



Spring 1999

A Business Plan for a Non-Profit Organization

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Western Washington University

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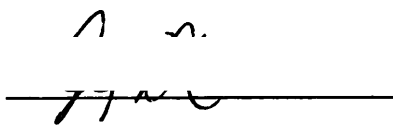
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Signature Date 6-7-99

Senior Project Abstract

For my project, I maintained and organized the books of a not-for-profit organization as well as created a business plan for the organization. Additionally, I was active in the decision making process of the board of directors of the organization during the period of my project. Professor Marguerite Hutton of the Department of Accounting acted as my advisor for this project.

The organization ran a drop-in center as a Christian outreach for street youth in Bellingham at which I had volunteered for a year and a half. The center provided Christian outreach, relationship opportunities, clothes, food, hygiene items, showers, and activities for street youth.

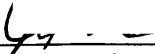
The organization that ran the center was disorganized and the board of directors was uninvolved. After the departure of the full-time director of the center, the organization began to fall apart administratively. After a few months of disorganization, the center was shut down and the board of directors was reformed. I was involved with this new board on the financial end of things. I took over the books of the organization, which were in total disarray, and wrote a business plan for the organization. I straightened out the books and filed overdue tax returns.

After the full-time director who was hired by the new board quit, the board realized that everything that had been tried was not working. The decision was made to close the center indefinitely and to think longer-term for the possibility of trying again to make something work.

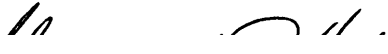
I needed to do a lot of work reorganizing the books of the organization for 1998 in order to file overdue payroll tax returns and file the 1998 form 990EZ. I essentially went

day by day through the books for 1998, which were maintained on Quickbooks, balancing each transaction with bank statements and other records. I learned how to use Quickbooks as I went along. I also needed to reclassify many entries and bill for unbilled receivables. In order to pay the federal unemployment taxes that were due, I needed to recreate a large amount of payroll information which did not exist and calculate withholdings which had not been made or remitted to the IRS. Additionally, I filed the 1998 990 EZ for the organization.

As it stands, the center is closed and the board of directors is waiting for a better time to reform the center or take a new direction is reaching the lives of the street youth in Bellingham.



Jeremy Blocher



Dr. Marguerite R. Hutton, Ph.D., CPA
Chair & Associate Professor, Department of Accounting
College of Business and Economics
Western Washington University

The following is the relevant written portion of my project which could be published. Since a large portion of my project entailed straightening out and maintaining the organization's books, attending board meetings, and filing tax returns, the majority of my work is not represented here. Included, however, are the following:

- General chronology and outline of my project
- Business plan w/budget
- 1998 financial statement
- Letter to the IRS

The name of the organization, as well as other relevant names and numbers, have been changed or deleted to maintain anonymity.

Chronology

- ◆ Volunteered at Safe Haven
- ◆ Lack of Involvement of Board of Directors
- ◆ Reformed Board of Directors
- ◆ Planning
- ◆ Hiring/Leaving of Director
- ◆ Decision to Close Safe Haven
- ◆ Moving Out
- ◆ Future?

Project Outline

- ◆ Business Plan
- ◆ Attend Board Meetings
- ◆ Maintain Involvement in Decision Making
- ◆ Organize 1998 Books
 - Learn Quickbooks
 - Reclassify Entries
 - Bill Unbilled Receivables
 - Create Financial Reports
 - Recreate Records
- ◆ Straighten Out Back Taxes Situation
 - Recreate Payroll Records
- ◆ File quarterly 941s, L&I, and UI returns
- ◆ Maintain Books Nov 1998 – Present
 - Pay Bills
 - File Tax Returns
 - Receive, Deposit Revenues
 - Organizing Records
- ◆ File 1998 990

To: Board of Directors, The Whatcom Community Group

From: Jeremy Blocher

Subject: Proposed Business Plan for The Whatcom Community Group

Decision Summary:

- **The Whatcom Community Group (aka The Safe Haven) is in need of a reorganization**
- **To effectively reorganize and focus the efforts of the organization, a cohesive set of objectives and strategies is needed**
- **This report provides a well-structured three-year set of objectives and strategies which will support the mission of The Safe Haven**
- **This plan also includes a financial analysis to support the objectives and demonstrate their financial feasibility**
- **This plan will provide a well-centered focus to activities of the The Safe Haven, which is in need of a comprehensive set of objectives and strategies to effectively accomplish its mission**

