4Culture Preparing Your Books for 990-Filing Workshop

AUGUST 7, 2025

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Land Acknowledgement

With gratitude, 4Culture works on the ancestral and unceded lands and waters of Lushootseed-speaking peoples, especially of the Duwamish, Muckleshoot, Puyallup, Snoqualmie, Suquamish, and Tulalip tribes, as well as those whose names we do not know. Today many Indigenous peoples live and thrive here. We commit to repairing the harmful historic relationship between 4Culture and Native peoples in King County through cultural funding and commissioning opportunities that prioritize Indigenous communities.

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Staff Introductions

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Agenda

Welcome and Introductions

4Culture Updates

Accounting & Bookkeeping
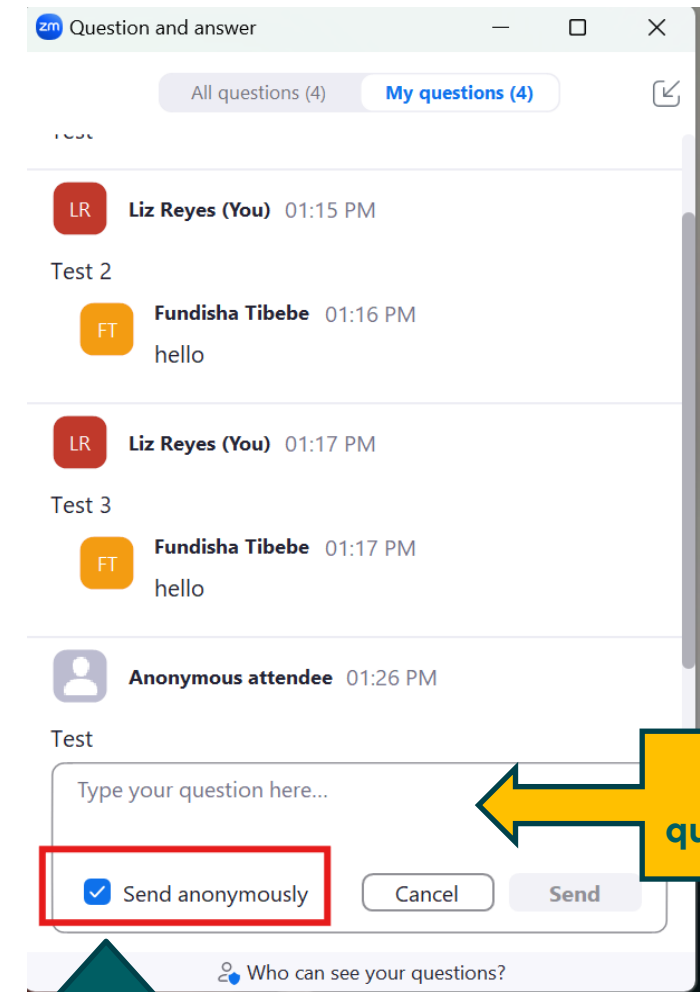
990-Filing

Q&A

Close Out

Webinar Tips

Participants will be muted through the duration of the webinar

The chat is open to everyone for introductions, comments, shareouts, etc.

Please submit your questions through the Q&A.

Please keep your questions focused on general accounting, bookkeeping, and 990-filing.

Type your questions here

Check this box if you would like to send your questions anonymously

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Webinar Tips

Participants who would like closed captions, click the "Show Captions" icon on the bottom of your screen.

Select this icon to enable closed captions.

Please contact Jackie Mixon at jackie.mixon@4culture.org at least two business days in advance with any access needs you may have.

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Upcoming Grant Deadlines

Grant	Draft Application Deadline	Deadline	Program Manager
Launch	August 13, 2025,	August 27, 2025	Casey Moser Casey.moser@4culture.org
*Sustained Support	August 27, 2025	September 10, 2025	Arts: bret.fetzer@4culture.org Heritage: natasha.varner@4culture.org Preservation: dana.phelan@4culture.org Science: jennifer.pritchard@4culture.org
Curiosity Pass	October 8, 2025	October 21, 2025	Bryan Wilson Bryan.wilson@4culture.org
Cultural Support Services	October 29, 2025	November 12, 2025	Cassie Chinn Cassie.chinn@4culture.org

*If you were awarded 2025-2027 Sustained Support you do NOT need to reapply. This deadline is ONLY for those who did not yet receive funding.

