

Chart Of Accounts For Nonprofit

Introduction

A Chart of Accounts (CoA) is an essential financial organizational tool for nonprofit organizations, categorizing all transactions into a structured list of accounts. This framework facilitates accurate reporting, budgeting, and compliance with financial standards specific to the nonprofit sector. Below is a sample CoA tailored for a nonprofit organization, encompassing assets, liabilities, net assets, revenues, and expenses.

Assets

Current Assets

1. **Cash:** Funds available for immediate use.
2. **Accounts Receivable:** Money owed to the organization.
3. **Prepaid Expenses:** Payments made in advance for goods or services.
4. **Inventory:** Goods available for sale or distribution.

Fixed Assets

5. **Land and Buildings:** Property owned by the nonprofit.
6. **Equipment:** Office equipment, computers, and other long-term use items.
7. **Furniture and Fixtures:** Non-disposable items used for operations.

Liabilities

Current Liabilities

1. **Accounts Payable:** Short-term debts to vendors and service providers.
2. **Accrued Expenses:** Incurred expenses not yet paid.
3. **Deferred Revenue:** Income received for services yet to be performed.

Long-term Liabilities

4. **Mortgage Payable:** Long-term obligations for property.
5. **Notes Payable:** Other long-term debts.

Net Assets

1. **Unrestricted Net Assets:** Resources available for general use without donor-imposed restrictions.
2. **Temporarily Restricted Net Assets:** Resources restricted by donors for specific purposes or time frames.
3. **Permanently Restricted Net Assets:** Endowment funds that must be maintained permanently, not used for general operations.

Revenues

1. **Contributions and Donations:** Funds received from donors.
2. **Grants:** Funds received from governmental and private grants.
3. **Membership Dues:** Income from membership fees.
4. **Program Service Revenues:** Income from services provided by the nonprofit.
5. **Special Events Revenue:** Funds raised from events, net of direct expenses.
6. **Investment Income:** Earnings from investments.

Expenses

Program Expenses

1. **Program Services:** Costs directly related to fulfilling the nonprofit's mission.

Supporting Services

2. **Management and General:** Administrative and operational expenses.
3. **Fundraising:** Costs associated with raising funds.

Other Expenses

4. **Depreciation:** Expense related to the reduction in value of fixed assets.

Conclusion

This Chart of Accounts provides a foundation for nonprofit organizations to systematically track and report their financial transactions. By categorizing assets, liabilities, net assets, revenues, and expenses, nonprofits can ensure financial transparency, meet reporting requirements, and effectively manage their resources to achieve their mission. Regular reviews and updates to the CoA are recommended to reflect changes in operations and financial practices.