

FUNCTIONALIZING/CLASSIFYING EXPENSES

PROGRAM SERVICES EXPENSES

- Program services are activities you carry out to fulfill your mission that result in a distribution of goods or services to beneficiaries, customers or members. The expenses involved include both direct and indirect costs of providing services. They may also include cost of sales or costs of other revenue—generating activities if the activities are program related.
- Types of program services expenses include:
 - Emergency shelter and food
 - Counseling
 - Day care
 - Cost of medical equipment acquired for loan to patients

MANAGEMENT/GENERAL EXPENSES

- Management and general activities relate to the nonprofit's overall direction and are not identifiable with a particular program, membership development activity or fundraising activity, though they are essential in carrying out these activities. Costs from such activities often include board expenses and staff salaries, but not costs related to staff time spent working on programs or other functions—assign those costs to those specific functions.
- Types of management/general expenses include:
 - Organization oversight
 - Business and office management
 - Salaries and other expenses (payroll, taxes, benefits and travel) of executive directors, administrative personnel and secretaries for portion of time spent administering the general organization's affairs)
 - Salaries and expenses of employees whose duties consist primarily of accounting and budgeting; purchasing and supply distribution; recruiting and hiring staff; keeping membership lists; office management and general office functions
 - Annual meeting
 - Proportion of cost of training conferences, workshops or seminars that deal with administration and general topics
 - In addition to staff expenses, proportional office costs (building occupancy, telephone, office supplies, equipment, etc.)
 - Recording keeping
 - Budgeting
 - Financing
 - General legal services
 - General liability insurance
 - Attending general board, committee and staff meetings (unless

held in connection with specific program services or fundraising activities)

- Providing executive direction and organization planning
- Accounting, auditing and financial reporting
- Disseminating information to the public about the organization's use of donated funds
- Filing, mail distribution, other office services
- Personnel and other centralized services
- Preparation, publication and distribution of an annual report
- Investment expenses

FUNDRAISING EXPENSES

- Fundraising expenses are the total expenses incurred in soliciting contributions (cash, non cash assets, services or time), gifts, grants, etc.

- Types of fundraising expenses 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 and display material, coin containers, and other materials
 - Conducting special events that generate contributions
 - Recruiting/training volunteer fundraisers
 - Soliciting in person or by mail
 - Preparing and maintaining fundraising mailing lists
 - Hiring professional consultants/fundraisers
 - Printing fundraising material
 - Preparing fundraising appeals for radio, TV, magazines, etc.
 - Expenses incurred in the Combined Federal Campaign
 - Proportional staff expenses (salaries, payroll taxes and travel) and office costs (building occupancy, telephone, office supplies, equipment, etc.)

If you have further questions, please consult an accountant, the IRS or similar knowledgeable person regarding your financial questions/practices.

See attached sample time record.

SAMPLE TIME RECORD

Name: Jane Smith
 Title: Director
 Month: August 2000

DAY	TOTAL	PROGRAM	MANAGEMENT	FUNDRAISING
1 SUN				
2 MON	7.5	2	1	4.5
3 TUES	10	4	2	4
4 WED	6	2	1.5	2.5
5 THURS	VACATION			
6 FRI	VACATION			
7 SAT				
8 SUN				
9 MON	VACATION			
10 TUES	VACATION			
11 WED	7.5	4	0	3.5
12 THURS	7.5	1	1	5.5
13 FRI				
14 SAT				
15 SUN				
16 MON				
17 TUES				
18 WED				
19 THURS				
20 FRI				
21 SAT				
22 SUN				
23 MON				
24 TUES				
25 WED				
26 THURS				
27 FRI				
28 SAT				
29 SUN				
30 MON				
31 TUES				
TOTALS				