

Index

• *Symbols and Numerics* •

- * (asterisk), 66
- / (slash), 66
- (minus sign), 66
- 10-key adding machine, using a, 62
- 2 CFR Part 215 circular, 160, 189

• *A* •

- abuse classification in audit findings, 202
- accelerated depreciation, 37
- acceptable risk, 306
- account, 25
- accountability in financial audits, 305–306
- accountant, hiring an, 30–31
- accounting
 - bookkeeping compared, 10–11, 26–27
 - described, 25–26
- accounting audits, 16
- accounting methods
 - accrual basis, 11, 33–35, 88
 - cash basis, 11, 33–34, 88
 - choosing, 33–35
 - explaining changes in, 297–299
 - overview, 11, 33–34
- accounting period, 55
- accounting process
 - adjusted trial balance, 89
 - adjusting entries, 89
 - credits in, 90–91
 - debits in, 90–91
 - normal balances, 91
 - overview, 88–90
 - trial balance, 89
 - unadjusted trial balance, 89
- accounting standards
 - FASB, abiding by rules of, 141–143
 - GAAP, 143–146
 - overview, 140
 - Sarbanes-Oxley Act (SOX), 146–148
- accrual basis accounting method,
 - 11, 33–35, 88
- accrue, 34
- accrued expenses, adjustments to, 99
- accumulated depreciation, 78, 248, 259
- adjusted trial balance, 89
- adjusting entries, 89, 98–99, 290–293
- administrative expenses, 199
- administrative requirements for federal grants, 158, 160
- administrator, 70
- AICPA (American Institute of Certified Public Accountants), 16
- analysis phase of financial audits, 307
- approval of budget, 134
- articles of incorporation in grant audit, 197
- asset accounts, 28–29
- asset protection
 - bonding nonprofit employees, 42
 - checks and balances, establishing, 40–41
 - insuring nonprofit employees, 42
 - internal controls, setting, 40–42
 - overview, 39–40
 - for physical assets, 40
 - segregation of duties, establishing, 41
- assets
 - accumulated depreciation as, 78
 - buildings as, 78
 - cash as, 77, 258
 - certificates of deposit as, 78
 - change funds as, 77
 - in chart of accounts, 77–78
 - checking accounts as, 77
 - classifying, 258–259
 - contributions receivable as, 78
 - current, 53, 77, 258
 - data processing equipment as, 78
 - defined, 27
 - depreciable, 35
 - depreciation methods for, 36–39
 - equipment as, 78
 - fair market value, evaluating assets by, 36

- assets (*continued*)
 - fixed, 77
 - furniture as, 78
 - grants and accounts receivable as, 258
 - intangible, 259
 - land as, 78
 - leasehold improvements as, 78
 - liquid, 54
 - liquidity of, 258
 - long-term, 258–259
 - marketable securities as, 258
 - money market accounts as, 78
 - net fixed, 259
 - original cost, evaluating assets by, 35–36
 - overview, 13–14, 35
 - petty cash as, 77
 - plant, property, and equipment (PPE), 35, 37
 - prepaid expenses as, 258
 - restrictions, disclosing all, 300
 - savings accounts as, 78
 - total, 259
 - undeposited receipts as, 77
 - assets section of statement of financial position, 257
 - (*) asterisk, 66
 - ATM user fees, 114
 - audit committees
 - forming, 303, 304–305
 - overview, 147
 - audit findings
 - abuse classification in, 202
 - classifications used in, 202
 - corrective action plan (CAP), following, 202–203
 - error classification in, 202
 - fraud classification in, 202
 - illegal act classification in, 202
 - improper conduct classification in, 202
 - irregularity classification in, 202
 - noncompliance classification in, 202
 - overview, 201
 - waste classification in, 202
 - audit report, 201
 - auditing cash management
 - cash on hand, minimizing, 199
 - internal controls, segregating duties through, 199–200
 - overview, 198–199
 - auditor
 - improper payments, looking for, 195
 - internal controls, checking use of, 195
 - risk factors, assessing, 195
 - tasks performed by, 195–196
 - auditor's report
 - adverse opinion, 310
 - disclaimer of opinion, 310–311
 - financial audits, 308–311
 - opinion of auditor, 308–311
 - qualified opinion, 310
 - unqualified opinion, 309–310
 - audits. *See also* grant audit
 - accounting, 16
 - described, 30
 - operational, 17
 - overview, 16–17
 - program-specific, 189
 - authorized payroll deductions, 209
 - automatic backups, 71–72
 - automatic bank drafts, 115
- B •**
- backups, 71–72
 - balance sheet. *See* statement of financial position
 - balanced books
 - budgets, developing, 18
 - chart of accounts, establishing, 17
 - compliance, 18
 - needed for viability, 321–322
 - overview, 17
 - transactions, tracking, 17–18
 - bank statement
 - overview, 111
 - used to reconcile your account, 116–118
 - bankers/creditors, financial statements used by, 46
 - banks, 107
 - basis of accounting
 - accrual-basis accounting, 11, 33–35, 88
 - cash-basis accounting, 11, 33–34, 88
 - overview, 87–88
 - board members
 - financial statements used by, 46
 - information in grant audit, 197
 - bond, 42
 - bonding nonprofit employees, 42

