

FINANCE UNLOCKED *for* NONPROFITS

1 Balance Sheet

2 Income Statement

3 Nine-Ninety

4 Giving

5 Oversight

FINANCE UNLOCKED *for* NONPROFITS

*Unlocking Financial Literacy
for Nonprofit Board Members
to Deliver Mission & Protect Assets*



**Nonprofit Association
of Washington**

JACOBSON JARVIS
CERTIFIED PUBLIC ACCOUNTANTS & CO PLLC

In partnership with



WASHINGTON
Secretary of State

Corporations & Charities Division



Finance Unlocked for Nonprofits is part of a resource series on nonprofit fundamentals that includes *Boards in Gear* and *Let's Go Legal*. Connect to these resources and more at nonprofitwa.org/learn.



TABLE OF CONTENTS

Introduction to Finance Unlocked for Nonprofits	1
1. About this guide.....	1
2. Why nonprofit finance?.....	2
3. Help for nonprofits.....	2
Government.....	2
Nonprofits.....	3
Chapter 1. Balance Sheet	5
Introduction.....	5
1. What is a balance sheet?.....	5
A. How is a balance sheet structured?.....	5
B. Sample balance sheet.....	7
2. What do I need to know about the balance sheet?.....	8
Chapter 2. Income Statement	12
Introduction.....	12
1. What is an income statement?.....	12
A. How is an income statement structured?.....	13
B. Sample income statement.....	14
2. What do I need to know about the income statement?.....	15
Chapter 3. Nine-Ninety (IRS Form 990)	19
Introduction.....	19
What is the IRS Form 990?.....	19
A. Quick Review of Key Parts.....	20
2. What do I need to know about the IRS Form 990?.....	21
3. Reporting in Washington State.....	25

Chapter 4. Giving	28
Introduction.....	28
1. What do I need to know about giving?.....	28
2. Fund types & gift acceptance.....	31
A. Funds with & without donor restrictions	31
B. Special event proceeds.....	31
C. Gift acceptance policy.....	31
Chapter 5. Oversight	34
Introduction.....	34
1. What do I need to know about oversight?.....	34
A. Board member fiduciary responsibilities.....	35
2. Accounting procedures and policies.....	36
A. Separation of duties.....	37
3. Understanding your financial culture.....	41
A. Artifacts.....	42
B. Behaviors.....	42
C. Underlying values.....	42
D. Assess your culture.....	43

Summary Pages

Chapter 1. Balance Sheet.....	11
Chapter 2. Income Statement.....	18
Chapter 3. Nine-Ninety (IRS Form 990).....	27
Chapter 4. Giving.....	33
Chapter 5. Oversight.....	45
Grow Activities Answer Key	46

Important Note: This information is provided for educational purposes only and does not constitute legal or technical advice. If you are unsure about anything covered in this guide, we suggest that you contact the appropriate agency or seek professional advice.

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Introduction to Finance Unlocked for Nonprofits

1. ABOUT THIS GUIDE

Finance Unlocked for Nonprofits, which intentionally abbreviates to FUN, was created to bring fun to finance. Each board member has their own personal experiences with finance that may range from excitement to mixed feelings to uneasiness. The feelings and perceptions you may carry shape how you approach your relationship to nonprofit finance. Approaching nonprofit finance in a welcoming way, *Finance Unlocked for Nonprofits* (FUN) aims to help unlock your financial literacy.

From key words and forms to understanding how everything fits together, the FUN guide and resources will increase your basic nonprofit finance knowledge. Putting knowledge into action to improve your nonprofit's financial practices is important, and you will find activities, worksheets, and reflection questions throughout the guide to help you. The guide breaks down the basics into five chapters: Balance Sheet, Income Statement, Nine-Ninety (IRS Form 990), Giving, and Oversight. With fun in mind, the chapters spell out BINGO. Practice what you learn by playing the *Finance Unlocked for Nonprofits* BINGO game with your board, finance committee, or staff team.

