

(D R A F T)
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 Annual Report of Operations relates to information as reported on Internal Revenue Service (“IRS”) Form 990 for the most recently completed fiscal year. The Report 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 31 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 \$1,000,000), or compiled financial statements (for those association’s with gross revenue under \$250,000). Organizations would 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 *Reports of Operations and Aid* are being submitted and a description of the organization’s basic activity (pursuant to its exempt status). Standard names for the Organization’s basic activity have been provided. The nonprofit should check the name, or names that apply to its operations.

STATEMENT OF PROGRAM SERVICES – OPERATIONS INSTRUCTIONS

The Nonprofit Organization reports all Revenues and Expenses that the Organization incurs pursuing its non-exempt purpose in service to a particular Federal Land Management Agency (FLMA) on the Statement of Program Services – Operations (Statement-Ops). The statement-ops 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 Total Column should agree with the appropriate revenue and expenses reported on Parts I and II of the Organization’s Internal Revenue Service (“IRS”) Form 990. The nonprofit completing the report should label each column for the FLMA served.

REVENUE:

1a. SALES OF INTERPRETIVE MATERIALS: 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 should be reported on line 1a.

1b. SALES OF VISITOR CONVENIENCE ITEMS: Gross revenue from visitor convenience items sold under concession permits should be reported on line 1b.

1c. SALES-OTHER: All other revenue from the sale of inventory that is not from the Sale of Interpretive Items or from the Sale of Visitor Convenience items should be reported as “Other” on line 1c.

2. COST OF GOODS SOLD: The costs of all merchandise sold for all interpretive material, visitor convenience or other items held in inventory pursuant to the organizations tax-exempt purpose.

3. GROSS PROFIT: Subtract the cost of goods sold, line 2, from the Total Revenue, line 1 and report the difference as Gross Profit on line 3.

4. PROGRAM SERVICE REVENUE: This is revenue that is related to the organization’s tax-exempt purpose that is not related to the sale of inventory.

OTHER INCOME:

5a. 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. These should be reported on line 5a.

5b. MEMBERSHIP: Report revenues received from memberships in the nonprofit organization on line 5b.

5c. 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; interpretive tours/excursions, field seminar programs etc. are reported on line 5c.

5d. OTHER: Revenues not covered in other categories such as interest income or royalties are reported on line 5d.

6. TOTAL NET REVENUE: Add lines 3, 4 and 5a, b, c, and d. The Organization completing the report should use its best judgment in posting revenue and or expenses to lines 1 through 5 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.**

EXPENSES:

7. 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's 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 II, Column B of the Organization's IRS Form 990, and are the sum of lines 23 through 43d.**

8. 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 FLMA's 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 II, Column C of the Organization's IRS Form 990 on line 44.**

9. 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 II, Column D of IRS Form 990 on line 44.**

10. TOTAL OPERATING EXPENSES: The total of Lines 7, 8 and 9.

11. EXCESS (DEFICIT) BEFORE DONATIONS: Subtract Line 10 from Line 6. 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.)

12. DONATIONS AND OTHER GRANTS OR ALLOCATIONS MADE TO THE FEDERAL AGENCY: Report amounts paid or in-kind gifts contributed to the Federal Agency or payments made on behalf of the Federal Agency for goods and services delivered to the Federal Agency. **These payments would be reported in Part II, Column B, Line 22 of the Organization's IRS Form 990.**

13. EXCESS (DEFICIT) FOR THE YEAR: Subtract Line 12 from Line 11. The amount reported on this Line should agree with Part 1, Line 18 of the Organizations 990.

STATEMENT OF FINANCIAL AID INSTRUCTIONS

The Nonprofit Organization reports as financial aid all direct payment for goods and services on behalf of the Federal Land Management Agency ("FLMA") and all operating expenses incurred in pursuing the organization's tax-exempt purpose on behalf of the FLMA. This Statement has six columns: Four columns have been provided to report financial aid for each FLMA served, a fifth column is provided to report financial aid for any NON-FEDERAL AGENCY(IES), (State, Local, or Municipal, e.g.) served. The sixth column is the TOTAL of all financial aid for all agencies served. The TOTAL Column should agree with the appropriate expenses reported on Part II of the Organization's IRS Form 990 (the specific Parts, Columns and Lines of the 990 are given in the instructions below). The Statement is divided into three sections: I. Details of grants and allocations, II. Program services expenses, and III. Total aid.

I. DETAILS OF GRANTS AND ALLOCATIONS:

- 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 Federal 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: selling interpretive materials and providing visitors with interpretive information. In recognition of this dual purpose, 50% of an association's direct cost for the construction or redesign of association sales areas 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. This total should agree with the amount reported on the organization's IRS Form 990, Part II, Column B, Line 22.

II. PROGRAM SERVICE EXPENSES:

9. **FROM OPERATING ACTIVITIES.** 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 II, Column B, including Lines 23 to 43e. These expenses are also reported on Line 7 of the *Nonprofit Organization Annual Report--Program Services Statement of Operations*.

III. TOTAL AID:

10. **TOTAL.** The sum of Lines 8 and 9. This total should agree with Part II, Line 44, Column B of the organization's IRS Form 990.
11. **TOTAL NET REVENUE.** This would be the amount reported on the Organization's Statement of Program Services - Operations – Program

Services Line 6 and should agree with the amount reported on Part I, Line 12 of the organizations IRS Form 990.

12. **% OF AID TO NET REVENUE.** Line 11 divided by Line 12.

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

In addition to operating a program on behalf of a Federal Land Management Agency ("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. This report has six columns. Four columns have been provided to report those items of non-financial support for FLMAs 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. **# ITEMS SOLD:** Per unit counts of interpretive and educational products sold for the benefit of the FLMA.
5. **# 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 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 Federal Land Management Agency 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".

This Statement has six columns. Four columns have been provided to report financial aid for each FLMA served by the organization's, a fifth column is provided to report financial aid for any NON-FEDERAL AGENCY(IES), (State, Local, or Municipal, e.g.) served. The sixth column is the TOTAL of all financial aid for all agencies served.

The statement is divided into 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.