

NOMINATION FORM
CHE SERVICE LEARNING PROJECT COMPETITION

Institution: Coastal Carolina University

Title of Project:

Director of Project: Karen A. Maguire, Ph.D., MSF, CFE, CFS, CPA

Contact Information of Project Director

Address: E. Craig Wall Sr. College of Business Administration, Coastal Carolina University, PO Box 261954, Conway, SC, 29528

Telephone Number: 843-349-4163 Email Address: kamaguire@coastal.edu

Establishment Date of Project: Fall 2011-present

Unit That Administers Project: College of Business Administration, Department of Accounting, course ACCT 631: Fraud Examination and ACCT 637: Advanced Auditing

Total Number of Students Involved: 111 in past projects, with commitment to involve approximately 60 additional in future semesters.

Signature of Institutional President



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1. For purposes of this competition, the Commission on Higher Education defines service learning as college student learning at any level and in any situation that is *linked* in a direct, hands-on fashion to the resolution of a problem or concern in a target community outside the institution *and is related* to a college course with some type of reflection activity. Briefly, how does your project meet the parameters of this definition?

The service learning project described in this submission includes an ongoing series of related projects that are undertaken by the graduate level accounting classes at Coastal Carolina University. Hence, the project is described in detail by semester below.

In the Fall of 2011, 24 students in ACCT 637: Advanced Auditing, were asked by The Waccamaw Community Foundation, The Chapin Foundation, and SC Association for Nonprofit Organizations (SCANPO), to conduct a survey of SC Not-for-Profit Organizations (NPOs) in order to determine what practices and programs the organizations had in place, the areas of weaknesses, and necessary steps to achieve more efficient accounting and stewardship practices. This research found that 79% of SC NPOs were not meeting best practices in this area. It was concluded that SC NPOs are confident with audits and audited financial statements, the quality of audits is thought to be high, and most respondents believe that audits improve the effectiveness of financial statements. However, audits were seen as complex, inaccessible, and expensive. Hence, most SC NPOs did not have an audit committee and did not use standardized auditing tools. Course material was reflected on throughout the project as it was applied to survey design and interpretation, but most directly when the executive report was created and presented to executives from The Waccamaw Community Foundation, The Chapin Foundation, and SCANPO.

In the Fall of 2012, 16 students in ACCT 637 continued the service project in an effort to provide opportunities for South Carolina NPOs to centralize or standardize “back-room operations” for accounting, auditing, and corporate governance issues. The objective of the Fall 2012 research was to assemble a stepwise menu of policies and procedures for NPOs in SC. The research determined the policies applicable to NPOs on a size basis and provided menus of policies for NPOs of four different sizes. All four size menus of policies met state and federal legal requirements, achieve state and national best practices, and the stepwise format allows NPOs to add to their policies and procedures manual as they grow. Again, course material was reflected on throughout the project, but most directly when the executive report was created and presented to local executives.

In the Spring of 2013, 19 students in ACCT 631: Fraud Examination carried on this project in a continued collaboration with The Waccamaw Community Foundation, The Chapin Foundation, and now the Frances P. Bunnelle Foundation. The students conducted a financial asset mapping and gap analysis of all NPOs in Horry and Georgetown Counties. This analysis was the next step in a project examining the potential to form coalitions, centralize backroom operations, and create financial efficiencies for South Carolina NPOs. The project analyzed tract level census data; created a database and geographical mapping of all NPOs; conducted a financial analysis of these NPOs based upon the ten NPO categories defined by the National Council of Nonprofits and The Urban Institute; and identified geographical or financial gaps for the ten categories. Course material was applied throughout the project and reflected upon in the creation of a final executive report that was presented to the applicable organizations.

In the Fall of 2013, 21 students in ACCT 637 carried on with the service learning project. Specifically, this class determined the most effective and efficient testing tasks to self-assess the previously assembled policies and procedures manuals. Whereas the Fall 2012 class project focused on the design of policies and procedures manuals that met legal requirements and best practices, this project focused on NPOs self-assessing the operation of these policies and procedures. The goal of this research was to further improve the cost effectiveness of both internal and external audits and help the NPOs achieve best practices. This research sought not only to help local NPOs to standardize and grow, but also to help reduce the costs to build connections

between the nine existing NPO sectors in Horry and Georgetown Counties. Course material was applied throughout the project and reflected upon in the creation of a final executive report that was presented to the applicable organizations.

The Spring 2014 project builds on the previous projects with the Waccamaw Community Foundation, The Chapin Foundation, the Frances P. Bunnelle Foundation. This semester, the class is also working directly with Palmetto Works, a Community Development Corporation in Conway, SC, to evaluate options for opening C.H.O.P.S., the Culinary & Hospitality Operatives Prepared to Serve Culinary Arts Training Program. As defined by Palmetto Works, C.H.O.P.S. is “a collaborative jobs training program between A Father’s Place, Palmetto Works Community Development Corporation and Palmetto Missionary Baptist Church. It is designed to enhance the culinary skills, service attitude, business acumen and personal and professional motivation of participants to enable them to enter the workforce or to start a business.” C.H.O.P.S. is currently in the planning phase. The class has been hired to evaluate options for the program that allow C.H.O.P.S. to utilize the appropriate policies and procedures menu and self-assessment processes from our previous projects, make operational choices that minimize the potential for fraud, make recommendations that take full advantage of opportunities to demonstrate financial accountability to donors and grantmakers, and choose an approach that meets their commitment to achieving best practices while maximizing the benefit to both program trainees and the surrounding community.

In the future, students will continue to engage in this service learning project by designing a chart of accounts for C.H.O.P.S. and other NPO restaurant and training programs that merges restaurants’ chart of accounts with those of NPOs. Results of this research will allow all of C.H.O.P.S. financial data (and those of similar programs) to be compatible with the IRS Form 990 and OMB requirements for federal grant reporting. Finally, it is expected that students in future classes will create a full business plan for C.H.O.P.S. that achieves best practices for accountability, transparency, governance, and minimizes opportunities for fraud. Work from all previous projects will be incorporated into this business plan. We also have plans to work with The United Way of Horry County to apply information from this project to this point.

As you can see, this service learning project engages students directly with local community organizations outside of the university and resolves a problem for local NPOs in that students assist local NPOs in achieving compliance with best practices for financial accountability, fundraising, and board governance. Essentially, by strengthening the financial knowledge and practices of South Carolina NPOs: Donors will have more confidence; NPOs will have the ability to obtain the funding needed to reach their goals; achieving efficiency in “back-room operations” will increase effectiveness in “front-room operations;” NPOs can build capacity; and NPOs can continue to provide charitable services to our communities. This research provides a mutual benefit to both Coastal Carolina University and the South Carolina NPO community. In addition, college course material is directly applied and reflected upon by the students as they carry out each step of the project.

2. Specifically, which segments of the college/university community does your project involve?

Graduate students enrolled in either the Master of Business Administration or Master of Accountancy programs.

3. How many students (specify degree levels to the extent possible) does the project affect?

This project directly impacts 25-40 graduate students in any given semester (for approximately 111 total to date), but is ongoing in nature so that the cumulative effects are much greater. In addition, undergraduate students are invited to the final presentation where the graduate students role model effective engagement in service learning activities.

4. Describe the target community or communities your project serves.

Clients include The Chapin Foundation, The Waccamaw Community Foundation, The Frances P. Bunnelle Foundation, the South Carolina Association of Nonprofit Organizations (SCANPO), and the Palmetto Works Community Development Corporation. These foundations use the results of the research to assist their donee NPOs achieve best practices in governance, transparency, and financial accountability.

5. Describe your project's effectiveness in helping to solve the problems or concerns in the target community.

As you can see from above, this ongoing service project has widespread impacts on local NPOs in terms of best practices in governance, transparency, and financial accountability. The first step in the project was a research study to determine what practices and programs the organizations had in place, the areas of weaknesses, and necessary steps to achieve more efficient accounting and stewardship practices. Then, students the following semester determined the policies applicable to NPOs on a size basis and provided menus of policies for NPOs of four different sizes. Next, the students conducted a financial asset mapping and gap analysis of all NPOs in Horry and Georgetown Counties in order to examine the potential to form coalitions, centralize backroom operations, and create financial efficiencies for South Carolina NPOs. Finally, much of the knowledge that has been operationalized in previous projects will be applied to the Culinary & Hospitality Operatives Prepared to Serve Culinary Arts Training Program. Future possibilities are almost limitless in terms of applying this project to other local NPOs.

6. Describe the degree to which your project enhances student learning while providing specific examples of the service learning activities the students engage in. Also explain how the service learning activities reinforce or apply what the students learn in the classroom.

Each project is executed in three phases, with each designed to support student learning objectives. Projects executed in ACCT 637 focus on internal controls, financial stewardship, and governance. Projects executed in ACCT 631 focus on the two-sided coin, asset/gap method of investigation required of Certified Fraud Examiners, as well as identifying and minimizing perceived opportunities to commit fraud.

- Phase I: Research state and federal sources and peer institutions for recommended methods of operation to determine how best practices can be achieved.
- Phase II: Creation of PowerPoint presentation and White Paper. The Foundations are interested in aggregate results, as well as more detailed analyses based upon NPO designation and other demographics used.
- Phase III: Students must make one presentation to the class, The Foundations, and other interested parties that will describe the analyses and proposed options for achieving best practices.

In every iteration of this service learning project, course material is reflected on throughout the project, as learning the course material is required in order to do the analyses and students have the additional pressure of presenting the material to executives face-to-face at the end of the project.

7. Is there academic credit associated with the project (not necessary for submission)? If so, please explain the particulars.

Both ACCT 631 and ACCT 637 are 3 credit classes offered as part of the MBA Program and the Master of Accountancy Program at CCU.

8. If funding is required, how is the project funded and what is the approximate annual budget for the project?

No funding required.

Mapping Nonprofits in Horry & Georgetown Counties of South Carolina

Dr. Karen Maguire

4/2/2013

Fraud Examination ACCT 631



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Executive Summary

The objective of this paper is to conduct a financial asset mapping and gap analysis of Nonprofit Organizations (NPOs) in the South Carolina counties of Horry and Georgetown. This regional asset mapping and gap analysis will be used to assist NPOs of all sizes in South Carolina in their capacity building efforts. Working in collaboration with The Chapin Foundation, The Waccamaw Community Foundation, and the Frances P. Bunnelle Foundation, this analysis is the next step in a project examining the potential to form coalitions, centralize backroom operations, and create financial efficiencies for South Carolina NPOs. The output of this project will help future Advanced Auditing and Fraud Examination classes at Coastal Carolina University assist NPOs in achieving compliance with best practices for financial accountability, fundraising, and board governance. This will facilitate the link between philanthropic leadership, charitable resources, and civic influence with community needs and opportunities.

NPOs work to improve the quality of life for the citizens they serve. They help to develop community bonds between industry, citizens and government. Finding balance between the strengths of the community and the resources within it helps to build the foundations of economic and social viability of that community. Sustainability is achieved through the synergy of the citizenry, government, industry and community-based organizations. These entities all work to optimize capacity with the idea that effectiveness and efficiency are critical ideals to sustainability.

When approaching nonprofit capacity building and sustainability, The Urban Institute asserts that the first two steps a community must take are to: “(1) Determine the basic needs and assets of the community”; and “(2) Assess the number and types of nonprofit organizations in a community through mapping” (The Urban Institute 2013). To better understand the existing landscape within which NPOs in Horry and Georgetown counties operate, our research was designed to conduct a financial asset mapping and gap analysis of NPOs operating across the two counties. This research project addresses three questions:

1. What needs exist in the population?
 - a. Type of need (e.g., poverty, literacy, etc)
 - b. Location of need within the two counties

2. What NPOs exist in Horry and Georgetown counties?
 - a. Type of service provided
 - b. Financial assets (i.e., reported assets, revenues, expenses)
3. Do assets and/or gaps exist?
 - a. Financial asset/gap analysis
 - b. Location asset/gap analysis (e.g., spatial mapping)

With this and each future project, the common goal is to provide cost effective methods for South Carolina NPOs to achieve best practices.

Our research was designed to help NPOs measure their success in achieving their missions efficiently and effectively. However, it should be noted that our research was designed around analyzing NPO categories as a whole and not individual NPOs within each category. We would recommend that NPOs take steps to analyze their individual success in meeting the demands of their missions effectively and efficiently as well as measuring the nonprofit market capacity that they operate in using this paper as a tool to guide them.

Our analysis sought to build connections between the nine existing NPO sectors in Horry and Georgetown Counties and pertinent socioeconomic indicators as well as location drivers for the specific NPO categories. By doing so, we were able to draw conclusions as to the financial health of a NPO category in addition to determining if each NPO category had the appropriate location exposure as defined for each category. We classified each NPO category in both counties into 1 of 4 possible scenarios.

1. Good Financial Health & Good Location
2. Good Financial Health & Bad Location
3. Bad Financial Health & Good Location
4. Bad Financial Health & Bad Location

In general, we would recommend that the NPO sector across Horry and Georgetown counties work to build capacity through coalitions, build efficiencies by centralizing back room operations and coordinate these efforts through applicable research conducted at Coastal Carolina University.

We believe that the above recommendations will result in NPOs forming coalitions that adhere to best practices, which will make them more efficient, more effective for meeting Mission Centric activities and help build capacity across the NPO sector in Horry and Georgetown counties. In addition, NPOs will gain a greater ability to obtain the funding needed to reach their goals and continue providing charitable services to our communities.

Introduction

The Urban Institute describes Capacity Building in the nonprofit sector as follows:

“[W]e define capacity building as the ability of nonprofit organizations to fulfill their missions in an effective manner. We already know that many nonprofit organizations are small and possess limited resources, particularly when measured against the challenges and critical issues that they address. The push to link indicators of capacity to overall performance is critical to strengthening the sector (The Urban Institute 2001, p.1).”

The objective of this paper is to conduct a financial asset mapping and gap analysis of Nonprofit Organizations (NPOs) in the South Carolina counties of Horry and Georgetown. This regional asset mapping and gap analysis will be used to assist NPOs of all sizes in South Carolina in their capacity building efforts. Working in collaboration with The Chapin Foundation, The Waccamaw Community Foundation, and the Frances P. Bunnelle Foundation, this analysis is the next step in a project examining the potential to centralize backroom operations, form coalitions, and create financial efficiencies for South Carolina NPOs. The output of this project will help future Advanced Auditing and Fraud Examination classes at Coastal Carolina University assist NPOs in achieving compliance with best practices for financial accountability, fundraising, and board governance. This will facilitate the link between philanthropic leadership, charitable resources, and civic influence with community needs and opportunities.

Background and Research Questions

NPOs work to improve the quality of life for the citizens they serve. They help to develop community bonds between industry, citizens and government. Finding balance between the strengths of the community and the resources within it helps to build the foundations of economic and social viability of

that community. Sustainability is achieved through the synergy of the citizenry, government, industry and community-based organizations. These entities all work to optimize capacity with the idea that effectiveness and efficiency are critical ideals to sustainability.

When approaching nonprofit capacity building and sustainability, The Urban Institute asserts that the first two steps a community must take are to: “(1) Determine the basic needs and assets of the community”; and “(2) Assess the number and types of nonprofit organizations in a community through mapping” (The Urban Institute 2013). To better understand the existing landscape within which NPOs in Horry & Georgetown counties operate, our research was designed to conduct a financial asset mapping and gap analysis of NPOs operating across the two counties. This research project addresses three questions:

4. What needs exist in the population?
 - a. Type of need (e.g., poverty, literacy, etc)
 - b. Location of need within the two counties
5. What NPOs exist in Horry and Georgetown counties?
 - a. Type of service provided
 - b. Financial assets (i.e., reported assets, revenues, expenses)
6. Do assets and/or gaps exist?
 - a. Financial asset/gap analysis
 - b. Location asset/gap analysis (e.g., spatial mapping)

With this and each future project, the common goal is to provide cost effective methods for South Carolina NPOs to achieve best practices.

Assets and Needs Decision Criteria

Throughout the research process we considered the concept of Capacity Building, defined earlier as “the ability of nonprofit organizations to fulfill their missions in an effective manner,” realizing that linking indicators of capacity to overall performance is critical to strengthening the NPO sector (The Urban Institute 2013). In order to build reference points and benchmarks to conduct our analysis, we sought to compare census data and NPOs within Horry and Georgetown counties as a whole to census data and NPOs in South Carolina and the United States.

The first research question required identifying the types of needs and their locations within Horry and Georgetown counties. In its asset mapping and gap analysis of Philadelphia NPOs, The Urban Institute identified eleven census data points that together are able to provide an accurate assessment of the socioeconomic condition of a research area (Twombly, De Vita and Garrick October 2000). These census data items are as follows:

- A. Population
- B. Race
- C. Gender
- D. Age
- E. Median Household Income
- F. Public Assistance Income
- G. Social Security Income
- H. Percent of Population with less than a High School degree
- I. Percent of Population with a Bachelor degree or higher
- J. Percent of Population Living in Poverty
- K. Percent of Population that are Children Living in Poverty

In addition to the above census data points The Urban Institute also considered the Land and Water areas of the counties to help in determining any needs (The Urban Institute 2013). Using 2011 US Census data, we compared the above socioeconomic indicators across each county to South Carolina and the United States. Each socioeconomic indicator was evaluated at the census tract level in order to provide the most accurate analysis of needs available (United States Census Bureau 2013).

To address the second research question, we utilized the National Center for Charitable Statistics (NCCS) database maintained by The Urban Institute. This database provides information on NPOs and their activities. We categorized all the existing NPOs in Horry and Georgetown counties and classified them using the NTEE-cc classification system. This provided us with ten major categories of NPOs, which are as follows (National Center for Charitable Statistics at the Urban Institute 2013):

1. Arts, Culture & Humanities
 - A – Arts, Culture & Humanities

2. Education
 - B – Education

3. Environment and Animals
 - C – Environment
 - D – Animal Related

4. Health
 - E – Health Care
 - F – Mental Health & Crisis Intervention
 - G – Voluntary Health Associations & Medical Disciplines
 - H – Medical Research

5. Human Services
 - I – Crime & Legal Related
 - J – Employment
 - K – Food, Agriculture & Nutrition
 - L – Housing & Shelter
 - M – Public Safety, Disaster Preparedness & Relief
 - N – Recreation & Sports
 - O – Youth Development
 - P – Human Services

6. International, Foreign Affairs
 - Q – International, Foreign Affairs & National Security

7. Public, Societal Benefit
 - R – Civil Rights, Social Action & Advocacy
 - S – Community Improvement & Capacity Building
 - T – Philanthropy, Voluntarism & Grant Making Foundations
 - U – Science & Technology
 - V – Social Science
 - W – Public & Societal Benefit

8. Religion Related
 - X – Religion Related

9. Mutual Benefit
 - Y – Mutual & Membership Benefit

10. Unknown
 - Z - Unknown

The NCCS database also provides information on NPOs who filed the IRS Form 990. Three pieces of 2011 financial information are provided – revenues, expenses, and assets.

The third question in the research process required analyzing the NPOs within each county by NCEE-CC category and evaluating whether financial or location gaps exist. To do this, each socioeconomic indicator was assigned as recommended by The Urban Institute to those NPO categories in which the census data item helped to define a need (The Urban Institute 2013). The groupings of socioeconomic indicators to each NPO category are as follows:

<u>NPO Category</u>	<u>Socioeconomic Indicator assigned</u>
<i>Arts, Culture & Humanities</i>	Race Age Median HH Income
<i>Education</i>	Age Median HH Income

% Population w/less than HS degree
% Population w/more than Bachelor degree

Environment & Animals

Median HH Income
% Population w/less than HS degree
% Population w/more than Bachelor degree
Land Area
Water Area

Health

Age
Median HH Income
% Population w/less than HS degree
% Population w/more than Bachelor degree
% Population Living in Poverty
% Population of Children Living in Poverty

Human Services

Age
Median HH Income
% Population w/less than HS degree
% Population w/more than Bachelor degree
% Population Living in Poverty
% Population of Children Living in Poverty

International & Foreign Affairs

Race
Ethnicity

Public / Societal Benefit

Age
Median HH Income
% Population w/less than HS degree
% Population w/more than Bachelor degree
% Population Living in Poverty
% Population of Children Living in Poverty
Public Assistance Income
Social Security Income

Religion Age
 % Population w/less than HS degree
 % Population w/more than Bachelor
 degree

Mutual Benefit Age
 Gender
 Race

Unknown N/A

In order to compare track level census data to NPO data, census tracts had to be combined according to the town in which they were located, as defined by the US Census Bureau (2012). While most of the towns listed by the US Census Bureau are matches for the geographical towns in the two counties, some of these “Census towns” do not match exactly with SC towns. For example, the US Census Bureau defines one town as “Conway” and another as “Conway East.” NPO data was collected by town then matched to its designated “Census town” in order for like kind comparison. Appendix A provides a map of each county with each “Census town” defined. Each different color represents a “Census town” and each town may have multiple census tracts running through it. A color legend is provided for each county map to indicate what town is represented.

Socioeconomic Indicators

The eleven socioeconomic indicators discussed above are first evaluated at the county level. Horry and Georgetown counties’ census data is compared to the same census data item for both South Carolina and the United States. These latter two categories are used as benchmarks to define potential needs that exist in Horry and Georgetown Counties. These socioeconomic indicators are then evaluated within each county to analyze differences within a county. Next, the census data from two counties are treated as a single geographic area in order to highlight differences between the two counties.

Census tracts are geographical subdivisions that do not cross county lines. When a tract is first created, it is considered homogenous with respect to the population and its socioeconomic condition (United States Census Bureau 2013). Georgetown County has 15 census tracts, one of which is entirely water, and therefore has no population within it. Horry County has 72 census tracts, two of which are water and also devoid of population. This allows for analysis of 14 Georgetown County census tracts and 70 Horry County census tracts, for a total of 84 census tracts.

When analysis is conducted for each county individually, the distribution of the county population is divided into three ranges, Low, Mid, and High. When evaluating Georgetown County census tracts, the 5 tracts with the lowest occurrence of a particular socioeconomic indicator are assigned to the Low bracket. The middle four tracts are assigned to the Mid bracket, and the five tracts with the highest occurrence are assigned to the High bracket. Ranges and medians are calculated for each bracket. For Horry County's 70 tracts, the lowest 23 for any socioeconomic indicator are assigned to the Low bracket. The middle 24 are assigned to the Mid bracket, and the highest 23 are assigned to the High bracket. This process is carried forward to the analysis across the two counties for ease of comparison. The 84 census tracts are equally assigned to the Low, Mid, and High brackets with 28 census tracts in each bracket. This process allows for identification of differences within counties, then differences when comparing the counties to one another.

Tract Level Census Maps that illustrate how various census data items are reflected in the populations of Horry and Georgetown Counties are available in Appendix B.

Population

South Carolina ranks 24th in size by total population among the 50 states. Among the 46 counties within South Carolina, Horry County ranks 5th in total population, and Georgetown County ranks 23rd (US Census Bureau 2012).

POPULATION	Total Population
United States	306,603,772
South Carolina	4,575,864
Horry County, SC	265,139
Georgetown County, SC	60,280

[Population- Horry County](#)

The total population of Horry County is 265,139. Towns with the highest populations in Horry County include Conway and Myrtle Beach, and tracts with more residents have twice the population of tracts with fewer residents.

Horry County Tracts	Low	Mid	High
Range of Population	923-2,996	3,000-4,321	4,405-7,941
Population Median	2,357	3,401	5,326
Percent of Population Range	0-1%	1-2%	2-3%
Percent of County Population	20%	32%	48%
Number of Tracts	23	24	23

[Population- Georgetown County](#)

The total population of Georgetown County is 60,280. The highest populated cities include Georgetown and Pawleys Island, while the towns of Plantersville, Pleasant Hill, Folly's Grove, and Sampit-North Santee represent the lowest populated towns.

Georgetown County Tracts	Low	Mid	High
Range of Population	3,137-3,571	3,733-4,568	4,634-6,045
Population Median	3,326	4,118	5,719
Percent of Population Range	5-6%	6-8%	8-10%
Percent of County Population	28%	27%	45%
Number of Tracts	5	4	5

Population- County Comparison

Looking at the population between the two counties, no neighborhood accounts for more than 2% of population across the two counties. In addition, there are no Georgetown tracts in the lowest bracket of population count. This is likely because Horry tract neighborhoods are smaller geographically to accommodate the higher overall population in the county. In Horry County, Inland tracts have lower populations. Aynor, Floyd’s Crossroads, and Longs tracts are inland and are only represented in the low category.

Brackets	Low	Mid	High
Range of Population	923-3,122	3,137-4,415	4,445-7,941
Population Median	2,419	3,590	5,343
Percentage of Population	0-1%	1-1%	1-2%
Percentage of Horry and Georgetown Population	21%	31%	50%
Total Number of Tracts	28	28	28

Population by Race

The African American population of South Carolina as a percentage of residents is more than twice the national average. The opposite is true when considering the American Indian or Asian populations. Ninety-four percent of the population of Horry & Georgetown counties is made up of Whites or African Americans. African Americans represent 20% more of the population in Georgetown than in Horry County.

POPULATION Breakdown by Number	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some other race	Two or more races
United States	227,167,013	38,395,857	2,502,653	14,497,185	500,592	15,723,818	7,816,654
South Carolina	3,075,318	1,281,627	14,939	56,575	1,920	73,405	72,080
Horry County, SC	210,575	36,453	1,221	3,062	74	10,529	3,225
Georgetown County, SC	38,060	20,453	76	409	0	981	301

POPULATION Breakdown by %	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Some other race	Two or more races
United States	74.09%	12.52%	0.82%	4.73%	0.16%	5.13%	2.55%
South Carolina	67.21%	28.01%	0.33%	1.24%	0.04%	1.60%	1.58%
Horry County, SC	79.42%	13.75%	0.46%	1.15%	0.03%	3.97%	1.22%
Georgetown County, SC	63.14%	33.93%	0.13%	0.68%	0.00%	1.63%	0.50%

[African American Population- Horry County](#)

As a percentage of total county population, the number of African Americans account for 0-1% in all tracts. Neighborhoods with the lowest percentage of African Americans are in the beachside communities of Myrtle Beach and Surfside Beach The highest percentage of African Americans are in the inland communities of Conway and Longs.

Horry County Tracts	Low	Mid	High
Range of Population	0-120	146-509	577-3096
Population Median	40	259	1,127
Percent of Tract Population	1-4%	4-16%	16-68%
Percent of Tract Population Median	1%	8%	26%
Number of Tracts	23	24	23

[African American Population- Georgetown County](#)

As a percentage of total county population, the number of African Americans account for 0-6% in all tracts. Neighborhoods with the lowest percentage of African Americans are the beachside communities of Murrells Inlet and Pawleys Island. The highest percentage of African Americans is in the inland communities of Georgetown and Andrews

Georgetown County Tracts	Low	Mid	High
Range of Population	0-806	842-2,096	2,245-3,688
Population Median	250	1,319	2,336
Percent of Tract Population	2-19%	25-41%	46-72%
Percent of Tract Median	7%	34%	56%
Number of Tracts	5	4	5

[African American Population-Across the Counties](#)

As a percent of tract population, the percentage of African American residents ranges from 0-72%. The median of this percentage ranges from 2% in the low bracket to 37% in the high bracket.

Brackets	Low	Mid	High
Range of Population	0-175	183-677	690-3,688
Population Median	44	387	1,353
Percentage of Tract Population	0-5%	5-18%	18-72%
Percentage of Tract Population Median	2%	9%	37%
Total Number of Tracts	28	28	28

[African American Population- County Comparison](#)

Overall, there is a difference in the racial mix when comparing Horry and Georgetown County. Ten of the fourteen Georgetown tracts are in the high range of African American populations compared to only two in the low and mid categories. In Horry County, the low and mid brackets are equally represented, while the high bracket has less Horry tracts.

	Low	Mid	High
Overall Range of Population	0-175	183-677	690-3,688
Number of Georgetown Tracts	2	2	10
Number of Horry Tracts	26	26	18
Total Number of Tracts	28	28	28

[Population by Gender](#)

South Carolina as well as Horry & Georgetown Counties each mirror the US as a whole in regards to Male v Female population.

Population By Gender	Male		Female	
	United States	150,740,216	49.16%	155,863,556
South Carolina	2,227,017	48.67%	2,348,847	51.33%
Horry County, SC	129,781	48.95%	135,358	51.05%
Georgetown County, SC	28,802	47.78%	31,478	52.22%

Population by Age

The percentage of the population in Horry County that is age 60 and over is 5% larger than the national average, while Georgetown County exceeds the national average by 9%. Both Horry and Georgetown Counties also exceed the state average, by 4% and 8% respectively.

Considering the population age 19 and under, Horry and Georgetown Counties are both below the national average, by 4% and 3% respectively. South Carolina as a whole is below the national average, but Horry and Georgetown Counties are still below the state average, by 3% and 2% respectively.

POPULATION	Total Population	Population 19 and Under	Population 20-59	Population 60 Plus
United States	306,603,772	83,089,623	167,712,263	55,801,887
South Carolina	4,575,864	1,217,179	2,470,966	887,719
Horry County, SC	265,139	60,982	141,584	63,103
Georgetown County, SC	60,280	14,468	29,055	16,699

	Population 19 and Under	Population 20-59	Population 60 plus
United States	27.10%	54.70%	18.20%
South Carolina	26.60%	54.00%	19.40%
Horry County, SC	23.00%	53.40%	23.80%
Georgetown, SC	24.00%	48.20%	27.70%

Population Age 19 and Under- Horry County

The Horry County towns with the lowest population of children are the beachside communities of North Myrtle Beach, Myrtle Beach, and Garden City. The towns with the greatest population of children include the inland communities of Loris, Conway, and Forestbrook.

Horry County Tracts	Low	Mid	High
Range of Population	92-553	578-977	995-2,111
Population Median	347	780	1420
Percent of Population	5-18%	18-26%	26-41%
Percent of Population Median	13%	23%	28%
Number of Tracts	23	24	23

Population Age 60 and Older- Horry County

The Horry County towns with a low population of age 60 and older include the inland communities of Loris, Forestbrook, and Gallivants Ferry. The towns with a high population of age 60 and older include the beachside communities of North Myrtle Beach, Myrtle Beach, and Garden City.

Horry County Tracts	Low	Mid	High
Range of Population	136-600	603-1,058	1,064-2,209
Population Median	465	736	1,332
Percent of Tract Population	9-17%	17-27%	27-61%
Percent of Tract Population Median	14%	22%	33%
Number of Tracts	23	24	23

Population Age 19 and Under- Georgetown County

The Georgetown County towns with the fewest children are the beachside communities of Murrells Inlet and Pawleys Island. The towns with the most children are Andrews and Georgetown.

Georgetown County Tracts	Low	Mid	High
Range of Population	414-689	863-973	1,334-2,000
Population Median	642	917	1,441
Percent of Tract Population	12-19%	21-26%	29-40%
Percent of Tract Population Median	14%	25%	30%
Number of Tracts	5	4	5

Population Age 60 and Older- Georgetown County

The towns with a low population of age 60 and older include the inland communities of Sampit-North Santee and Andrews. The towns with a high population of age 60 and older include the beachside communities of Murrells Inlet and Pawleys Island.