INTRODUCTION

The Whatcom Community Group is a not-for-profit corporation which operates a drop-in center for street youth in Bellingham called The Safe Haven, at which I have volunteered for a year and a half. The organization is in need of a reorganization and the purpose of this report is to propose a three-year business plan for the Whatcom Community Group (WCG). I will first provide a brief background of WCG's organizational history. Next, a management plan outlining organizational objectives will be given. This will be followed by a comprehensive financial plan to meet the organizational objectives outlined in this report.

BACKGROUND

WCG, which at different points in the past has engaged in other projects, at this point consists entirely of The Safe Haven. The Safe Haven operates out of a leased facility on State Street and survives completely on private donations. The center is a Christian organization, the primary focus of which is to evangelize and build relationships with youth on the street to help them to overcome problems in their life and better their situations. The Safe Haven also provides a meal, showers, clothes, hygiene items, and social interaction with the volunteers.

Over the past few months the Whatcom Community Group Board of Directors became increasingly detached from the operations of The Safe Haven, a center run strictly by volunteers, save a paid director and bookkeeper. In the past year, the organization has had many different directors and has experienced a general lack of

focused. The organization lacks a strong organizational policy, is not financially organized, and is short on volunteers.

Recently, the lack of involvement on the part of the board resulted in the resignation of all but two of the board members. A new board has been formed, consisting of two of the most recent volunteer directors of The Safe Haven and two of the previous board members. The Whatcom Community Group will now be known only as The Safe Haven. There is currently no payroll and The Safe Haven has closed temporarily to reorganize. I have taken over the books, which are in need of some organization. I will not be on the new board of directors since that would create a potential conflict of interest, me being the bookkeeper as well. The Safe Haven is in need of a complete reorganization.

MANAGEMENT PLAN

To facilitate the needed reorganization, The Safe Haven is in need of a comprehensive corporate level strategy. This strategy should stem from the organization's primary focus, which is to help the teens on the street in Bellingham better their situations. The organizational mission statement should read:

The Safe Haven is a Christian non-profit organization with the desire to facilitate solutions for homeless and at-risk teens and their families. Through the operation of a drop-in center, The Safe Haven is able to meet with youth, fulfill their physical needs (food, shelter, clothes, etc.), provide relationship opportunities, serve as a resource for reunification of the family, and share Jesus Christ.

To fulfill this mission statement and achieve the goals of the organization, long-term and annual objectives must be developed, as well as strategies to meet those objectives. I propose the following objectives and strategies:

Long-Term Objective:

1. **Continue to fill the physical, relational, and spiritual needs of the teens on the street in the city of Bellingham.** This was the reason that The Safe Haven was started and must remain the driving force behind all of the organization's.

To fulfill this objective the following two long-term strategies are proposed:

Long-Term Strategies:

1. To reach the street youth in Bellingham, our primary means will remain the drop-in center, The Safe Haven. By operating a drop-in center with a warm, safe, and loving environment, fulfilling physical and spiritual needs, we can build relationships with street youth and begin to help them solve the problems in their lives.

2. Explore other more aggressive ways of reaching the street youth in Bellingham outside of the drop-in center. The drop-in center has been effective in the past but when the drop-in center has done all it can do, it will be necessary to expand the outreach of The Safe Haven.

To fulfill the organizational strategies of The Safe Haven the following annual objectives must be met:

Year 1:

1. **Attract new board members.**

To function efficiently and effectively as an organization, the Board of Directors of The Safe Haven must consist of members who are in tune with the organization's operations, as well as knowledgeable and well connected in the community. This will aid the organization's fund-raising efforts as well as assuring sound financial and operational effectiveness. A plan must be developed to attract community members who will be able to contribute to The Safe Haven's purpose.

2. **Expand the volunteer base of The Safe Haven to 40.**

The Safe Haven is an organization which now survives solely on the efforts of its volunteers. However, for future success The Safe Haven must have a larger, more consistent base of volunteers. 40 volunteers would allow The Safe Haven to be open three nights a week, or more, with a consistent staff of a decent size.

