

INSTRUCTIONS FOR COMPLETING NONPROFIT ORGANIZATION ANNUAL REPORT OF OPERATIONS AND AID TO FEDERAL LAND MANAGEMENT AGENCY(IES)

INTRODUCTION

The following instructions have been developed to assist in preparing the Annual Report of Operations and Aid (“Annual Report”) to a Federal Land Management Agency (“FLMA”). The Statement of Operations relates to information as reported on Internal Revenue Service (“IRS”) Form 990 for the most recently completed fiscal year. The Statement of Aid represents amounts the association donated during the fiscal year. This does not include moneys set aside for aid projected but not yet delivered. All figures on the report must be rounded to the nearest dollar.

The Annual Report is due annually on March 31st and should be based on the association’s most recently completed fiscal year. Each nonprofit should submit a completed Annual Report, along with a copy of the organization’s IRS Form 990 or 990EZ (990PF or 990T if applicable), and a copy of the audited financial statements (for those associations with revenue of \$1,000,000 or more), reviewed financial statements (for those associations with gross revenue of \$250,000 to less than \$1,000,000), or compiled financial statements (for those association’s with gross revenue less than \$250,000). Organizations should also submit a separate brief narrative of the year’s major accomplishments for each federal agency with which they partner.

GENERAL:

In the spaces indicated, provide the organization name, fiscal year ending date for which the *Report of Operations and Aid* is being submitted and a description of the organization’s nonprofit function (pursuant to its exempt status). Standard names for the organization’s function have been provided. The nonprofit should check the function or functions that apply to its operations.

STATEMENT OF OPERATIONS

The nonprofit organization reports all revenues and expenses that the organization incurs pursuing its exempt purpose in service to a particular FLMA on the Statement of Operations.

The Statement of Operations has six columns. Four columns have been provided to report revenue and expenses for each FLMA served, a fifth column is provided to report revenue and expenses for any non-federal agency(ies) (state, local, or municipal, e.g.) served; and the sixth column is the total of all revenue and expenses for all agencies served. The nonprofit completing the report should label each column for the FLMA served. The “total column” should agree with the appropriate revenues and expenses reported on Parts VIII and IX of the organization’s IRS Form 990.

REVENUE: The information provided here should be found on IRS Form 990, Part VIII. These instructions refer to lines 1 through 6 of the Statement of Operations.

1. **CONTRIBUTIONS, GIFTS, GRANTS:** Report cash and non-cash amounts received as voluntary contributions, gifts, grants or other similar amounts from the general public, governmental units, foundations, and other exempt organizations.
 - a. **Donations from Outside Sources:** Report contributed funds, equipment and services from individuals, foundations, corporations and other sources. Include honor system trail guide donations in this category.
 - b. **Membership Income:** Report revenues received from memberships.
 - c. **Fundraising Events:** Enter the total amount of contributions received from fundraising events, which includes, but is not limited to, gaming events, dinners, auctions, and other events conducted for the sole or primary purpose of raising funds for the organization’s exempt activities.
 - d. **Government Grants:** Enter the total amount of contributions in the form of grants or similar payments from local, state, or federal government sources, as well as foreign governments.
 - e. **All Other Contributions, Gifts, Grants:** Include all other contributions, gifts, and grants made to the organization.
2. **PROGRAM SERVICE REVENUE:** Program services are activities that further the organization’s exempt purpose. Fundraising expenses should not be reported as program-service expenses. Because cooperating associations provide sales as a primary program

service, sales are included in "Program Service" rather than "Other Revenue" as per the IRS Form 990.