Georgetown County Tracts	Low	Mid	High
Range of Population	482-841	1,057-1,355	1,387-2,254
Population Median	698	1,184	1,471
Percent of Tract Population	14-22%	23-31%	32-50%
Percent of Tract Population Median	17%	25%	42%
Number of Tracts	5	4	5

Population Age 19 and Under- Across the Counties

Across the counties, just as in the individual county analysis, the highest concentration of children is found in the inland locales, while the lowest level of concentration of children is found in the beachside communities.

Brackets	Low	Mid	High
Range of Population	92-633	642-995	1,053-2,111
Population Median	368	825	1436
Percentage of Tract Population	5-19%	19-27%	27-41%
Percentage of Tract Population Median	13%	24%	30%
Total Number of Tracts	28	28	28

	Low	Mid	High
Overall Range of Population	92-633	642-995	1,053-2,111
Number of Georgetown Tracts	2	7	5
Number of Horry Tracts	26	21	23
Total Number of Tracts	28	28	28

Population Age 60 and Older- Across the Counties

Conversely, the concentration of age 60 and above is the lowest in the inland locales and highest in the beachside communities. This result is also evident in the individual county analysis.

Brackets	Low	Mid	High
Range of Population	136-664	674-1,068	1,116-2,254
Population Median	488	785	1,414
Percentage of Tract Population	9-18%	19-30%	31-61%
Percentage of Tract Population Median	14%	23%	37%
Total Number of Tracts	28	28	28

	Low	Mid	High
Overall Range of Population	136-664	674-1,068	1,116-2,254
Number of Georgetown Tracts	2	5	7
Number of Horry Tracts	26	23	21
Total Number of Tracts	28	28	28

Median Household Income

The State of South Carolina ranks 42nd among other states in the US for Median HH Income. SC’s median HH income is 15% higher than the lowest rank state (Mississippi) and 39% lower than the highest ranked state (Maryland). South Carolina’s median HH Income is 15% lower than the US as a whole. Although slightly different in dollars, both Horry and Georgetown Counties median HH Income is 19% lower than the US as a whole. However, Horry & Georgetown Counties median HH Income is only 4% lower than the State’s median HH Income. Among the 46 counties in SC, Horry ranks 11th in Median HH Income while Georgetown ranks 15th. (United States Census Bureau 2013)

Median Household Income

	Median household income
United States	\$52,762
South Carolina	\$44,587
Horry County, SC	\$42,877
Georgetown County, SC	\$42,677

(Index Mundi 2013)

Median Household Income- Horry County

In Horry County, the 23 tracts that make up the low bracket of median household income contain the lowest percentage of the population. Conway and Myrtle Beach tracts fell in all three brackets, representing diversity in the median household income of its residents. Conversely, Little River had no tracts that fell in the low category.

Horry County Tracts	Low	Mid	High
Range of HH Income	\$18,063 - \$38,414	\$38,582 - \$45,969	\$46,124 - \$74,821
Median HH Income	\$33,821	\$42,240	\$52,301
Percent of County Population	31%	33 %	36%
Number of Tracts	23	24	23

Median Household Income- Georgetown County

In Georgetown County, the lowest percentage of the population fell into the mid bracket. No tracts from Murrells Inlet or Pawleys Island were represented in the low bracket.

Georgetown County Tracts	Low	Mid	High
Range of HH Income	\$23,419 - \$35,080	\$35,357 - \$47,022	\$51,139 - \$68,283
Median HH Income	\$28,710	\$40,742	\$59,177
Percent of County Population	37%	29%	34%
Number of Tracts	5	4	5

[Median Household Income- Across the Counties](#)

After combining the counties into one distribution, only two of Georgetown’s 14 tracts fell into the mid bracket. Both tracts from Murrells Inlet now fall into the high bracket after combining the counties. With six tracts each in the low and high bracket, this suggests that Georgetown County consists of neighborhoods that have either relatively low median household income or relatively high median household income.

Brackets	Low	Mid	High
Range of HH Income	\$18,063 - \$37,031	\$38,414 - \$46,124	\$46,411 - \$74,821
Median HH Income	\$33,070	\$40,854	\$51,915
Total Georgetown Tracts	6	2	6
Total Horry Tracts	22	26	22
Total Number of Tracts	28	28	28

(Index Mundi 2013)

[Social Security Income and Public Assistance Income](#)

As discussed earlier, the percentage of population age 60 and older increased as one moved from the national average of 18% to South Carolina with an average of 19%. Horry County had an even higher percentage of residents age 60 and older, at almost 24%. Finally, Georgetown County had the highest percentage, with almost 28% of its residents age 60 and older.

Given these results, it is not surprising to see a similar pattern in the number of households receiving social security income. Almost 28% of US households receive social security income. This increases to over 31% as one considers South Carolina. Horry County surpasses this rate, with over 35% of households receiving social security income. Finally, Georgetown has the highest rate, with almost 44% of households receiving social security income.

Public assistance income appears to be less of a factor in South Carolina as a whole, plus both Horry and Georgetown Counties, than it is at the national level. In the United States, 2.57% of households receive public assistance income. In South Carolina the rate is less, at 1.70% of households. Public assistance income in Horry and Georgetown Counties is also below the national average, with 1.59% and 1.84% of households receiving assistance respectively.

Geography	Total Households:	Total Households: - With Social Security income	Total Households: - No Social Security income	Total Households: - With public assistance income	Total Households: - No public assistance income
United States	114,761,359	32,005,143	82,756,216	2,948,651	111,812,708
South Carolina	1,758,732	548,805	1,209,927	29,935	1,728,797
Horry County, SC	112,358	39,552	72,806	1,791	110,567
Georgetown County, SC	22,329	9,743	12,586	410	21,919

Geography	Percentage of Households: - With Social Security income	Percentage of Households: - With public assistance income
United States	27.89%	2.57%
South Carolina	31.20%	1.70%
Horry County, SC	35.20%	1.59%
Georgetown County, SC	43.63%	1.84%

[Social Security Income- Horry County](#)

Consistent with the previous result that more seniors live in the beachside communities, Surfside Beach and Socastee represent the highest levels of households with social security income. Up to 63% of households in these areas receive this type of income. Also consistent is the result that the inland communities of Floyd’s Crossroads and Forestbrook represent the lowest levels of households. At the lowest level, 14% of households receive social security income.

Horry County Tracts	Low	Mid	High
Range of Population	77–402	422–649	655–1,283
Population Median	310	489	893
Percent of Tract Population	14-29%	30-39%	40-63%
Percent of Tract Population Median	24%	36%	45%
Number of Tracts	23	24	23

[Social Security Income- Georgetown County](#)

Pleasant Hill-Folly Grove and Pawleys Island represent the highest levels, with up to 52% of households receiving social security income. Georgetown and Plantersville represent the lowest levels. However,

the lowest level of households in Georgetown County is 33% of households receiving social security income.

Georgetown County Tracts	Low	Mid	High
Range of Population	327–549	553–677	771–1,178
Population Median	413	626	1,022
Percent of Tract Population	33-36%	39-47%	48–54%
Percent of Tract Population Median	35%	40%	52%
Number of Tracts	5	4	5

[Social Security Income- Across the Counties](#)

Initially when looking at the distribution of households receiving social security income across the counties, Horry and Georgetown Counties’ tracts appear to be evenly distributed across the low, mid, and high brackets. However, when looking at the percentage of households receiving social security income, all of Georgetown County’s tracts fall in the mid to high range. This suggests that a significant portion of the Georgetown County population consists of seniors who rely on social security income.

Brackets	Low	Mid	High
Range of Population	77–424	425–655	677–1,283
Population Median	327	503	896
Percentage of Population	14-32%	32-40%	41-63%
Percentage of Population Median	27%	37%	48%
Total Number of Tracts	28	28	28

	Low	Mid	High
Overall Percentage of Population	14-32%	32-40%	41-63%
Number of Georgetown Tracts	0	8	6
Number of Horry Tracts	28	20	22
Total Number of Tracts	28	28	28

[Public Assistance Income- Horry County](#)

In Horry County, the highest levels of households receiving public assistance income are in Surfside Beach and Socastee. The lowest levels of recipient households are located in Floyds Crossroad and Forestbrook.

Horry County Tracts	Low	Mid	High
Range of Population	0-8	9-32	33-110
Population Median	0	18.5	53
Percent of Tract Population	0-1%	1-2%	2-7%
Percent of Tract Population Median	0%	1%	3%
Number of Tracts	23	24	23

[Public Assistance Income Georgetown County](#)

The highest levels of households receiving public assistance income are represented by the towns of Andrews, Sampit, and North Santee. The lowest levels of recipient households are represented by Georgetown and Murrells Inlet.

Georgetown County Tracts	Low	Mid	High
Range of Population	0–11	18–28	29–86
Population Median	0	23	63
Percent of Population	0-1%	1-2%	3-8%
Percent of Population Median	0%	1%	4%
Number of Tracts	5	4	5

Public Assistance- Across the Counties

Looking at public assistance income across the two counties, there appear to be no major differences between percentages of households receiving public assistance income. Both counties’ tracts are evenly spread across the low, mid, and high brackets.

Brackets	Low	Mid	High
Range of Population	0–9	10–30	32–110
Population Median	0	20	55
Percentage of Population	0-1%	1-2%	2-8%
Percentage of Population Median	0%	1%	3%
Total Number of Tracts	28	28	28

	Low	Mid	High
Overall Percentage of Population	0–1%	1–2%	2–8%
Number of Georgetown Tracts	4	4	6
Number of Horry Tracts	24	24	22
Total Number of Tracts	28	28	28

Education

Percentage of Population with less than a High School Education & Percentage with a Bachelor's Degree or more

For residents 18 and older, South Carolina has a higher percentage of this population with less than a High School education and a lower percentage with a Bachelor's Degree or higher when compared to the US as a whole. Horry and Georgetown Counties are even lower than both the nation and the state rates for the percentage of the population with a bachelor degree or higher. Where the two counties differ is how they compare to the state and nation on high school graduation rates. For residents 18 and older, 15% of the US does not hold a high school diploma. This rate is 17% for the state of South Carolina. Whereas Georgetown County falls in between the national and state rates for high school graduation with a rate of 16%, Horry County falls below all three, with only 13% of its adult residents without a high school diploma.

Geography	Total Population 18 and Over	Population with less than HS Education		Population with more than Bachelor's Degree	
United States	232,556,019.00	34,593,845.00	15%	59,814,805	26%
South Carolina	3,500,728.00	583,975.00	17%	769,742	22%
Horry County, SC	211,389	27,326	13%	42,306	20%
Georgetown County, SC	47,123	7,598	16%	9,599	20%

Less than High School Education- Horry County

In Horry County, the inland towns of Loris and Socastee have the highest population of adult residents without a high school diploma. North Myrtle Beach and Forestbrook have the lowest population count of adults with less than a high school education. Socastee and Galivants Ferry have about 10% of population with less than a high school education in Horry County.

Horry County Tracts	Low	Mid	High
Range of Population	10-216	230-440	448-1565
Population Median	133	342	645
Percent of Tract Population	0-8%	8-15%	16-37%
Percent of Tract Population Median	6%	10%	21%
Number of Tracts	23	24	23

[Less than High School Education- Georgetown County](#)

In Georgetown County, the inland towns of Andrews and Georgetown have the highest percentage of adults with less than a high school education, while the beachside towns of Pawleys Island and Murrells Inlet have the lowest.

Georgetown County Tracts	Low	Mid	High
Range of Population	140-364	503-749	802-1239
Population Median	205	613	885
Percent of Population	4-14%	19-22%	24-29%
Percent of Population Median	5%	21%	28%
Number of Tracts	5	4	5

[Less than High School Education- Across the Counties](#)

When looking at less than high school education across the counties, Georgetown County is again located in the extremes of the distribution. Here only three of the 14 tracts are located in the mid bracket, while the remaining tracts are located in the low and high brackets. Half of Georgetown County’s tracts are in the high bracket for adults without a high school education. These tracts are again located in the inland communities of Georgetown and Andrews. As before, the beachside towns of Pawleys Island and Murrells Inlet are in the low bracket of adults without a high school education.

	Low	Mid	High
Georgetown County	4	3	7
Horry County	24	25	21
Total Number of Tracts	28	28	28

Bachelor’s Degree or Higher -Horry County

In Horry County the inland communities of Galivants Ferry, Loris, and Aynor represent the low bracket of adults with a bachelor’s degree or higher. The beachside communities of Little River, and North Myrtle Beach represent the high bracket of adults with a bachelor’s degree or higher. Myrtle Beach has neighborhoods in both the low and high brackets.

Horry County Tracts	Low	Mid	High
Range of Population	61-375	380-710	750-1926
Population Median	249	506	1,028
Percent of Population	3-14%	15-25%	25-45%
Percent of Population Median	10%	19%	32%
Number of Tracts	23	24	23

Bachelor’s Degree or Higher -Georgetown County

In Georgetown County, the inland towns Sampit, Georgetown, and Andrews represent the low bracket of towns with residents who have earned a bachelor’s degree or higher. The beachside communities of Pawleys Island and Murrells Inlet represent the high bracket of residents with a Bachelor’s Degree or Higher.

Georgetown County Tracts	Low	Mid	High
Range of Population	62-379	399-830	1247-1747
Population Median	275	586	1401
Percent of Population	2-11%	12-30%	31-48%
Percent of Population Median	8%	17%	39%
Number of Tracts	5	4	5

Bachelor's Degree or Higher- Across the Counties

When looking at the number of bachelor's degree across counties, eight of Georgetown County's tracts are in the high bracket. These areas with a high percentage of residents who have earned a bachelor's degree or higher are again represented by the beachside communities of Pawleys Island and Murrells Inlet. The low bracket is again represented by inland communities in both counties.

Brackets	Low	Mid	High
Range of Population	61-375	380-710	750-1,926
Population Median	252	506	1,053
Percentage of Tract Population	2-13%	14-25%	25-48%
Percentage of Tract Population Median	9%	18%	33%
Total Number of Tracts	28	28	28

	Low	Mid	High
Overall Range of Population	61-375	380-710	750-1,926
Georgetown County	3	3	8
Horry County	25	25	20
Total Number of Tracts	28	28	28

Poverty

Percent of People Living in Poverty, Percent of Children Living in Poverty

In the United States, 14% of residents and 20% of children live below the poverty level. South Carolina is higher than the national average in both categories, with 17% of residents and 24% of children in the state living below the poverty level. Horry County has a similar rate than the state average when it comes to all residents. However, the rate of Horry County children living in poverty exceeds both the national and state averages, with a county rate of 26%. Georgetown County has the highest rates in both categories, with almost 21% of residents and almost 33% of children living below the poverty level.

Geography	Total; Population for whom poverty status is determined	Below poverty level; Population for whom poverty status is determined	Percent below poverty level; Population for whom poverty status is determined	Total; AGE - Under 18 years	Below poverty level; AGE - Under 18 years	Percent below poverty level; AGE - Under 18 years
United States	298,787,998	42,739,924	14.3%	72,906,668	14,550,805	20.0%
South Carolina	4,433,220	753,705	17.0%	1,058,864	258,033	24.4%
Horry County, SC	261,710	43,830	16.7%	52,625	13,887	26.4%
Georgetown County, SC	59,664	12,452	20.9%	12,964	4,271	32.9%

People Living in Poverty- Horry County

In Horry County, the towns with the highest level of poverty are Myrtle Beach and Longs, while Garden City has the lowest percentage. In the high bracket, these neighborhoods have up to 56% of residents and 82% of children living below the poverty level, the latter of which occurs in Longs.

Horry County Tracts	Low	Mid	High
Range of Population	27-349	352-722	780-2105
Population Median	219	473	952
Percent of Population Range	3-10%	10-18%	19-56%
Percent of Population Median	7%	14%	27%
Number of Tracts	23	24	23

[Children Living in Poverty- Horry County](#)

Horry County Tracts	Low	Mid	High
Range of Population	0-47	49-208	227-907
Population Median	14	137	427
Percent of Tract Population	0-10%	11-26%	27-82%
Percent of Tract Population Median	3%	16%	44%
Number of Tracts	23	24	23

[People Living in Poverty- Georgetown County](#)

In Georgetown County, the towns with the highest level of poverty are the inland communities of Andrews, Georgetown, and Plantersville. The lowest poverty levels are in the beachside communities of Pawleys Island and Murrells Inlet. Here, the high bracket has neighborhoods with 43% of its residents and 60% of its children living below the poverty level.

Georgetown County Tracts	Low	Mid	High
Range of Population	1983-373	402-1,155	1,237-2,394
Population Median	323	815	1,350
Percent of Tract Population	5-9%	10-22%	26-43%
Percent of Tract Population Median	8%	20%	35%
Number of Tracts	5	4	5

Children Living in Poverty- Georgetown County

Georgetown County Tracts	Low	Mid	High
Range of Population	0-33	115-372	400-808
Population Median	27	308	632
Percent of Population	0-8%	19-38%	41-60%
Percent of Population Median	4%	28%	49%
Number of Tracts	5	4	5

People Living in Poverty- Across the Counties

Once again Georgetown County tracts fall mostly in the low and high brackets when considering the two counties as one distribution. Looking at the residents of all ages and children living in poverty, the beachside communities of Pawleys Island and Murrells Inlet have the lowest levels of both, while the inland communities of Andrews and Georgetown represent the highest levels in both categories.

	Low	Mid	High
Overall Percentage of Population	3-10%	10-19%	20-56%
Number of Georgetown Tracts	4	3	7
Number of Horry Tracts	24	25	21
Total Number of Tracts	28	28	28

Children Living in Poverty- Across the Counties

	Low	Mid	High
Overall Range of % of Population	0-10%	11-29%	33-82%
Number of Georgetown Tracts	5	1	8
Number of Horry Tracts	23	27	20
Total Number of Tracts	28	28	28

(United States Census Bureau 2013)

Land and Water Area

Due to the location of South Carolina, the environment of both coastal waters and inland waters are significant for Horry and Georgetown Counties. Both marine and wildlife environmental issues are relevant in fundraising. In addition, Horry County is the largest county by square mile for land area, spanning 1,133 square miles.

Horry County and Georgetown Counties	Square Miles	Percentage Break Down
Coastal Water Area	72.00	0.23%
Inland Water Area	1,006	3.23%
Land Area	30,109	96.54%
Total Area	31,189	100.00%

NPOs

Background

Beginning with the 2010 Tax Year, which translates into a 2011 filing year and later, the Internal Revenue Service increased the thresholds for filing the various formats of the Form 990, which is used by tax-exempt organizations. With this change, NPOs with Gross Receipts of less than \$50,000 do not need to file the Form 990 (Internal Revenue Service 2013).

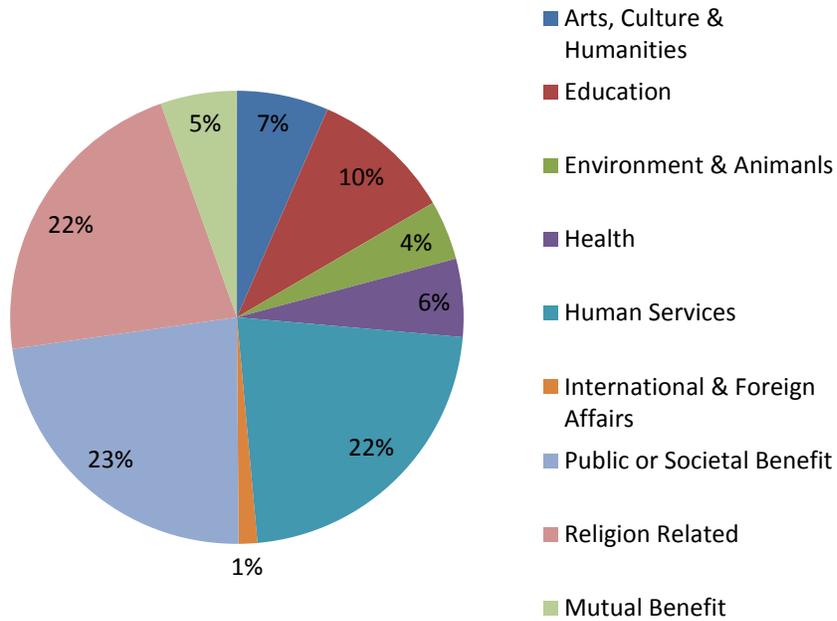
Across the United States, 367,146 of the 1,565,497 registered NPOs, or 23.45%, filed the Form 990 in 2011. In South Carolina, 4,317 of the 22,250 registered NPOs, or 19.40%, filed the Form 990 in 2011. In Horry County, 354 of the 826 registered NPOs, or 42.86%, filed the Form 990 in 2011. Of the 286 registered NPOs in Georgetown County, 134, or 46.37%, of NPOs filed the Form 990. This suggests that the Form 990 filing rate is higher in Horry and Georgetown Counties than in the state or nation as a whole. It also suggests that over half of NPOs in both counties have gross receipts of less than \$50,000 (National Center for Charitable Statistics at the Urban Institute 2013).

NPOs as a Percent of Total

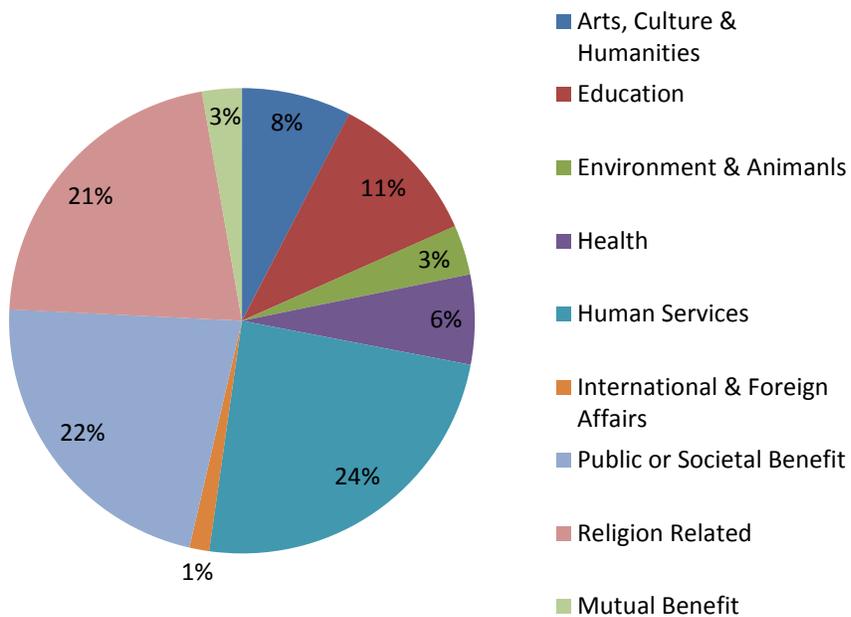
The results in the following table suggest that the frequency of NPOs by category is relatively consistent across the two counties, the state, and the nation. Although slight variations exist, there are no major differences evident in the representation of various NPO categories within the communities (NCCS 2012).

NTEE Classification	HORRY	GEORGETOWN	SC	US
Arts, Culture, and Humanities	7%	8%	5%	7%
Education	10%	11%	10%	12%
Environment and Animals	4%	3%	17%	4%
Health	6%	6%	4%	6%
Human Services	22%	24%	17%	23%
International, Foreign Affairs	1%	1%	1%	1%
Public, Societal Benefit	23%	22%	21%	26%
Religion Related	22%	21%	18%	16%
Mutual/Membership Benefit	5%	3%	5%	5%
Unknown, Unclassified	0%	0%	1%	0%

% of Total Horry NPOS



% of Total Georgetown NPOS



Revenues Percent of Total – Vertical Analysis

Considering NPO revenues for SC and the US, the majority of NPO revenues in SC and the US are derived from the Health NTEE classification (41.96% SC and 50.05% US). The second major source of NPO revenue in SC is from Public, Societal Benefit classification (25.34% compared to 11.74% in the US). The second major source of NPO revenue in the US is from the Education classification (13.44% compared to 15.87% in SC).

The majority of NPO revenue in Horry County derives from Health (55.58%) and Public, Societal Benefit (30.16%). In Horry County, 30.16% of revenues come from Public, Societal Benefit compared to 25.34% in SC and 11.74% in the US. The remaining 13.99% of revenue comes from the 8 other NTEE classifications. The majority of NPO revenues in Georgetown come from Health (79.19%). The remaining 20.81% comes from 9 other NTEE classifications (NCCS 2012).

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	0.48%	0.57%	1.21%	1.76%
Education	4.56%	1.85%	15.87%	13.44%
Environment and Animals	0.47%	5.07%	0.36%	0.86%
Health	55.58%	79.19%	41.96%	50.05%
Human Services	7.51%	5.53%	9.52%	11.97%
International, Foreign Affairs	0.11%	0.04%	0.83%	1.58%
Public, Societal Benefit	30.16%	6.76%	25.34%	11.74%
Religion Related	0.68%	0.97%	1.49%	0.72%
Mutual/Membership Benefit	0.46%	0.02%	3.42%	7.75%
Unknown, Unclassified	-	-	0.01%	0.13%
TOTALS	100.00%	100.00%	100.00%	100.00%

Assets Percent of Total – Vertical Analysis

Considering NPO assets, the three major categories represented across the two counties, the state, and the nation are again Education, Health, and Public - Societal Benefits. Within the Education NTEE category, less than 1% of Georgetown County NPO assets, 12.35% of Horry County NPO assets, and 31.42% of South Carolina NPO assets are attributed to this category. The percentage of assets for

Education NPOs in South Carolina is high relative to the US (15.33%). However, Horry and Georgetown County are relatively low compared to South Carolina and the US.

The Health and Public, Societal Benefit categories make up 63.72% and 23.70% percent of Georgetown NPO assets respectively. This represents 87.42% of the total NPO assets in Georgetown. In Horry County, 44.45% of assets are related to Health and 35.50% are related to Public, Societal Benefits. This represents 79.95% of total NPO assets in Horry County. Both counties have a higher percentage of NPO assets in the Health category than the state and the nation. Compared with 44.45% for Horry County and 63.72% for Georgetown County, only 28.75% of South Carolina assets and 20.44% of US assets are utilized in the Health Category. The nation exceeds South Carolina and the two counties in the Public, Societal Benefit Category. In the US, 48.90% of NPO assets are utilized in this category. This compares with 26.15% in South Carolina, 35.50% in Horry County, and 23.70% in Georgetown County.

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	0.40%	0.36%	1.81%	2.00%
Education	12.35%	0.24%	31.42%	15.33%
Environment and Animals	0.20%	8.70%	1.49%	0.77%
Health	44.45%	63.72%	28.75%	20.44%
Human Services	5.72%	2.84%	8.30%	6.27%
International, Foreign Affairs	0.03%	0.01%	0.13%	0.61%
Public, Societal Benefit	35.50%	23.70%	26.15%	48.90%
Religion Related	1.07%	0.44%	1.15%	0.66%
Mutual/Membership Benefit	0.28%	0.01%	0.79%	4.97%
Unknown, Unclassified	-	-	0.02%	0.04%
TOTALS	100.00%	100.00%	100.00%	100.00%

Horizontal Analysis – revenue by County NTEE Classification as a Percent of SC

The revenues of NTEE categories by county as a percent of South Carolina NPO revenues range from 0.05% to 5.83%, with the exception of the Environment and Animals category in Georgetown County. The category’s revenues within Georgetown County represent 15.71% of Environment and Animals NPO revenues for all of South Carolina (NCCS 2012).

NTEE Classification	Horry as a % of South Carolina	Georgetown as a % of South Carolina	SC as a % of the U.S.
Arts, Culture, and Humanities	1.74%	0.52%	0.50%
Education	1.26%	0.13%	0.85%
Environment and Animals	5.79%	15.71%	0.30%
Health	5.83%	2.11%	0.60%
Human Services	3.47%	0.65%	0.57%
International, Foreign Affairs	0.59%	0.05%	0.38%
Public, Societal Benefit	5.24%	0.30%	1.55%
Religion Related	2.00%	0.73%	1.49%
Mutual/Membership Benefit	0.58%	0.01%	0.32%
Unknown, Unclassified	-	-	0.03%
County NPOs per SC	4.40%	1.12%	0.72%

NPO Location Drivers

For each of the 10 NTEE categories discussed below, the type of service provided must be considered and each category assigned to one of three location drivers. The three location drivers are near the general population and money, near the specific population in need, and those that break the mold.

General Population and Money

- The NPOs in this category are as followed:
 - Arts, Culture & Humanities
 - Environment & Animals
 - Health (with the potential for mobile units for remote blood drives and health care)
 - International & Foreign Affairs
 - Mutual Benefits

It is more important for NPOs in this category to be located near higher populated areas and around business centers to attract donors and volunteers. Either the services they provide need to be able to reach the greatest amount of people (Hospitals) or the NPOs are more mobile in dealing with their causes (Environmental). The defined area near the general population and money for Horry County, the Horry Population Corridor, runs North and South along Hwy 17 and East and West along Hwy 501. The

defined area near the general population and money for Georgetown County, the Georgetown Population Corridor, runs North and South along Hwy 17 and includes the town of Georgetown.

Given that these two corridors include the beachside communities along Hwy 17, the census profile of these areas is also addressed. These communities have higher populations, more seniors, higher median household income, and a higher percentage of residents with a bachelor's degree or higher. For each of these categories, these residents with more disposable income and time provide a pool of potential donors and volunteers. In addition, the tourists who visit these beachside communities provide an additional pool of patrons and donors.

Specific Population in Need

- The NPOs in this category are as followed:
 - Education
 - Human Services

In this category, it is important for NPOs to be located where the end user can reach the service. Users are less likely to be mobile, driving the need for the NPO to be more local. For example, an after-school program located miles away from the students' homes or school would not be an effective location.

As with the previous location driver, the census profile of the specific populations in need will be addressed. These NPOs will not effectively build capacity by locating in either Corridor. Therefore, they are more likely to locate inland. As discussed, these inland communities are more racially diverse, have a lower population, more children, lower median household income, and a higher percentage of residents utilizing social security income. In addition, these communities have higher percentages of both residents in general and children living below the poverty level.

Un-Identifiable Category

- The NPOs in this category are as followed:
 - Religion Related
 - Public or Societal benefit

These two NPO categories do not fit neatly into the previous two location driver definitions.

Foundations are included in the Public/Societal Benefit category. Their charters dictate where they

operate; however, they could work with NPOs across the entire area. Regarding Religion Related NPOs, it is difficult to determine if the community grew around the church or if the church grew around the community. Each organization could fit into either of the previous mentioned categories depending on their specific agenda.

NPO by Category

Total NPOs by County

Horry County: Non-Reporting NPOs = 474; Reporting NPOs 352 (43%)

Georgetown County: Non-Reporting NPOs = 155; Reporting NPOs 134 (46%)

NTEE Categories with General Population & Money Location Driver

A-Arts, Culture & Humanities:

NCEE Classification	Socioeconomic Indicators
Arts Culture, Humanities	Race Age Median H/H Income

Horry County

- The total number of NPOs in this category is 54, representing 7% of the NPOS in Horry County.

