

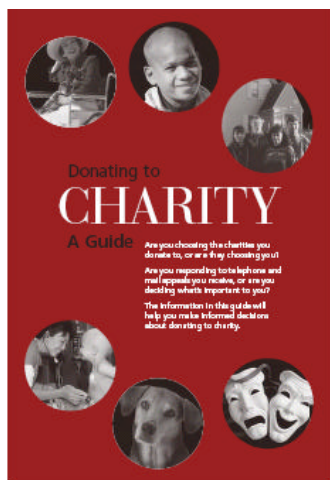
GUIDES AND BRIEFS FROM THE NONPROFIT OVERHEAD COST PROJECT



THE URBAN INSTITUTE
Center on Nonprofits and
Philanthropy



The Center on Philanthropy
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Guide #1: Donating to Charity

This guide encourages individuals to consider their own values and check into the operations of various charities before making charitable contributions. Unlike many guides that emphasize quick-fix financial ratios when determining the donation-worthiness of charities, *Donating to Charity* indicates that these ratios are frequently problematic and are therefore not useful in making giving decisions.

Guide #2: Lessons for Boards

Widespread problems with financial reporting and controls suggest that board members should pay closer attention to financial reporting as part of fulfilling their fiduciary responsibilities.

Guide #3: Special Issues in Nonprofit Financial Reporting

Both audited financial statements and Forms 990 exhibit numerous problems in the reporting of expenses by functional classification. This guide encourages greater focus on this area by public accountants. It documents special problems raised by accounting for capital and in-kind gifts and offers solutions that are in conformance with generally accepted accounting principles.

Brief #1: What We Know about Overhead Costs in the Nonprofit Sector

This brief summarizes findings from IRS Form 990 data and survey data regarding reported spending on administration and fundraising. A surprisingly high percentage of nonprofit organizations (37%) with private contributions of \$50,000 or higher reported no fundraising costs. The brief also discusses the staffing patterns of nonprofit organizations' fundraising efforts and the fundraising tactics that they employ.

Brief #2: Who Raises Contributions in America's Nonprofit Organizations?

The number of nonprofit workers whose primary responsibility is fundraising is growing. Organizations with such a staff member still involve other staff, volunteers, and board members in fundraising. Many organizations receive support from partner organizations, including other community organizations and professional solicitation firms that conduct fundraising campaigns.

Brief #3: Getting What We Pay For

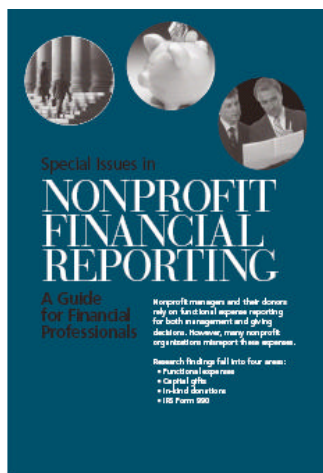
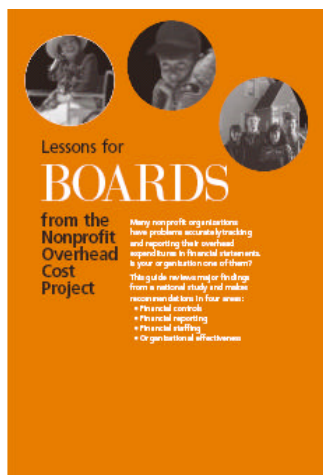
Based on indepth case studies, this brief focuses on the relationship between spending on administration and fundraising and the effectiveness of nonprofit organizations in carrying out their missions. Smaller organizations tended to invest less in organizational infrastructure, resulting in conditions that compromised their effectiveness.

Brief #4: Quality of Financial Reporting

Case study results document current weaknesses in allocating staff salary costs to program, administrative, and fundraising expenses; the need for greater sophistication in accounting for capital gifts and in-kind donations; and the effects of unique IRS reporting rules on overhead and fundraising cost ratios.

Brief #5: The Pros and Cons of Financial Efficiency Standards

Recent technological advances have popularized financial comparisons of nonprofits. The chief advantage is that managers and donors can use financial comparisons for decision-making. The chief disadvantage is that analysts tend to over-rely on these measures when making judgments regarding the effectiveness or donation-worthiness of nonprofit organizations.



All Nonprofit Overhead Cost Project materials are available for download at <http://www.coststudy.org>