- a. **Sales:** This section applies primarily to cooperating associations.
 - i. **Sales of Interpretive Materials:** Report gross revenue from the sales of interpretive materials including print and non-print items such as books, posters, postcards, audio and video tapes, theme-related sales items and products of interpretive demonstrations.
 - ii. **Sales of Visitor Convenience Items:** Report gross revenue from visitor convenience items sold under concession permits.
 - iii. **Sales-Other:** Report all other revenue from the sale of inventory that is not from the "Sale of Interpretive Materials" or from the "Sale of Visitor Convenience Items".
 - iv. **Total Sales:** Total lines 2a.i through 2a.iii.
 - b. **Cost of Goods Sold:** Enter the costs of inventory for sale of interpretive, visitor convenience, or other items.
 - c. **Gross Profit:** Subtract the "Cost of Goods Sold", [line b] from "Total Sales" [line 2a.iv.] and report the difference as "Gross Profit".
 - d. **Interpretive/Cooperative Programs:** Revenue derived from interpretive/cooperative programs operated by the association is included in this category. This includes programs such as audio tours, institutes, interpretive tours/excursions, field seminar programs etc.
3. **OTHER REVENUE:** Report revenues not covered in other categories such as interest income, royalties, rental income.
 4. **TOTAL NET REVENUE:** Add lines 1 through 3. The organization completing the report should use its best judgment in posting revenue and or expenses to lines 1 through 3 after taking into account the instructions provided for those lines. Total Net Revenue should agree with Part I, Line 12 of the Organization's IRS Form 990 for those organizations where all operations can be reported on this Annual Report.

EXPENSES:

5. **PROGRAM SERVICES OPERATING ACTIVITIES:** Costs related to activities conducted which form the basis of the organization's tax exempt purpose. For example, a cooperating association tax exempt purpose may be to assist with the interpretive, educational, historical and scientific mission of the National Park Service. In pursuing this mission the association may operate a retail bookstore that procures and sells educational

materials. Expenses such as personnel and salary costs directly related to operating the bookstore should be considered as program services expenses. Nonprofits that service federal agencies may differ in mission, in size or in structure. This can impact on the way costs are incurred and reported. It may not be immediately obvious whether certain costs are program service or administrative. In those instances the prudent judgment of the organization's financial managers or the advice of the organization's auditors or accountants should be used. In the case of personnel and salary costs that are also considered donations to the FLMA, appropriate agency managers should be consulted. These expenses are reported in Part IX, Column B of the Organization's IRS Form 990, and are the sum of lines 4-24f.

6. **MANAGEMENT AND GENERAL EXPENSES:** Report the organization's expenses that result from the overall function and management rather than the direct conduct of the program services (exempt activities). These are normally what are called General and Administrative, Principal Office or Headquarters expenses, *however they would exclude all costs related to fundraising*. Examples of Management and General Expenses would be salaries and expenses of the chief officer of the organization, and that officer's direct staff, expenses related to the Board of Directors for the organization, office management, personnel, accounting, legal services, insurance, utility and occupancy costs. Nonprofits that service FLMAs may differ in mission, in size or in structure. This can impact on the way costs are incurred and reported. It may be appropriate for certain indirect expenses to be allocated to program services. The regulations for preparing IRS Form 990 allow for such allocations. If the IRS Form 990 is prepared with these allocations from management and general expenses to program services expenses then the Statement should also be prepared with the allocations consistent with the IRS Form 990. In those instances, the prudent judgment of the organization's financial managers or the advice of the organizations auditors or accountants should be used. These expenses are reported in Part IX, Column C of the organization's IRS Form 990 on Lines 5-24f.
7. **FUNDRAISING EXPENSES:** Report the total expenses incurred in soliciting contributions, gifts, grants, etc. Fundraising expenses would result from activities that include publicizing and conducting fundraising campaigns; soliciting bequests and grants from foundations or other organizations; participating in federated fundraising campaigns; preparing and distributing fundraising manuals, instructions or other materials; conducting special events to raise funds. These expenses are reported in Part IX, Column D of IRS Form 990 on Lines 5-24.

8. TOTAL OPERATING EXPENSES: The total of Lines 5, 6, and 7.
9. EXCESS (DEFICIT) BEFORE DONATIONS: Subtract Line 8 from Line 4. This would represent the excess or deficit the nonprofit has generated from annual operations. (In some organizations this amount represents resources that are appropriated for the FLMA as future donations.)
10. GRANTS AND OTHER ASSISTANCE MADE TO FEDERAL AGENCY: Report amounts of financial assistance to the Federal Agency or payments made on behalf of the Federal Agency at the direction of the Federal Agency for goods and services delivered to the Federal Agency. These payments would be reported in Part IX, Column B, Lines 1 and 2 of the IRS Form 990.
11. EXCESS (DEFICIT) FOR THE YEAR: Subtract Line 10 from Line 9. The amount reported on this Line should agree with Part 1, Line 19 of the organizations 990.