# Of NPOs in this Category	# of People in Horry County	# Of NPOs in this Category / 1000 People In Horry County
54	265,139	.204

- The total number of reported revenues, expenses and assets and percentage to the total of Horry County's financials are as follows:
 - Revenues: \$3,114,283
 - Expenses: \$2,718,163
 - Assets: \$4,226,174

Percentage of Horry County Total:	Revenues	Expenses	Assets
Arts, Culture and Humanities	.48%	.44%	.4%

The following ratios provide insight into the financial efficiency of the Horry County NPOs in this category as a whole. For example, The Urban Institute considers the result of the Expenses/Revenues ratio as a measure of financial health or financial distress. The interpretation for this ratio is that for every dollar of revenues collected, this is the dollar amount of expenses paid. When this ratio is below one, The Urban Institute considers a NPO or a group of NPOs in overall financial health. When the ratio is one or greater, The Urban Institute considers the NPOs under evaluation as in financial distress because the NPOs are spending more than they are taking in, threatening their future viability (The Urban Institute 2000).

ROA (Revenues- Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.09	\$0.87	\$0.74

With an Expenses/Revenues ratio of \$0.87, the Arts, Culture and Humanities NPO category in Horry County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.87. This leaves 13 cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets for the Arts, Culture and Humanities category in Horry County are as follows:
 - Revenues: \$ 36,726
 - Expenses: \$ 25,353
 - Assets: \$30,225

- Given that many NPOs do not file the Form 990, the Lower Extreme for all financial ranges in all NPO categories is zero. The Upper Extreme of the revenues, expenses and assets for the Arts, Culture and Humanities in Horry County are as follows:
 - Revenues: \$536,006
 - Expenses: \$468,063
 - Assets: \$1,086,404

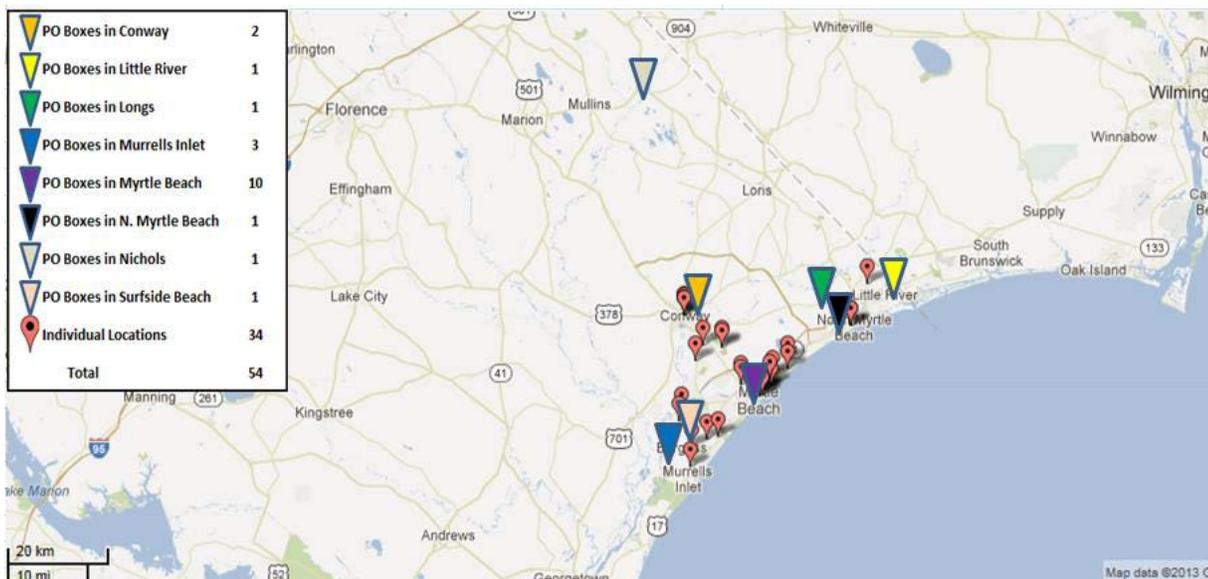
- The Arts, Culture, and Humanities category in Horry County includes five large organizations in terms of revenues, assets, and expenses:
 - Children’s Museum of South Carolina Inc.
 - Long Bay Symphonic Society Ltd
 - Theatre of the Republic Inc.
 - Franklin G Burroughs Simeon Chapin Art Museum
 - North Myrtle Beach Historical Museum

54 Registered Organizations Within The Category (26 Filing Form 990 / 28 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues/ Assets
With Major Players	\$3,114,283	\$2,718,163	\$4,226,174	\$0.09	\$0.87	\$0.74
Without Major Players	\$860,764	\$857,675	\$1,393,385	\$0.00	\$1.00	\$0.62

Removing the positive effect of these larger NPOs, the Arts, Culture and Humanities category has an Expenses/Revenues ratio of \$1.00, which suggests that the smaller NPOs in this category are financially distressed.

- The Location of these NPOs within Horry County are as follows:

Location:	Arts, Culture and Humanities (A)
North Myrtle Beach	3
Myrtle Beach	31
Conway	9
Surfside	2
Little River	2
Aynor	0
Loris	0
Nichols	1
Galivants Ferry	0
Murrells Inlet	5
Longs	1



Georgetown County

- The total number of NPOs in this category is 22, representing 7.6% of the NPOs in Georgetown County

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
22	60,280	.365

- The total number of revenues, expenses and assets and percentage to the total of Georgetown’s financials are as follow:
 - Revenues total \$931,885
 - Expenses total \$967,273
 - Assets total \$1,607,676

Percentage of Georgetown County Total:	Revenues	Expenses	Assets
Arts, Culture, & Humanities	0.6%	0.6%	0.4%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
-\$0.02	\$ 1.04	\$.58

With an Expenses/Revenues ratio of \$1.04, the Arts, Culture and Humanities NPO category in Georgetown County is financially distressed overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$1.04. This implies that overall these NPOs will have trouble surviving and providing services to residents in the future.

- The Median number of revenues, expenses and assets for the Arts, Culture and Humanities NPOs in Georgetown County are as follows:
 - Revenue: \$79,174
 - Expenses: \$76,404
 - Assets: \$42,269

- Given that many NPOs do not file the Form 990, the Lower Extreme for all financial ranges in all NPO categories is zero. The Upper Extreme of the revenues, expenses and assets for the Arts, Culture and Humanities in Horry County are as follows:
 - Revenue: \$175,167
 - Expenses: \$331,737
 - Assets: \$479,304

- The Arts, Culture & Humanities NPO category in Georgetown County is even distributed with no NPO having any more than \$500,000 in total assets. There are 9 NPOs filing the Form 990 and 13 non-filers.

- The Location of these NPOs are as follows:

Location:	A (Arts, Culture, and Humanities)
Andrews	2
Georgetown	12
Pawleys Island	8



Combined County Look

	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1
Financial Health							Horry	26	0.09 – 2.94	0.87	15	11
Financial Distress							GT	9	0.47 - 1.89	1.04	5	4

In the Arts, Culture and Humanities category, there are 35 filers and 41 non-filers. The average Expenses/Revenues ratio in Horry County is .87. This means on average they are making more money than they are spending. Due to a ratio below one, Horry NPOs in this category are labeled as financially healthy. They also fall in the category of being near the general population and money. This is important because the category they are in requires them to be located near higher populated areas in order for optimal success. Most Horry NPOs are in the Horry Corridor, which puts them near the general

population and money in the county. Georgetown NPOs have an Expenses/Revenues ratio of 1.04. This puts them in the category as financially distressed. However, most of the NPOs have positioned themselves near the general population and money in the Georgetown Corridor.

Environment and Animals

NCEE Classification	Socioeconomic Indicators
Environment & Animals	Median H/H Income % of High School Graduates % of College Graduates Land Area Water Area

Horry County

- The total number of NPOs in this category is 35 representing 4% of the NPOs in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
35	265,139	.135

- The total number of revenues, expenses and assets and percentage to the total of Horry County’s financials are as follows:
 - Revenues: \$3,076,024
 - Expenses: \$2,460,295
 - Assets: \$2,037,244

Percentage of Horry County Total:	Revenues	Expenses	Assets
Environment & Animals	.47%	.4%	.2%

ROA (Revenues- Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.30	\$0.80	\$1.51

With an Expenses/Revenues ratio of \$0.80, the Environment and Animals NPO category in Horry County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.80. This leaves 20 cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$73,618
 - Expenses: \$ 89,323
 - Assets: \$ 53,754

- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$840,618
 - Expenses: \$388,463
 - Assets: \$622,563

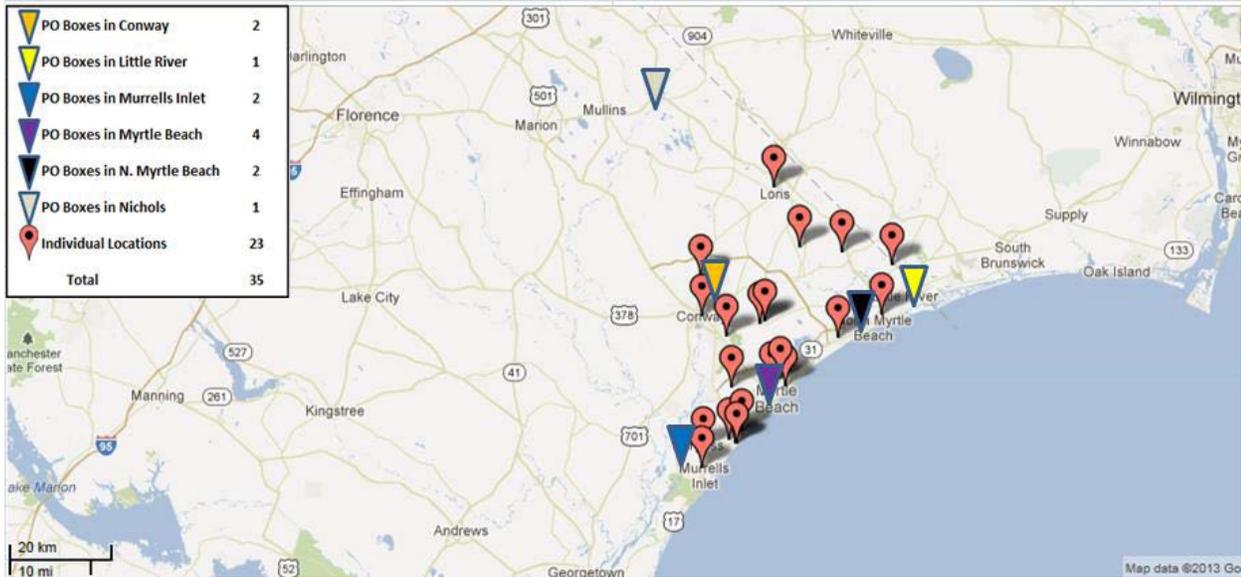
- The Environment and Animals category in Horry County includes four large organizations in terms of revenues, assets, and expenses:
 - Horry County Humane Society
 - Humane Society of North Myrtle Beach
 - Coastal Uncorked Inc.
 - Grand Stand Humane Society

35 Registered Organizations Within The Category (22 Filing Form 990 / 13 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$3,076,024	\$2,460,295	\$2,037,244	\$0.30	\$0.80	\$1.51
Without Major Players	\$1,192,900	\$1,101,062	\$925,002	\$0.10	\$0.92	\$1.29

Without these four large NPOs, the remaining NPOs in the category are still financially healthy overall, with an Expenses/Revenues ratio of \$0.92.

- The Location of these NPOs are as follows:

<u>Location:</u>	Environment & Animals (C,D)
North Myrtle Beach	3
Myrtle Beach	10
Conway	7
Surfside	4
Little River	2
Aynor	0
Loris	2
Nichols	1
Galivants Ferry	0
Murrells Inlet	4
Longs	1
Garden City	1



Georgetown

- The total number of NPOs in this category is 10, representing 3.5% of the NPOs in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
10	60,280	.166

- The total number of revenues, expenses and assets and percentage to the total of Georgetown County’s financials are as follows:
 - Revenues total \$8,339,347
 - Expenses total \$8,368,752
 - Assets total \$39,312,462

Percentage of:	Revenues	Expenses	Assets
Environment and Animals	5.1%	5.3%	8.7%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
(\$0.001)	\$ 1.00	\$ 0.21

With an Expenses/Revenues ratio of \$1.00, the Environment and Animals NPO category in Georgetown County is financially distressed overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending the entire \$1.00. This implies that overall these NPOs will have trouble surviving and providing services to residents in the future.

- The Median number of revenues, expenses and assets are as follows:
 - Revenue is \$241,194
 - Expenses is \$200,272
 - Assets is \$478,117
- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenue- \$7,208,931
 - Expenses- \$7,255,190
 - Assets- \$37,126,951
- The Environment and Animals category in Horry County includes one large organization in terms of revenues, assets, and expenses:
 - Brookgreen Gardens

10 Registered Organizations Within The Category (6 Filing Form 990 / 4 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$8,339,347	\$8,368,752	\$39,312,462	(\$0.001)	\$1.00	\$0.21
Without Major Players	\$1,130,416	\$1,113,562	\$1,185,511	\$0.008	\$0.99	\$0.52

Without this large NPO, the remaining NPOs in the category are slightly more financially healthy overall, with an Expenses/Revenues ratio of \$0.99.

- The Location of these NPOs are as follows:

Location:	C,D (Environment and Animals)
Andrews	0
Georgetown	7
Pawleys Island	3



[Combined County Look](#)

	Not Near The General Population & Money						Near The General Population & Money					
	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1
Financial Health							Horry	22	0.00-7.44	0.80	12	9
Financial Distress							GT	6	0.79-1.36	1.00	3	3

There are 28 total NPOs filing the Form 990 between the two counties and 17 non-filers. The 22 Horry NPOs have an Expenses/Revenues ratio of lower than one and are generally located in the Horry Corridor. These two factors make Horry NPOs in this category financially healthy and placed near the general population and money. The six Georgetown NPOs are positioned in a good location in the Georgetown Corridor, but have an Expenses/Revenues ratio of 1.00. This number means that many of these companies could potentially become more efficient to lower their ratio below one. They are located in the Georgetown Corridor, so they are appropriately located.

[Health](#)

NCEE Classification	Socioeconomic Indicators
Health	Age Median H/H Income % of High School Graduates % of College Graduates % Living in Poverty % of Children in Poverty

[Horry](#)

- The total number of NPOs in this category is 46, representing 5.5% of the NPOS in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
46	265,139	.173

- The total number of revenues, expenses and assets and percentage to the total of Horry County's financials are as follow:
 - Revenues: \$360,213,041
 - Expenses: \$344,350,235
 - Assets: \$463,964,916

Percentage of Horry County Total:	Revenues	Expenses	Assets
Health	56%	55%	44%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$.03	\$.96	\$.78

With an Expenses/Revenues ratio of \$0.96, the Health NPO category in Horry County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.96. This leaves four cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$8,785,684
 - Expenses: \$7,485,875
 - Assets: \$10,086,194

- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$157,147,790
 - Expenses: \$7,633,293
 - Assets: \$309,034,146

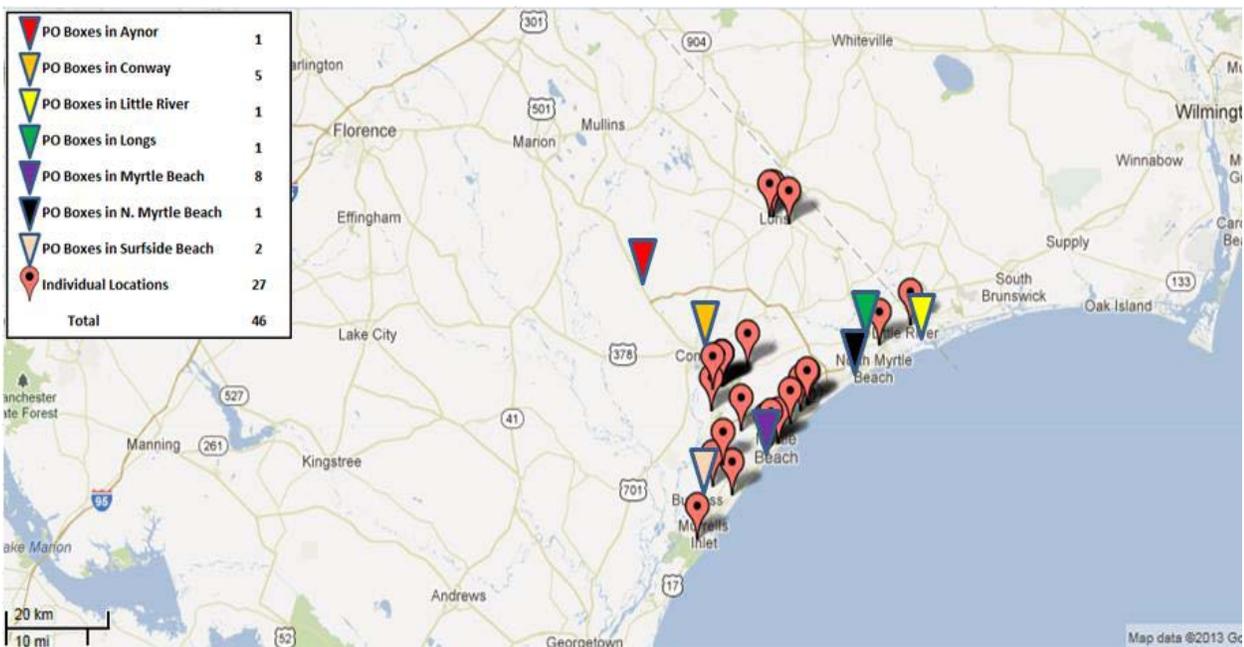
- The Health category in Horry County includes eleven large organizations in terms of revenues, assets, and expenses:
 - Careteam Inc.
 - Conway Hospital Anesthesia Professional Services
 - Friendship Medical Clinic Inc.
 - Horry County Commission on Alcohol and Drug Abuse
 - Health Care Partners of South Carolina Inc.
 - Conway Hospital Long Term Care Services Inc.
 - Conway Hospital Community Services
 - Conway Hospital Emergency Professional Services
 - Little River Medical Center Inc.
 - Waccamaw Commuity Hospital
 - Conway Hospital Inc.

46 Registered Organizations Within The Category (31 Filing Form 990 / 15 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$360,213,041	\$344,350,235	\$463,964,916	\$0.03	\$.96	\$0.78
Without Major Players	\$2,655,825	\$6,284,234	\$5,189,036	(\$0.70)	\$2.37	\$0.51

Without these eleven large NPOs, the remaining NPOs in the category are financially distressed overall, with an Expenses/Revenues ratio of \$2.37. For every dollar of revenues, the smaller NPOs in this category are expending \$2.37. This suggests that these NPOs may not be viable in the future.

- The Location of these NPOs are as follows:

Location:	E, F, G, H (Health)
North Myrtle Beach	1
Myrtle Beach	20
Conway	13
Surfside	3
Little River	3
Aynor	1
Loris	4
Nichols	0
Galivants Ferry	0
Murrells Inlet	1
Longs	0



Georgetown

- The total number of NPOs in this category is 18, representing 6.2% of the NPOs in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
18	60,280	.299

- The total number of revenues, expenses and assets and percentage to the total of Georgetown County's financials are as follows:
 - Revenues total \$130,227,969
 - Expenses total \$124,840,407
 - Assets total \$287,931,669

Percentage of:	Revenues	Expenses	Assets
Health	79.2%	79.5%	63.7%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.02	\$ 0.96	\$ 0.45

With an Expenses/Revenues ratio of \$0.96, the Health NPO category in Georgetown County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.96. This leaves four cents per dollar collected to grow the NPO category and build capacity. This ratio is identical to the corresponding ratio for Horry County.

- The Median number of revenues, expenses and assets are as follows:
 - Revenue is \$41,035
 - Expenses is \$43,042
 - Assets is \$8,816

- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenue- \$125,480,948
 - Expenses- \$117,139,729
 - Assets- \$283,539,480

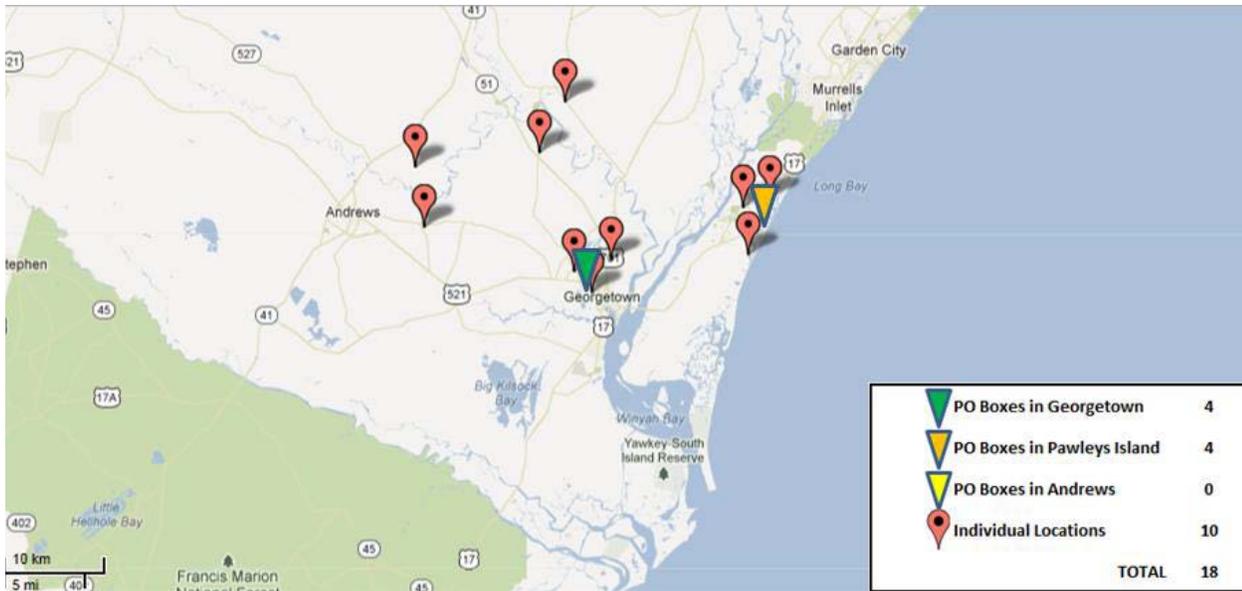
- The Health category in Georgetown County includes two large organizations in terms of revenues, assets, and expenses:
 - Georgetown Memorial Hospital
 - Georgetown Hospital Systems

18 Registered Organizations Within The Category (12 Filing Form 990 / 6 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$130,227,969	\$124,840,407	\$287,931,669	\$0.02	\$.96	\$0.45
Without Major Players	\$687,613	\$743,690	\$646,082	(\$0.09)	\$1.08	\$1.06

Without these two large NPOs, the remaining NPOs in the category are financially distressed overall, with an Expenses/Revenues ratio of \$1.08. For every dollar of revenues, the smaller NPOs in this category are expending \$1.08. This suggests that these NPOs may not be viable in the future.

- The Location of these NPOs are as follows:

Location:	E,F,G,H (Health)
Andrews	2
Georgetown	9
Pawleys Island	7



Combined County Look

	Not Near The General Population & Money						Near The General Population & Money					
	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1
Financial Health							Horry	31	0.11-7.69	0.96	17	14
							GT	12	0.84-2.13	0.96	3	9
Financial Distress												

In the Health Category, there are 43 filers of the Form 990 and 21 non-filers. Both Horry and Georgetown Health NPOs have Expenses/Revenues ratios below one and have positioned themselves near the general population and money. On average, both counties have Health NPOs that are financially healthy and have placed themselves in a good location.

International, Foreign Affairs

NCEE Classification	Socioeconomic Indicators
International Affairs	Race/Ethnicity

Horry

- The total number of NPOs in this category is 11, representing 1% of the NPOs in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
11	265,139	0.04

- The total number of revenues, expenses and assets and percentage to the total of Horry County’s financials are as follows:
 - Revenues: \$722,602
 - Expenses: \$776,886
 - Assets: \$360,676

Percentage of:	Revenues	Expenses	Assets
International Affairs	.11%	.12%	.03%

ROA (Revenues- Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$(0.15)	\$1.08	\$2.00

With an Expenses/Revenues ratio of \$1.08, the International Affairs NPO category in Horry County is financially distressed overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$1.08. This suggests that these NPOs may not be viable in the future.

- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$43,554
 - Expenses: \$ 35,104
 - Assets: \$ 23,230

- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$607,494
 - Expenses: \$685,089
 - Assets: \$309,330

The International Affairs category in Horry County includes one large organization in terms of revenues, assets, and expenses. This organization makes up approximately 84% of the total revenues reported within this category:

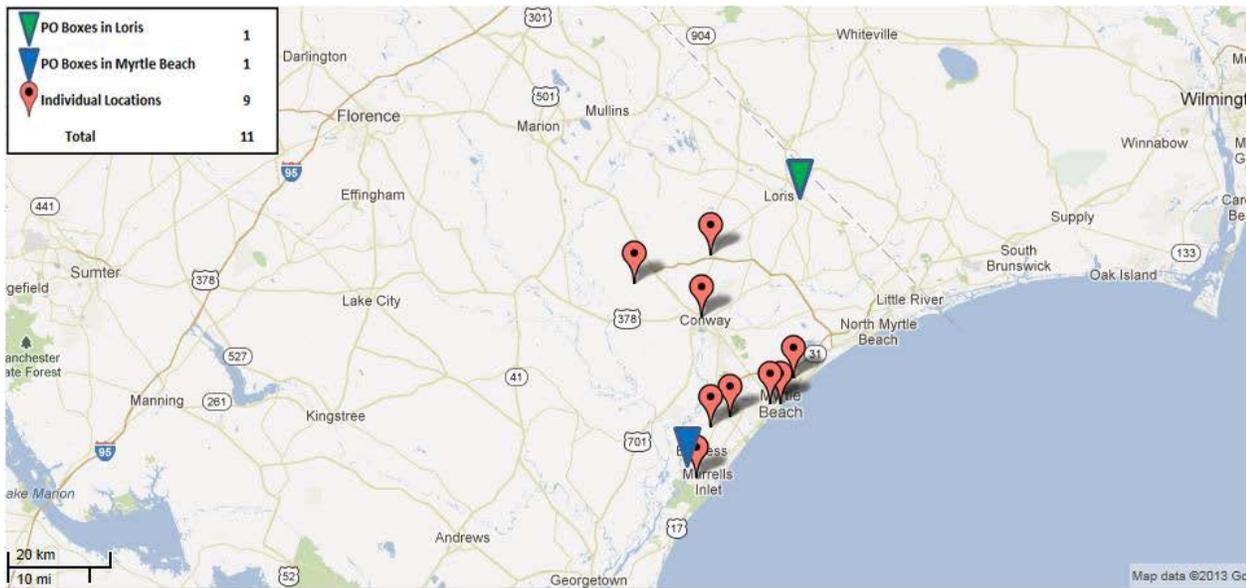
- Student American International Incorporated

11 Registered Organizations Within The Category (4 Filing Form 990 / 7 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$722,602	\$776,886	\$360,676	(\$0.15)	\$1.08	\$2.00
Without Major Players	\$115,108	\$91,797	\$51,346	\$0.45	\$0.80	\$2.24

Without this one large NPO, the remaining NPOs in the category are financially healthy overall, with an Expenses/Revenues ratio of \$0.80. For every dollar of revenues, the smaller NPOs in this category have 20 cents to devote to capacity building. This suggests that it is the one large NPO that may not be viable in the future.

- The Location of these NPOs are as follows:

Location:	International Affairs (Q)
North Myrtle Beach	0
Myrtle Beach	5
Conway	2
Surfside	0
Little River	0
Aynor	1
Loris	1
Nichols	0
Galivants Ferry	0
Murrells Inlet	2
Longs	0



Georgetown

- The total number of NPOs in this category is 4, representing 1.4% of the NPOs in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
4	60,280	0.07

- The total number of revenues, expenses and assets and percentage to the total of Georgetown County’s financials are as follows:
 - Revenues total \$61,180
 - Expenses total \$59,472
 - Assets total \$39,044

Percentage of Georgetown County Total:	Revenues	Expenses	Assets
International Affairs	0.04%	0.04%	0.01%

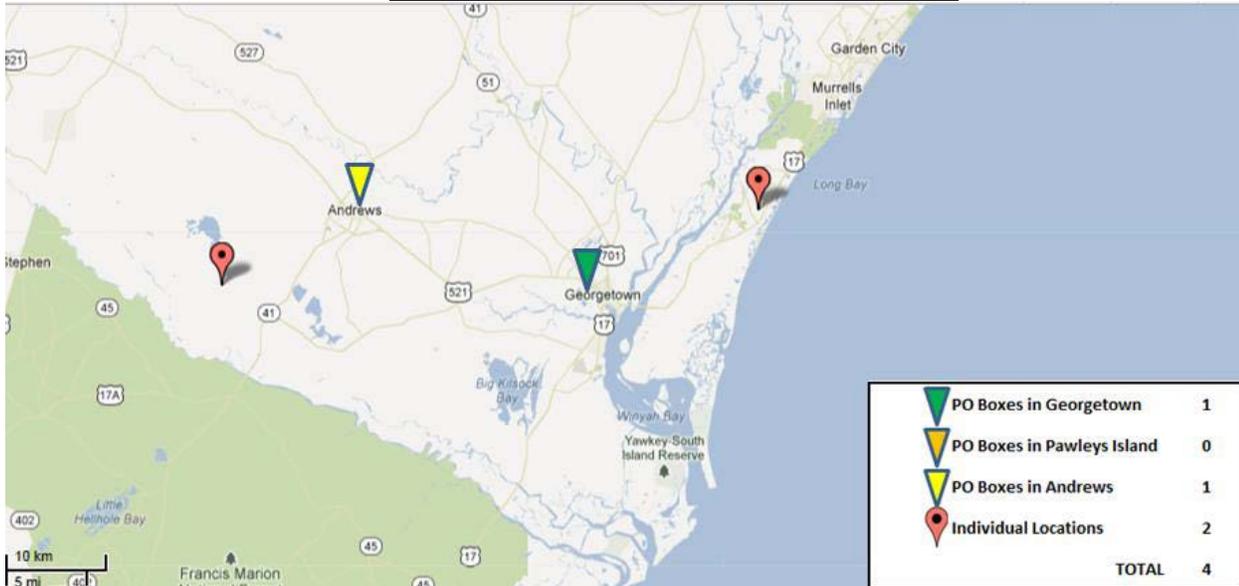
ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.04	\$ 0.97	\$ 1.57

With an Expenses/Revenues ratio of \$0.97, the International Affairs NPO category in Georgetown County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.97. This leaves four cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Only 1 NPO reporting
- The upper extreme of the range of revenues, expenses and assets are as follows:
 - Only 1 NPO reporting
- The International Affairs category in Georgetown County includes only one NPO that file the Form 990, and four NPOs that are non-filers.