bonds payable account in general ledger, 95
 bookkeeper, hiring a, 30–31
 bookkeeping
 accounting compared, 10–11, 26–27
 described, 26
 break-even analysis, 27–28
 Browning, Beverly A. (*Grant Writing For Dummies*), 325
 budget
 adjustments to, making, 135–136
 approval of, 134
 described, 46
 developing, 18
 goals, setting, 126–128
 guidelines for, setting, 124–125
 organization, importance of, 128–130
 overview, 121–122
 performance of, reviewing, 134–136
 preparations for creating, 123–130
 priorities, identifying your, 125
 steps for creating, 131–134
 task group for, 135
 budget summary in Notice of Grant Award (NGA), 163
 buildings account in general ledger, 95



calendar with timeframes and deadlines,
 using, 128–129
 candidates, lobbying or supporting, 149–150
 CAP (corrective action plan), 202–203
 capital expenditures, 259
 cash, 34
 cash account in general ledger, 95
 cash advances as factor in determining
 payroll taxes, 210
 cash basis accounting method, 11, 33–34, 88
 cash donations
 overview, 107–108
 receipts for, 315
 tracking, 315
 cash flow, 28
 cash flow ratios, 274–276
 cash flow statement
 calculations, 272–274
 decisions based on, making, 269
 direct method used to prepare, 270

financial ratios, 274–276
 financing activities, 271, 273–274
 free cash flow (FCF), calculating, 275–276
 indirect method used to prepare, 270–271
 investing activities, 271, 273
 operating activities, 271, 272–273
 operating cash flow (OCF) ratio,
 calculating, 275
 overview, 22, 53–54, 267–269
 structure of, 271
 cash inflows, 268
 cash on hand
 as asset, 77
 minimizing, 199
 cash outflows, 268
 Catalog of Federal Domestic Assistance
 (CFDA), 157
 certified public accountants (CPAs),
 11, 30, 139
 chart of accounts
 assets in, 77–78
 coding for, 85–86
 establishing, 17
 expenses in, 82–84
 liabilities in, 78–79
 net assets in, 79–80
 numbering system for, 85–86
 overview, 75–77
 revenue in, 80–82
 check, donations by, 108–109
 checkbook register
 automatic bank drafts, 115
 balancing, 116–118, 316
 bank statement used to reconcile your
 account, 116–118
 donations, adding and tracking, 105–111
 duplicate checks, 104
 errors in, 118–120
 expenses, subtracting your, 111–112
 finding errors in, 118–119
 logging donations in, 106
 outstanding checks, accounting for, 119–120
 overview, 104–105
 QuickBooks used to balance, 118
 recording donations in, 110–111
 transposition errors in, 118–119
 using, 62