STATEMENT OF FINANCIAL AID

The nonprofit organization reports as financial aid all direct payment for goods and services on behalf of the FLMA and all operating expenses incurred in pursuing the organization's tax- exempt purpose on behalf of the FLMA.

The Statement of Financial Aid has six columns. Four columns have been provided to report aid given to each FLMA served, a fifth column is provided to report aid for any non-federal agency(ies) (state, local, or municipal, e.g.) served; and the sixth column is the total of all financial aid for all agencies served. The nonprofit completing the report should label each column for the FLMA served. The TOTAL Column should agree with the appropriate aid expenses reported on Part IX of the Organization's IRS Form 990. The Statement is divided into three sections: I. Details of grants and other assistance, II. Program services expenses, and III. Total aid.

I. DETAILS OF GRANTS AND OTHER ASSISTANCE:

1. INTERPRETATION: Donations of cash or goods and services funded by the nonprofit in support of interpretive programs and projects. Examples include funds donated for special interpretive events, such as a lecture series; support of the FLMA's environmental education program (supplies); donation of reproduction uniforms to a historic site; donation of museum object(s) for an exhibit; donation of books for a FLMA's library, for visiting dignitaries, or for use in seasonal training; donations of wayside exhibits; donations of video equipment, cameras, computers, for use

- by the interpretive division; travel support for interpretive training (airline tickets, or other travel related payments in support of lodging and per diem costs for attendance at interpretive workshops, conferences); and similar aid.
2. RESEARCH: Direct grants to researchers for FLMA related project(s) or funds donated to agency in support of specific research project(s).
3. FREE PUBLICATIONS. Organization's publications, such as trail guides, that are published to be distributed to the public free of charge. This includes the cost of honor system trail guides. (Report the actual cost of production, including the salaries and benefits of staff directly involved.)
4. STRUCTURES/FACILITIES OTHER THAN SALES AREAS: This category includes capital improvements constructed at the expense of the not-for-profit organization on federal land.

The critical factor in determining how to report the cost of a capital improvement is who derives primary benefit from the completed project. If the structure is being used solely or primarily by a FLMA, (example: visitor center), the total cost (including planning, design and project management expenses) is reported as aid as funds are expended. This would include all improvement costs even if an association received some benefit from those improvements. For example, even though a nonprofit might have a sales outlet in a visitor center and therefore receive an ongoing benefit, the primary purpose of the building is for FLMA visitor contact and interpretation.

Funds spent to construct or renovate structures used primarily by the organization in its operations (examples: employee housing; warehouse; offices) are not reportable as aid except in instances where portions of these improvements achieve a FLMA goal such as building stabilization, historic preservation, operating efficiencies for the FLMA, or resource protection (e.g. relocation of facilities away from crowded areas or sensitive resources).

In these instances, the portion of expenditures relating to FLMA goals is reportable as aid.

Expenses for capital improvements that qualify as aid may be reported during the course of construction or when the facility is completed. *[Further guidance for donations for recognizing capital improvements may be found in FLMA policy documents and agreements.]*

5. SALES AREA CONSTRUCTION AND REDESIGN: A nonprofit's sales areas may serve a dual purpose: interpretive sales and as a visitor contact station. In recognition of this dual purpose, 50% of an association's direct cost for construction or redesign of a sales area is reportable as aid.
6. PRE-PUBLICATION EXPENSES: When the nonprofit publishes materials at the request of the FLMA, they should report as aid any pre-publication expenses that are not included as the cost of the book carried in inventory. Costs such as writing, editing, photography, and other pre-production costs are reported as aid unless these costs are included in the book's inventory value on the balance sheet.
7. OTHER: Report any other aid that is not appropriately reported in other categories. When "other" category exceeds 10% of gross aid for a given fiscal year, provide explanatory notes on back of annual report.
8. TOTAL: Totals of lines 1 through 7.