- The Location of these NPOs are as follows:

Location:	Q (International Affairs)
Andrews	2
Georgetown	1
Pawleys Island	1



[Combined County Look](#)

	Not Near The General Population & Money						Near The General Population & Money					
	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1
Financial Health	GT	1	0.97	0.97	1	0						
Financial Distress							Horry	4	0.69-1.13	1.08	3	1

In the International and Foreign Affairs category, there are 5 companies that file and 10 non-filers. In Horry, the 4 companies that file have a Expenses/Revenues ratio average over one. However, they have placed themselves in a good location near the population and money, in the Horry Corridor. If they are able to become more efficient in their daily operations, they might be able to improve their capacity building efforts. In Georgetown, there is only one company that files the Form 990. This company has and Expenses/Revenues ratio below one, making it financially healthy. It is not near the Georgetown Corridor, but because of the extremely low number of companies in this category, they still should be able to operate profitably even if they are not near the general population.

Mutual Benefit

NCEE Classification	Socioeconomic Indicators
Mutual Benefit	Age Sex Race

Horry

- The total number of NPOs in this category is 45, representing 5% of the NPOs in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
45	265,139	0.17

- The total number of revenues, expenses and assets and percentage to the total of Horry’s financials are as follow:
 - Revenues: \$2,984,915
 - Expenses: \$2,586,838
 - Assets: \$2,881,469

Percentage of Horry County Total:	Revenues	Expenses	Assets
Mutual Benefit	.46%	.4%	.28%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$.14	\$.87	\$ 1.04

With an Expenses/Revenues ratio of \$0.87, the Mutual Benefit NPO category in Horry County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.87. This leaves 13 cents per dollar collected to grow the NPO category and build capacity.

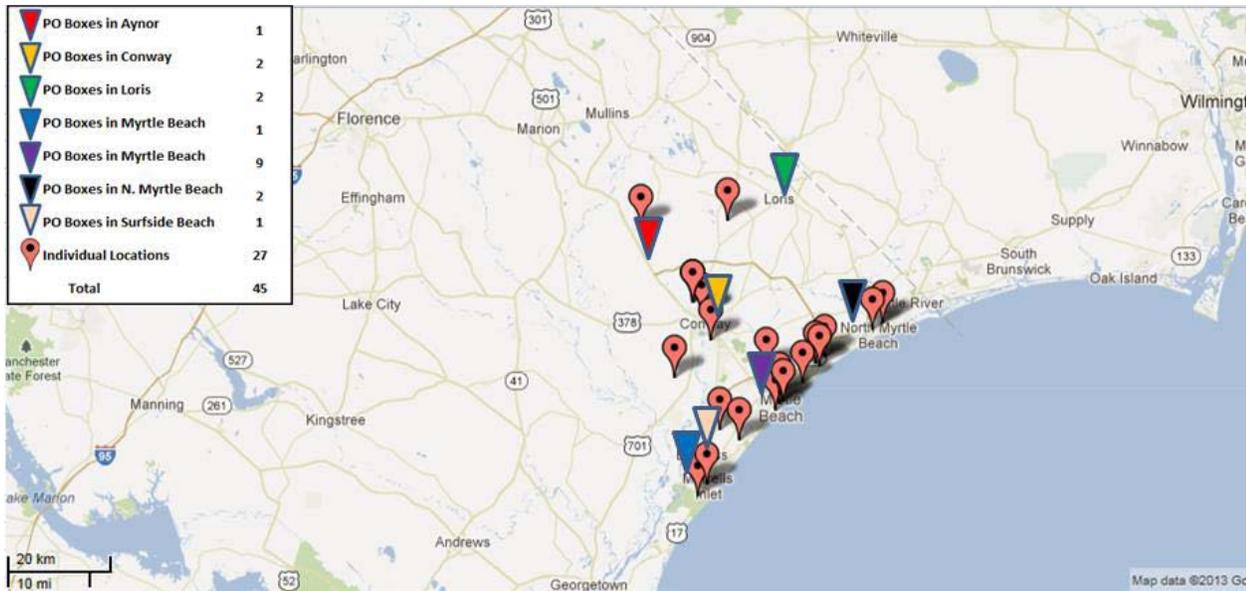
- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$ 102,390
 - Expenses: \$ 102,509
 - Assets: \$39,477
- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$ 1,122,927
 - Expenses: \$ 901,921
 - Assets: \$1,540,580
- The Mutual Benefit category in Horry County includes one large organization in terms of revenues, assets, and expenses:
 - Surfside Beach Lodge No 2351 Moose

45 Registered Organizations Within The Category (11 Filing Form 990 / 34 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$2,984,915	\$2,586,838	\$2,881,469	\$0.14	\$0.87	\$1.04
Without Major Players	\$1,827,845	\$1,648,155	\$1,331,160	\$0.13	\$0.90	\$1.37

Without this one large NPO, the remaining NPOs in the category are financially healthy overall, with an Expenses/Revenues ratio of \$0.90. For every dollar of revenues, the smaller NPOs in this category have 10 cents to devote to capacity building.

- The Location of these NPOs are as follows:

Location:	Y (Mutual Benefit)
North Myrtle Beach	4
Myrtle Beach	19
Conway	9
Surfside	2
Little River	0
Aynor	1
Loris	4
Nichols	0
Galivants Ferry	1
Murrells Inlet	5



Georgetown

- The total number of NPOs in this category is 8, representing 2.8% of the NPOS in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
8	60,280	0.13

- The total number of revenues, expenses and assets and percentage to the total of Georgetown County’s financials are as follows:
 - Revenues total \$30,709
 - Expenses total \$33,226
 - Assets total \$29,553

Percentage of Georgetown County Total:	Revenues	Expenses	Assets
Mutual Benefit	0.02%	0.02%	0.01%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
(\$0.09)	\$ 1.08	\$ 1.04

With an Expenses/Revenues ratio of \$1.08, the Mutual Benefit NPO category in Georgetown County is financially distressed overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$1.08. This suggests that NPOs in this category may not be viable in the future.

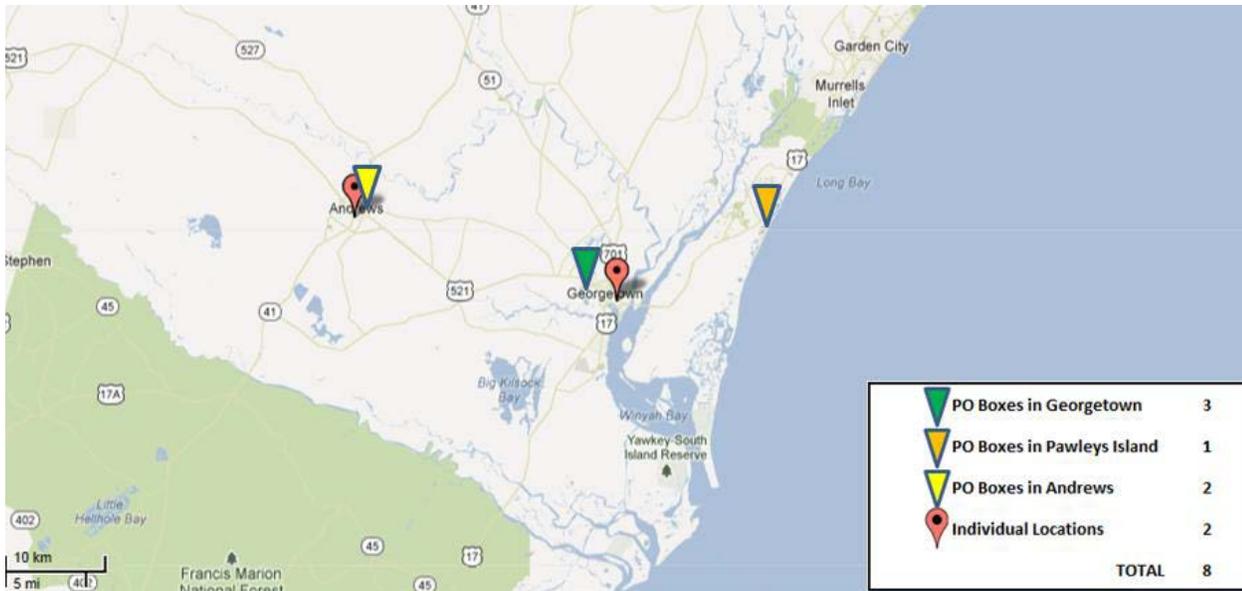
- The Median number of revenues, expenses and assets are as follows:
 - Only 1 NPO is reporting

- The upper extreme of the range of revenues, expenses and assets are as follows:
 - Only 1 NPO is reporting

- The Mutual Benefit category in Georgetown County includes only one NPO that files the Form 990, and seven NPOs that are non-filers.

- The Location of these NPOs are as follows:

Location:	Y (Mutual Benefit)
Andrews	3
Georgetown	4
Pawleys Island	1



Combined County Look

	Not Near The General Population & Money						Near The General Population & Money					
	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1
Financial Health							Horry	11	0.45-1.18	0.86	8	3
Financial Distress	GT	1	1.08	1.08	0	1						

There are 12 filers in this category and 41 non-filers. The Horry County NPOs on average have an Expenses/Revenues ratio below one. They have also positioned themselves near the general population and money, in the Horry Corridor. There is only 1 filer in the Georgetown area. This company has an Expenses/Revenues ratio over 1. This company also is not located near the general population and money. This company might consider moving closer to the Georgetown Corridor, or trying to improve daily operations to increase revenues and lower expenses.

Specific Population in Need

Education

NCEE Classification	Socioeconomic Indicators
Education	Age Median H/H Income % of High School Graduates % of College Graduates

Horry

- The total number of NPOs in this category is 83, representing 10% of the NPOs in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
83	265,139	.313

- The total number of revenues, expenses and assets and percentage to the total of Horry’s financials are as follow:
 - Revenues: \$29,538,368
 - Expenses: \$25,199,341
 - Assets: \$128,970,290

Percentage of Horry County Total:	Revenues	Expenses	Assets
Education	4.56 %	4.05%	12.35%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.03	\$0.85	\$0.23

With an Expenses/Revenues ratio of \$0.85, the Education NPO category in Horry County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.85. This leaves 15 cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$ 65,651
 - Expenses: \$ 66,742
 - Assets: \$65,838

- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$11,873,292
 - Expenses: \$12,108,541
 - Assets: \$82,327,559

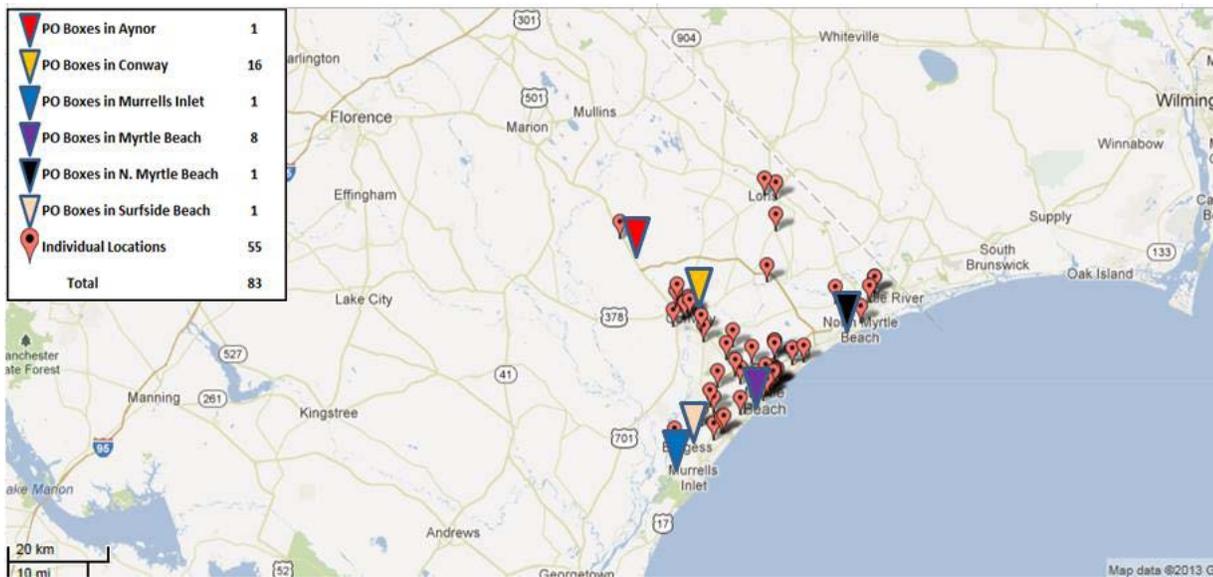
- The Education category in Horry County includes eight large organizations in terms of revenues, assets, and expenses:
 - Conway Christian School
 - Chanticleer Athletic Foundation
 - Palmetto Academy of Learning and Success
 - Waccamaw Park Public Charter Schools
 - Christian Academy
 - Horry-Georgetown Technical College Foundation Incorporated
 - Coastal Education Foundation Incorporated
 - CCU Student Housing Foundation

83 Registered Organizations Within The Category (34 Filing Form 990 / 49 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$29,538,368	\$25,199,341	\$128,970,290	\$0.03	\$0.85	\$0.23
Without Major Players	\$2,323,161	\$2,407,895	\$2,255,194	(\$0.04)	\$1.04	\$1.03

Without these eight large NPOs, the remaining NPOs in the category are financially distressed overall, with an Expenses/Revenues ratio of \$1.04. For every dollar of revenues, the smaller NPOs in this category are expending \$1.04. This suggests that these smaller Education NPOs may not be viable in the future.

- The Location of these NPOs are as follows:

Location:	Education (B)
North Myrtle Beach	2
Myrtle Beach	38
Conway	26
Surfside	4
Little River	4
Aynor	2
Loris	4
Nichols	0
Galivants Ferry	0
Murrells Inlet	2
Longs	1



Georgetown

- The total number of NPOs in this category is 31, representing 10.7% of the NPOS in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
31	60,280	.514

- The total number of revenues, expenses and assets and percentage to the total of Georgetown’s financials are as follow:
 - Revenues total \$3,043,208
 - Expenses total \$3,003,480
 - Assets total \$1,080,509

Percentage of Georgetown County Total:	Revenues	Expenses	Assets
Education	1.9%	1.9%	0.2%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.04	\$ 0.99	\$ 2.82

With an Expenses/Revenues ratio of \$0.99, the Education NPO category in Georgetown County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.99. This leaves one cent per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenue is \$42,368
 - Expenses is \$31,983
 - Assets is \$27,169
- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenue- \$1,475,549
 - Expenses- \$1,434,644
 - Assets- \$246,917
- The Education NPO category is even distributed with no NPO having any more than \$500,000 in total assets.

- The Location of these NPOs are as follows:

Location:	B (Education)
Andrews	2
Georgetown	18
Pawleys Island	11



Combined County Look

	<i>Not Near The Specific Population In Need</i>						<i>Near The Specific Population In Need</i>					
	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1
Financial Health	GT	18	(5.84)-1.27	0.99	9	9	Horry	34	0.00-20.05	0.85	15	19
Financial Distress												

There are 52 filers of the Form 990 in this category and 62 non-filers. Horry is deemed to be near the Specific Population in Need based on the socioeconomic factors related to the Education NTEE classification. A higher percentage of the population is 18 or younger, Median Household Income is in the lower range, and the percent of the population with a less than High School education is higher. The percent of the population with a bachelor degree or higher is lower. Based on these criteria, the Horry NPOs have placed themselves near the specific population in need, and they have an Expenses/Revenues ratio below one. However, some of these NPOs are expending far more than their revenues, which suggests that there is still room for efficiencies with particular NPOs.

Georgetown is deemed to be Not Near the Specific Population in Need based on the socioeconomic factors related to the Education NTEE classification. However, on average the Georgetown NPOs have an Expenses/Revenues Ratio below one. The companies are operating with financial efficiency, but they may need to position themselves so the consumer can reach them easier, and the NPOs can build capacity.

Human Services

NCEE Classification	Socioeconomic Indicators
Human Services	Age Median H/H Income % of High School Graduates % of College Graduates % Living in Poverty % of Children in Poverty

Horry

- The total number of NPOs in this category is 183, representing 22.2% of the NPOs in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
183	265,139	0.69

- The total number of revenues, expenses and assets and percentage to the total of Horry’s financials are as follows:
 - Revenues: \$48,646,236
 - Expenses: \$49,612,227
 - Assets: \$59,717,295

Percentage of Horry County Total:	Revenues	Expenses	Assets
Human Services	7.5%	8%	6%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
(\$.02)	\$ 1.02	\$.81

With an Expenses/Revenues ratio of \$1.02, the International Affairs NPO category in Horry County is financially distressed overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$1.02. This suggests that some of these NPOs may not be viable in the future.

- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$ 265,826
 - Expenses: \$ 272,595
 - Assets: \$326,324
- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$ 7,684,995
 - Expenses: \$ 7,633,293
 - Assets: \$16,907,55

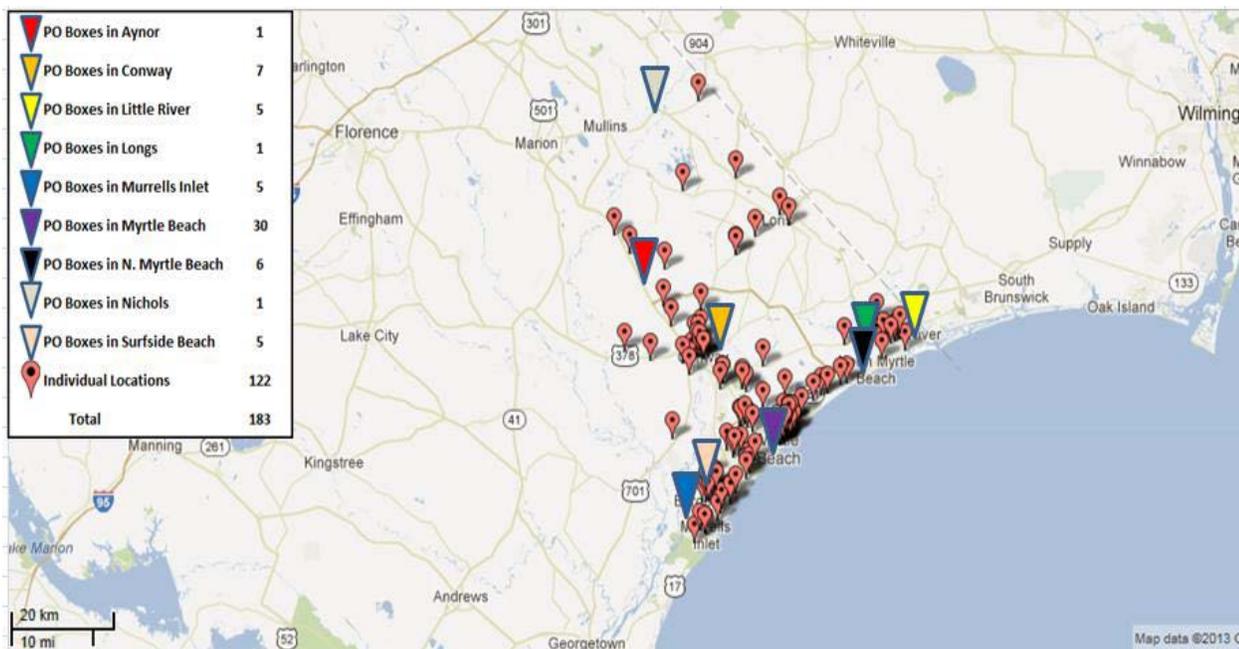
- The Human Services category in Horry County includes eight large organizations in terms of revenues, assets, and expenses.
 - Habitat for Humanity International Inc. Horry
 - Horry County Council on Aging
 - Wachesaw Plantation Club Inc.
 - YMCA of Coastal Carolina
 - Mercy Care
 - National Association of Competitive Soccer Clubs
 - Myrtle Beach Golf Holiday
 - Horry County Disabilities and Special Needs Board

183 Registered Organizations Within The Category (85 Filing Form 990 / 98 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$48,646,236	\$49,612,227	\$59,717,295	(\$0.02)	\$1.02	\$0.81
Without Major Players	\$11,020,519	\$25,280,806	\$30,283,927	(\$0.47)	\$2.29	\$0.36

Without these eight large NPOs, the remaining NPOs in the category are even more financially distressed overall, with an Expenses/Revenues ratio of \$2.29. For every dollar of revenues, the smaller NPOs in this category are expending \$2.29. This suggests that these smaller Human Services NPOs may not be viable in the future.

- The Location of these NPOs are as follows:

Location:	I, J, K, L, M, N, O, P (Human Services)
North Myrtle Beach	12
Myrtle Beach	87
Conway	33
Surfside	9
Little River	9
Aynor	3
Loris	6
Nichols	3
Galivants Ferry	1
Murrells Inlet	15
Longs	3
Green Sea	2



[Georgetown](#)

- The total number of NPOs in this category is 70, representing 24.2% of the NPOS in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
70	60,280	1.16

- The total number of revenues, expenses and assets and percentage to the total of Georgetown’s financials are as follows:
 - Revenues total \$9,099,698
 - Expenses total \$8,728,351
 - Assets total \$12,829,565

Percentage of Georgetown County Total:	Revenues	Expenses	Assets
Human Services	5.5%	5.6%	2.8%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.03	\$ 0.96	\$ 0.71

With an Expenses/Revenues ratio of \$0.96, the Human Services NPO category in Georgetown County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.96. This leaves four cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenue is \$45,084
 - Expenses is \$37,842
 - Assets is \$23,701

- The upper extreme of the range of revenues, expenses and assets are as follows:
 - Revenue- \$4,158,415
 - Expenses- \$3,778,757
 - Assets- \$5,828,399

- The Human Services category in Georgetown County includes three large organizations in terms of revenues, assets, and expenses:
 - Baskerville Outreach Inc.
 - Habitat for Humanity International Inc. Georgetown County SC
 - Tideland Community Hospice Inc.

70 Registered Organizations Within The Category (48 Filing Form 990 / 22 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$9,099,698	\$8,728,351	\$12,829,565	\$0.03	\$0.96	\$0.71
Without Major Players	\$3,583,209	\$3,453,224	\$4,063,659	\$0.03	\$0.96	\$0.88

Without these three large NPOs, the remaining NPOs in the category are financially healthy overall, with an Expenses/Revenues ratio of \$0.96. This result is identical to the ratio that includes the three large NPOs. This suggests that these smaller Human Services NPOs have 4 cents of every dollar raised to devote to capacity building.

- The Location of these NPOs are as follows:

<u>Location:</u>	I, J,K,L,M,N,O,P (Human Services)
Andrews	7
Georgetown	47
Pawleys Island	16



Combined County Look

	Not Near The Specific Population In Need						Near The Specific Population In Need					
	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1	County	NPOs Filing Form 990	Exp./Rev. Range	Exp./Rev.	Count < 1	Count ≥ 1
Financial Health							GT	48	0.38-27.44	0.95	19	27
Financial Distress							Horry	88	(0.35)-11.61	1.02	48	37

There are 136 companies that file the Form 990 in this category and 117 non-filers. Horry is deemed to be Near the Specific Population in Need based on the socioeconomic factors related to the Human Services NTEE classification. However, they have an Expenses/Revenues ratio above one, which means they need to become more efficient in their daily operations to improve their revenues and decrease their expenses. The Georgetown NPOs in this category are deemed to be Near the Specific Population in

Need based on the socioeconomic factors related to the Human Services NTEE classification. They have an Expenses/Revenues ratio under one, which means they are financially healthy. However, both Horry and Georgetown Human Services categories have particular NPOs with very high Expenses/Revenues ratios. Horry County has ratios for particular NPOs as large as \$11.61, while Georgetown ratios go as high as \$27.44 for particular NPOs. In addition, the negative lower end of the Horry County range is a result of negative revenues on the part of one NPO. This suggests that many of the NPOs in this category can benefit from efficiencies that will improve their capacity building.

Un-Identifiable Category

Religion Related

NCEE Classification	Socioeconomic Indicators
Religion	Age % of High School Graduates % of College Graduates

Horry

- The total number of NPOs in this category is 180, representing 22% of the NPOs in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
180	265,139	0.68

- The total number of revenues, expenses and assets and percentage to the total of Horry's financials are as follows:
 - Revenues: \$4,387,895
 - Expenses: \$3,666,026
 - Assets: \$11,137,258

Percentage of Horry County Total:	Revenues	Expenses	Assets
Religion	0.7%	0.6%	1.1%

ROA (Revenues-Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$.06	\$.84	\$.39

With an Expenses/Revenues ratio of \$0.84, the Religion NPO category in Horry County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.84. This leaves 16 cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$24,377
 - Expenses: \$20,596
 - Assets: \$61,874

- The upper extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$1,398,537
 - Expenses: \$1,377,922
 - Assets: \$8,029,1

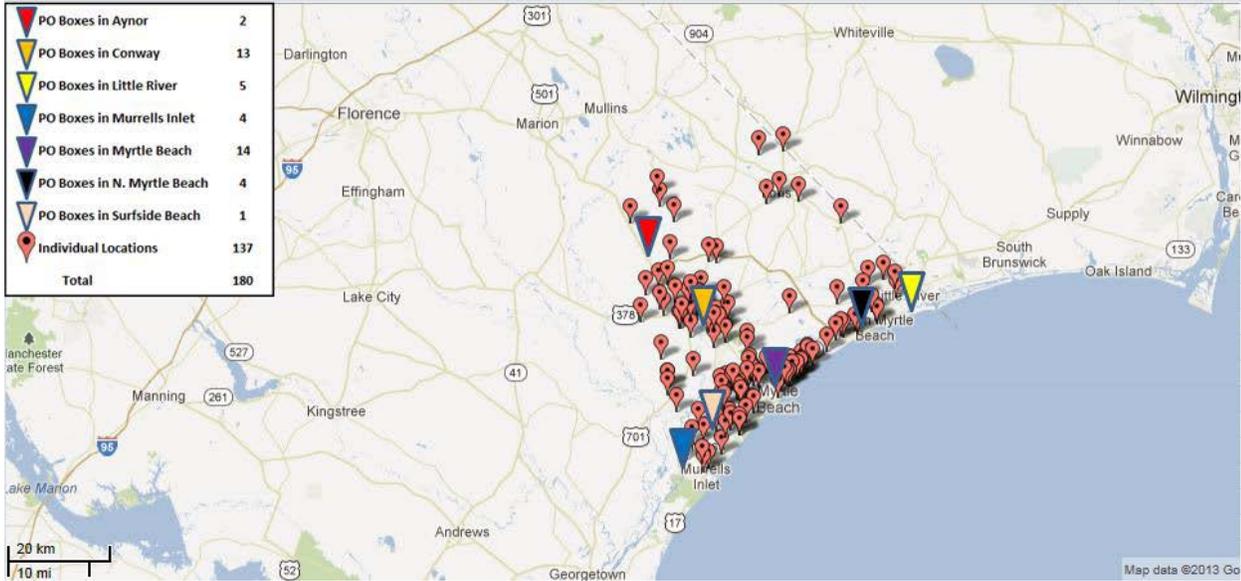
- The Religion category in Horry County includes two large organizations in terms of revenues, assets, and expenses:
 - Meher spiritual Center Inc.
 - Trinity Foundation

180 Registered Organizations Within The Category (24 Filing Form 990 / 156 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$4,387,895	\$3,666,026	\$11,137,258	\$0.06	\$0.84	\$0.39
Without Major Players	\$1,970,023	\$2,399,178	\$3,078,845	(\$0.14)	\$1.22	\$0.64

Without these two large NPOs, the remaining NPOs in the category are financially distressed overall, with an Expenses/Revenues ratio of \$1.22. This suggests that these smaller Religion NPOs may not be viable in the future.

- The Location of these NPOs are as follows:

Location:	X (Religion)
North Myrtle Beach	8
Myrtle Beach	70
Conway	55
Surfside	5
Little River	10
Aynor	5
Loris	8
Nichols	0
Galivants Ferry	2
Murrells Inlet	11
Longs	5
Bucksport	1



Georgetown

- The total number of NPOs in this category is 62, representing 21.5% of the NPOs in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
62	60,280	1.03

- The total number of revenues, expenses and assets and percentage to the total of Georgetown’s financials are as follows:
 - Revenues total \$30,709
 - Expenses total \$33,226
 - Assets total \$29,553

Percentage of Georgetown County Total:	Revenues	Expenses	Assets
Religion	1%	0.8%	0.4%

ROA (Revenues- Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.19	\$ 0.77	\$ 0.81

With an Expenses/Revenues ratio of \$0.77, the Religion NPO category in Georgetown County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.77. This leaves 23 cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenue is \$46,168
 - Expenses is \$65,240
 - Assets is \$44,230
- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenue- \$551,562
 - Expenses- \$312,469
 - Assets- \$994,716
- The Religion NPO category does not have any NPO with total assets higher than \$1,000,000.
- The Location of these NPOs are as follows:

Location:	X (Religion)
Andrews	19
Georgetown	25
Pawleys Island	18



Combined County Look

	<i>Location Mold Breakers</i>					
	County	NPOs Filing Form 990	Exp./Rev. Range	County Wide Exp./Rev.	Count < 1	Count ≥ 1
Financial Health	Horry	25	0.00-1.50	0.83	17	7
	GT	11	0.35-8.61	0.77	6	5
Financial Distress						

There are 36 religious NPOs that file the Form 990 and 206 non-filers between the two counties. Religion is another category that breaks the mold. It is difficult to assess the religion category because many of the organizations do not file. Given that Religion NPOs file the Form 990 voluntarily, the assumption cannot be made that the non-filers in this category are the smallest NPOs. In addition, it is difficult to determine if the community grew around the church or if the church grew around the community. Each organization could fit into either of the previous mentioned location categories

depending on their specific agenda. In Horry and Georgetown Counties, the organizations that filed all have Expenses/Revenues ratios below one, which means they are overall financially healthy.

Public, Societal Benefit

NCEE Classification	Socioeconomic Indicators
Public/Societal Benefit	Age Median H/H Income Public Assistance Income Social Security Income % of High School Graduates % of College Graduates % Living in Poverty % of Children in Poverty

Horry

- The total number of NPOs in this category is 189, representing 23% of the NPOS in Horry County.