3. **Hire a director for the drop-in center.**

While the organization has survived recently on the efforts of its volunteers, a paid director is needed to oversee the operations of the drop-in center. The Board of

Directors should not be responsible for the day to day operations of the organization, and the volunteers' only focus should be staffing the drop-in center during its hours.

4. Develop a plan to attract street youth.

The youth on the street are the heart and soul of the organization. Without them coming to the drop-in center, the purpose is lost. A plan to get them in the door must be developed.

5. Develop a comprehensive system of referrals.

When we cannot help, we must be able to refer the youth to someone who can help. That includes developing a list of contacts for counseling, job opportunities, living situations, etc.

6. Develop a plan for assuring consistent revenue sources.

The Safe Haven's financial existence depends wholly on private contributions, and therefore on the organization's ability to raise needed support. The fundraising plan included in this report is a step toward meeting this need.

7. Put in place a sound financial management system and adopt a comprehensive budget to meet the organization's objectives.

The books of The Safe Haven have, in the past, been disorganized. To remain aware of the organization's financial situation, as well as to assure the safeguarding of the organization's funds, a comprehensive system of financial management and internal controls must be developed. This will be my primary role in the reorganization.

Year 2:

1. Begin to make trips downtown whether The Safe Haven is open or closed.

This can be accomplished through the use of a van. Essentially we can take the drop-in center right to the youth who hang out downtown.

Year 3:

1. An adequate administrative system must be developed.

As The Safe Haven grows and is able to expand its breadth of services, we will need tools to create an efficient administrative environment. This will be obtained through investment in office equipment: computers, a copier, a fax machine, etc.

2. Consider other outreach opportunities.

At this point, the drop-in should be stable and in sound financial and operational condition. The organization could at this point consider other opportunities for expansion such as a second drop-in center or other “joint ventures” which have already been proposed by other organizations.

FUNDRAISING PLAN

To fund these annual objectives, a well-organized plan to raise funds is essential.

There are many potential sources for revenue: private individual contributions, private organizational contributions, private grants, and fundraisers. The Safe Haven does not charge for its services and it is not in the interests of The Safe Haven to charge for its services. The Safe Haven is also ineligible to receive government grants since it is an actively Christian organization.

Grants:

This is possibly the largest untapped revenue source for The Safe Haven. Many corporations and individuals offer grants and generally the competition for grant money is strong. Grants are usually specified for a specific purpose. For instance, The Safe Haven could potentially be awarded grant money for new computers, rent, or another specific cost. The Safe Haven must utilize this source of revenue.

Individual and Organizational Contributions:

Currently this is The Safe Haven's largest source of revenue. Revenue from these donations must grow and become more consistent. The Safe Haven must actively seek out contributors.

Fundraisers:

The Safe Haven currently does not conduct fundraisers, aside from canned food drives. Fundraisers are very effective in raising extra donations from contributors who already give, and from other donors who do not currently give. They are also an effective way to publicize the organization and its mission.

To utilize these revenue sources effectively, the following objectives are proposed:

Year 1:

1. **Organize a grant-writing task force from the Board of Directors, volunteers, or other interested individuals.** These individuals would be responsible for identifying grants which would meet The Safe Haven's fund raising objectives, and actively pursuing them. The goal should be to write at least one grant proposal a month. This would enable The Safe Haven to be awarded at least one grant per year.
2. **Develop and maintain a database of individual and organizational contributors in order to maintain regular contact.** To maintain the interests of our contributors, we must keep them in tune with what The Safe Haven is doing. A regular newsletter should be mailed to current and prospective contributors. Someone would be designated as responsible for maintaining the database and communicating with donors.

Year 2:

1. **Conduct at least three fundraisers.** These fundraisers should be intended to raise money in the form of donations, as well as publicize the purpose of The Safe Haven and raise future contributors.
2. **Make a proposal for contribution to at least five businesses.** This initial effort for corporate contributors should give an indication as to the effectiveness of this means of fundraising. If effective, presentations should be given to more businesses. If not effective, the benefit of this solicitation should be considered.

