



DESCRIPTIONS AND RELEVANCE OF REQUIRED NONPROFIT FINANCIAL DOCUMENTS 2024

As part of the grant application process, Impact100 SRQ requires submission of the following documents from all applicants:

1. **Initiative Budget** using the budget form provided in the application
2. **Budget Narrative** explaining the budget line items in full detail
3. **Quotes** from third-party vendors dated no earlier than January 1, 2024 for any individual item over \$10,000.00, other than personnel
4. For initiatives with capital improvements or renovations to property, the organization must own the property or provide a written **Property Lease or other valid written agreement** that demonstrates the permission of the property owner to fully implement the initiative
5. If Initiative Budget exceeds Grant Amount, **Proof of Committed Funds**
6. **Supporting Financial Documents** including:
 - a. Complete Financial Statements for the past two fiscal years, including Statement of Activities (Profit & Loss) and Statement of Financial Position (Balance Sheet), audited if available
 - b. Interim Financial Statements, including Statement of Activities (Profit & Loss) and Statement of Financial Position (Balance Sheet) from last completed fiscal year to March 31, 2024 or later
 - c. IRS Form 990s (if required) for the past two fiscal years
 - d. Current Fiscal Year Operating Budget
 - e. Year-To-Date Actual vs Budgeted Statement of Activities (Profit & Loss) for the current fiscal year through March 31, 2024 or later.

Descriptions and the relevance of each document are detailed below:

The Initiative Budget and Budget Narrative

Impact100 SRQ requires grant applicants to submit a line item Initiative Budget Form to ensure transparency during the application process, and to establish a method of accountability, effective project management, and evaluation if the initiative is eventually funded. The Budget Narrative, which is part of the application, should describe each expense line item in the Initiative Budget Form, including supporting calculations for expense estimates.

In the application phase, a line item budget provides:

- A detailed breakdown of anticipated sources of funds and anticipated expenses, thus creating transparency
- A risk management tool to assess potential financial challenges
- Assurance that an appropriate level of expense detail has been planned
- Clarity about what component of the initiative Impact100 SRQ will fund.

If an Initiative is funded, a line item budget provides:

- A method to track whether grant funding is being used as proposed, thus generating accountability
- A project planning and monitoring tool to assess whether the ongoing initiative is on budget and on schedule
- A basis for evaluating how funds were spent, comparing actual expenses to the budgeted amounts, and assessing the financial success of the project.

Quotes

For single-item expenses over \$10,000, other than personnel, Impact100 SRQ requires a current quote. This ensures that:

- Proposed costs are reasonable and within market rates
- The nonprofit has researched and considered options
- Funds, if granted, are allocated according to the Initiative Budget Form and Budget Narrative.

Property Lease or Other Valid Written Agreement

Impact100 SRQ only requires this document if the proposed Initiative includes capital improvements or renovations to property when the Nonprofit does not own the property.

This ensures that:

- The Nonprofit has considered the long-term viability and success of the Initiative.

Proof of Committed Funds

If the total Initiative cost exceeds the Impact100 SRQ grant amount and the Nonprofit has already secured additional funding to cover these additional costs, proof of those funds may include letters of commitment from donors, from the Nonprofit's Board of Directors, approved board minutes confirming the allocation and/or copies of checks verifying donated funds.

This ensures that:

- The Nonprofit has the financial resources necessary to carry out its Initiative in excess of the Impact100 SRQ grant amount.

Supporting Financial Documents

Impact100 SRQ utilizes various financial statements to assess whether a Nonprofit has a stable financial foundation and the capacity to continue its work over time. The process involves a comprehensive review of a Nonprofit's finances. The specific financial documents and their significance are as follows:

Two years of complete Financial Statements (audited if available), including:

Statement of Activities (Profit & Loss) details the Nonprofit's revenues and expenses over a specific period, usually a year, and highlights sources of revenue and details of expenses incurred in delivering the Nonprofit's programs

- Revenues: Money earned or received, often from grants, donations, and program services.
- Expenses: Costs of running the Nonprofit, including salaries, program expenses, utilities, etc.
- Net Income (or Loss): The difference between total revenue and total expenses. A positive number indicates a surplus, while a negative number indicates a deficit.

Statement of Financial Position (Balance Sheet) provides a snapshot of the Nonprofit's assets, liabilities, and net assets at a specific point in time.

- Assets: Resources owned or controlled by the nonprofit, like cash, buildings, and equipment
- Liabilities: Obligations or debts owed by the nonprofit, such as loans or unpaid bills
- Net Assets: The difference between assets and liabilities, representing the Nonprofit's overall financial position.

Financial Statements may also include accountant's **Notes** which provide explanations about items in the statement, details related to significant accounting policies, and insight into potential future events that may affect the overall financial position.

Interim Financial Statement through March 31, 2024, including Statement of Activities (Profit & Loss) and Statement of Financial Position (Balance Sheet).

- These provide all financial activity and changes in financial position since the most recent complete Financial Statement.

IRS Form 990s for the past two fiscal years

Reviewing the Form 990 allows Impact100 SRQ to examine the Nonprofit's financial health and other publicly available information. It provides a standard reporting format to assist our reviewers.

Depending on annual revenue, Nonprofits with gross annual receipts less than \$50,000 file a 990-N (E-postcard). Nonprofits with gross annual receipts between \$50,000 and \$200,000 choose to file a 990-EZ or full 990. Nonprofits with gross annual receipts over \$200,000 or total assets over \$500,000 file a full 990.

Current Fiscal Year Operating Budget

An annual budget provides a detailed breakdown of projected income and expenses, demonstrating accountability in financial management. It often includes information on the Nonprofit's programs, projects, and initiatives, along with associated costs.

Reviewing the budget allows Impact100 SRQ to evaluate the Nonprofit's financial stability, liquidity, and sustainability. It provides insight into how well the Nonprofit is managing its resources and whether it has a realistic plan for long-term viability.

Year-To-Date Actual vs Budgeted Statement of Activities (Profit & Loss)

This report compares the budgeted financial figures with the actual results, allowing Impact100 SRQ to assess the Nonprofit's financial performance against its planned budget. We can thus evaluate if the organization is operating within its means, avoiding deficits, and making efficient use of available funds. A comparison of actual financial performance against the budget can highlight any deviations or unexpected challenges, allowing Impact100 SRQ to better understand potential risks to the Nonprofit's stability.

In conclusion, it is important to Impact100 SRQ that Nonprofit applicants communicate their financial information clearly and accurately. The availability and presentation of these financial statements can vary based on the size and complexity of the organization. Smaller nonprofits may provide simplified financial statements, while larger nonprofits with more complex financial structures may offer more detailed reports. Additionally, compliance with accounting standards, such as Generally Accepted Accounting Principles (GAAP) or other applicable frameworks, is crucial to ensure consistency and comparability in financial reporting.