- checks and balances
 - establishing, 40–41
 - overview, 12
 - check-swiping system, 109
 - churches, 212
 - circulars
 - OMB Circular A-122, 160–161, 189
 - OMB Circular A-133, 161–162, 189
 - overview, 159
 - 2 CFR Part 215 circular, 160, 189
 - classifications used in audit findings, 202
 - closeout process, 185
 - closing the books
 - adjusting entries, 290–293
 - closing entries, 293–295
 - correcting entries, 290–293
 - notes of disclosure, completing, 296–300
 - overview, 288–289
 - reversing entries to close temporary accounts, 295–296
 - storing information after, 300
 - coding for chart of accounts, 85–86
 - commingling funds, 170
 - compliance
 - activities that can call your compliance into question, avoiding, 149–150
 - GAAP, following, 139
 - importance of staying in, 138, 318
 - IRS statutes, abiding by, 140
 - overview, 18
 - professional help, hiring, 139–140
 - state authority, registering with the proper, 138–139
 - computerized accounting system
 - backing up, 71–72
 - Excel, using, 63–66
 - manual accounting system compared, 59–60
 - Microsoft Office Accounting, 67–68
 - Peachtree Accounting, 68
 - QuickBooks, 67
 - security issues, 69–71
 - conflicts of interest, 149
 - consistency principle, 37, 57, 299
 - constituency, importance of, 318
 - contingencies in notes to financial statements, 57
 - contingent liabilities, disclosing, 49, 299
 - contract employees, 222–224
 - contributions
 - FASB Statement No. 116, 81, 141–142
 - reporting, 239–240
 - corrective action plan (CAP), 202–203
 - CPAs (certified public accountants), 11, 30, 139
 - credit card donations, 109
 - credit card processing fees, 113
 - credits
 - in accounting process, 90–91
 - defined, 28–29
 - overview, 14–15
 - current assets, 53, 77, 258
 - current liabilities, 78–79, 260
- D •
- debits
 - in accounting process, 90–91
 - defined, 28–29
 - overview, 14–15
 - debt-to-equity ratio, calculating, 265
 - declining depreciation, 37–38
 - deferred revenues, 260
 - deficit, 54
 - depreciable assets, 35
 - depreciation
 - accelerated, 37
 - accumulated, 248
 - adjustments to, 99
 - declining, 37–38
 - double-declining balance, 38–39
 - as expense, 84
 - overview, 36–37
 - straight-line, 38
 - desk audit, 191
 - direct bank draft donations, 109–110
 - direct bank drafts, 115
 - direct method used to prepare cash flow statement, 270
 - disclosure principle, 58
 - documentation
 - of expenses in federal grants, 157–159
 - importance of, 316
 - overview, 16
 - donated materials as revenue, 81
 - donated services
 - as expense, 83
 - as revenue, 81

donation receivables account in general ledger, 95

donations

- adding and tracking, 105–111
- cash, 107–108
- by check, 108–109
- credit card, 109
- defined, 27
- direct bank draft, 109–110
- financial statements used to track, 48
- grants as, 110
- overview, 105
- permanently restricted support, 246
- recording, 110–111
- restricted support, 246
- temporarily restricted support, 246
- unrestricted support, 246

donors

- soliciting, 22
- using results of financial audits, 303

donors list, maintaining a, 316

double-declining balance depreciation, 38–39

double-entry accounting, 13, 15, 26

drawdown

- employer identification number (EIN) needed for, 174
- grant ID number needed for, 174
- by Internet, 175
- overview, 173–174
- requesting a, 174
- by telephone, 174–175
- tracking electronic transfers, 175–176
- when to request a, 176

duplicate checks, 104

● E ●

embezzlement, 40

employee payroll taxes, 21

employee theft, protection from, 317

employer identification number (EIN) needed for drawdown, 174

end-of-year forms, 219–222

equipment account in general ledger, 95

equity

- defined, 27
- overview, 13, 14

error classification in audit findings, 202

errors

- in checkbook register, 118–120
- correcting, 101–102, 290–293
- in Form 990, correcting, 236–238
- in trial balance, correcting, 101–102
- in trial balance, finding, 99–100

evidence gathering phase of financial audits, 307–308

Excel, 63–66

Excel 2003 For Dummies (Harvey), 64

Excel 2007 For Dummies (Harvey), 64

executive director, financial statements used by, 45, 46

exempt employees, 208

expense accounts, closing, 293

expenses

- accounting and tax services as, 83
- administrative, 199
- advertising and promotion as, 84
- allocating, 281–284
- bank service fees as, 113–114
- board member compensation/stipends as, 83
- books as, 84
- building security as, 114
- in chart of accounts, 82–84
- in checkbook register, 111–112
- communication as, 83
- computer hardware and software as, 113
- computer services as, 84
- contract labor as, 113
- contracted services as, 83
- contracts, grants, and stipends as, 84
- current obligations as, 83
- defined, 27
- depreciation as, 84
- disability insurance contribution as, 82
- donated services as, 83
- dues and subscriptions as, 84
- electronic payment fees as, 114
- employee training as, 84
- equipment rental as, 84
- fixed, 132
- fixed charges as, 84
- furniture rental as, 84
- honorariums as, 83
- insurance as, 84, 113
- legal services as, 83

expenses (*continued*)