Over time, consider revisiting the activities and questions laid out in the guide to see how your responses may change and evolve. This is a starting point and an invitation to be curious, ask questions, and share your learning with others at your organization.

Thank you!

Jacobson Jarvis & Co, PLLC



Washington State Office
of the Secretary of State,
Corporations & Charities
Division



All the nonprofits who participate in *Finance Unlocked for Nonprofits* trainings and use the materials, your feedback helps guide efforts to create exceptional resources about nonprofit fundamentals.

2. WHY NONPROFIT FINANCE?

Nonprofit leaders are usually focused on serving their communities, not on compliance, regulations, and policies related to operating a small business. Limitation on time, funding, and technical knowledge can make it challenging to navigate and follow financial rules and regulations. A nonprofit's financial practices are critical to the organization's ability to achieve their mission and protect their assets. Here are five questions that highlight why nonprofit finance matters to an organization's success.

- **Impact:** Is the organization able to do what it set out to do?
- **Efficiency:** How well does the organization use its money?
- **Liquidity:** Does the organization have money in the bank (for short-term obligations)?
- **Profitability:** Is the organization generating more money than it spends?
- **Solvency:** Is the organization worth anything (i.e., assets exceed liabilities)?

Also, there are many layers of individuals and agencies involved in unlocking your nonprofit's financials for mission delivery and asset protection. From the board to staff to the IRS each group has a role in building a nonprofit with exceptional financial compliance and effective practices that support the organization throughout its lifecycle.

3. HELP FOR NONPROFITS



Government

INTERNAL REVENUE SERVICE

The IRS is a bureau of the Department of the Treasury with a mission to provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all. Tax information, tools, and resources for charities and other tax-exempt organizations are available on the IRS website.

- General: <https://www.irs.gov/>
- Charities & Nonprofits: <https://www.irs.gov/charities-and-nonprofits>
- Phone – Nonprofit Taxes: 877-829-5500
- TTY/TDD: 800-829-4059

WASHINGTON STATE OFFICE OF THE SECRETARY OF STATE, CORPORATIONS & CHARITIES DIVISION

The Washington State Office of the Secretary of State, Corporations & Charities Division has information available on nonprofit corporations and charities in Washington, training resources, frequently asked questions, and a live chat option to support your organization.



WASHINGTON
Secretary of State
Corporations & Charities Division

- Corporations:
 - <https://www.sos.wa.gov/corps/>
 - Email: corps@sos.wa.gov
 - Phone: 360-725-0377
- Charities:
 - <https://www.sos.wa.gov/charities/>
 - Email: charities@sos.wa.gov
 - Phone: 360-725-0378, opt 1; 800-332-4483 (WA only)



Nonprofits

NONPROFIT ASSOCIATION OF WASHINGTON

Nonprofit Association of Washington (NAWA) convenes a powerful network of nonprofit organizations across Washington State to learn, advocate, and collaborate, so that nonprofits can achieve their missions. NAWA has learning opportunities and resources to help strengthen your nonprofit management practices and build connections with others around the state.



**Nonprofit Association
of Washington**

- <https://nonprofitwa.org/>
- Phone: 855-299-2922

501 COMMONS

501 Commons provides expertise to nonprofits through 30+ services, including a full range of management consulting, technology consulting, outsourced HR, accounting, IT infrastructure, and database management as well as professional development and board training, free information, and referral services.



- <https://www.501commons.org/>
- Phone: 206-682-6704

COMMUNITIES RISE

Communities Rise offers legal services, trainings, peer learning, and coaching. Communities Rise works with organizations, small businesses, and communities located in Washington State that have been impacted by systemic oppression to increase capacity and build power as well as community leaders in the broader nonprofit, public, and philanthropic sectors to create systemic change.



- <https://communities-rise.org/>
- Phone: 206-324-5850