

### What are the important components of monthly financial reports?

- ◆ Tribal nonprofits and tribal governments usually provide monthly financial statements to their governing bodies (Boards/Councils). The nonprofit reports and the tribal government reports are similar in structure but sometimes have different titles. A nonprofit entity reports on all organizational finances. A tribe usually reports only on its governmental finances. It may have other finances, such as enterprise revenues, which are not reported in its governmental financial statements. In general, the monthly financial statements include:
  - ◆ Statement of Net Position (also known as a Balance Sheet)
  - ◆ Statement of Revenues, Expenses, and Changes in Net Position also known as a Profit and Loss Statement (including the current month's activity, the fiscal-year-to-date activity, and a comparison of year-to-date with the annual budget by line item)
  - ◆ Statement of Cash Flows
  - ◆ Statement of Functional Expenses which includes all cost centers with budget-to-actual reports of revenues and expenditures, detailing significant variances

### What are financial report reviewers looking for?

- ◆ Financial reports need to be accurate, current, and provide a complete disclosure of the financial situation of the tribal entity. Reviewers look at items such as:
  - ◆ Statement of Net Position: How much cash is in the bank? Is it enough to pay the liabilities including accounts payable and payroll? What does the entity own (assets)? What does the entity owe (liabilities)? What is the overall value of the entity (net assets)?
  - ◆ Statement of Revenues, Expenses, and Changes in Net Position: For each line item, is the amount pacing for that point-in-time in the fiscal calendar? For example, there is a \$1,200 per year budgeted for utilities. On average, the utility expense should be \$100 per month. However, the bill is higher some months and lower in others. If fifty percent of the line item has been spent, you should only be about halfway through the fiscal year. Also, review the change in net position to see if it is a positive (more revenue than expenditures) or a negative (more expenditures than revenue).

### What if there is an unusual item in the financial reports?

- ◆ The Tribal Administrator, Fiscal Manager, and Program Managers should review the monthly financial statements carefully. If an unusual item is noticed, it should be brought to the attention of the Council/Board. The issue needs to be clearly identified, and any planned follow-up activities need to be documented in the Council/Board meeting minutes. This documentation needs to be available to external auditors.

## What are important grant management financial reports?

- ◆ The SF-425 Federal Financial Report is required to be filed on a quarterly basis. Through this report, federal grantees show summary information about expenditures, obligations, program income, and indirect costs for each quarter of the grant. The report is filed online, and OVC TFMC is available to provide technical assistance with both the completion of the report and the online submission. See the OVC TFMC GMS Guide Sheet.

## What are important federal tax reports?

- ◆ Tribal nonprofits should file a Form 990 Return of Organization Exempt from Income Tax (Form 990). Form 990 should be filed by the 15th day of the 5th month after the entity's accounting period ends (May 15 for a calendar-year filer). Tribal governments do not file federal income tax returns.
- ◆ Tribal nonprofits and tribal governments are responsible for some of the same tax reports to the Internal Revenue Service (IRS) such as federal tax reports for payroll as shown in Table 1 below.

Table 1: Federal Tax Reports to the Internal Revenue Service (IRS)

IRS Form 941 Employer's Quarterly Federal Tax Return	IRS Form 940 Federal Unemployment Tax Act (FUTA)	IRS Form W-2	Form 1099 MISC
Report income taxes, social security tax, or Medicare tax withheld from employee's paychecks.	Report annual federal unemployment tax due. This is an employer-paid tax. It's not withheld from employees. Also, some states have State Unemployment Tax Acts (SUTA).	Employers with one or more employees paid \$600 or more each per year, must provide a W-2 for each employee showing income, social security, and Medicare taxes withheld.	Form 1099-MISC must be filed for each person paid at least \$600 or more in rents, services performed, and other types of nonpayroll payments.
Form 941 is due to the IRS by the last day of the month following the end of the quarter. For example, you generally must report wages you pay during the first quarter (January) through March by April 30.	Form 940 is due to the IRS once a year on January 31, for the preceding tax year.	The W-2 must be mailed to employees on or before January 31.	Form 1099-MISC must be mailed to recipients on or before January 31.

## Resources

- ◆ **Statements of Government Accounting Standards Board (GASB)** [www.gasb.org](http://www.gasb.org)
- ◆ **Accounting Standards Codification issued by the Financial Accounting Standards Boards (FASB)** [www.fasb.org](http://www.fasb.org)
- ◆ **Internal Revenue Service (IRS)** [www.irs.gov](http://www.irs.gov)



The **OVC Tribal Financial Management Center (OVC TFMC)** provides **training, technical assistance, and resources** to support American Indian and Alaska Native communities as they successfully manage the financial aspects of their federal awards. OVC TFMC also offers support via our Virtual Support Center (VSC) to Office for Victims of Crime (OVC) grantees and those seeking federal funding from OVC for the first time. **Email questions or requests for grant financial management technical assistance to [TFMC@OVCTFMC.org](mailto:TFMC@OVCTFMC.org)** or call **703.462.6900**. Visit [OVCTFMC.org](http://OVCTFMC.org) for additional resources and information.

## Feedback Requested

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to [Evaluation@OVCTFMC.org](mailto:Evaluation@OVCTFMC.org).

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