- licenses and permits as, 113
- management services as, 83
- Medicare contribution as, 82
- nonprofit, 82
- office furniture as, 113
- office rent as, 84
- office supplies as, 113
- overview, 49, 82
- payroll taxes as, 113
- personnel as, 82
- printing and binding as, 83
- rent as, 113
- repair and maintenance as, 84
- retirement contribution as, 82
- salary and wages as, 82, 113
- short-term ways to reduce, 123
- Social Security contribution as, 82
- on statement of activities, 247, 250
- supplies and materials as, 83
- temporary services as, 83
- travel as, 83, 113
- unemployment insurance contribution as, 83
- utilities as, 83, 113
- variable, 132
- vehicle rental as, 84
- Web site costs as, 113
- workers compensation as, 83

expenses account in general ledger, 96

explanation of transaction, writing, 94

extensions, requesting, 236

external auditor, hiring, 303, 304

• F •

fair market value, evaluating assets by, 36

FASB (Financial Accounting Standards Board), 53, 137, 139, 141–143, 239–240

FASB Statement No. 116, 81, 141–142, 240

FASB Statement No. 117, 143

federal grants

- administrative requirements, 158, 160
- applying for, 157
- audit requirements, 161–162
- cost principles, 160–161
- documentation of expenses, 157–159
- finding, 156–157

- importance of, 154–155
- management of, 159–162
- Notice of Grant Award (NGA), 162–166
- OMB Circular A-122, 160–161
- OMB Circular A-133, 161–162
- overview, 19–20, 155–156
- private grants compared, 168
- as revenue, 81
- rules for, following, 20
- 2 CFR Part 215 circular, 160

Federal Insurance Contributions Act (FICA), 210–211

fee per transaction, 114

fees from special events as revenue, 82

file sharing, 70

Financial Accounting Standards Board (FASB), 53, 137, 139, 141–143, 239–240

financial audits

- accountability in, 305–306
- analysis phase of, 307
- audit committees, forming, 303, 304–305
- auditor's report, 308–311
- donors using results of, 303
- evidence gathering phase of, 307–308
- external auditor, hiring, 303, 304
- grant makers using results of, 303
- internal auditors, 303, 304–305
- by IRS, 311–312
- need for, 301–302
- nonprofit watchdogs using results of, 303
- paper trail for, 305–306
- planning and design phase for, 306
- process for, 306–308
- risk calculation phase for, 306–307
- stakeholders using results of, 302–303

financial ratios, 274–276

financial statements. *See also specific statements*

- contingent liabilities, disclosing, 49
- donations, financial statements used to track, 48
- external users of, 46–47
- in grant audit, 197
- grant proposals, financial statements used to assist, 47–48
- identifying, 49–58
- importance of, 43
- internal users of, 45–46

- nonprofit activities, financial statements
 - used to track, 48
 - notes to, 23, 55–58
 - overview, 21
 - using, 47–49
 - financial status reports
 - due dates for, 164
 - reporting requirements, 177–182
 - firewalls, 69
 - fiscal agents, 31–32
 - fiscal period, 55
 - fiscal year, 287
 - fixed assets, 77
 - fixed expenses, 132
 - footnotes. *See* notes of disclosure
 - Form 941 (Employer’s Quarterly Federal Tax Return)
 - filing, 215–216
 - filling out, 213–215
 - overview, 212, 213
 - Form 990 (Return of Organization Exempt from Income Tax)
 - extensions, requesting, 236
 - filing, 233
 - filling out, 231–233
 - mistakes in, correcting, 236–238
 - overview, 44, 226
 - penalties if you don’t file, 227
 - versions of, 226
 - Form 990-EZ (Short Form Return of Organization Exempt from Income Tax)
 - filling out, 229–231
 - overview, 226
 - Form 990-N (e-Postcard)
 - filling out, 228
 - overview, 226
 - Form 990-T (Exempt Organization Business Income Tax Return), 234–235
 - Form 1099-MISC (Miscellaneous Income), 222–224
 - Form 8109 (Federal Tax Deposit Coupons), 216–219
 - Form 8868 (Application for Extension of Time to File an Exempt Organization Return), 236
 - Form W-2 (Wage and Tax Statement)
 - overview, 219–220
 - where to send, 222
 - Form W-3 (Transmittal of Wage and Tax Statements)
 - overview, 220–221
 - where to send, 222
 - Form W-4 (Employee’s Withholding Allowance Certificate), 206–207
 - fraud classification in audit findings, 202
 - free cash flow (FCF), calculating, 275–276
 - free support, using, 319
 - fringe benefits, 210
 - full disclosure principle, 298
 - funding plan, 127
 - fundraising efficiency ratio, calculating, 285–286
 - fundraising expenses, 283–284
 - future vision needed for viability, 324
- G •**
- GAAP (generally accepted accounting principles), 15, 30, 139, 143–146
 - GAAS (generally accepted auditing standards), 16–17, 30
 - GAGAS (general accepted government auditing standards), 189
 - gains on statement of activities, 247–248
 - GAN (grant adjustment notice), 170–171
 - GAS (government auditing standards), 188
 - General Accounting Office (GAO), 189
 - general ledger
 - accounts payable account in, 95
 - bonds payable account in, 95
 - buildings account in, 95
 - cash account in, 95
 - correcting errors in, 102
 - donation receivables account in, 95
 - equipment account in, 95
 - expenses account in, 96
 - inventory account in, 95
 - journal, transferring information from, 96–97
 - land account in, 95
 - mortgage payable account in, 95
 - notes payable account in, 95
 - overview, 94
 - posting to, 94–97
 - prepaid insurance account in, 95
 - revenue account in, 95
 - salaries payable account in, 95