II. PROGRAM SERVICE EXPENSES:

9. PROGRAM SERVICE EXPENSE: This is defined as those costs such as personnel and salary costs that the organization incurs as a result of conducting its primary activity or tax-exempt purpose. These expenses are recorded on the organizations IRS Form 990, Part IX, Column B, including Lines 4-24f. These expenses are also reported on Line 7 of the Statement of Operations.

III. TOTAL AID:

10. TOTAL AID. The sum of Lines 8 and 9. This total should agree with Part IX, Column B, Line 25 of the organization's IRS Form 990.
11. TOTAL NET REVENUE. This would be the amount reported on the organization's Statement of Operations, Line 6 and should agree with the amount reported on Part I, Line 12 of the organization's IRS Form 990.
12. % OF AID TO NET REVENUE. Line 10 divided by Line 11.

STATEMENT OF NON-FINANCIAL [IN-KIND] AID INSTRUCTIONS

In addition to operating a program on behalf of a FLMA or paying directly for goods or services on behalf of FLMA, the nonprofit organization might also provide certain non-financial services (also referred to as "in-kind" service) to or on behalf of a FLMA. The nonprofit

would report its "non-financial" aid on the Statement of Non-Financial Aid.

The Statement of Non-financial Aid has six columns. Four columns have been provided to report non-financial aid for each FLMA served, a fifth column is provided to report non-financial aid for any non-federal agency(ies) (state, local, or municipal, e.g.) served; and the sixth column is the total of all non-financial aid for all agencies served.

Suggested categories for certain items of non-financial aid are provided below. However, because there are services that can be unique to the nonprofit there is provision to report for those "unique services".

REPORTING OF IN-KIND AID:

1. EDUCATIONAL CONTACT HOURS: These statistics would be based on one (1) program hour times the number of program participants.
2. VISITOR CONTACT HOURS: Based as much as possible on payroll hours of staff provided at visitor contact locations (i.e., visitor centers.)
3. PIECES OF FREE LITERATURE DISPENSED: Actual counts of all items of free literature produced that are made available to the public.
4. NUMBER OF ITEMS SOLD: Per unit counts of interpretive and educational products sold for the benefit of the FLMA.
5. NUMBER OF VOLUNTEER HOURS: Actual volunteer hours spent in service to the FLMA by volunteers for the fiscal year and also hours spent soliciting the aid of volunteers. [The organization or FLMA with which the volunteer has a signed volunteer agreement is the entity that should record and report these hours.]
6. OTHER UNIQUE SERVICES: Other statistical information that the organization would deem as contributing to the mission and objectives of the FLMA. Each item in this category should be briefly described.

STATEMENT OF FUNDS RECEIVED AND AID DISBURSED AS AN AGENT FOR OTHER ENTITIES INSTRUCTIONS

There are instances where the nonprofit organization receives and disburses funds as an agent, trustee or intermediary on behalf of a FLMA in support of a program of the agency. The distinguishing feature of these transactions is the extent of discretion that the nonprofit has over the use of the assets that it holds on behalf of the

Agency. If it has little or no discretion, Generally Accepted Accounting Principles require that these types of transactions be treated as increases to assets and liabilities when received and decreases to assets and liabilities when disbursed. These funds represent aid that should be reported on the "Statement of Funds Received and Aid Disbursed as an Agent for Other Entities".

The Statement of Funds Received and Disbursed has six columns. Four columns have been provided to report funds received and disbursed for each FLMA served, a fifth column is provided to report funds received and disbursed for any non-federal agency(ies) (state, local, or municipal, e.g.) served; and the sixth column is the total of all funds received and disbursed for all agencies served.

The statement is divided in o two sections, Section I - Funds that were received in the year, and Section II for aid that has been disbursed in the year to the FLMA.

- I. **FUNDS RECEIVED DURING THE YEAR:** Any funds received in the year that meet the criteria of Financial Accounting Standards Statement 136 - (FAS 136) requiring that the funds received be accounted for as increases to assets and liabilities on the association's balance sheet should be reported here. The amounts reported here represent new funds received and not previously reported.
- II. **AID DISBURSED DURING THE YEAR:** Any disbursements made from funds received and recorded under the criteria of FAS 136 as decreases to assets and liabilities to the Nonprofit Organization's assets and liabilities would be reported here. The amounts reported here represent disbursements that were actually made in the current year and not previously reported.