

Non Profit Accounting

1. Taxes require IRS Form 990 -
2. Special financial statements:
 - a. Restricted fund accounting.
 - b. Some grant applications require certain % expense to revenue ratios.
3. Auditability – Keep all vendor and donor records
 - a. The audit shows the money trail with validation.
 - b. Proper authorization of expenditures?
 - c. Nonprofits must have an open-book policy, so anyone can scrutinize expenses and ask questions.
 - d. When the IRS audits, it looks for specific items, such as a 3:1 of charitable work to fundraising efforts. What this means is, for every fundraiser, an organization must do at least three giving campaigns in accordance to its bylaw mission.