goals

- of individual programs, 127–128
- of organization, 126–127
- overview, 126

government auditing standards (GAS), 188

Government Performance and Results Act (GPRA), 190

grant adjustment notice (GAN), 170–171

grant audit

- articles of incorporation in, 197
- board members' information in, 197
- desk audit, 191
- details of, 190
- financial statements in, 197
- government auditing standards (GAS), 188
- indirect cost rate in, 197
- inspector general audit, 194
- IRS letter of determination in, 197
- letter informing you of, 190
- monitoring site visit, 191–192
- OMB Circular A-122 used in, 189
- OMB Circular A-133 used in, 189
- operating budget in, 197
- organizational bylaws in, 197
- overview, 16, 20–21, 188–189
- paperwork for, 197–198
- by program officers, 188–189, 192–194
- program-specific audit, 189
- purpose of, 188–189
- records, preparing, 196
- tracking all expenses, documentation for, 198
- 2 CFR 215 used in, 189
- types of, 190–194
- who undergoes a, 189
- Yellow Book audit, 188

grant ID number needed for drawdown, 174

grant proposals, financial statements used to assist, 47–48

grant summary, 176

Grant Writing For Dummies (Browning), 325

grant writing needed for viability, 324–325

grantee, 171

grants. *See also specific grants*

- as donations, 110
- nongovernmental, 156

• H •

Harvey, Greg

- Excel 2003 For Dummies*, 64
- Excel 2007 For Dummies*, 64

hidden errors in trial balance, 100

historical cost, 36

• I •

identifying financial statements, 49–58

illegal act classification in audit findings, 202

improper conduct classification in audit findings, 202

improper payments, looking for, 195

income

- separating actual and projected, 132–133
- sources, identifying potential, 106
- unrelated business, 150

income statement. *See* statement of activities

income summary accounts, closing, 294–295

independent audit needed for viability, 325

independent auditors

- financial statements used by, 46
- hiring, 33

indirect cost rate

- in grant audit, 197
- in Notice of Grant Award (NGA), 165

indirect method used to prepare cash flow statement, 270–271

inherent risk, 307

inspector general audit, 194

insuring nonprofit employees, 42

intangible assets, 259

internal auditors, 303, 304–305

internal controls

- auditor checking use of, 195
- bonding nonprofit employees, 42
- checks and balances, establishing, 40–41
- insuring nonprofit employees, 42
- overview, 40
- segregation of duties, 41, 199–200, 315
- setting, 40–42

internal users of financial statements, 45–46

Internet, drawdown by, 175

inventory, changing method of, 298

inventory account in general ledger, 95

investing activities on cash flow statement, 271, 273
 investment income as revenue, 82
 investments, 259
 irregularity classification in audit findings, 202
 IRS (Internal Revenue Service). *See also specific forms*
 compliance with, 140
 financial audit by, 311–312
 free help from, 319
 letter of determination in grant audit, 197
 using results of financial audits, 303

• J •

journal
 correcting errors in, 101–102
 defined, 28
 general ledger, transferring information to, 96–97
 overview, 91
 journal entry, 87
 journaling, 91
 jump drive, 72