# Of NPOs In This Category	# of People In Horry County	# Of NPOs in This Category / 1000 People In Horry County
189	265,139	0.71

- The total number of revenues, expenses and assets and percentage to the total of Horry County’s financials are as follows:
 - Revenues: \$195,480,331
 - Expenses: \$190,340,802
 - Assets: \$370,599,206

Percentage of Horry County Total:	Revenues	Expenses	Assets
Public Benefit	30%	31%	36%

ROA (Revenues- Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$.01	\$.97	\$.53

With an Expenses/Revenues ratio of \$0.97, the Public, Societal Benefit NPO category in Horry County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.97. This leaves three cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenues: \$57,637
 - Expenses: \$53,071
 - Assets: \$147,080

- The Upper Extreme of the range of revenues, expenses and assets are as follows:
 - Revenues: \$131,184,231
 - Expenses: \$131,184,231
 - Assets: \$279,706,026

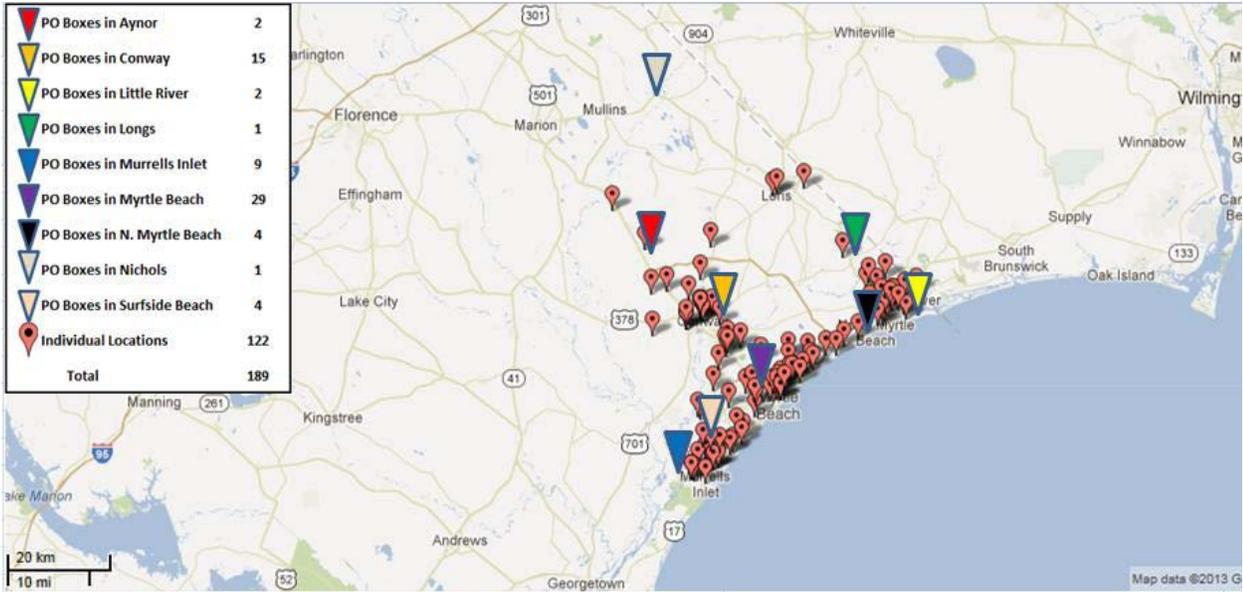
- The Public, Societal Benefit category in Horry County includes nine large organizations in terms of revenues, assets, and expenses:
 - Myrtle Beach Regional economic Development Corp.
 - Waccamaw Community Foundation Inc.
 - Bucksport Water System Inc.
 - Coastal Carolina Association of Realtors
 - North Myrtle Beach Chamber of Commerce Inc.
 - Little River Water and Sewerage Co. Inc.
 - Waccamaw Economic Opportunity Council
 - Myrtle Beach Area Chamber of Commerce
 - Horry Electric Cooperative Inc.

189 Registered Organizations Within The Category (104 Filing Form 990 / 85 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$195,480,331	\$190,340,802	\$370,599,206	\$0.01	\$0.97	\$0.53
Without Major Players	\$5,822,027	\$6,259,153	\$38,355,760	(\$0.01)	\$1.08	\$0.15

Without these nine large NPOs, the remaining NPOs in the category are financially distressed overall, with an Expenses/Revenues ratio of \$1.08. This suggests that these smaller Public, Societal Benefit NPOs may not be viable in the future.

- The Location of these NPOs are as follows:

Location:	R, S, T, U, V, W (Public Societal Benefits)
North Myrtle Beach	15
Myrtle Beach	71
Conway	39
Surfside	8
Little River	13
Aynor	3
Loris	4
Nichols	1
Galivants Ferry	1
Murrells Inlet	25
Longs	4
Atlantic Beach	1
Garden City Beach	1
Unknown	3



Georgetown

- The total number of NPOs in this category is 64, representing 22.1% of the NPOs in Georgetown County.

# Of NPOs In This Category	# of People In Georgetown County	# Of NPOs in This Category / 1000 People In Georgetown County
64	60,280	1.06

- The total number of revenues, expenses and assets and percentage to the total of Georgetown County’s financials are as follows:
 - Revenues total \$11,112,119
 - Expenses total \$9,793,997
 - Assets total \$107,096,954

Percentage of Georgetown County Total:	Revenues	Expenses	Assets
Public & Societal Benefit	6.8%	6.2%	23.7%

ROA (Revenues- Expenses)/Assets	Expenses/Revenues	Revenues/Assets
\$0.01	\$ 0.88	\$ 0.10

With an Expenses/Revenues ratio of \$0.88, the Public, Societal Benefit NPO category in Georgetown County is financially healthy overall as defined by The Urban Institute. For every dollar of revenue collected, this NPO category is spending \$0.88. This leaves 12 cents per dollar collected to grow the NPO category and build capacity.

- The Median number of revenues, expenses and assets are as follows:
 - Revenue is \$53,200
 - Expenses is \$61,939
 - Assets is \$203,077

- The Upper Extreme of the range of revenues, expenses are as follows:
 - Revenue- \$6,169,113
 - Expenses- \$5,253,114
 - Assets- \$73,585,714

- The Public, Societal Benefit category in Georgetown County includes seven large organizations in terms of revenues, assets, and expenses:
 - Ann C T Brown Foundation
 - Belle W Baruch Foundation
 - Rebecca C Parsons Foundation Parsons Rebecca C Co Tee
 - Vandy Chronicle Foundation Inc.
 - Browns Ferry Water Company Inc.
 - Credit Unions Chartered in the State of South Carolina Georgetown Kraft Credit
 - Rural Community Water District of Georgetown County

64 Registered Organizations Within The Category (28 Filing Form 990 / 36 Not Filing)						
	Total Revenues	Total Expenses	Total Assets	ROA	Expenses /Revenues	Revenues /Assets
With Major Players	\$11,112,119	\$9,793,997	\$107,096,954	\$0.01	\$0.88	\$0.10
Without Major Players	\$1,158,818	\$1,203,679	\$3,458,204	(\$0.01)	\$1.04	\$0.34

Without these seven large NPOs, the remaining NPOs in the category are financially distressed overall, with an Expenses/Revenues ratio of \$1.04. This suggests that these smaller Public, Societal Benefit NPOs may not be viable in the future.

- The Location of these NPOs are as follows:

<u>Location:</u>	R,S,T,U,V,W (Public & Societal Benefit)
Andrews	6
Georgetown	31
Pawleys Island	27



Combined County Look

	<i>Location Mold Breakers</i>					
	County	NPOs Filing Form 990	Exp./Rev. Range	County Wide Exp./Rev.	Count < 1	Count ≥ 1
Financial Health	Horry GT	113 28	0.17-25.01 (15.98)-10.98	0.97 0.88	42 16	30 12
Financial Distress						

(National Center for Charitable Statistics at the Urban Institute 2013)

There are 141 Form 990 filers in this category and 112 non-filers between both counties. This category breaks the mold because location is not a large factor in the success of this category. Both Horry and Georgetown NPOS average an Expenses/Revenues ratio below one, which means they are financially healthy.

Conclusions & Recommendations

Conclusion

As stated earlier, the objective of this paper is to conduct a financial asset mapping and gap analysis of Nonprofit Organizations (NPOs) in the South Carolina counties of Horry and Georgetown. The goal of this research is that this information will assist NPOs in achieving compliance with best practices for financial accountability, fundraising, and board governance. This will facilitate the link between philanthropic leadership, charitable resources, and civic influence with community needs and opportunities.

NPOs work to improve the quality of life for the citizens they serve. Our research was designed to help NPOs measure their success in achieving their missions efficiently and effectively. However, it should be noted that our research was designed around analyzing NPO categories as a whole and not individual NPOs within each category. We would recommend that NPOs take steps to analyze their individual

success in meeting the demands of their missions effectively and efficiently as well as measuring the nonprofit market capacity that they operate in using this paper as a tool to guide them.

Our analysis sought to build connections between the nine existing NPO sectors in Horry and Georgetown Counties and pertinent socioeconomic indicators as well as location drivers for the specific NPO categories. By doing so, we were able to draw conclusions as to the financial health of a NPO category in addition to determining if each NPO category had the appropriate location exposure as defined for each category. We classified each NPO category in both counties into 1 of 4 possible scenarios.

- Good Financial Health & Good Location
- Good Financial Health & Bad Location
- Bad Financial Health & Good Location
- Bad Financial Health & Bad Location

[Good Financial Health & Good Location](#)

Seven of the nine Horry NPO categories and four of the nine Georgetown NPO categories fell into this scenario.

Horry - Arts, Culture, & Humanities
Horry - Environment & Animals
Horry - Health
Horry - Mutual Benefit
Horry - Education
Horry - Religion Related
Horry - Public/Societal Benefit
Georgetown - Health
Georgetown - Human Services
Georgetown - Religion Related
Georgetown - Public/Societal Benefit

The NPOs within these categories fall into the “keep doing what you are doing” category. However, there is always room for improvement. The NPOs within this category may choose to focus on the financial health side of the equation. We would recommend a NPO in these categories to analyze their individual processes to determine if efficiencies and hence capacity building could be heightened by

consolidating or outsourcing any of their non-core activities. The goal would be to achieve greater effectiveness for the NPOs' end user. We recommend doing this by becoming more efficient and correlating activities directly to Revenues and Expenses, thereby allowing more dollars to be earmarked for Mission Centric activities.

Good Financial Health & Bad Location

Georgetown County had the only NPO categories in this scenario.

Georgetown - International & Foreign Affairs
Georgetown – Education

We would recommend that Georgetown NPOs in the International & Foreign Affairs category consider relocating or adding a presence in within the Georgetown Corridor. This would allow these NPOs to be located closer to potential volunteers and donors.

Georgetown NPOs within the Education category are primarily concentrated within the Georgetown Corridor; however we feel that this category best serves its benefactors by being present within the community where the needs' exists. We have identified Andrews, Georgetown & Sampit-North Santee as having the most need as identified by the socioeconomic indicators. Although Georgetown is within the corridor, there is a lacking of presence of Education NPOs within the rural areas of Georgetown County where needs exist.

Location can be the most difficult feature to change for a NPO. Utilizing existing infrastructure, such as public schools' facilities, can be an opportunity for NPOs within the Education category in Georgetown County. New and existing NPOs could look to put in place mobile outreach strategies to outlying rural areas where the greatest needs exist. These populations tend to be less mobile than others and NPOs will need to find creative ways to get volunteers to the populations that most need the NPO services.

Bad Financial Health & Good Location

Georgetown County had two of its 9 NPO categories fall within this scenario while Horry County's Human Services NPO category was the only one in that county to fall into this scenario.

Georgetown - Arts, Culture, & Humanities
Georgetown - Environment & Animals
Horry - Human Services

All three of these NPO categories are represented in the appropriate corridors. The focus should be on improving the activities that are directly related to increasing revenues and decreasing expenses. They can achieve this by building efficiencies through outsourcing backroom operations as well as non-core activities. In addition, they should seek coalitions within the NPO sector. These activities will help these NPOs reduce expenses and dedicate more dollars to revenue producing activities, thereby becoming more efficient and effective in their NPO category.

Bad Financial Health & Bad Location

Each county had one NPO category fall into this scenario.

Horry - International & Foreign Affairs
Georgetown - Mutual Benefit

NPOs within this category should focus on location first. Having exposure to the corridors brings opportunities for more exposure for the NPOs, access to more volunteers, more fundraising opportunities as well as a greater possibility to attract more membership.

Beyond location, these NPOs should take a closer look at their individual financial situation. They should concentrate on ways to reduce expenses through reallocating back office operation tasks as well as finding coalitions with other NPOs. This effort to reduce expenses while devoting additional dollars to Mission Centric activities will be key for these NPOs.

Recommendations

In general, we would recommend that the NPO sector across Horry and Georgetown counties work to build capacity through coalitions, build efficiencies by centralizing back room operations and coordinate these efforts through applicable research conducted at Coastal Carolina University.

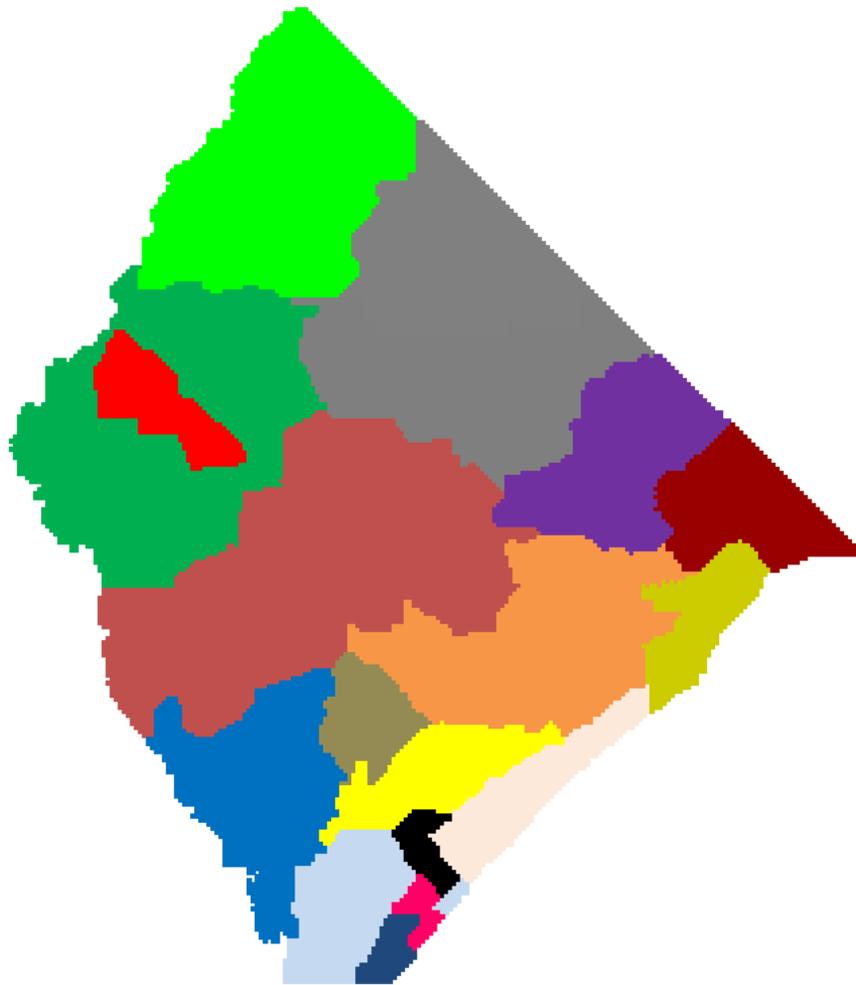
These recommendations lead to the question, “Is there really a demand for all this?” With respect to coalitions, there are currently 1,126 NPOs across Horry and Georgetown counties. Of these, there are eleven Super NPOs with assets of \$10 million or more. These eleven NPOs make up 85% of all NPO assets. If we include those NPOs with assets of \$1 million or more (the Big 63) then they encompass 97% of the total NPO assets across both counties. This leaves 1,052 NPOs with less than \$1 million in reported assets or non-filing across Horry and Georgetown counties. This is the sector that can be best served by these recommendations.

We believe that the above recommendations will result in NPOs forming coalitions that adhere to best practices. This will make them more efficient, more effective in meeting Mission Centric activities, and help build capacity across the NPO sector in Horry and Georgetown counties. In addition, NPOs will gain a greater ability to obtain the funding needed to reach their goals and continue providing charitable services to our communities.

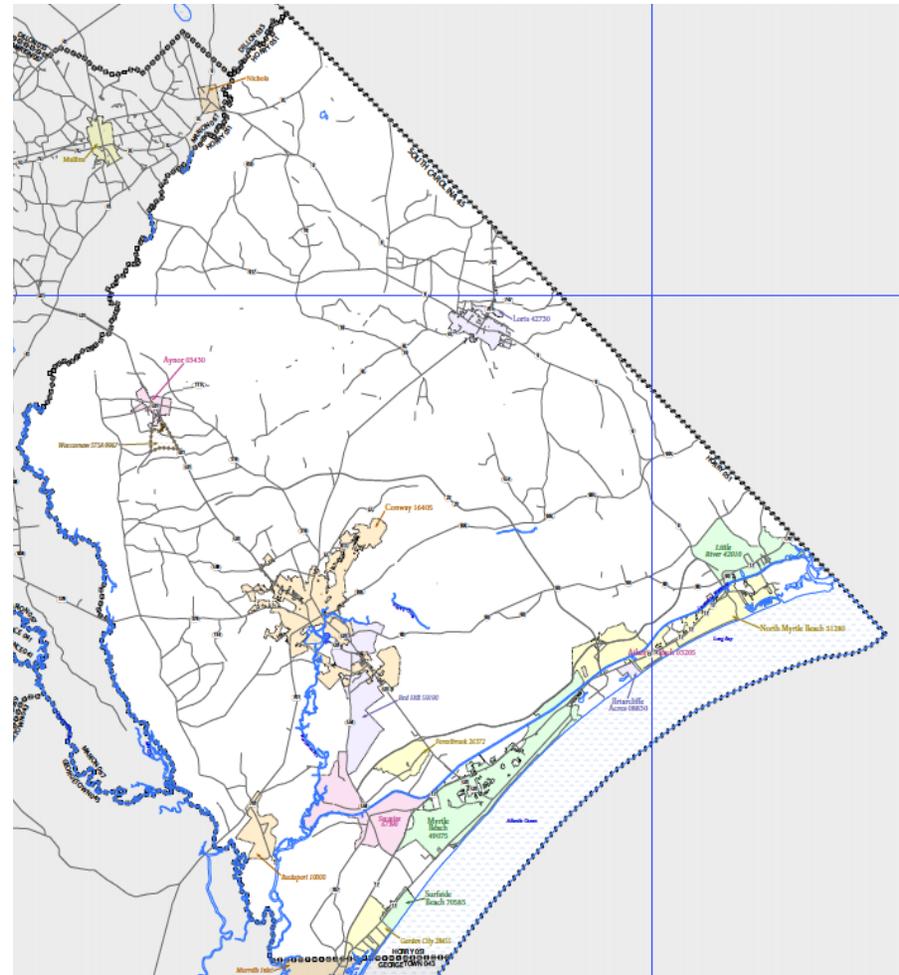
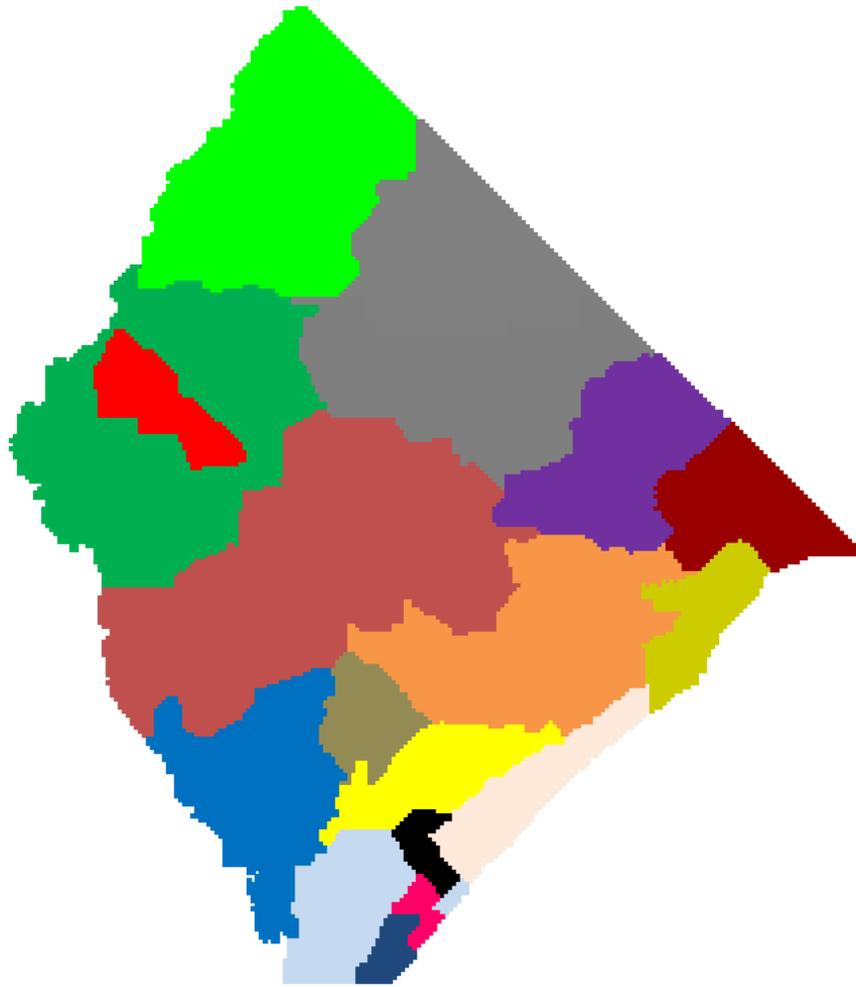
Appendices

APPENDIX A: CENSUS TRACT TO TOWN MAPS (United States Census Bureau 2000)

HORRY COUNTY – TRACK TO TOWN MAP



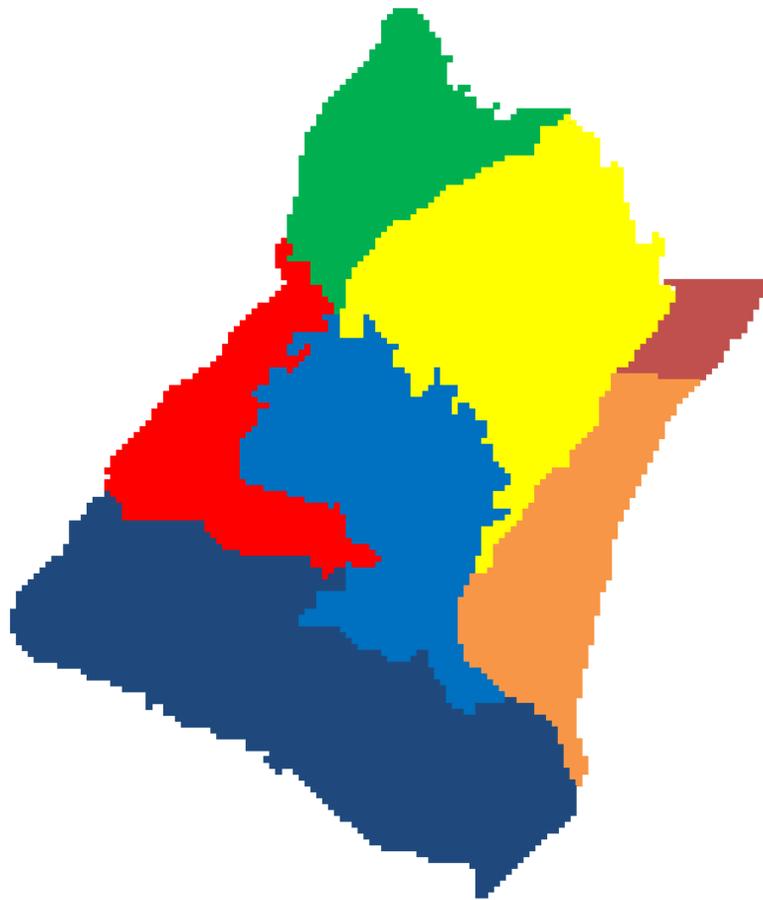
Town	Fill
Aynor	Red
Bucksport	Blue
Conway	Brown
Conway East	Orange
Floyds	Green
Forestbrook	Yellow
Galivant's Ferry	Dark Green
Garden City	Dark Blue
Little River	Dark Red
Longs	Purple
Loris	Grey
Myrtle Beach	Light Orange
North Myrtle Beach	Olive Green
Red Hill	Tan
Socastee	Black
Surfside Beach	Pink
Burgess Community	Light Blue



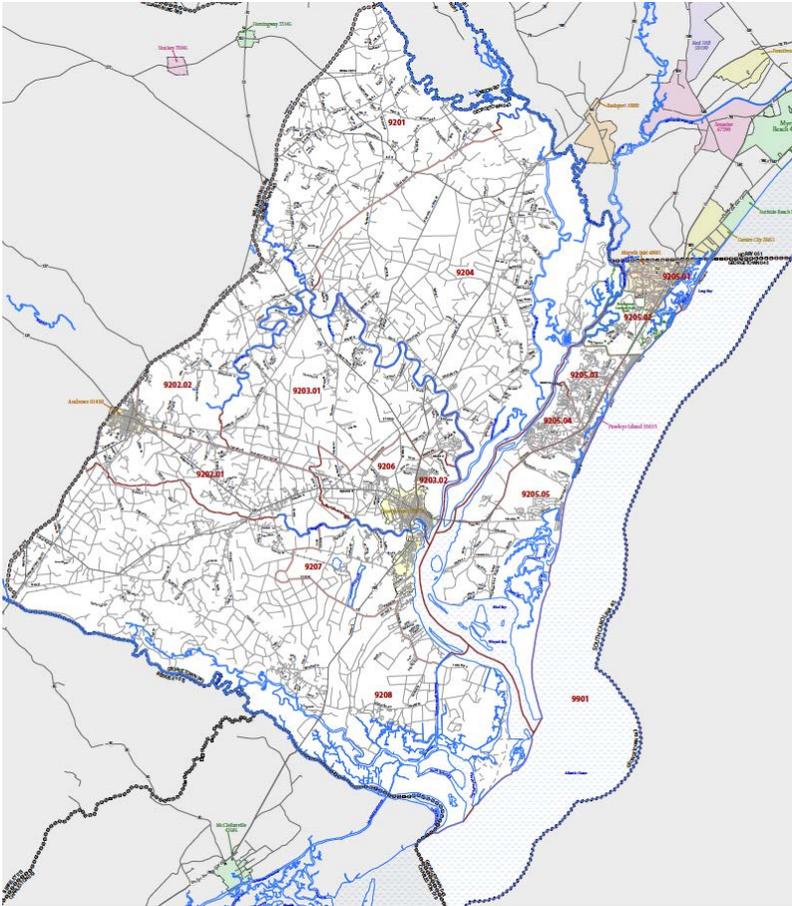
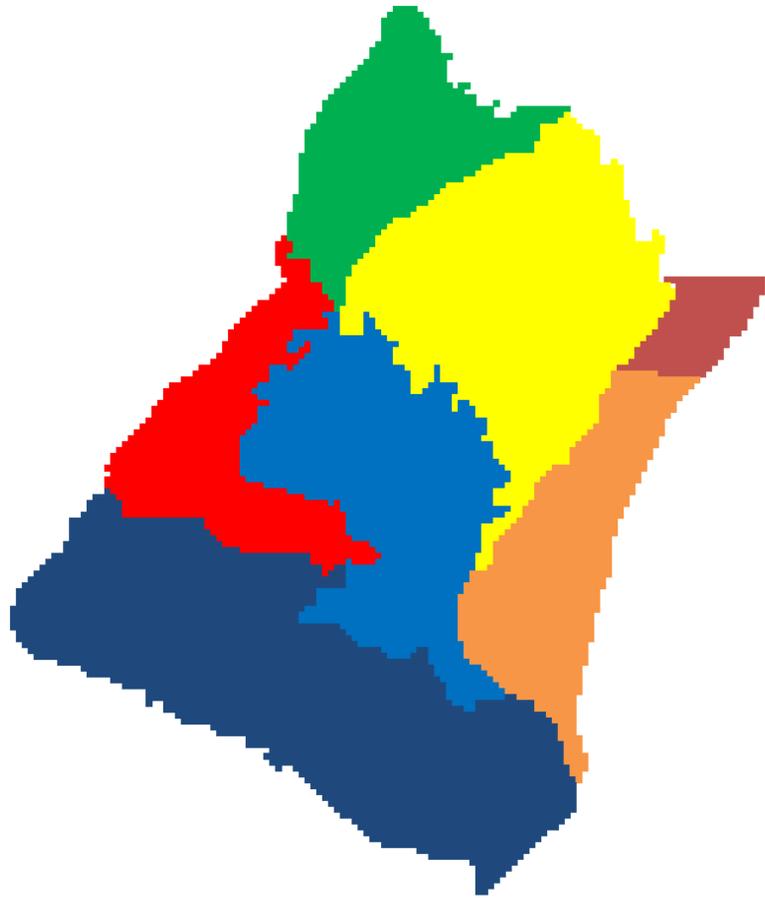
HORRY COUNTY		
Aynor		Galivant's Ferry
Census Tract 801.02, Horry County, South Carolina		Census Tract 801.01, Horry County, South Carolina
Bucksport		Census Tract 802, Horry County, South Carolina
Census Tract 706.02, Horry County, South Carolina		Garden City
Conway		Census Tract 513.01, Horry County, South Carolina
Census Tract 701.01, Horry County, South Carolina		Census Tract 513.02, Horry County, South Carolina
Census Tract 701.02, Horry County, South Carolina		Census Tract 514.05, Horry County, South Carolina
Census Tract 702, Horry County, South Carolina		Census Tract 514.06, Horry County, South Carolina
Census Tract 703, Horry County, South Carolina		Little River
Census Tract 704, Horry County, South Carolina		Census Tract 401.01, Horry County, South Carolina
Census Tract 705, Horry County, South Carolina		Census Tract 401.02, Horry County, South Carolina
Census Tract 706.01, Horry County, South Carolina		Census Tract 401.03, Horry County, South Carolina
Census Tract 707.01, Horry County, South Carolina		Census Tract 401.04, Horry County, South Carolina
Census Tract 707.02, Horry County, South Carolina		Census Tract 401.05, Horry County, South Carolina
Conway East		Census Tract 402, Horry County, South Carolina
Census Tract 602.07, Horry County, South Carolina		Census Tract 9901, Horry County, South Carolina
Census Tract 602.09, Horry County, South Carolina		Longs
Census Tract 603.01, Horry County, South Carolina		Census Tract 301.01, Horry County, South Carolina
Census Tract 603.08, Horry County, South Carolina		Census Tract 301.02, Horry County, South Carolina
Census Tract 604.03, Horry County, South Carolina		Census Tract 301.03, Horry County, South Carolina
Census Tract 604.04, Horry County, South Carolina		Loris
Floyds Crossroads		Census Tract 201, Horry County, South Carolina
Census Tract 101, Horry County, South Carolina		Census Tract 202, Horry County, South Carolina
Forestbrook		Census Tract 203, Horry County, South Carolina
Census Tract 601.02, Horry County, South Carolina		
Census Tract 602.03, Horry County, South Carolina		
Census Tract 602.04, Horry County, South Carolina		
Census Tract 602.06, Horry County, South Carolina		
Census Tract 602.08, Horry County, South Carolina		