Year 3:

- 1. Increase the number of grant proposals written to three every two months.**
- 2. If deemed effective, increase the number of business solicitations to ten.**
- 3. Conduct at least five fundraisers.**

REVENUE ESTIMATES

For the purposes of establishing a budget, the amount of revenue which the organization will receive must be estimated. Since the revenue that The Safe Haven receives can fluctuate, it is necessary to arrive at some 'middle ground' estimate. To arrive at an accurate and objective estimate, a weighted probability analysis was conducted. See Appendix 1. Three potential revenue estimates are used. Each is assigned a probability based on the likelihood that this will be the actual revenue. The arrival at each of the three estimates for year one is outlined below.

High:

This estimate assumes that The Safe Haven is completely effective in achieving the objectives outlined in this report. This assumes that The Safe Haven is able to obtain at least one grant per year and effectively conducts at least three fundraisers. This also assumes that The Safe Haven is effective in growing private contributions to the needed level.

Med:

This estimate assumes that The Safe Haven is moderately effective in achieving the objectives outlined in this report. This assumes that the possibly The Safe Haven is unable to obtain a grant. This assumes that private contributions are maintained at a current level and that The Safe Haven is able to conduct one to two fundraisers.

Low:

This estimate assumes that The Safe Haven is relatively ineffective in achieving the objectives outlined in this report. This assumes that The Safe Haven is unable to

obtain a grant, unable to conduct any fundraisers, and unable to meet current expectations for private contributions.

Initially the probability is greatest that The Safe Haven will be moderately able to meet these objectives, and in future years the probability of higher revenue increases as well as the revenue potential. The revenue estimates for year two and year three are driven by year one revenue with a consideration for the additional fundraising objectives. A percentage of the revenue is subtracted from each year's expected revenue to account for a degree of uncertainty. The results are that revenue is expected to grow 11% from year one to year two, and 5% from year two to year three.

FINANCIAL ANALYSIS

The estimated revenue amounts from the probability analysis are significant in driving the operations estimates (appendix 2), the annual capital investment budget (appendix 3), the annual cash budget (appendix 4), and the monthly cash flow analysis (appendix 5). These budgets are outlined further below:

Operations Estimates:

These estimates were made using past expense history and expectations of future growth (both in the organization and the expenses themselves). These expense estimates are used to create the annual cash budget. These expense estimates include a provision for the salary of a director, which increases each year. The bookkeeper has been paid a salary in the past; however, the books are now being done on a volunteer basis. The other expenses included all relate to the operation and facilities of The Safe Haven with a provision for capital investment included. This provision is derived from the capital investment budget.

Capital Investment Budget:

Each of these capital investments are intended to fulfill the organizational objectives outlined in the management plan included in this report. The purchase of the van will facilitate trips downtown to reach the street youth. The basketball hoop is one means of attracting youth to the drop-in center. The purchases of the computers, copier, and fax machine, are intended to create an efficient administrative environment in which to run The Safe Haven and accomplish all of the organization's objectives. These capital expenditures are used to create the annual cash budget.

Annual Cash Budget:

This budget is the synthesis of the estimated revenue and planned expenditures and reveals the overall financial situation of The Safe Haven for each of the three years addressed. Revenue is expected to grow modestly over the three years and expenditures will remain stable, with the only significant increases being capital investment and a raise in the director's salary. This modest growth in both revenues and expenses should keep The Safe Haven financially stable over the three-year period. Should revenues turn out to be less than expected, the larger capital investment provisions in years two and three could be scaled back as necessary. However, the cash balance would reach 56% of annual operations expenses as of the end of the first year, 71% of annual operations expenses by the end of the second year, and 88% of annual operations expenses by the end of the third year. This is a sufficient cash reserve to compensate for any contingencies which may arise.

Monthly Cash Flow Analysis:

This analysis breaks down revenues and expenses by month, and is performed with the purpose of identifying months in which there is a large surplus or deficiency of cash. The analysis reveals that the organization's cash balance will remain in a constant state of growth throughout the three-year period, with the only months in exception being those in which capital investment is made, or the liability insurance policy is renewed. No months reveal deficiencies and by the end of the third year the organization's cash balance will be significant and adequate to provide The Safe Haven a means to begin a new phase of growth and success.

