not required) "ABC Nonprofit is a 501(c) (3) nonprofit organization – contributions to which are tax deductible to the fullest extent permitted by law."

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