The name if the course is **Financial Management for Nonprofit Organizations….**Course books we are reading…..Please try to access these books if you can to better assist me so you have a little background of the books we are reading. Or if you can find info online about these books to better assist me. Thank you again so much for all your help.

Young, Dennis R. ed. (2007). Financing Nonprofits; Putting Theory into Practice. Lanham, MD:

AltaMira Press and the National Center on Nonprofit Enterprise.

Bell, Jeanne and Schaffer, Elizabeth. (2005). Financial Leadership for Nonprofit Executives. St. Paul, MN: Fieldstone Alliance.

McLaughlin, Thomas A. (2009). Streetsmart Financial Basics for Nonprofit Managers, 3rd ed New York: John Wiley & Sons, Inc.

Below is a course lecture that was posted in the online class for this lesson assignment question that I have posted to you…. I hope that maybe some of the info will help you to better assist me with the question… Thanks again for all your help!

The Executive Director (ED) of nonprofits and board members must have the information they need to make sound decisions for their organizations. They are assisted in that quest by two important groups. The Financial Standards and Accounting Board, known by its acronym, FASB (pronounced “Fazz – B”), and by the American Institute of Certified Public Accountants (AICPA). The accounting profession continues to use the term “not-for-profit” for nonprofit organizations. Most state law now uses “nonprofit,” as does the academic community, and the Oxford English Dictionary. Therefore, throughout this material, the term “nonprofit” is used.

FASB, a nonprofit organization, publishes what are known as Generally Accepted Accounting Principles (GAAP). These are the primary guidelines for accounting practices that specify common and standardized formats that allow information to be consistent across the wide range of different business enterprises, whether it is General Motors or your neighborhood health food store.

Nonprofit organizations are private organizations but are different in substantive ways from for-profit businesses. The publisher, John Wiley and Sons, specialists in nonprofit publications, annually issues Not-For-Profit GAAP, which describes those accounting principles unique to nonprofit organizations and any changes approved by FASB during the previous year.

The American Institute of Certified Public Accountants (AICPA) adds to the standardization by periodically issuing opinions on how to treat accounting situations. For example, a recent Technical Practice Aid provides instruction on how to account for nonprofit organizations’ fund raising expenses. The website, http://www.aicpa.org/download/acctstd/TIS6100\_21\_22.pdf contains Technical Practice Aid (TPA) Section 6140, Not-for-Profit Organizations Fund Raising Expenses.

The US Government is also involved in regulating the reporting of financial information related to nonprofit activities. This is done through the Internal Revenue Code and the requirements for annual reporting through the IRS Form 990. The IRS revised the Form 990 in 2009 and it now requires more information than in previous years. There are four different versions of the Form 990 (990N, 990PF, 990 EZ, and the regular 990) depending on the size and purpose of the nonprofit.

The IRS is not the only federal agency to exercise influence over the nonprofit sector. One recent and important example was the American Competitiveness and Corporate Accountability Act of 2002 (Sarbanes-Oxley Act) passed in response to for-profit corporate scandals in companies such as Enron and WorldCom. The purpose of the legislation was to rebuild public trust in the corporate sector and ensure that investors and employees of corporations were not hurt by fraudulent activity by corporate decision makers. Although most of the provisions of the Sarbanes-Oxley Act (commonly referred to as SOX) apply only to publicly traded corporations, two provisions apply to all entities including nonprofit organizations:

1. Provisions prohibiting retaliation against whistleblowers

2. Provisions prohibiting the destruction, alteration and concealment of certain documents or the impediment of investigations.

Individual nonprofit organizations wishing to explore the provisions of the Sarbanes-Oxley Act in more detail can refer to a paper published by BoardSource (www.boardsource.org). This paper summarizes the main provisions of Sarbanes-Oxley, explains each provision's relevance to nonprofit organizations, and lists recommended actions.

More recently, the IRS has begun to publish materials focused on the governance of nonprofit organizations. Although this has sparked considerable controversy because many believe this exceeds the authority of the IRS by a huge margin, the IRS defends their position by claiming that good governance of nonprofits leads to better compliance with IRS regulations. That is worth thinking about.

The point is that nonprofit organizations are becoming increasingly regulated, primarily because people have taken advantage of opportunities they had to misuse the resources of the nonprofit. One way the nonprofit can defend it, is to manage its finances carefully and ensure that the full board understands the financial condition of the organization and can effectively monitor it to protect against future threats.

We begin this course with the understanding that nonprofit organizations, although private enterprises, do provide public goods and are funded by donated or public money, and are given tax-exempt status by the government. Consequently, these factors bring responsibilities and with those responsibilities people, advocacy groups, and the media will likely be looking over our collective shoulders. This, in turn, means we must be good stewards of other people’s money and operate in the public’s interest. The primary way we can demonstrate that conscientious behavior is to manage our finances responsibly.