CONCLUSION

The purpose of this report has been to propose a three-year business plan for the Safe Haven. This report outlines the organization's objectives and proposes the strategies necessary to meet those objectives. The financial analysis included in this report demonstrates the financial feasibility of these objectives. This plan will be an effective tool to focus the objectives and strategies of organization and provide a roadmap for the future success of The Safe Haven.

Revenue Weighted Probability Analysis

Year 1

High	\$ 60,000	x	20%	=	\$ 12,000
Med High	\$ 50,000	x	40%	=	\$ 20,000
Med Low	\$ 45,000	x	25%	=	\$ 11,250
Low	\$ 40,000	x	<u>15%</u>	=	<u>\$ 6,000</u>
			100%		
				Total:	\$ 49,250.00
				Less Conservatism (6%):	<u>\$ (2,955.00)</u>
				Adjusted Revenue Estimate:	\$ 46,295.00

Year 2

High	\$ 63,200	x	25%	=	\$ 15,800
Med High	\$ 58,200	x	35%	=	\$ 20,370
Med Low	\$ 48,000	x	30%	=	\$ 14,400
Low	\$ 43,000	x	<u>10%</u>	=	<u>\$ 4,300</u>
			100%		
				Total:	\$ 54,870.00
				Less Conservatism (6%):	<u>\$ (3,292.20)</u>
				Adjusted Revenue Estimate:	\$ 51,577.80

Year 3

High	\$ 65,200	x	30%	=	\$ 19,560
Med High	\$ 60,200	x	30%	=	\$ 18,060
Med Low	\$ 50,000	x	35%	=	\$ 17,500
Low	\$ 45,000	x	<u>5%</u>	=	<u>\$ 2,250</u>
			100%		
				Total:	\$ 57,370.00
				Less Conservatism (6%):	<u>\$ (3,442.20)</u>
				Adjusted Revenue Estimate:	\$ 53,927.80

Revenue Estimate Breakdowns

<u>Year 1</u>			
High	\$ 60,000 :	Contributions	\$ 43,500
		Grants	\$ 15,000
		Reimbursed Expenses	\$ 1,500
Med High	\$ 50,000 :	Contributions	\$ 43,500
		Grants	\$ 5,000
		Reimbursed Expenses	\$ 1,500
Med Low	\$ 45,000 :	Contributions	\$ 38,500
		Grants	\$ 5,000
		Reimbursed Expenses	\$ 1,500
Low	\$ 40,000 :	Contributions	\$ 33,500
		Grants	\$ 5,000
		Reimbursed Expenses	\$ 1,500
<u>Year 2</u>			
High	\$ 63,200 :	Contributions	\$ 48,500
		Grants	\$ 13,000
		Reimbursed Expenses	\$ 1,700
Med High	\$ 58,200 :	Contributions	\$ 43,500
		Grants	\$ 13,000
		Reimbursed Expenses	\$ 1,700
Med Low	\$ 48,000 :	Contributions	\$ 43,500
		Grants	\$ 3,000
		Reimbursed Expenses	\$ 1,500
Low	\$ 43,000 :	Contributions	\$ 38,500
		Grants	\$ 3,000
		Reimbursed Expenses	\$ 1,500
<u>Year 3</u>			
High	\$ 65,200 :	Contributions	\$ 48,500
		Grants	\$ 15,000
		Reimbursed Expenses	\$ 1,700
Med High	\$ 60,200 :	Contributions	\$ 43,500
		Grants	\$ 15,000
		Reimbursed Expenses	\$ 1,700
Med Low	\$ 50,000 :	Contributions	\$ 43,500
		Grants	\$ 5,000
		Reimbursed Expenses	\$ 1,500
Low	\$ 43,000 :	Contributions	\$ 38,500
		Grants	\$ 3,000
		Reimbursed Expenses	\$ 1,500

