



# Catalyst Center for Nonprofit Management

The Catalyst Center for Nonprofit Management provides consultation and educational resources for the nonprofit sector.

As always, don't hesitate to contact us if we may be of service.

Sincerely,  
Liz Vibber  
Bee, Bergvall & Co./Catalyst Center for Nonprofit

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## Reporting on Schedule G

Vanessa Kirchner, CPA

We often find ourselves explaining to our nonprofit clients why the information in the Federal Form 990 return looks so different from their financial statements. Often it is due to the fact that amounts are required to be grouped or split out differently on the tax return. In particular, one area that is significantly different is the reporting for fundraising events. This activity is shown on Schedule G, Part II of the Form 990. Because the Form 990 is accessible to the general public, it is important to understand what information is being presented to your potential donors.

Here is an explanation of the main elements of the schedule and their significance. Keep in mind that this schedule is only required if total revenue earned by the organization from fundraising events was more than \$15,000 for the year. Then only the events with total revenue greater than \$5,000 are shown on the schedule.

- 1) **Gross Receipts** - This is all revenue earned from and at the event, not subtracting any costs or contributions. Most nonprofits use this number to assess the success of a fundraising event. The Pennsylvania Association of Nonprofit Organizations (PANO) recommends that for every \$1 spent on a special event, \$3 should be earned.
- 2) **Contributions** - For the purposes of the schedule, contributions are subtracted out of total revenue. Contributions include any non-cash items received for the fundraising event.

It is important to accurately track how much of the ticket/participation costs are considered a tax-deductible contribution, both for the 990 reporting and the thank you letters sent to the donors. Keep in mind that the value of the meal and/or entertainment provided, entrance fees, etc. are not tax-deductible to the donor and should not be considered a contribution. The thank you note to the donor should show the full ticket payment and then show the fair market value of any meal, entertainment or service provided as a non tax-deductible amount.

3) Gross Income - Here is where the Form 990 differs from most nonprofits' internal reporting. For the purposes of the Schedule G, the income amount used to calculate the profit or loss from a fundraising event is only the non-contribution income. This would be just the value of the meal, entertainment or the participation costs and any other fees charged.

4) Direct Expenses - Depending on how detailed your records are, you should split out the expenses into the following categories - make sure to exclude the value of any donated services or use of facilities since these are not included on the Form 990 and are instead a reconciling item to the financial statements.

1. Cash prizes
2. Noncash prizes
3. Rent/facility costs - excluded any donated facilities
4. Food and beverages
5. Entertainment
6. Other direct expenses

5) Net Income - This is the total profit/loss earned when you take the gross income (total revenue less contributions) and subtract out the direct expenses. Many nonprofits will find that they have a loss for fundraising events on Schedule G but show a profit on their financials statements. This means that the majority of the revenue earned for the event is contributions. Nonprofits often solicit sponsorships to help to defray the costs of the special event. Since sponsorships are counted as contributions, this can contribute to the larger balance of contributions for an event. It is important to remember that even if an event is showing a loss on Schedule G, the event is still an opportunity for the organization to get more potential donors interested in the organization. The organization may still want to review its event costs, ticket prices, and other elements to ensure that all values are being accurately calculated and that the event is being run as efficiently as possible.

If you have questions regarding the reporting of revenue from your organization's fundraising events, please do not hesitate to contact Vanessa Kirchner, CPA of Bee, Bergvall & Co. at 215-343-2727