Myrtle Beach		Surfside Beach
Census Tract 501.02, Horry County, South Carolina		Census Tract 512.01, Horry County, South Carolina
Census Tract 502, Horry County, South Carolina		Census Tract 512.02, Horry County, South Carolina
Census Tract 503.03, Horry County, South Carolina		Census Tract 514.04, Horry County, South Carolina
Census Tract 504.01, Horry County, South Carolina		Burgess Community
Census Tract 504.02, Horry County, South Carolina		Census Tract 516.01, Horry County, South Carolina
Census Tract 505, Horry County, South Carolina		Census Tract 516.03, Horry County, South Carolina
Census Tract 506, Horry County, South Carolina		Census Tract 516.04, Horry County, South Carolina
Census Tract 507, Horry County, South Carolina		Census Tract 516.05, Horry County, South Carolina
Census Tract 509, Horry County, South Carolina		Census Tract 517, Horry County, South Carolina
Census Tract 510, Horry County, South Carolina		
Census Tract 9801, Horry County, South Carolina		
North Myrtle Beach		
Census Tract 403, Horry County, South Carolina		
Census Tract 404, Horry County, South Carolina		
Census Tract 405, Horry County, South Carolina		
Census Tract 603.03, Horry County, South Carolina		
Red Hill		
Census Tract 601.01, Horry County, South Carolina		
Census Tract 604.05, Horry County, South Carolina		
Census Tract 604.06, Horry County, South Carolina		
Socastee		
Census Tract 514.03, Horry County, South Carolina		
Census Tract 515.01, Horry County, South Carolina		
Census Tract 515.02, Horry County, South Carolina		
Census Tract 515.03, Horry County, South Carolina		

GEORGETOWN COUNTY – TRACT TO TOWN MAP

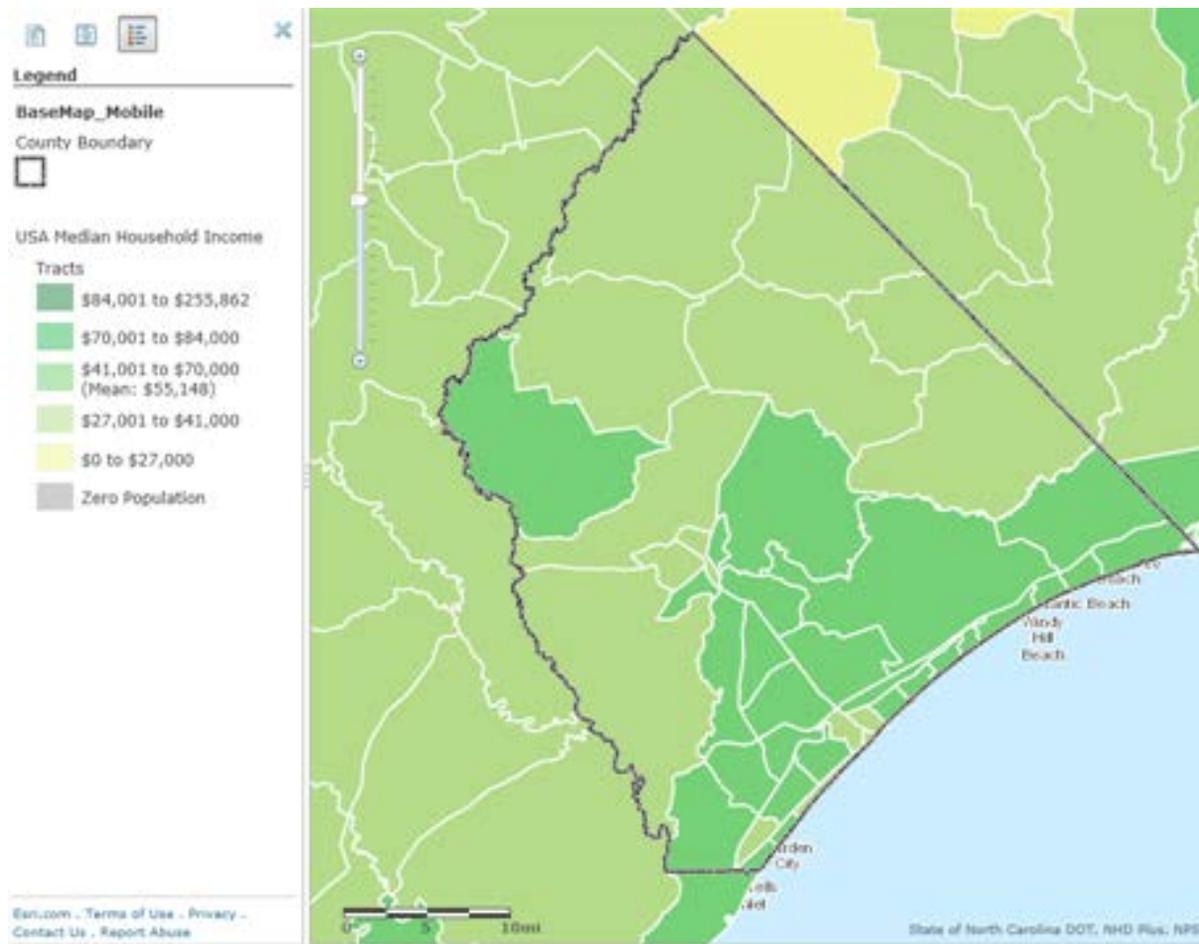


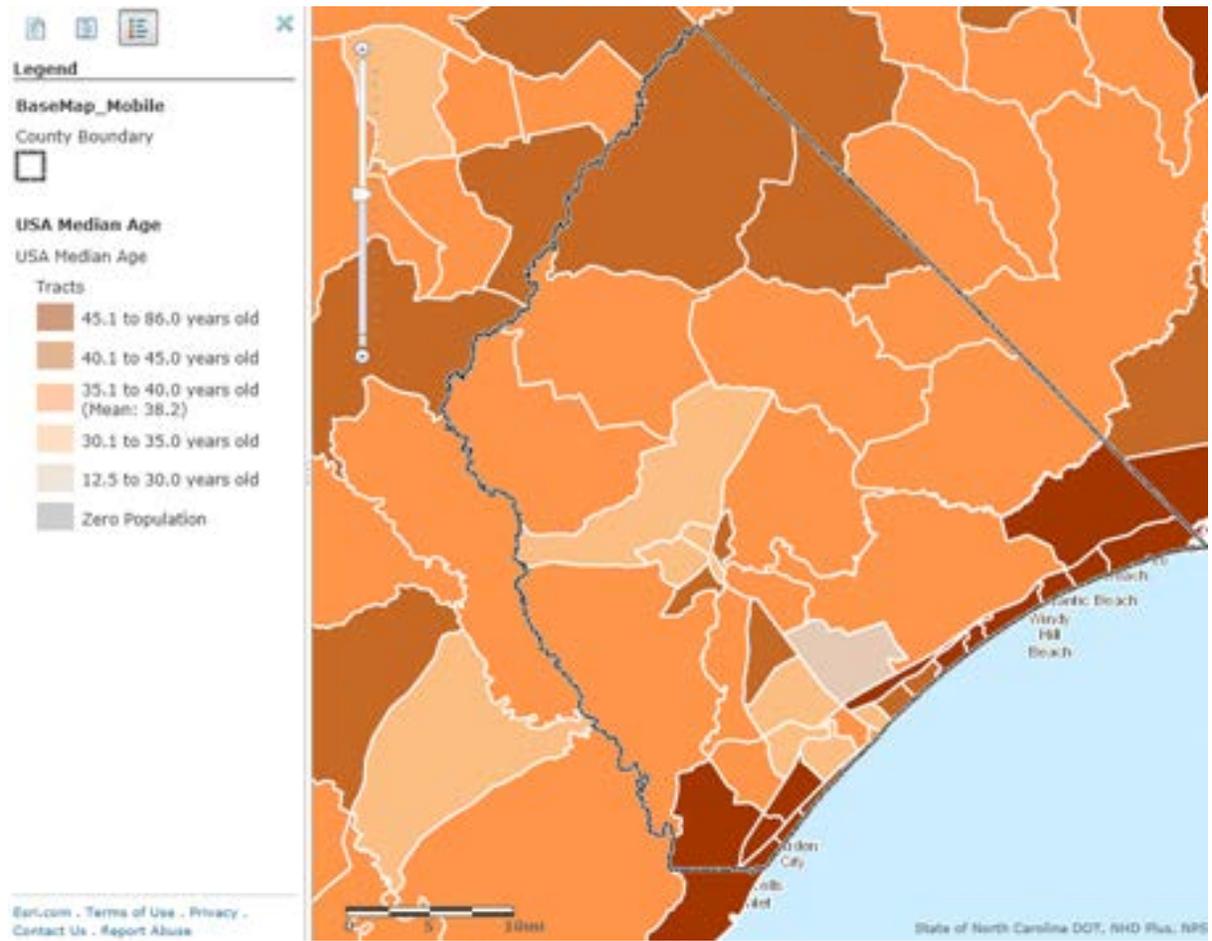
Town	Fill
Andrews	Red
Georgetown	Blue
Murrells Inlet	Brown
Pawley's Island	Orange
Plantersville	Yellow
Pleasant Hill-Folly Grove	Green
Sampit-North Santee	Dark Blue

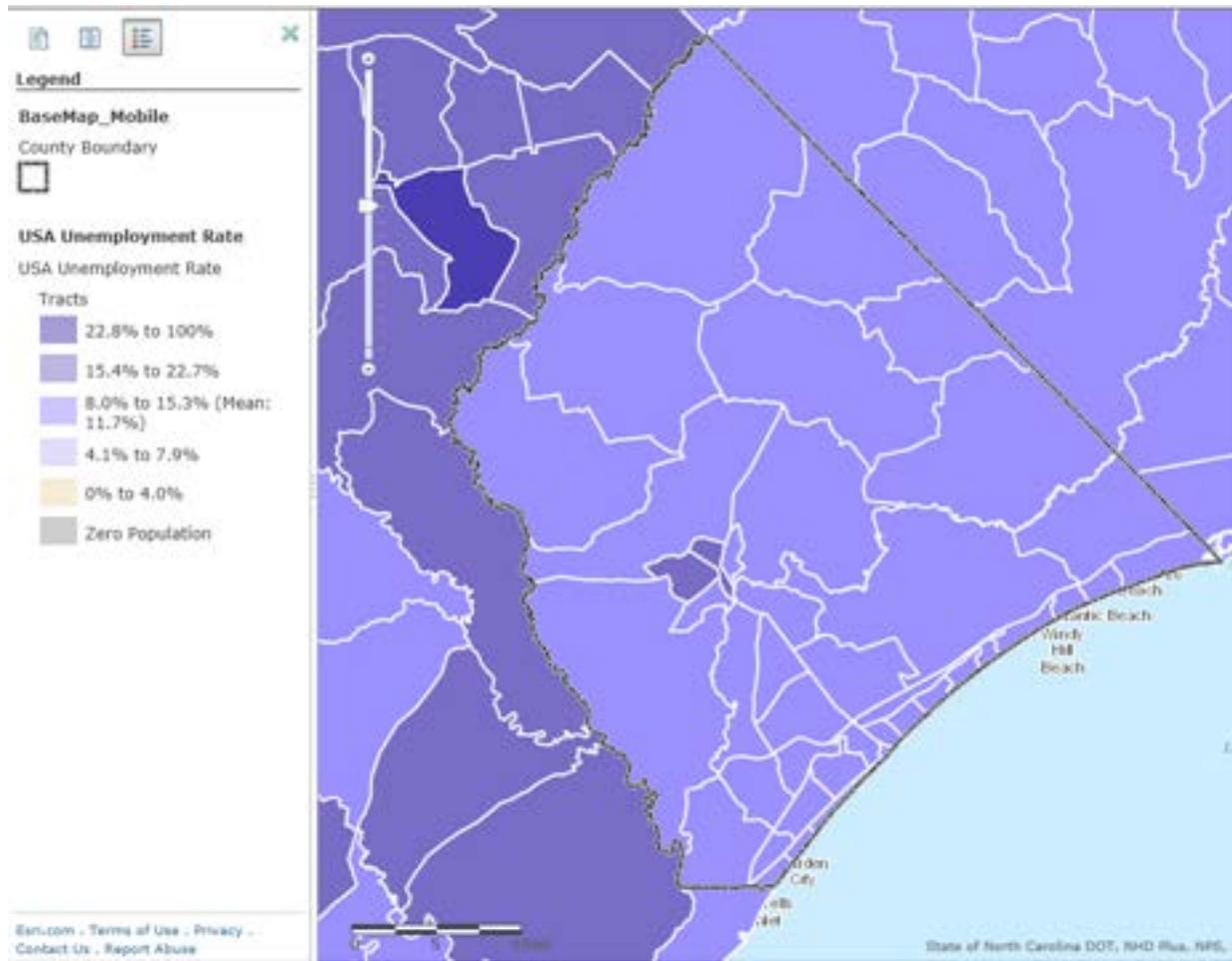


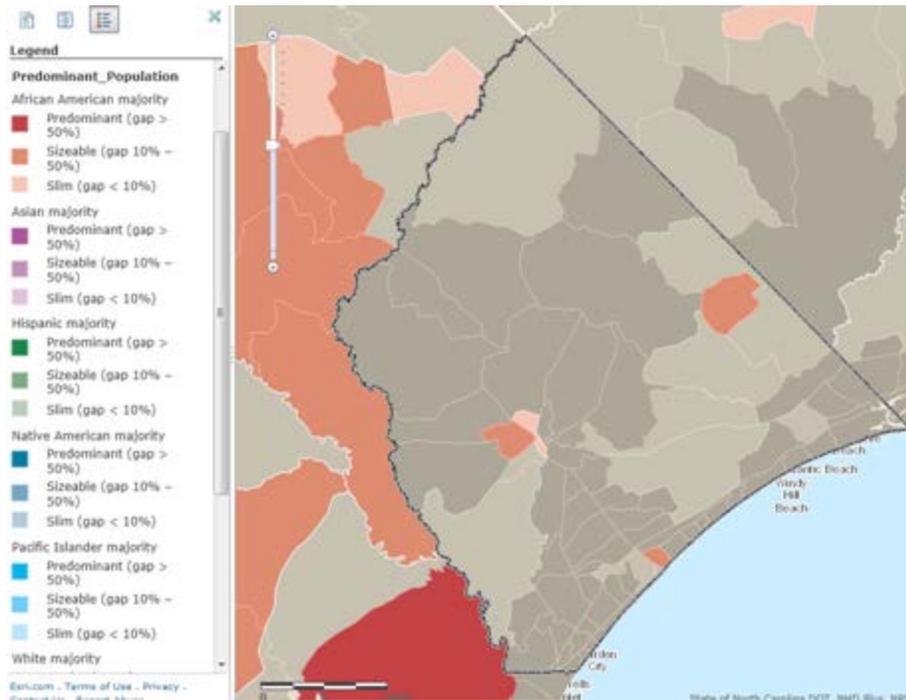
GEORGETOWN COUNTY
Andrews
Census Tract 9202.01, Georgetown County, South Carolina
Census Tract 9202.02, Georgetown County, South Carolina
Georgetown
Census Tract 9203.01, Georgetown County, South Carolina
Census Tract 9203.02, Georgetown County, South Carolina
Census Tract 9206, Georgetown County, South Carolina
Census Tract 9207, Georgetown County, South Carolina
Murrells Inlet
Census Tract 9205.01, Georgetown County, South Carolina
Census Tract 9205.02, Georgetown County, South Carolina
Pawley's Island
Census Tract 9205.03, Georgetown County, South Carolina
Census Tract 9205.04, Georgetown County, South Carolina
Census Tract 9205.05, Georgetown County, South Carolina
Plantersville
Census Tract 9204, Georgetown County, South Carolina
Pleasant Hill-Folly Grove
Census Tract 9201, Georgetown County, South Carolina
Sampit-North Santee
Census Tract 9208, Georgetown County, South Carolina
Census Tract 9901, Georgetown County, South Carolina

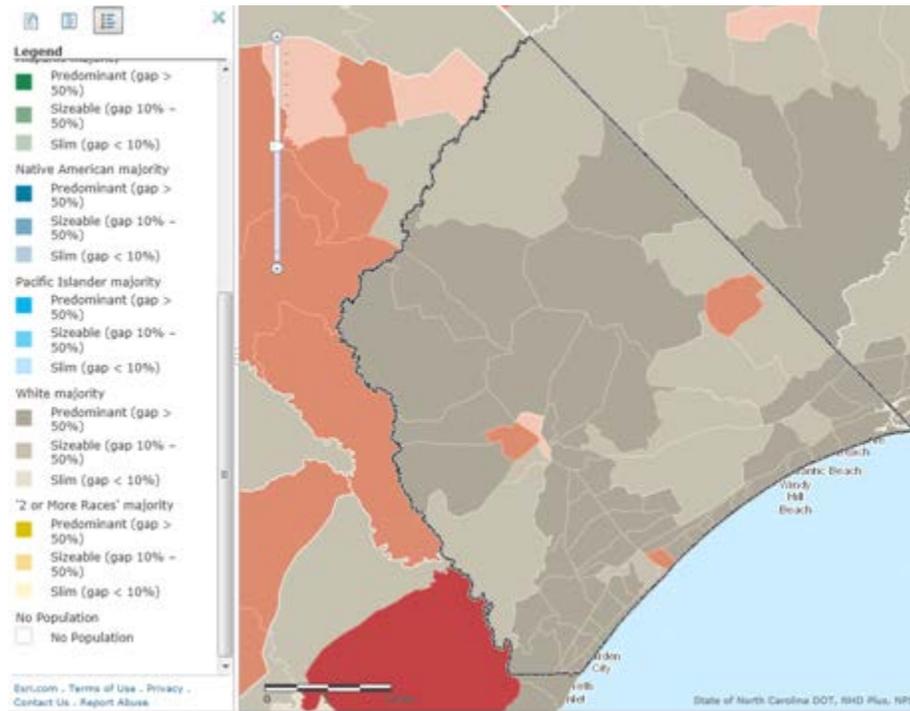
APPENDIX B: TRACT LEVEL CENSUS MAPS (ESRI 2010)