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Workshop Facilitators

Cynthia Dampier – NS Services LLC

Cynthia owns and operates NS Services LLC in Tukwila, WA, leading a staff of five. With over 20 years' experience in financial and administrative management for both nonprofit and for-profit organizations, she holds a bachelor's in business management and is a certified bookkeeper. Cynthia has 10+ years' experience in personal, business, and nonprofit taxes, as well as grant management, and has worked independently as a tax professional for more than seven years. Her skills include strong attention to detail, customer service, and adaptability.

Ryan Dean – Ryan Dean Consulting

Ryan Dean (he/him) has held a variety of finance and operations positions over his 30-year professional career. His initial 12 years were in service to for-profit organizations including Boston Market, Sequent Computers, and IBM. Making the intentional shift to nonprofit work in 2005, he spent 12 years at the Seattle Aquarium and 6 years with FareStart, holding both chief financial and chief operating officer roles. Now, self-employed as a consultant to nonprofit organizations, his past clients include MoPop, Living Well Kent, Outdoors for All, and The Wing Luke Museum. Ryan also serves as an advisory member of the finance committees for Washington STEM and DISCNW and is a member of the Nonprofit Association of Washington.

Accounting & Bookkeeping

Still Using a 500-Year-Old Idea

The 15th century Franciscan friar responsible for the wide adoption of double entry bookkeeping is **Luca Pacioli**. He was an Italian mathematician, and collaborator with Leonardo da Vinci. `

In 1494, he published a book on mathematics which included 36 chapters explaining **double entry bookkeeping**, thus contributing to the widespread adoption of this accounting method.

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Best Practices for Growing Nonprofit Organizations

1. Establish Strong Internal Controls

2. Implement Scalable Accounting Software

3. Develop Comprehensive Financial Policies and Procedures

4. Maintain Accurate and Timely Financial Reporting

5. Streamline and Scale Processes

6. Invest in Training and Capacity Building

7. Foster Board Engagement and Financial Oversight

8. Prepare for Potential Financial Reviews, Audits and IRS 990 Tax Return

9. Tips to prepare the key statements.

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1. Establish Strong Internal Controls

- **Segregation of Duties**: Ensure no single individual has control over all aspects of any financial transaction. Separate responsibilities for authorizing, processing, and reviewing transactions.

- **Checks and Balances**: Require dual approvals for significant expenditures and implement regular reviews of bank statements and reconciliations.

- **Documentation**: Maintain thorough, organized records for all transactions, receipts, and contracts to support audit trails and transparency.

- **Independent Oversight**: Schedule periodic independent reviews by board members (Finance Committee) or external auditors to identify gaps and ensure compliance.

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2. Implement Scalable Accounting Software

- **Choose Nonprofit-Specific Solutions**: Adopt accounting software designed for nonprofits, such as QuickBooks Nonprofit, Aplos, Sage Intacct, or Springly, which support fund accounting, donor management, and grant tracking. Hint: Use "Class dimension" in QuickBooks for creating profit and loss reporting by fund.

- **Cloud-Based Systems**: Opt for cloud-based platforms to enable remote access, real-time updates, and scalability as your organization grows. Some will link to your operating bank account! Easier to get interim support if outsourced bookkeeper can access data remotely!

- **Automation**: Leverage automation features for recurring tasks like invoicing, reporting, and reconciliations to reduce errors and save time.

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3. Develop Comprehensive Financial Policies and Procedures

- **Written Protocols**: Document all accounting procedures, including how to record donations, manage expenses, and handle restricted funds.

- **Budgeting**: Create annual budgets, with board approval, to guide spending and resource allocation.

