

Mother Lode Bookkeeping, Inc.
is an experienced bookkeeping firm with nonprofit expertise. We can help you make sure that income and expenses are being properly categorized for tracking and reporting purposes. These reports include:

- A statement of revenue & expenditures with particular categories specified (e.g. salaries, postage, rental revenue & expenses),
- A statement of assets, liabilities, and fund balances with categories specified (e.g. cash, accounts receivable, etc.),
- A statement of functional expenses, allocated to program services, operations, and fundraising, and
- A report of expenses segregated by individual program service (e.g. educational mailings, seminar programs),
- A support schedule that details the organization's sources of revenue, with particular categories specified (e.g. charitable donations, membership fees, investment income).



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**MOTHER LODGE
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Not for Profit Organizations

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Bookkeeping for Not for Profit Organizations

If your *Not for Profit* organization is like many, you know how difficult it is for you to maintain the increasing financial reporting requirements as you expand your programs and increase your fund raising efforts.

Many people are shocked when they realize just how much regulation, filing, and paperwork comes with a tax exempt status.

There are few direct regulations that state how nonprofit organizations must operate their internal financial record keeping. However, there are indirect influences such as IRS and most funding agencies that will impose certain requirements.

In practical terms, these "recommended" standards all but

demand certain accounting and other financial practices be followed by nearly all nonprofit organizations. The IRS requires most tax-exempt organizations to submit an annual information report, the Form 990 with its related forms and schedules, which requires a significant amount of financial reporting where specific categories and classes of revenue and expenditures must be allocated.

Currently the IRS is focusing on exempt organizations as stated in the IRS Strategic Plan for 2009-2013 which calls for "Proactively addressing misuse of tax-exempt organizations and/or tax-exempt status."

Other aspects of the reporting requirements are more complex than would be required in a small commercial business. The report of expenses for individual program services roughly corresponds to more

complex divisional accounting methods, for tracking expenses incurred by different segments of an organization's total operation. Also, unlike commercial reporting, the IRS uses revenue classifications to help determine if a nonprofit organization will retain its tax-exempt status recognition.

Any organization that does not focus its accounting system around the specified categories and classes will face serious hurdles preparing its annual IRS report.

Organizations that ignore their financial reporting obligations do so at their own peril because at some point a Board member, a funder, or even the IRS will ask something like, "How much was spent on this program?" or, "What were the specific sources of all revenues?" Getting those answers — largely depends on who does the bookkeeping.