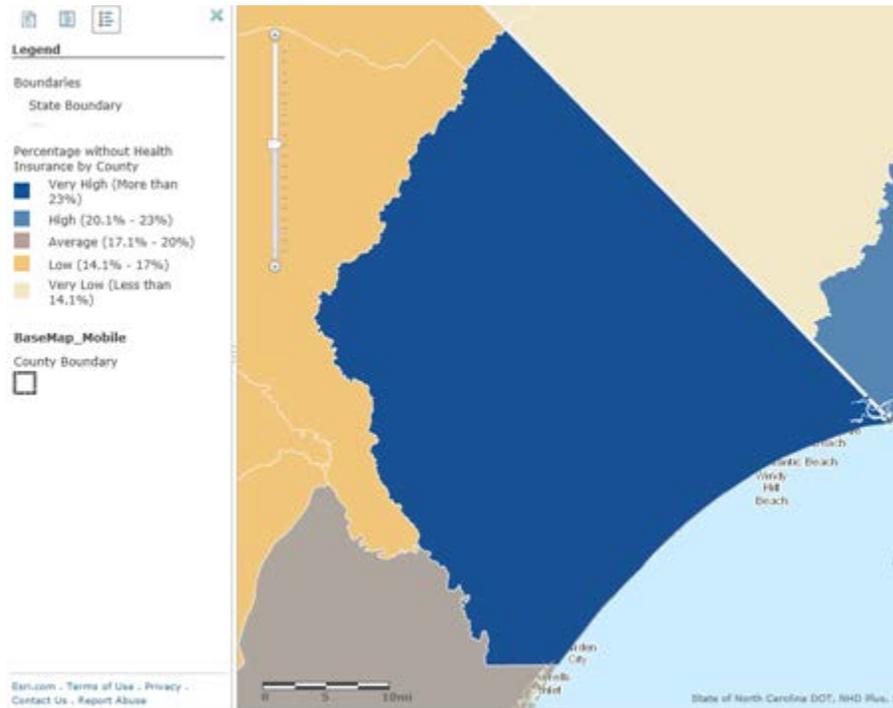


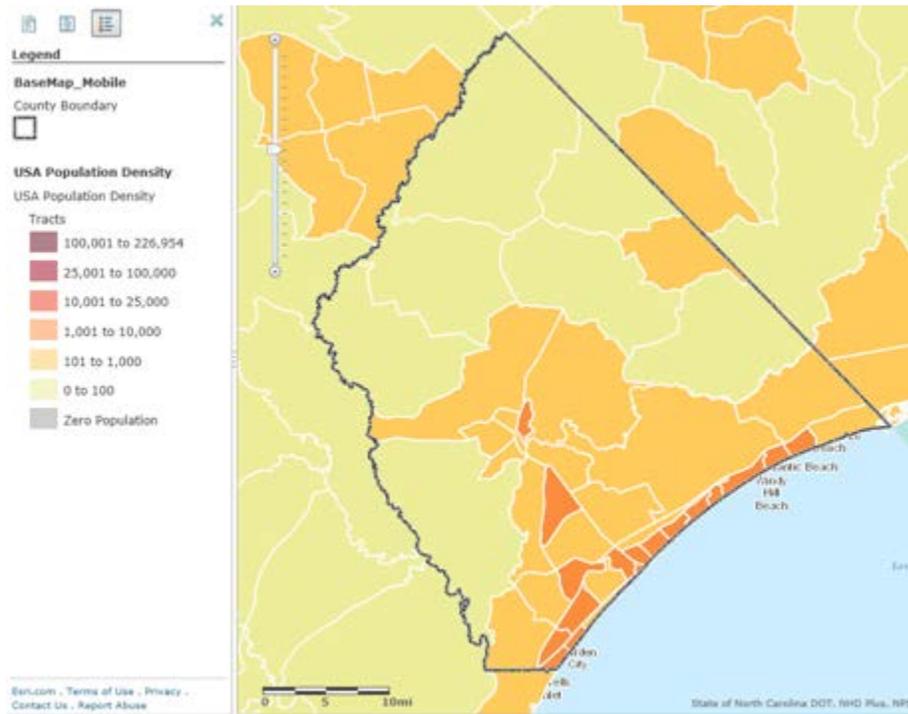


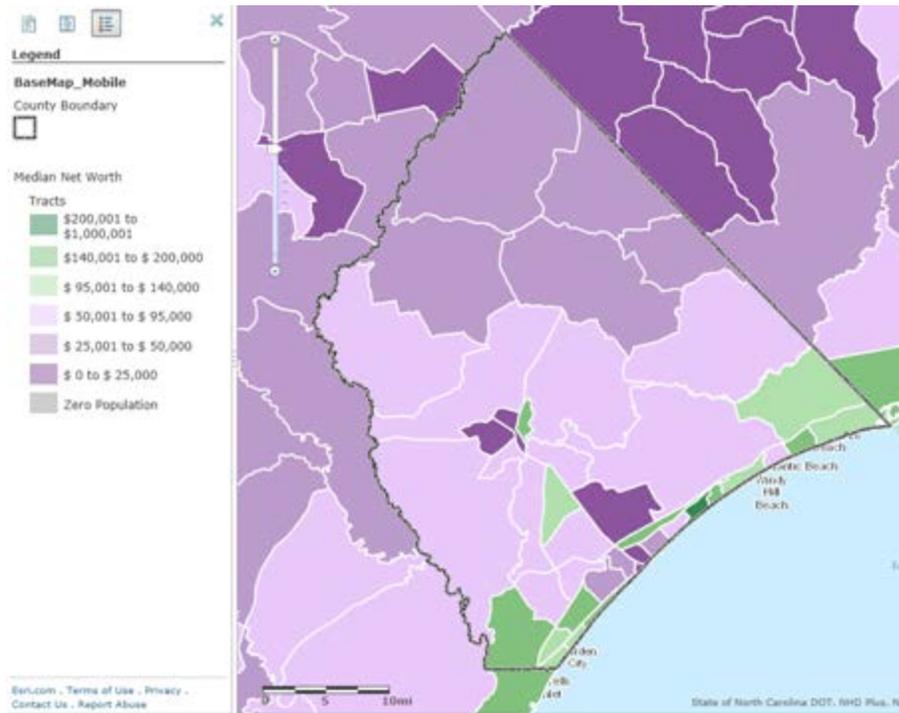


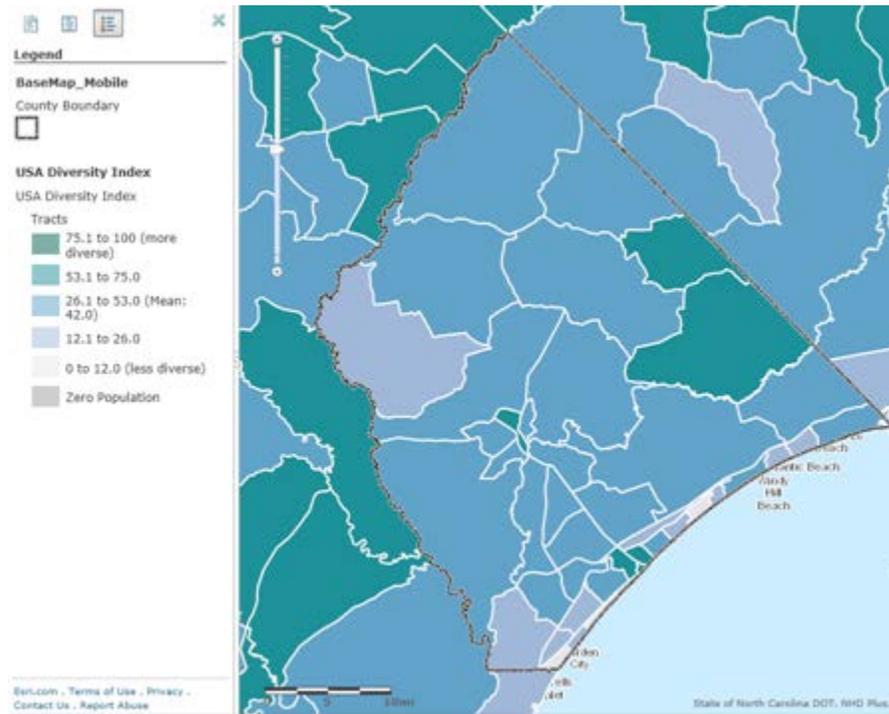


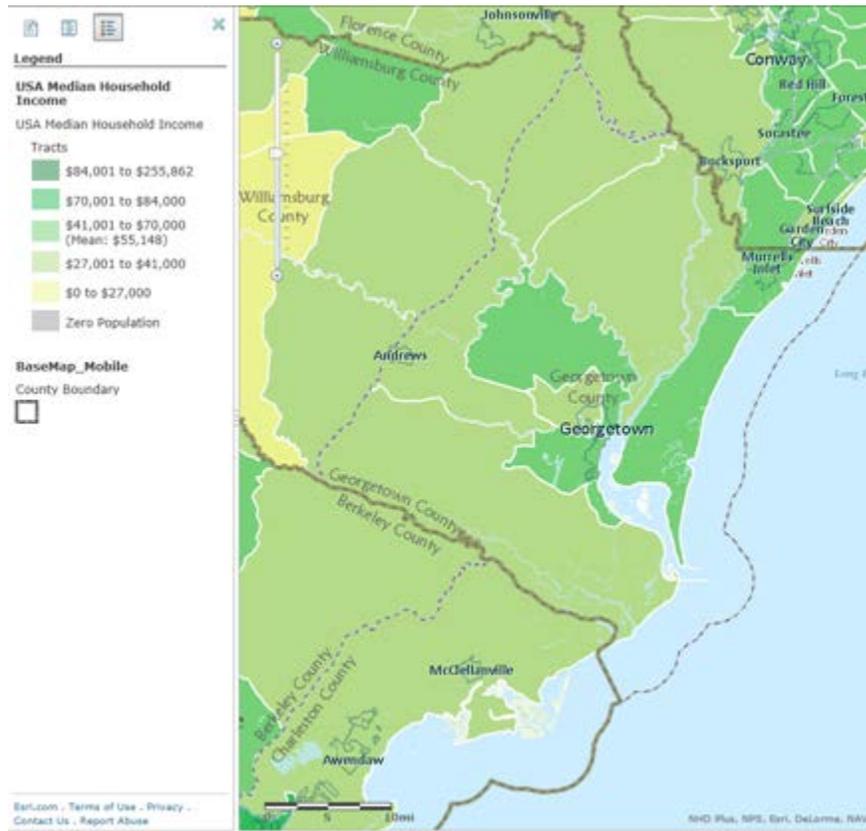


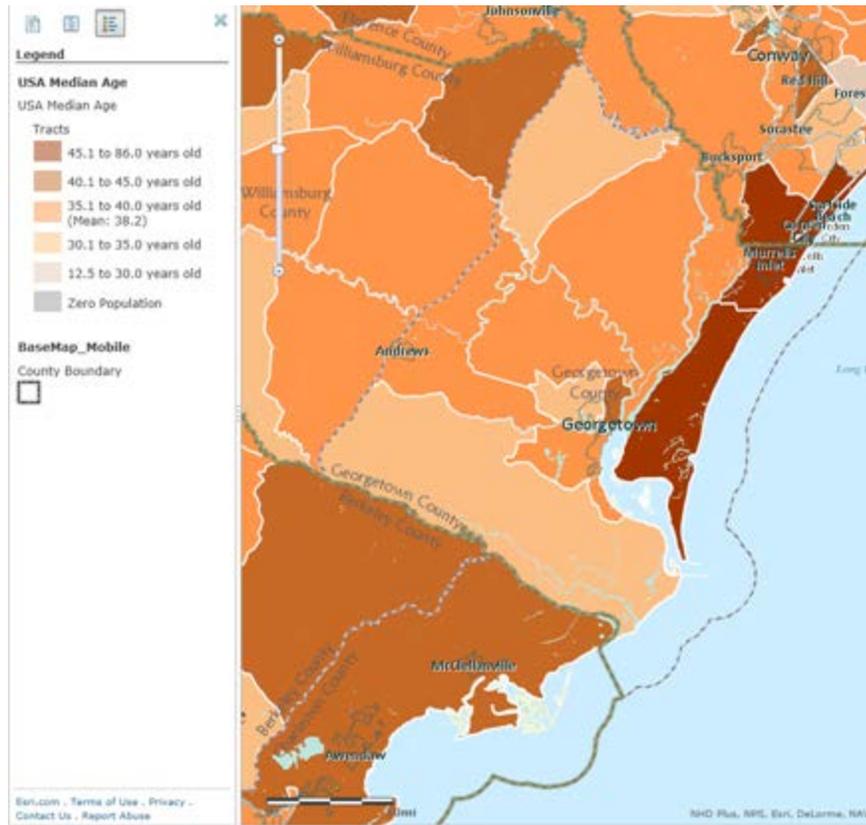


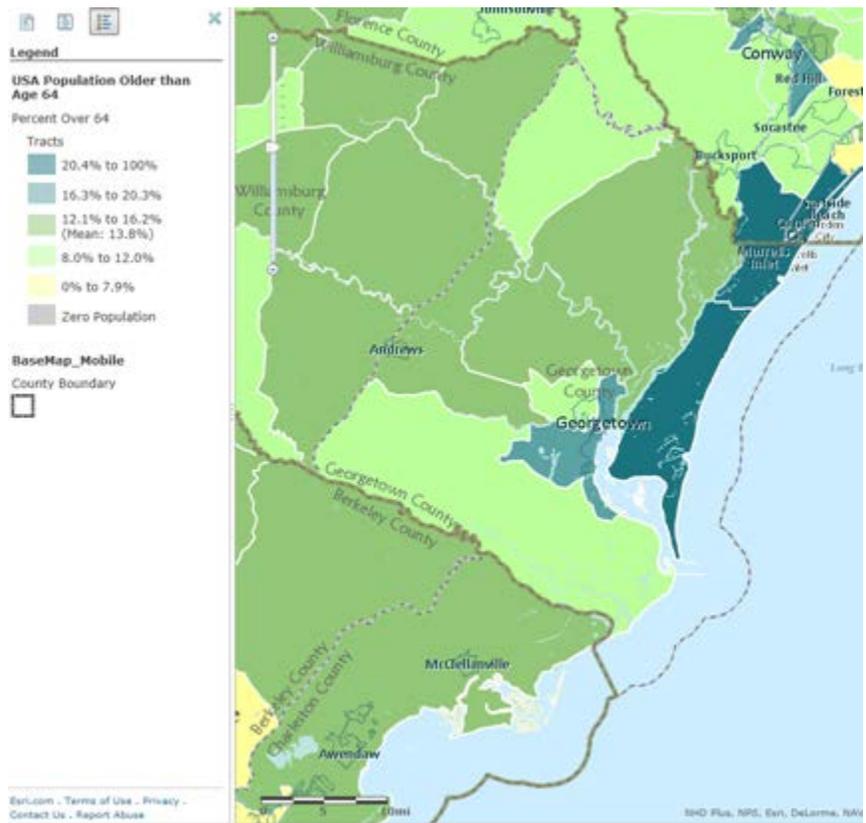


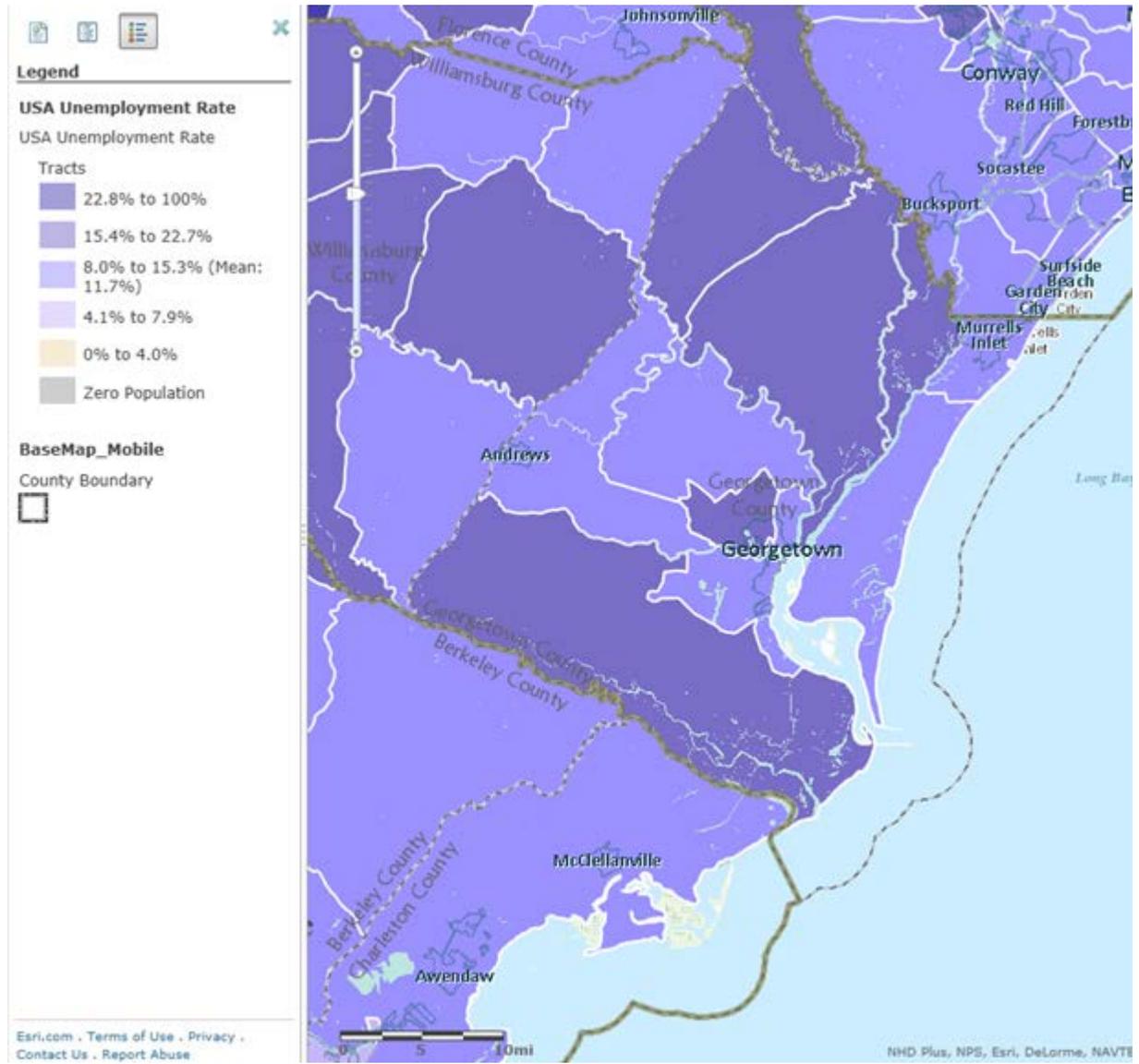


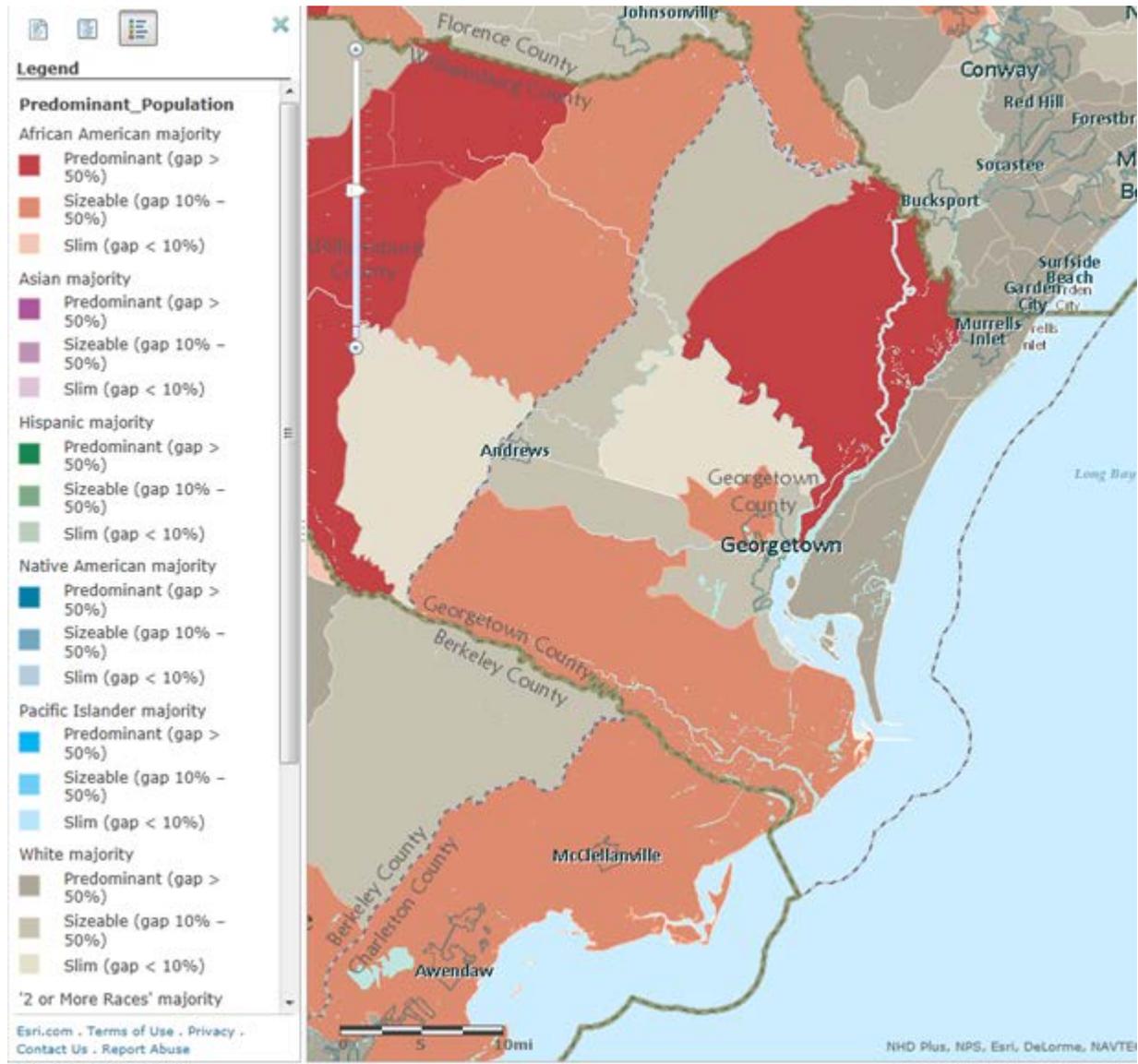


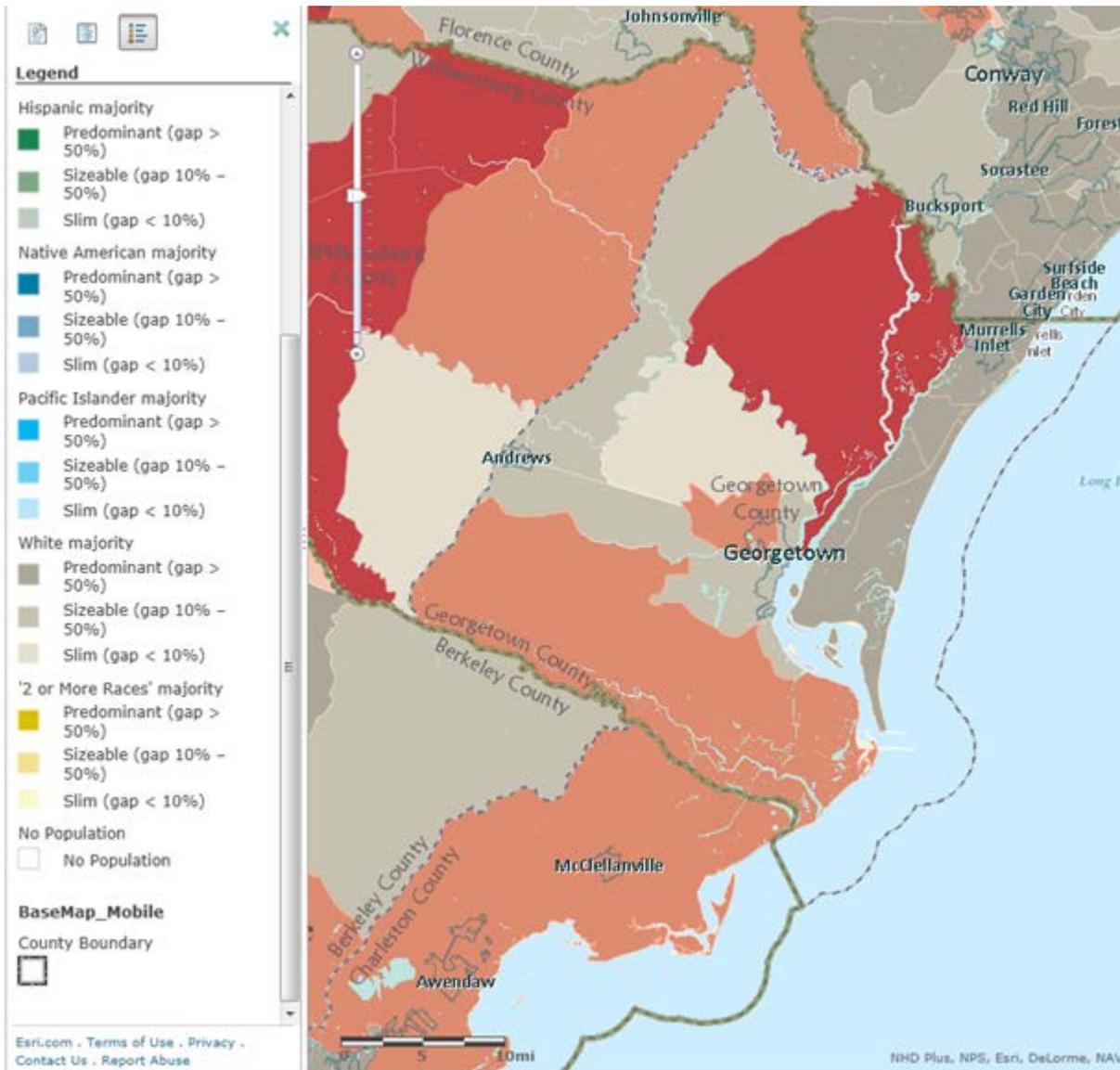


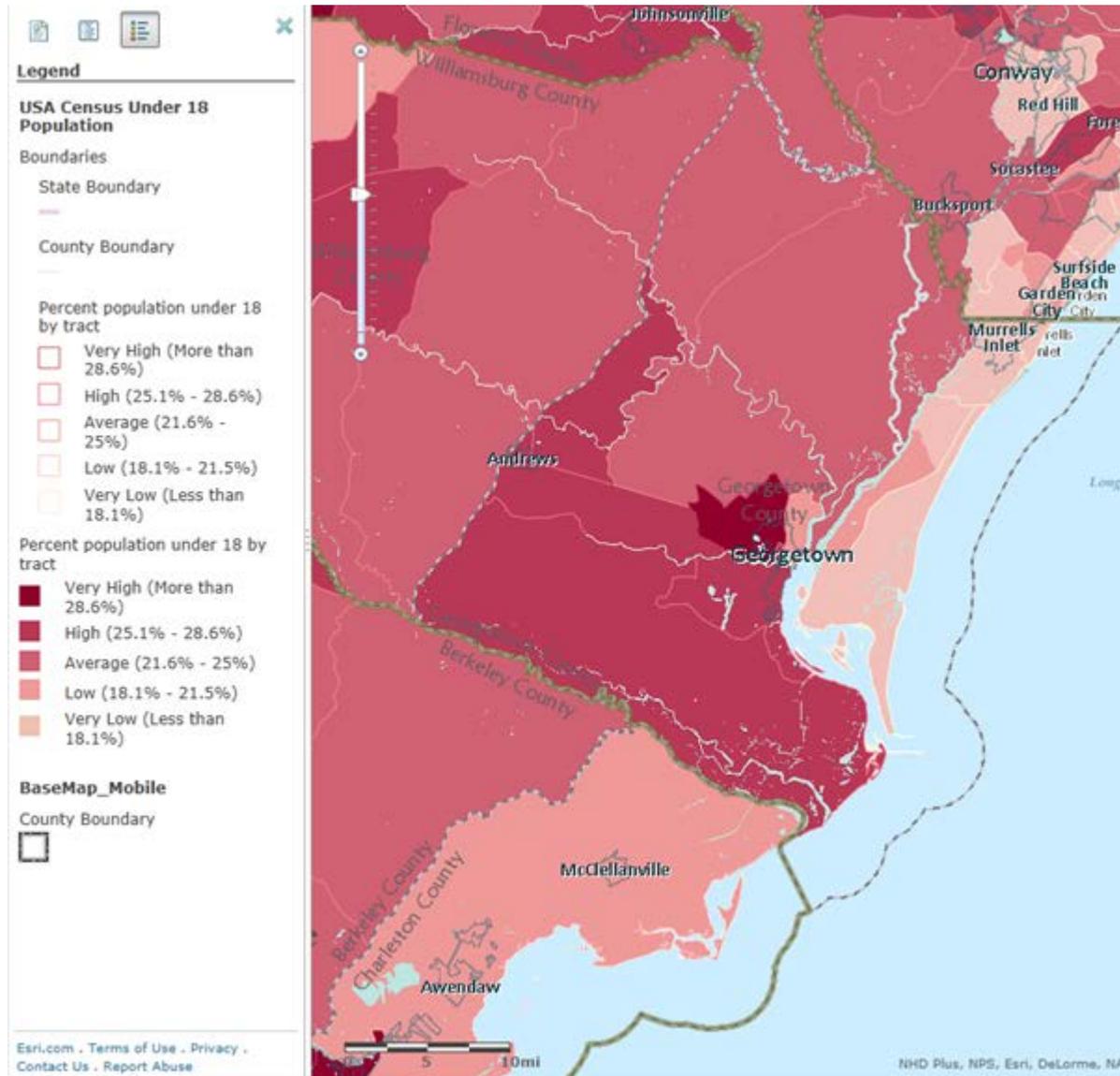


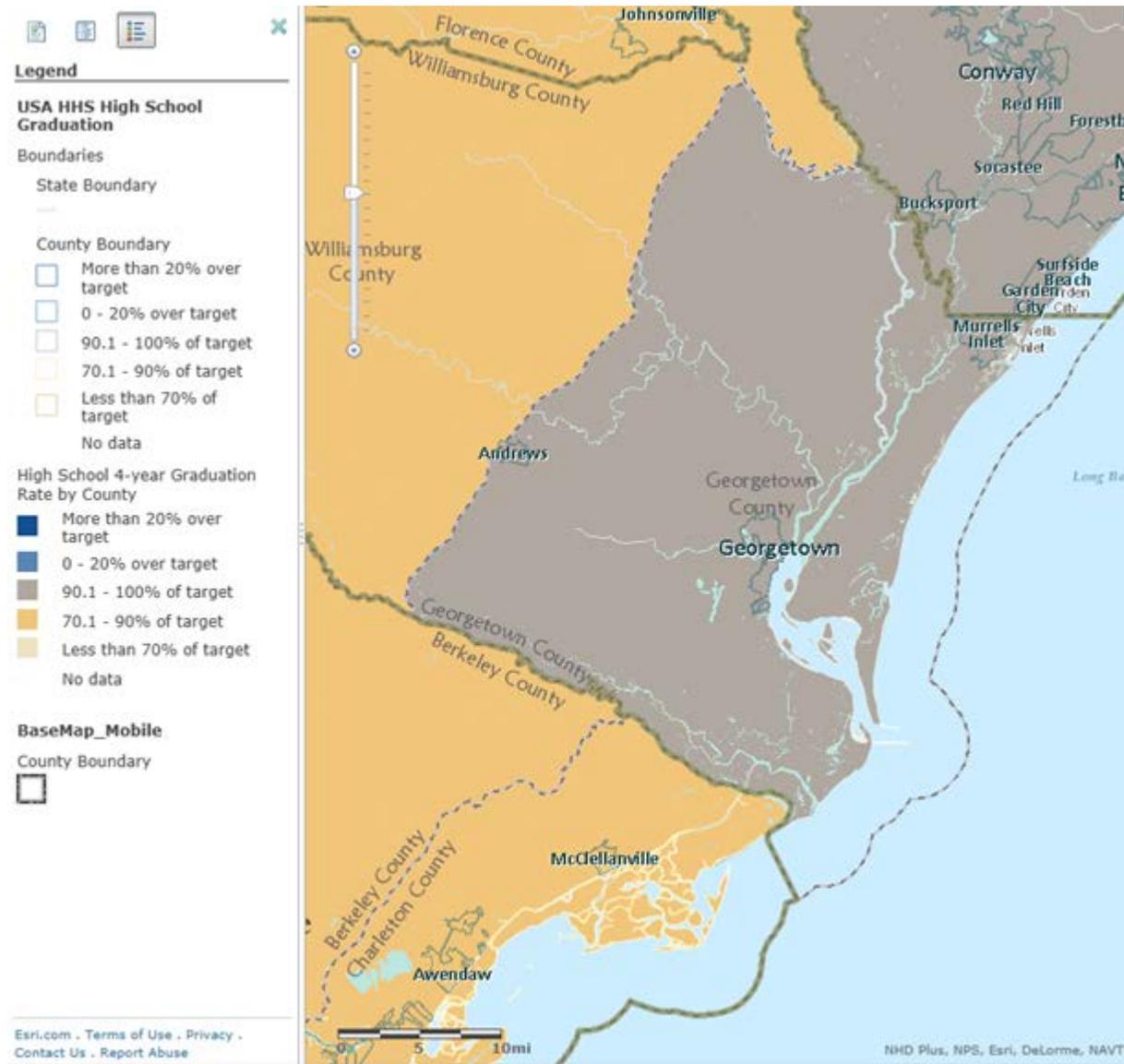


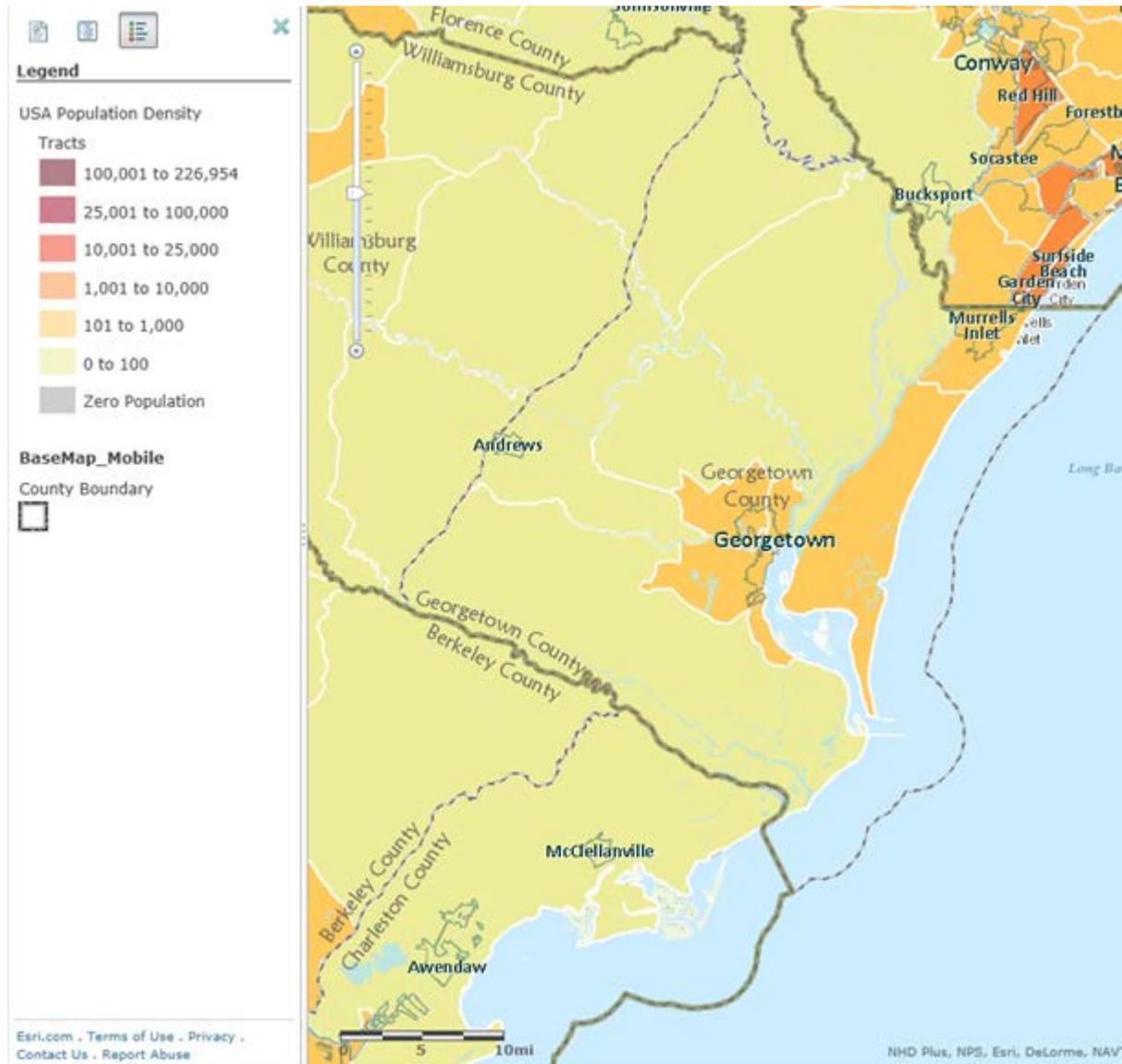


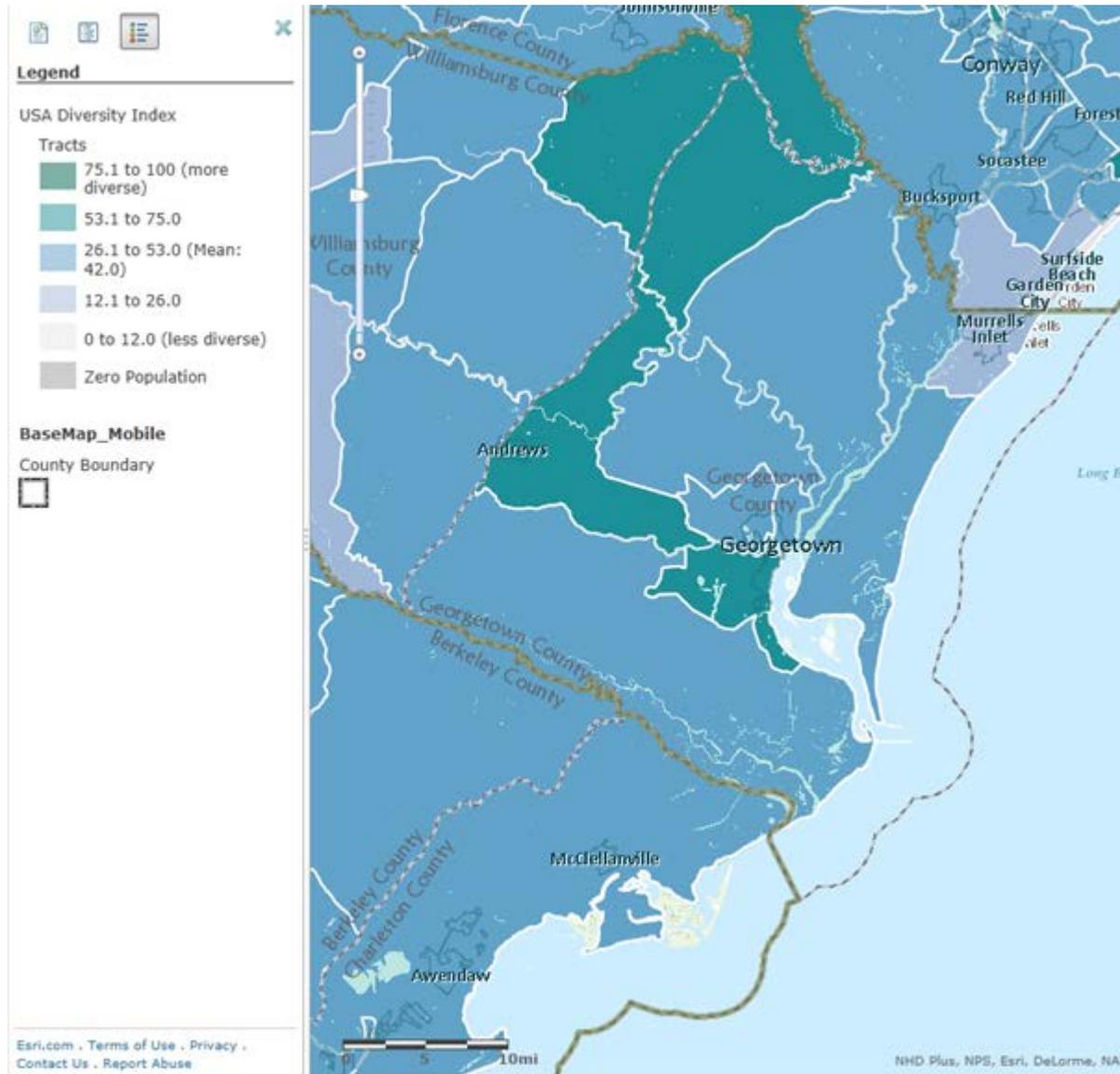






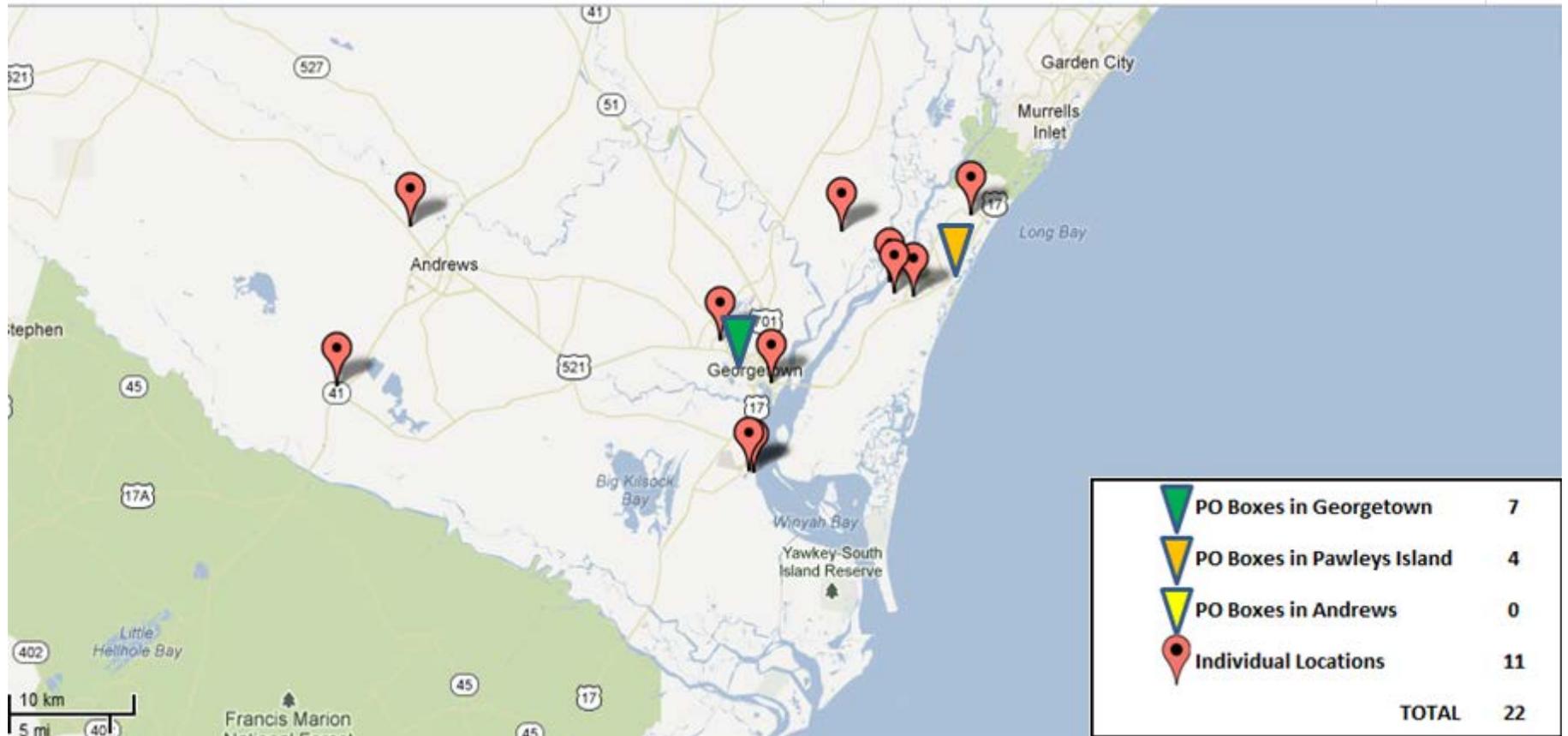




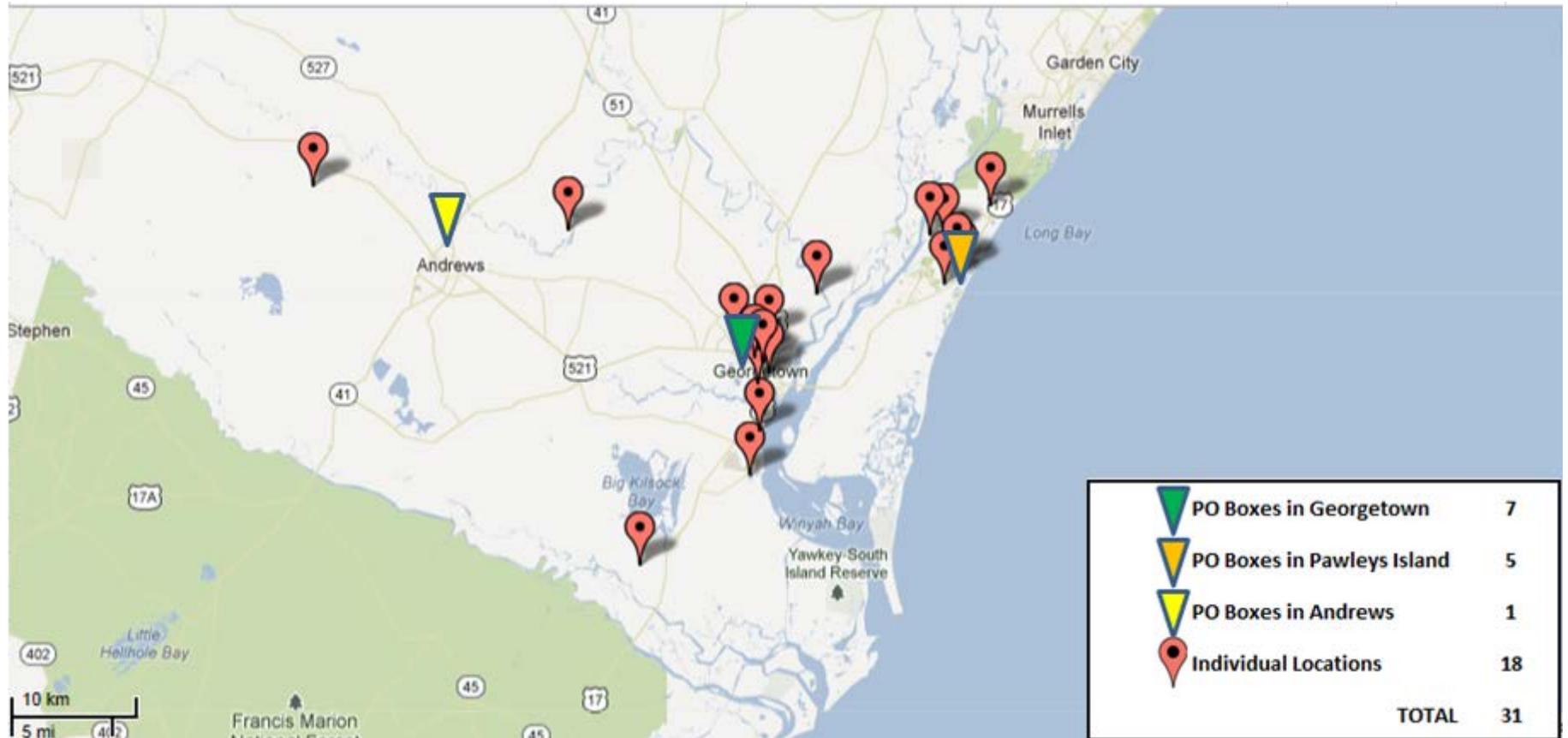