- **Fund Accounting**: Track and report on restricted, temporarily restricted, and unrestricted funds separately to honor donor intent and comply with regulations. Google "**Net Asset Rollforward**" for a key workpaper to organize multi-year grants.

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4. Maintain Accurate and Timely Financial Reporting

- **Regular Statements**: Prepare and review key financial statements—Statement of Activities (P&L), Statement of Financial Position (B/S), Statement of Cash Flows, and Statement of Functional Expenses—at least quarterly.

- **Board Oversight**: Engage the board and finance committee in reviewing financial reports and monitoring performance against the budget. They will need training!

- **Transparency**: Share financial information with board, staff, volunteers and other stakeholders to build trust and demonstrate accountability.

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Yoga and Breathing Break!

5. Streamline and Scale Processes

- **Integrate Systems**: Centralize financial tasks and data within a single platform to improve efficiency and consistency across departments or locations. Connect payroll – ledger – bank account.

- **Digitize Operations**: Move away from paper-based processes to digital systems for better scalability and data security. More than 70% of payments made in the U.S. are via ACH (Source: Google).

- **Continuous Improvement**: Regularly assess and update processes to adapt to organizational growth, regulatory changes, and technological advancements. Use workflow process mapping!

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6. Invest in Training and Capacity Building

- **Staff and Volunteer Training**: Provide ongoing education on accounting software, internal controls, and regulatory requirements to all relevant personnel.

- **Cross-Training**: Ensure multiple team members are familiar with key processes to maintain continuity during staff transitions. Executive Director likely has a key role in ensuring appropriate controls. More than one person with access to key systems!

- **Considerations in outsourcing financial work**: many firms specialize in this work. Expect to pay approximately $70/hour for bookkeeping support. 5-10 hours/month.

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7. Foster Board Engagement and Financial Oversight

- **Policy Development**: Involve the board in creating and updating financial policies, including conflict of interest, gift acceptance, and expense reimbursement. No committee? Add one with a charter!

- **Strategic Guidance**: Leverage board expertise for strategic financial planning and risk management. Get bankers, investment managers and auditors on your committee! Even as just advisory members.

- **Compliance Monitoring**: Integrate compliance checks into routine operations, not just annual audits. For example, have Treasurer or Board Chair review Executive Director expenses for previous quarter.

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8. Prepare for Potential Financial Reviews, Audits and IRS 990 Tax Return

- **Robust Documentation**: Keep detailed records of all financial activities, estimates, and risk assessments to facilitate smooth audits.

- **Collaboration with Auditors**: (If applicable) Communicate proactively with auditors to address issues early and improve audit outcomes. Audit firm wants your organization to succeed!

- **IRS Form 990 Tax Return** contains a number of non-financial items (# of staff, # of vols, Board names, Donors greater than $5K, compensation of highest paid staff etc.) so start collecting these things early and be ready to forward to your tax preparer, or input into the online template when prompted.

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9. Tips to prepare the key statements for use in 990

- Small nonprofit organizations must prepare accurate financial statements—specifically, a balance sheet (also called a Statement of Financial Position) and a profit and loss statement (also called a Statement of Activities)—to complete their IRS Form 990 tax return.

- Carefully review all financial transactions to ensure your organization has listed all inflows and outflows for the fiscal year 12-month period in question. Be mindful of paying bills around your year-end date to ensure placement in the correct financial year!

- Typical accounting software will then be able to produce the related balance sheet and P&L.

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Preparing the Balance Sheet (Statement of Financial Position)

The balance sheet provides a snapshot of your organization's financial health at a specific date. It includes:

Assets: List all assets in order of liquidity (how quickly they can be converted to cash), such as cash, accounts receivable, investments, property, and equipment.

Liabilities: List all obligations, such as accounts payable, loans, and other debts, ordered by due date.

Net Assets: Calculate as assets minus liabilities. Split net assets into:

    Without donor restrictions

    With donor restrictions

Many nonprofits include columns for both the current and previous year for comparison. This format aligns with what is required on **Form 990, Part X (Balance Sheet).**

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Preparing the Profit and Loss Statement (Statement of Activities)

The profit and loss statement summarizes the organization's revenues and expenses over the fiscal year:

Revenues: Itemize all sources, such as donations, grants, membership dues, program fees, and investment income. Categorize as with or without donor restrictions.