Operations Estimates

<u>Year 1</u>	<u>Amount</u>
Payroll & Taxes	\$ 20,195 (\$18,000 Salary)
Rent	\$ 6,000
Utilities	\$ 5,500
Supplies	\$ 800
Administrative	\$ 600
Insurance	\$ 1,200
Tax Liability	\$ 2,014
Capital Investment	\$ 1,750
Total	<u>\$ 38,059</u>
<u>Year 2</u>	<u>Amount</u>
Payroll & Taxes	\$ 23,488 (\$21,000 Salary)
Rent	\$ 6,000
Utilities	\$ 5,800
Supplies	\$ 1,000
Administrative	\$ 700
Insurance	\$ 1,400
Van Maintenance	\$ 900
Capital Investment	\$ 3,400
Total	<u>\$ 42,688</u>
<u>Year 3</u>	<u>Amount</u>
Payroll & Taxes	\$ 26,780 (\$24,000 Salary)
Rent	\$ 6,100
Utilities	\$ 3,900
Supplies	\$ 1,200
Administrative	\$ 800
Insurance	\$ 1,600
Van Maintenance	\$ 900
Capital Investment	\$ 3,500
Total	<u>\$ 44,780</u>

Annual Capital Investment Budget

<u># Capital Investment</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
1 Van		\$ 3,000	
2 Basketball Hoop	\$ 250		
3 Computers	\$ 1,500		\$ 1,500
4 Copier			\$ 2,000
5 Fax Machine		\$ 400	
Total	<u>\$ 1,750</u>	<u>\$ 3,400</u>	<u>\$ 3,500</u>

Annual Cash Budget

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<u>Beginning Balance</u>	\$ 13,242	\$ 21,478	\$ 30,368
Total Revenues	\$ 46,295	\$ 51,578	\$ 53,928
<u>Expenditures</u>			
Payroll	\$ 20,195	\$ 23,488	\$ 26,780
Rent	\$ 6,000	\$ 6,000	\$ 6,100
Utilities	\$ 5,500	\$ 5,800	\$ 3,900
Supplies	\$ 800	\$ 1,000	\$ 1,200
Administrative	\$ 600	\$ 700	\$ 800
Insurance	\$ 1,200	\$ 1,400	\$ 1,600
Tax Liability	\$ 2,014	\$ -	\$ -
Van Maintenance	\$ -	\$ 900	\$ 900
Capital Investment	\$ 1,750	\$ 3,400	\$ 3,500
Total	\$ 38,059	\$ 42,688	\$ 44,780
Ending Balance	\$ 21,478	\$ 30,368	\$ 39,516

Monthly Cash Flow Analysis

Year 1

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Beg Bal	\$ 13,242	\$ 12,328	\$ 13,178	\$ 14,278	\$ 15,378	\$ 14,978	\$ 16,078	\$ 17,178	\$ 18,278	\$ 19,378	\$ 20,478	\$ 20,378	\$ 13,242
Inflows	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 3,858	\$ 46,295
Outflows	\$ 4,772	\$ 3,008	\$ 2,758	\$ 2,758	\$ 4,258	\$ 2,758	\$ 2,758	\$ 2,758	\$ 2,758	\$ 2,758	\$ 3,958	\$ 2,758	\$ 38,059
End Bal	\$ 12,328	\$ 13,178	\$ 14,278	\$ 15,378	\$ 14,978	\$ 16,078	\$ 17,178	\$ 18,278	\$ 19,378	\$ 20,478	\$ 20,378	\$ 21,478	\$ 21,478
	Back Taxes	Cap Inv 2			Cap Inv 3						Insurance		

Year 2

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Beg Bal	\$ 21,478	\$ 19,619	\$ 20,760	\$ 21,501	\$ 22,641	\$ 23,782	\$ 24,923	\$ 26,064	\$ 27,205	\$ 28,346	\$ 29,487	\$ 29,227	\$ 21,478
Inflows	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 4,298	\$ 51,578
Outflows	\$ 6,157	\$ 3,157	\$ 3,557	\$ 3,157	\$ 3,157	\$ 3,157	\$ 3,157	\$ 3,157	\$ 3,157	\$ 3,157	\$ 4,557	\$ 3,157	\$ 42,688
End Bal	\$ 19,619	\$ 20,760	\$ 21,501	\$ 22,641	\$ 23,782	\$ 24,923	\$ 26,064	\$ 27,205	\$ 28,346	\$ 29,487	\$ 29,227	\$ 30,368	\$ 30,368
	Cap Inv 1		Cap Inv 5								Insurance		