• L •

land account in general ledger, 95
 lawsuits, disclosing all, 299
 ledger, 28
 letter informing you of grant audit, 190
 liabilities
 accounts payable as, 79, 260
 accrued interest payable as, 79
 bank loan payable as, 261
 in chart of accounts, 78–79
 classifying, 260–261
 current, 78–79, 260
 defined, 27
 equipment payable as, 261
 grants payable as, 79
 long-term, 78–79, 261
 long-term debt as, 79
 mortgage payable as, 79
 notes payable as, 79, 261
 overview, 13, 14
 payroll taxes as, 260

 payroll taxes payable as, 79
 salaries payable as, 260
 salary as, 79
 statement of financial position, 257, 260–263
 unearned revenue as, 79
 wages payable as, 79
 liability accounts, 29
 liability insurance, 51
 liquid assets, 54
 liquidity of assets, 258
 logging donations in checkbook register, 106
 long-term assets, 258–259
 long-term liabilities, 78–79, 261, 300
 losses on statement of activities, 247–248

• M •

management and general expenses (M&G), 282–283
 management audit, 17
 management of federal grants, 159–162
 managing grant funds
 changes to grant, making, 170–171
 overview, 169
 separate budget for grant funds, maintaining, 169–170
 subgrantees, handling responsibility of, 171–173
 manual accounting system
 advantages of, 61
 checkbook register, using a, 62
 computerized accounting system compared, 59–60
 disadvantages of, 61
 overview, 61
 paperwork, organization of, 62–63
 spreadsheet, conversion of manual system into a, 65–66
 10-key adding machine, using a, 62
 tools for, 62–63
 manual backups, 72
 match (cost sharing), 165–166
 matching principle, 98
 Microsoft Office Accounting, 67–68
 (–) minus sign, 66
 monitoring site visit, 191–192
 mortgage payable account in general ledger, 95

• N •

negative cash flow, 268

Nelson, Stephen L. (*QuickBooks For Dummies*), 67

net assets

calculating, 85, 250–251

in chart of accounts, 79–80

classifying, 261–263

defined, 27

overview, 80, 261–262

permanently restricted, 80, 262

restricted, 262–263

statement of financial position, 257, 260–263

temporarily restricted, 80, 263

unrestricted, 80, 263

net book value, 38

net fixed assets, 259

net income

calculating, 85

defined, 27

overview, 51, 85

net loss, 49, 85

net profit, 49

net worth, 22

networking needed for viability, 326

networks, 69

NGA. *See* Notice of Grant Award

noncash contributions as revenue, 81

noncompliance classification in audit findings, 202

nonexempt employees, 208

nongovernmental grants, 156

nonprofit expenses, 82

nonprofit organization, 155

nonprofit share, 165–166

nonprofit watchdogs using results of financial audits, 303

non-sufficient funds (NSF) fees, 114

normal balance, 15, 28, 91

notes of disclosure

accounting methods, explaining changes in, 297–299

asset restrictions, disclosing all, 300

changes in accounting methods, explaining, 57

completing, 296–300

contingencies in, 57

contingent liabilities, disclosing all, 299

detailed information about all statements in, 57

lawsuits, disclosing all, 299

long-term liabilities, disclosing all conditions on, 300

overview, 23, 55–57, 55–58

relevant information, disclosing, 57–58

summary of accounting policies in, 57

notes payable account in general ledger, 95

Notice of Grant Award (NGA)

budget summary in, 163

federal grants, 162–166

federal share, 165–166

financial status reports, knowing due dates for, 164

indirect cost rate in, 165

match (cost sharing), 165–166

nonprofit share, 165–166

overview, 162–163

program income in, 165

project period in, 165

special conditions in, 164

NSF (non-sufficient funds) fees, 114

numbering system for chart of accounts, 85–86

• O •

obligations of grant recipient, 168–169

Office of Management and Budget (OMB)