Expenses: List all costs, including salaries, rent, supplies, program expenses, and fundraising costs. On Form 990, expenses must be broken down into:

Program services (typically expenses directly related to mission delivery)

Management and general (typically rent, utilities, portion of ED salary, accounting, HR)

Fundraising (development team wages, fundraising event costs)

Subtract total expenses from total revenues to determine the change in net assets for the year. This format matches **Form 990, Part VIII (Statement of Revenue) and Part IX (Statement of Functional Expenses)**

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Transition to Cynthia!

990-Filing

Preparing To Complete Your 990

This information is complied from the IRS website https://www.irs.gov/charities-and-nonprofits.

Form 990 should include detailed information about the significant programs the organization conducts, how much revenue it generates, and where it is spending money.

Which form to file:

Gross receipts are the total amounts the organization received from all sources during its tax year, without subtracting any costs or expenses.

IRS Federal Form 990: Charitable organizations are required, with some exceptions, to file one of the following federal forms: Form 990, 990-EZ, 990-N or 990-PF.

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Review your IRS Determination Letter

A 501(c) (3) determination letter from the United States Internal Revenue Service (IRS) is an official document issued by the IRS signifying that a nonprofit organization was granted tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

This letter includes the following information:
- Employer Identification Number (EIN)
- Date of tax-exempt status recognition
- The section of the tax code (usually 501(c)(3)) under which you're approved
- Instructions for filing annual information returns (Form 990 series)

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990 Forms

- Form 990-N. If an organization normally has gross receipts of $50,000 or less; , it must submit Form 990-N, if it chooses not to file Form 990 or 990-EZ.

- Form 990-EZ. If an organization has gross receipts less than $200,000 and total assets at the end of the tax year less than $500,000, it can choose to file Form 990-EZ, Short Form Return.

- Form 990 must be filed by an organization exempt from income tax under section 501(a) (including an organization that hasn't applied for recognition of exemption) if it has either (1) gross receipts greater than or equal to $200,000, or (2) total assets greater than or equal to $500,000 at the end of the tax year

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Key 990 Prep Checklist Items

- ❑ Confirm your organization's tax-exempt status.

- ❑ Gather financial statements (income statement, balance sheet).

- ❑ Be sure all revenue sources and expenses has been recorded for the filing period.

- ❑ Compile information on board members and key staff.

- ❑ Program Information (description and impact).

- ❑ Compliance and Governance.

- ❑ Review prior year's Form 990 for consistency. Take note of schedules needed.

- ❑ Review completed 990 and Approve

- ❑ Schedule filing (all forms must be E-Filed)

When to File

File Form 990 by the 15th day of the 5th month after the organization's accounting period ends (May 15th for a calendar-year filer). If the due date falls on a Saturday, Sunday, or legal holiday, file on the next business day. A business day is any day that isn't a Saturday, Sunday, or legal holiday.

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Extension

If you do not think you can file your 990 on time, then you can file for an extension which will give you 6 more months to complete your 990 form. You would need to file IRS form 8868 on or before the due date and it would need to be accepted by the IRS.

Common Mistakes to Avoid

- ❑ Choosing incorrect form

- ❑ Not filing on time

- ❑ Filing a 990 for the wrong year or skipping a year

- ❑ Not keeping proper records

- ❑ Skipping governance and compliance sections

- ❑ Inaccurate financial reporting

- ❑ Organizations not recognized as tax exempt or status has been revoked

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Q&A

Contact Us

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Next Steps

Visit our Workshops webpage to access this workshops recording, presentation deck, and 990-filing checklist.

Sign up for our 4Culture newsletter to receive 4Culture updates and important grant information

Download the "990-Filing" Checklist" and "Common Mistakes" worksheet

Visit our Grants & Calls webpage for more information and upcoming deadlines for all 4Culture grant programs.

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THANK YOU

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