Year 3

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Beg Bal	\$ 30,368	\$ 31,556	\$ 31,243	\$ 32,430	\$ 33,618	\$ 34,805	\$ 35,992	\$ 35,180	\$ 36,367	\$ 37,554	\$ 38,741	\$ 38,329	\$ 30,368
Inflows	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 4,494	\$ 53,928
Outflows	\$ 3,307	\$ 4,807	\$ 3,307	\$ 3,307	\$ 3,307	\$ 3,307	\$ 5,307	\$ 3,307	\$ 3,307	\$ 3,307	\$ 4,907	\$ 3,307	\$ 44,780
End Bal	\$ 31,556	\$ 31,243	\$ 32,430	\$ 33,618	\$ 34,805	\$ 35,992	\$ 35,180	\$ 36,367	\$ 37,554	\$ 38,741	\$ 38,329	\$ 39,516	\$ 39,516
		Cap Inv 3					Cap Inv 4				Insurance		

Whatcom Community Group
Statement of Revenues and Expenditures
For the Year Ended December 31, 1998

Revenues

	<u>1998</u>
Contributions	\$ 38,022
Grants	10,000 *
Reimbursed Expenses	<u>1,508</u>
Total Revenues	\$ 49,530

Expenditures

Rent & Utilities	\$ 12,661
Payroll & Taxes	19,268
Supplies	694
Repairs	782
Insurance	1,798
Miscellaneous	<u>\$ 3,631</u>
Total Expenditures	\$ 38,834

Revenues/Expenditures **\$ 10,696**

* Grant:

\$10,000 in 1998, \$5,000 in 1999, \$3,000 in 2000

Whatcom Community Group
100 A St
Bellingham, WA 98225

Internal Revenue Service
P.O. Box 7922
San Francisco, CA 94120-7922

To whom it may concern,

I am the new bookkeeper for Whatcom Community Group (EIN 11-1111111). I am mailing these 941 forms which, according to an IRS representative I spoke with over the phone, are quarters for which no return has been filed. I have calculated the tax for each period without the addition of any interest or penalties. Please notify me with the amounts of interest and penalties which are due. Also, please notify me if there are any other quarters for which no 941 form was filed. I show record of deposits of 941 taxes with Whatcom State Bank in Bellingham, WA during 1998, on 1/9/98 in the amount of \$1,824.30, \$436.86 on 2/20/98, and \$119.76 on 1/27/98. I am including the latter two deposits on the first quarter 1998 return assuming that the first was for quarter 4 1997. Please verify that this is correct.

I am enclosing payment for the total amount of the returns I am filing, plus \$5.19 for a balance which I am told exists from the third quarter of 1996. IRS representative, Mrs. Martin, #2925828787, told me that I should mail the payment and not deposit it with the bank because it is late.

The other issue which I would like to raise is 940 FUTA tax. It is my understanding that Whatcom Community Group is exempt from FUTA taxes and not required to file because it is a not-for-profit organization described under 501(c)(3) of the Internal Revenue Code. We have, however, paid 940 taxes at times during the past. On page 2 of the 940-EZ instructions it states,

”Religious, educational, charitable, etc. organizations described in section 501(c)(3) and exempt from tax under section 501(a) are not subject to FUTA tax and are not required to file.”

IRS Publication 15, page 9 states,

“Payments for services performed by an employee of a religious, charitable, educational, or other organization described in section 501(c)(3) that are generally subject to FICA taxes if the payments are \$100 or more for the year, are not subject to FUTA taxes.”

IRS Publication 15A, page 7 states,

“An organization described in section 501(c)(3) of the Internal Revenue Code that is exempt from income tax is also exempt from Federal unemployment (FUTA) tax. This exemption cannot be waived.”

Please review our record and refund any appropriate amounts. If I am mistaken regarding this matter, please notify me. I also have a general desire to know any problems which are present with our filing history. If there are any other missing returns, or past balances which need to be paid, please notify me.

Thank you,

Jeremy Blocher
Bookkeeper
Whatcom Community Group
11-1111111