financial status reports, 177–182

overview, 159

progress reports, 182–185

reporting requirements, 176–185

Olsen, Erica (*Strategic Planning For Dummies*), 124

OMB Circular A-122, 160–161, 189

OMB Circular A-133, 161–162, 189

online banks

overview, 107

tracking transactions with, 18

operating activities in cash flow statement, 271, 272–273

operating budget

defined, 28

in grant audit, 197

- operating cash flow (OCF) ratio,
 - calculating, 275
 - operational audits, 17
 - organization
 - in budget, 128–130
 - calendar with timeframes and deadlines,
 - using, 128–129
 - goals of, 126–127
 - overview, 128
 - paperwork, discarding old, 129
 - paperwork, filing, 129
 - tasks, outlining your, 129–130
 - organizational bylaws in grant audit, 197
 - original cost, evaluating assets by, 35–36
 - outside help
 - accountant, hiring a, 30–31
 - bookkeeper, hiring a, 30–31
 - doing it yourself instead of hiring, 31
 - fiscal agents, 31–32
 - independent auditor, hiring an, 33
 - outsourcing work, 32–33
 - overview, 29–30
 - outsourcing work
 - advantages of, 32
 - disadvantages of, 32
 - overview, 32–33
 - outstanding checks, accounting for, 119–120
 - overdraft fees, 106
 - overdraft protection, 107
 - overtime as factor in determining payroll taxes, 209
- *p* ●
- paper trail for financial audits, 305–306
 - paperwork
 - discarding old, 129
 - filing, 129
 - for grant audit, 197–198
 - organization of, 62–63
 - passwords, 71
 - payroll accounts, setting up, 206–207
 - payroll taxes
 - cash advances as factor in determining, 210
 - as expense, 113
 - FICA, 210–211
 - as liability, 260
 - overtime as factor in determining, 209
 - overview, 207–208
 - quarterly payroll taxes, 212–219
 - salaries and wages as factor in determining, 208–209
 - Peachtree Accounting, 68
 - performance audit, 17
 - Performance Progress Report (SF-PPR), 164, 183–185
 - permanent accounts, 288
 - permanently restricted net assets, 80, 262
 - permanently restricted support
 - donations, 246
 - planning and design phase for financial audits, 306
 - plant, property, and equipment (PPE), 35, 37
 - politics, separation of your organization and, 319
 - positive cash flow, 268
 - posting to general ledger, 94–97
 - prepaid expenses
 - adjustments to, 99
 - as asset, 258
 - prepaid insurance account in general ledger, 95
 - private donors, financial statements used by, 46
 - private gifts and grants (contributions) as revenue, 81
 - private grants, 168
 - professional help, hiring, 139–140
 - profit and loss statement. *See* statement of activities
 - program expenses in statement of functional expense, 281–282
 - program managers, 188
 - program officers, 188–189, 192–194
 - program spending ratio, calculating, 285
 - program-specific audit, 189
 - progress reports
 - filling out, 183–184
 - overview, 182–183
 - submitting, 184–185
 - prohibited relationships, 147–148
 - property, plant, and equipment, 259
 - public donors, financial statements used by, 46
 - public watchdog groups, financial statements used by, 46–47

• Q •

quarterly payroll taxes
 Form 941, 212–216
 Form 8109 (Federal Tax Deposit Coupons),
 216–219
 overview, 212–213
 payroll taxes, 212–219
 questions, list of common, 23–24
 QuickBooks
 checkbook register, QuickBooks used to
 balance, 118
 overview, 67
QuickBooks For Dummies (Nelson), 67

• R •

realization principle, 98
 realized gains, 247
 realized losses, 247
 recipient of grants
 obligations of, 168–169
 overview, 156
 recording donations in checkbook register,
 110–111
 recording journal entries
 account names, writing, 93
 credit amount, writing, 93–94
 debit amount, writing, 93–94
 explanation of transaction, writing, 94
 overview, 91–92
 transaction date, writing, 92–93
 religious organizations, 212
 reporting requirements
 financial status report, 177–182
 overview, 176–177
 progress reports, 182–185
 Standard Form 269 (SF-269), 177–182
 reputation, importance of maintaining your,
 318–319
 request for bid, 198
 residual value, 38
 restricted net assets, 262–263
 restricted support donations, 246
 retained earnings, 261
 revenue
 in chart of accounts, 80–82
 defined, 27

donated materials as, 81
 donated services as, 81
 federal grants as, 81
 fees from special events as, 82
 investment income as, 82
 noncash contributions as, 81
 overview, 49, 80–81
 private gifts and grants (contributions)
 as, 81
 special events (net revenue) as, 82
 state grants as, 81
 on statement of activities, 246, 249–250
 revenue account
 closing, 294
 in general ledger, 95
 reversing entries to close temporary
 accounts, 295–296
 risk calculation phase for financial audits,
 306–307
 routers, 69

• S •

salaries and wages as factor in determining
 payroll taxes, 208–209
 salaries payable account in general ledger, 95
 salvage value, 36
 Sarbanes-Oxley Act (SOX), 140, 146–148
 SCORE, 319
 Securities and Exchange Commission
 (SEC), 53
 security in computerized accounting
 systems, 69–71
 segregation of duties
 establishing, 41
 overview, 12
 short-term ways to reduce expenses, 123
 single-entry accounting, 26
 (/) slash, 66
 solvency, 53
 SOX (Sarbanes-Oxley Act), 140, 146–148
 special events (net revenue) as revenue, 82
 spreadsheet
 conversion of manual system into a, 65–66
 in Excel, 64
 stakeholders
 importance of, 318
 using results of financial audits, 302–303

Standard Form 269 (SF-269)
filling out short form, 178–181
long form, 177
overview, 164, 177–178
short form, 177–181
submitting, 181–182
state authority, registering with the proper, 138–139
state grants as revenue, 81
statement of activities
comparisons over time, viewing, 251–252
comparisons to other nonprofits, viewing, 252
evaluating data on, 248–252
expenses on, 247, 250
gains on, 247–248
items not included on, 248
losses on, 247–248
net assets, calculating change in, 250–251
overview, 49–51, 244–245
revenues on, 246, 249–250
statement of changes in financial position.
See cash flow statement
statement of changes in fund balance. *See* statement of financial position
statement of financial position
assets, classifying, 258–259
assets section, 257
debt-to-equity ratio, calculating, 265
evaluating, 264–265
information revealed by, 253–255
liabilities and net assets, classifying, 260–263
liabilities and net assets section, 257
overview, 22, 52–53
structure of, 255–258
working capital, calculating, 265
statement of functional expense
allocating expenses, 281–284
calculating ratios from, 284–286
fundraising efficiency ratio, calculating, 285–286
fundraising expenses, 283–284
management and general expenses (M&G), 282–283
overview, 22, 55, 277–278
program expenses, 281–282

program spending ratio, calculating, 285
time and attendance employees, tracking, 278–281
statement of revenue, expenses, and changes in fund balances. *See* statement of activities
storing information after closing the books, 300
straight-line depreciation, 38
Strategic Planning For Dummies (Olsen), 124
subgrantees
creating agreement with, 172–173
handling responsibility of, 171–173
reports by, monitoring and verifying, 173
summary of accounting policies in notes to financial statements, 57
surplus, 54

• T •

T accounting, 15
task group for budget, 135
tasks
outlining your, 129–130
performed by auditor, 195–196
telephone, drawdown by, 174–175
temporarily restricted net assets, 80
temporarily restricted support donations, 246
temporary accounts, 288
temporary restricted net assets, 263
10-key adding machine, using a, 62
term endowment, 263
terminology (basic), 12–15
thumb drive, 72
time and attendance reports (T&A reports), 278–281
time sheets, 278–281
timeliness of bill payment needed for viability, 323
total assets, 259
tracking all expenses, documentation for, 198
tracking electronic transfers, 175–176
transposition errors
in checkbook register, 118–119
in trial balance, 100

trial balance

- accounting process, 89
 - accrued expenses, adjustments to, 99
 - adjusting entries in, 98–99
 - depreciation, adjustments to, 99
 - errors in, correcting, 101–102
 - errors in, finding, 99–100
 - hidden errors in, 100
 - overview, 97
 - prepaid expenses, adjustments to, 99
 - preparing, 97–98
 - transposition errors in, 100
 - unearned revenues, adjustments to, 99
- trojan horses, 70
- 2 CFR Part 215 circular, 160, 189

• U •

- unadjusted trial balance, 89
- uncollectible accounts, 248
- uncollectible receivables, 248
- unearned revenue
 - adjustments to, 99
 - as liability, 79
- unrealized gains, 247
- unrealized losses, 247
- unrelated business income, 150, 234, 238–239
- unrestricted net assets, 80, 263
- unrestricted support donations, 246
- USB drive, backups to, 72
- user privileges, 70

• V •

- variable expenses, 132
- viability
 - balanced books needed for, 321–322
 - bottom line watching needed for, 323–324
 - elected officials needed for, relationship with, 325–326
 - filing paperwork with IRS needed for, 322–323
 - future vision needed for, 324
 - grant writing needed for, 324–325
 - independent audit needed for, 325
 - networking needed for, 326
 - new fundraising ideas needed for, 323
 - timeliness of bill payment needed for, 323
- virus scanners, 69–70
- viruses, 69–70

• W •

- waste classification in audit findings, 202
- working capital
 - calculating, 265
 - overview, 261
- working papers, 60
- worms, 70

• Y •

- Yellow Book audit, 188