APPENDIX C: NPO LOCATION MAPS BY COUNTY AND NPO CATEGORY

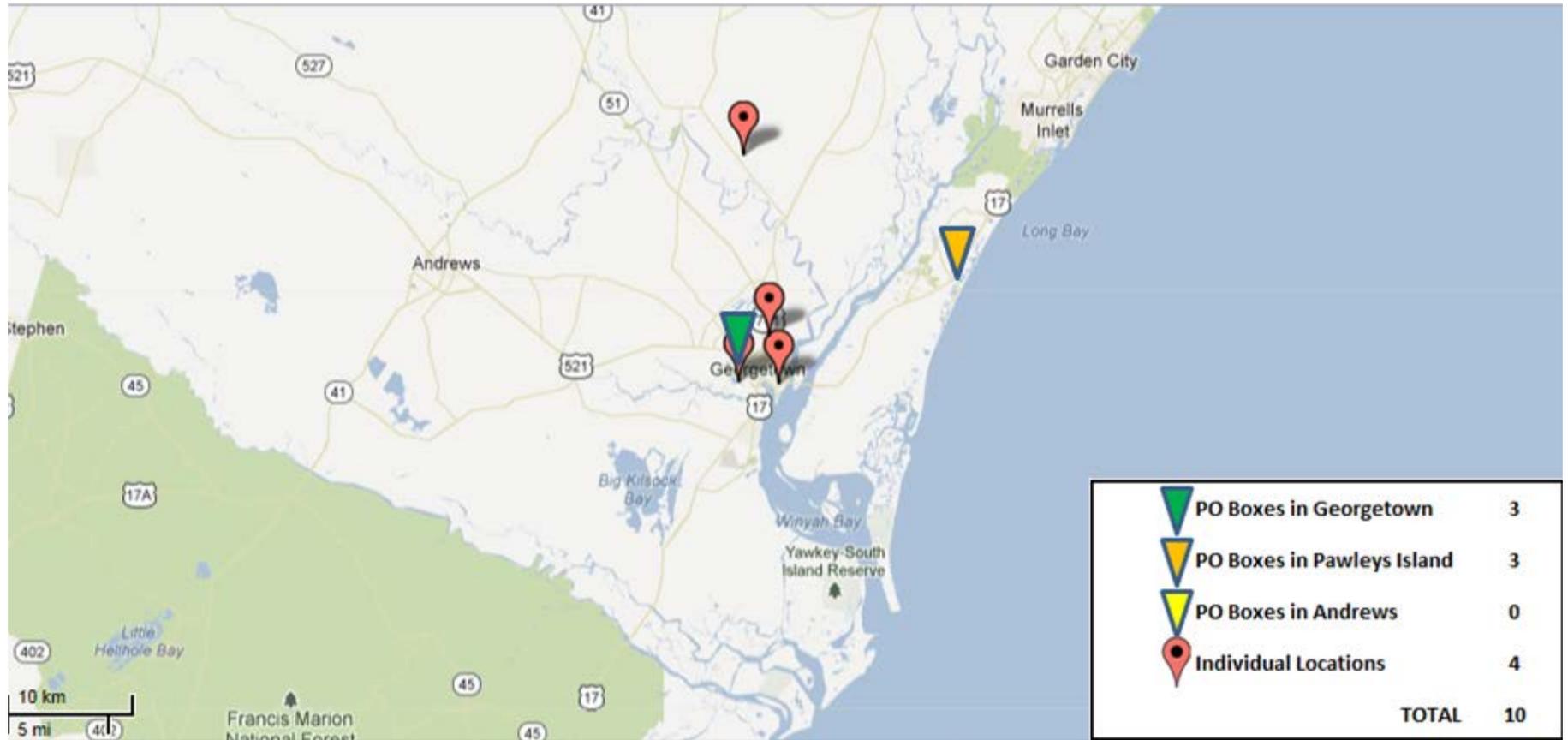
Arts, Culture, and Humanities – Georgetown County



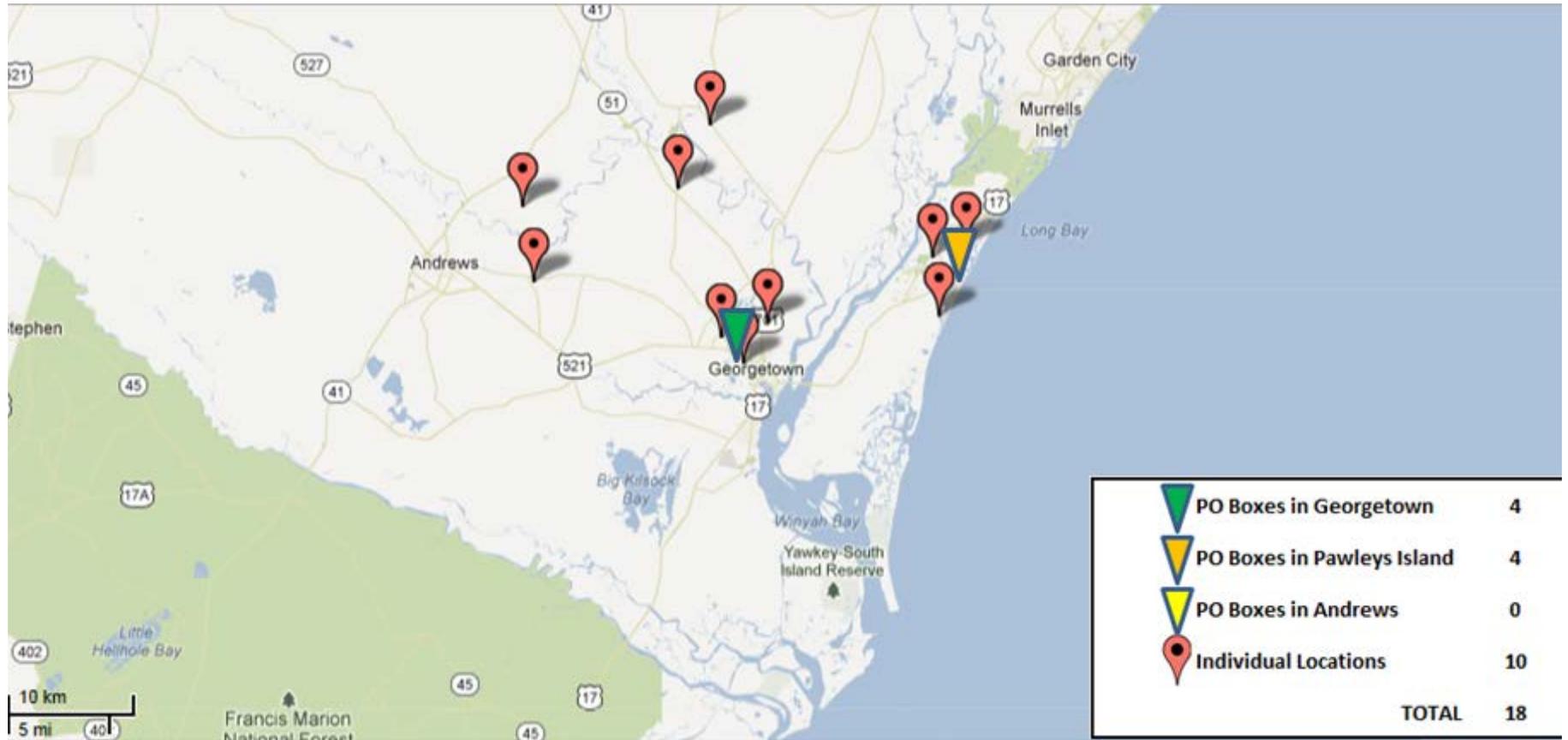
Education – Georgetown County



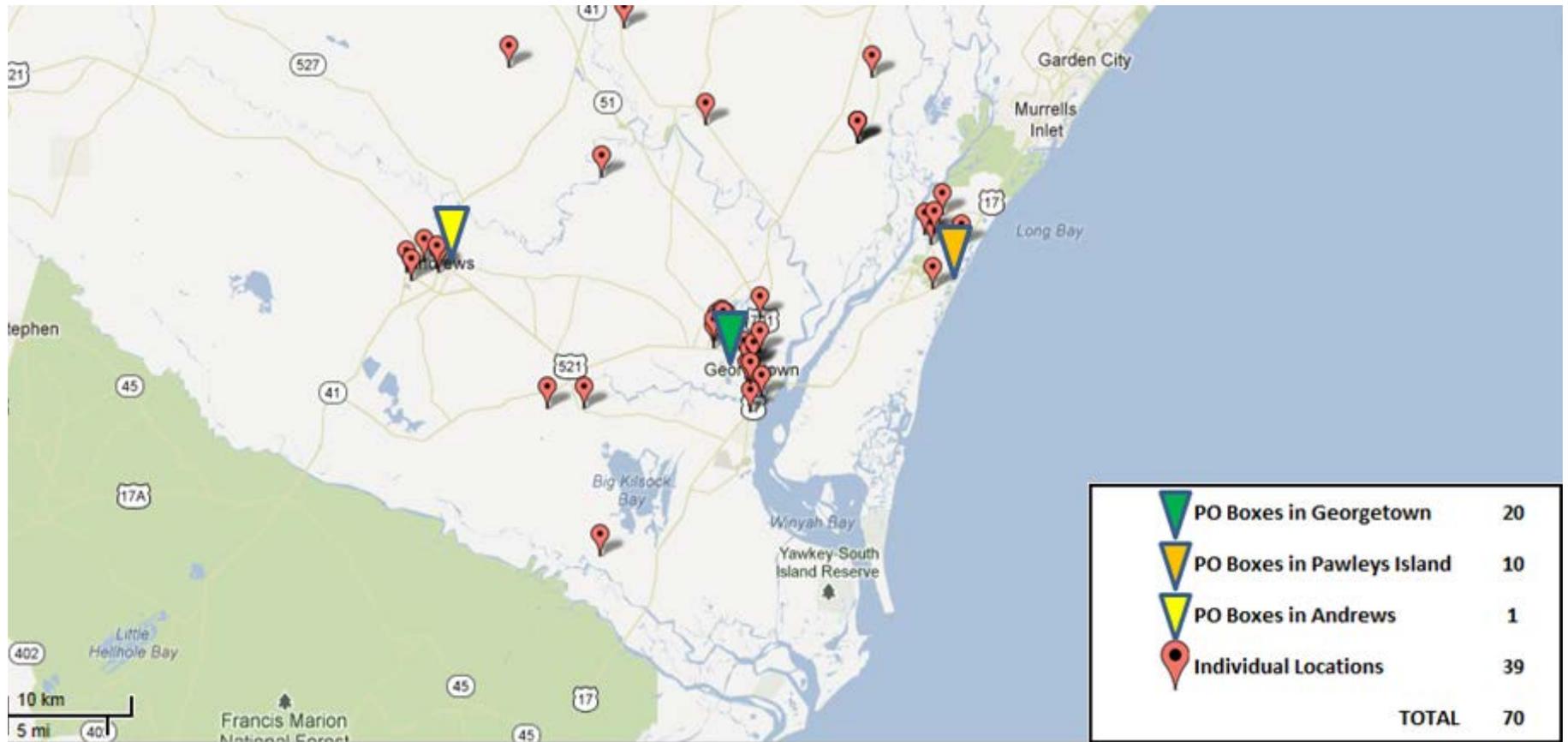
Environment and Animals – Georgetown County



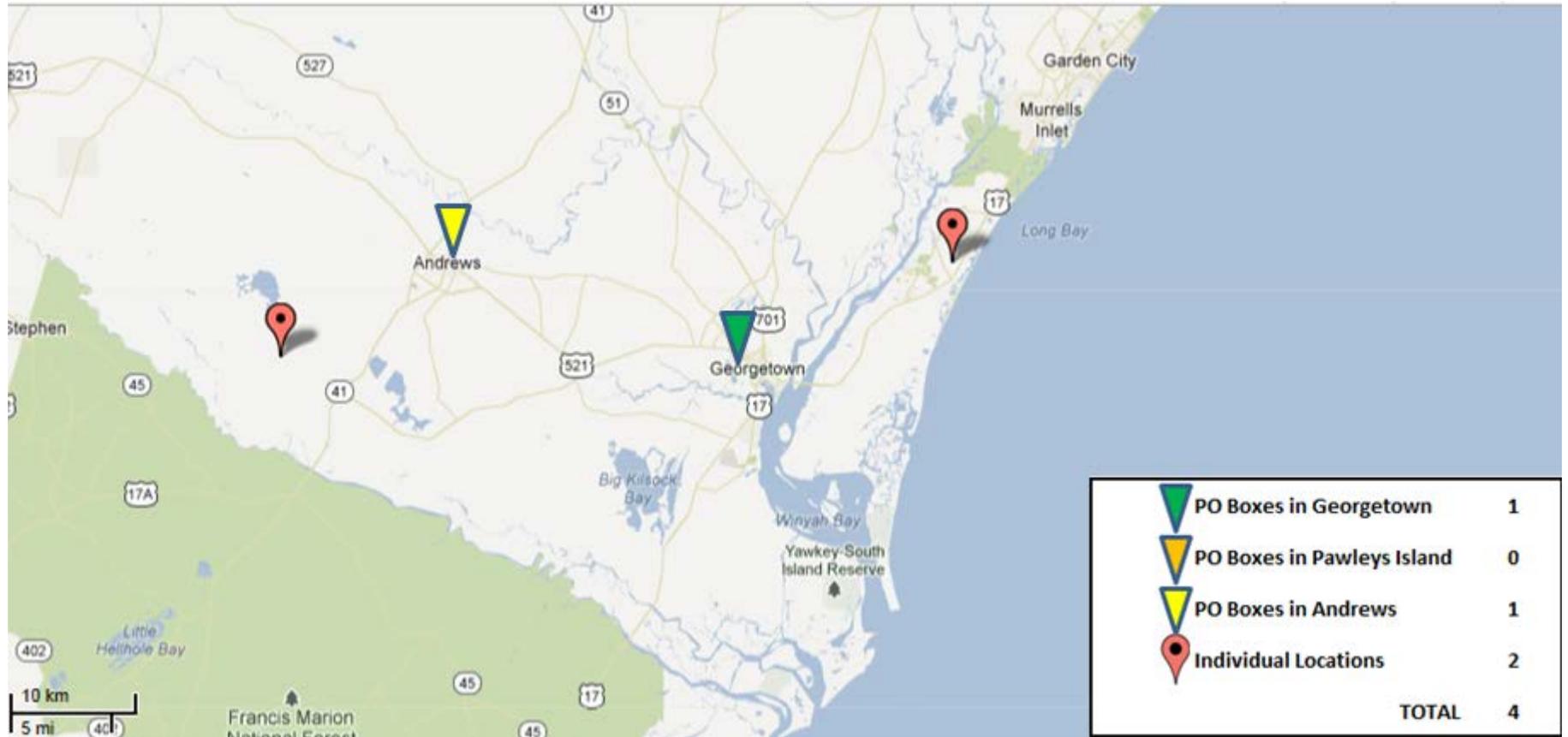
Health – Georgetown County



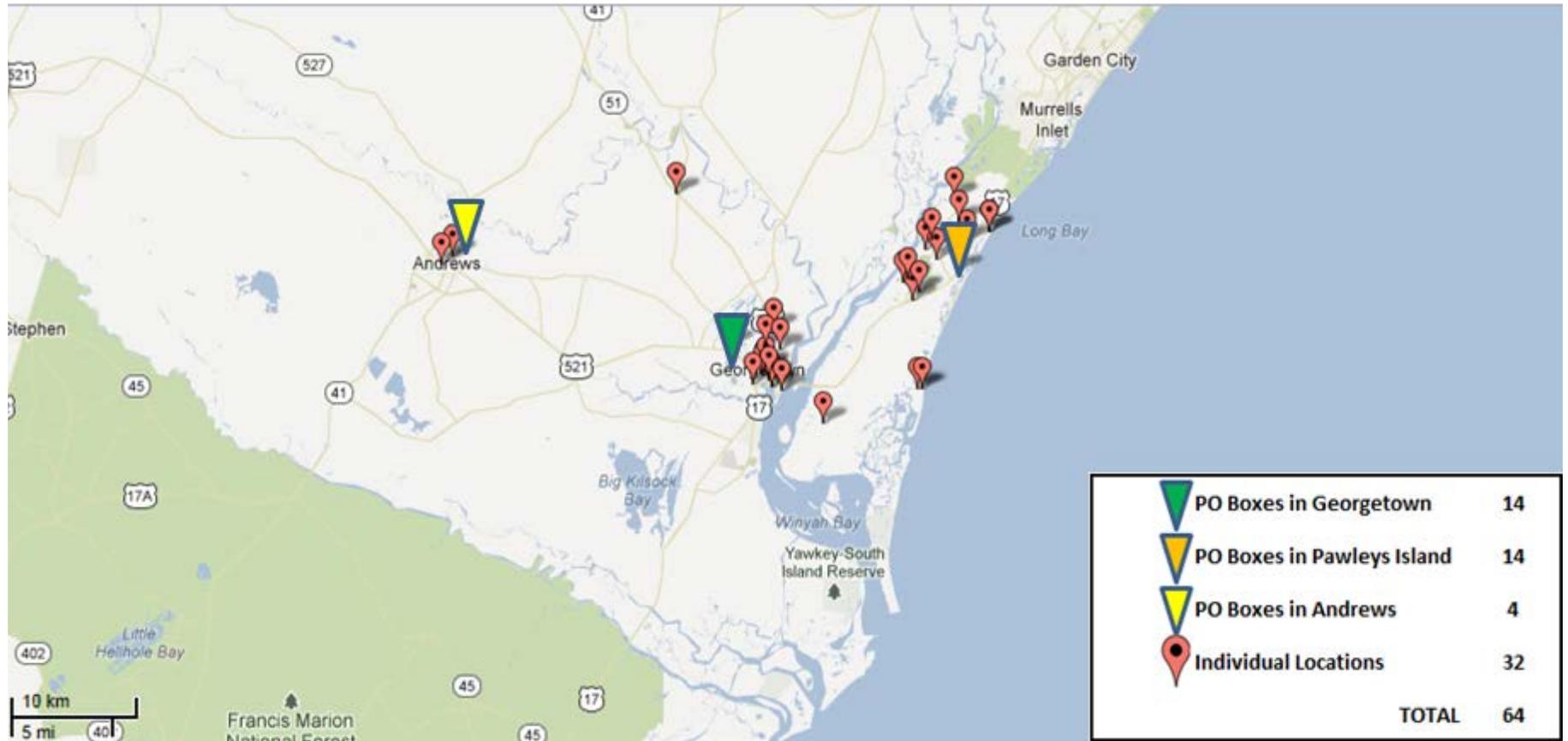
Human Services – Georgetown County



International, Foreign Affairs – Georgetown County



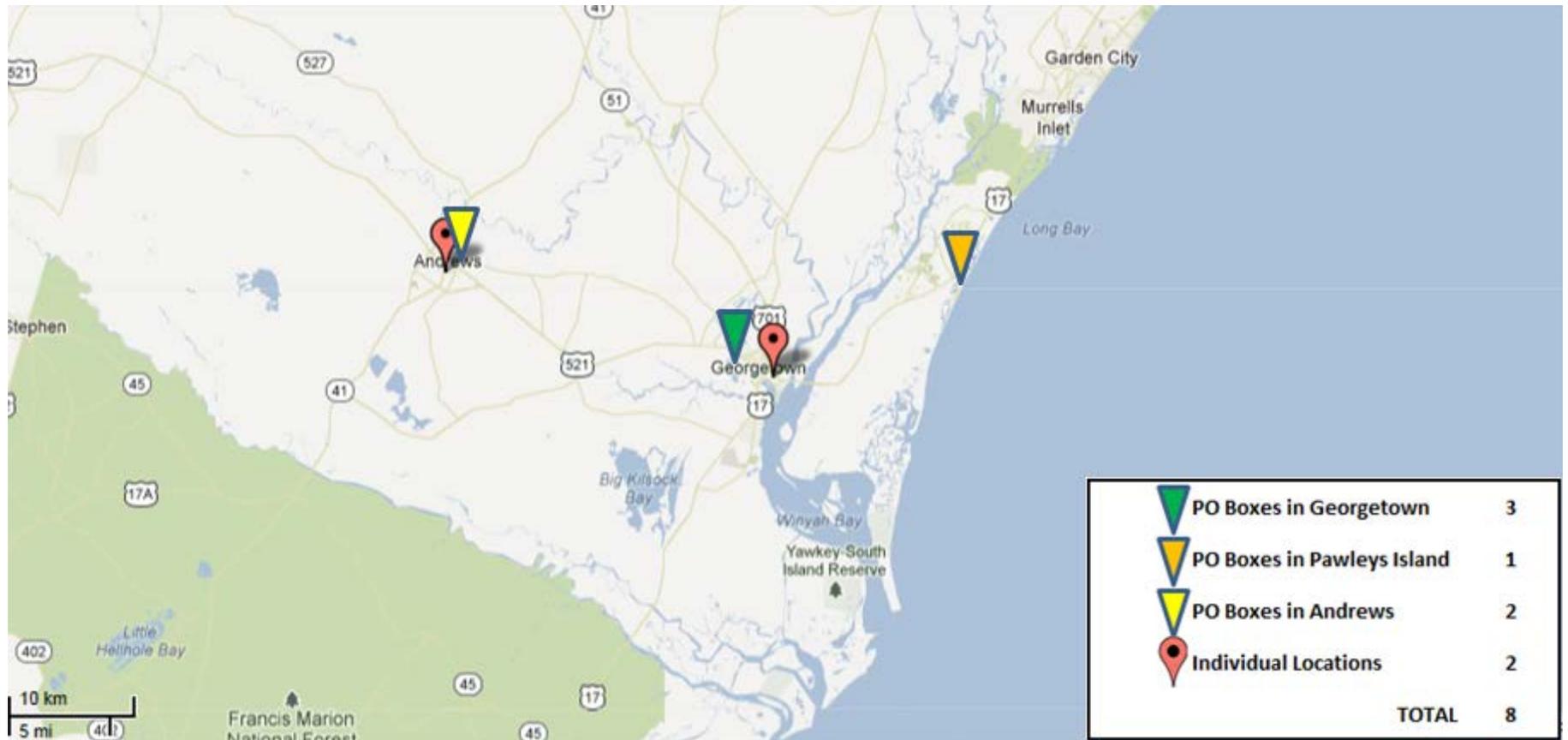
Public, Societal Benefit – Georgetown County



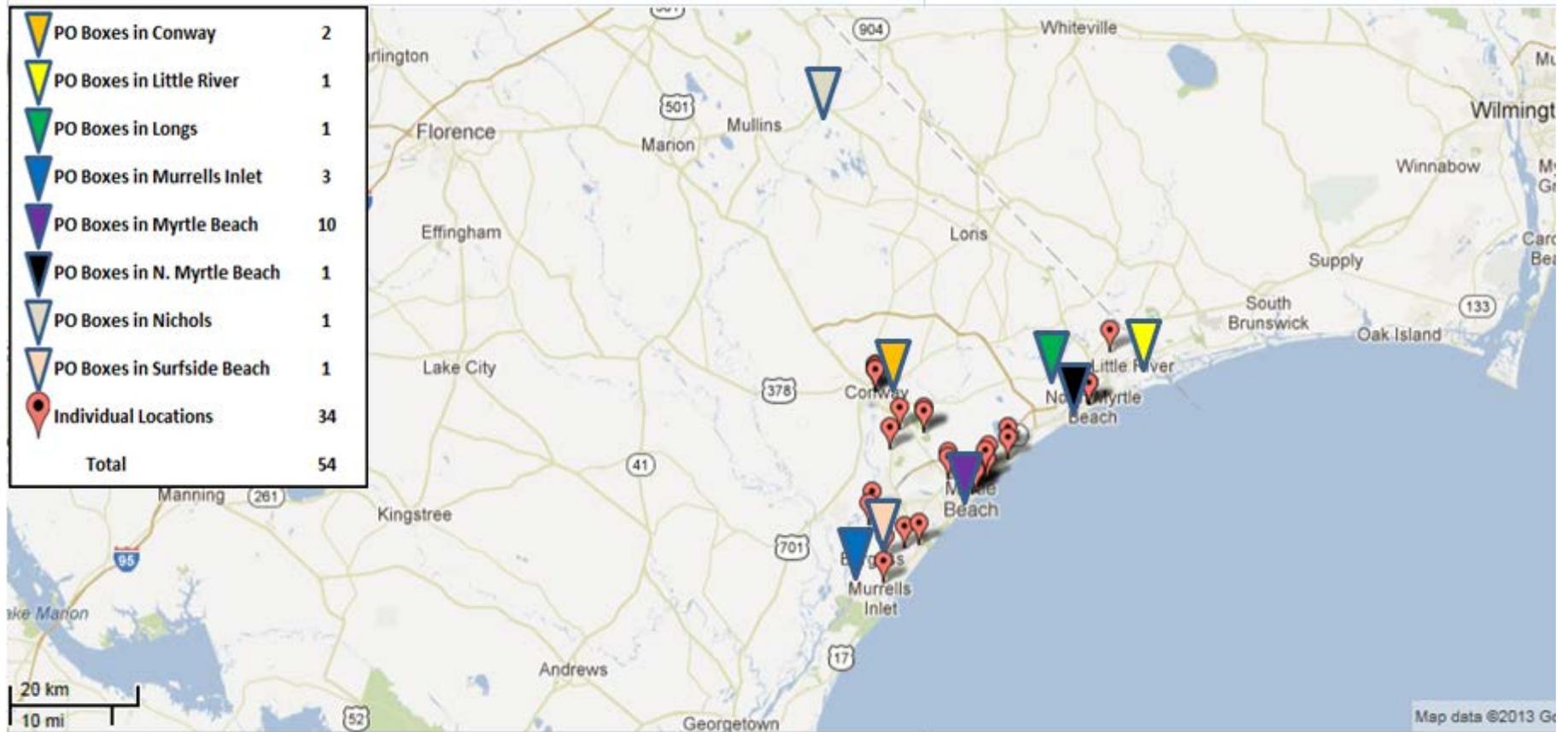
Religion Related – Georgetown County



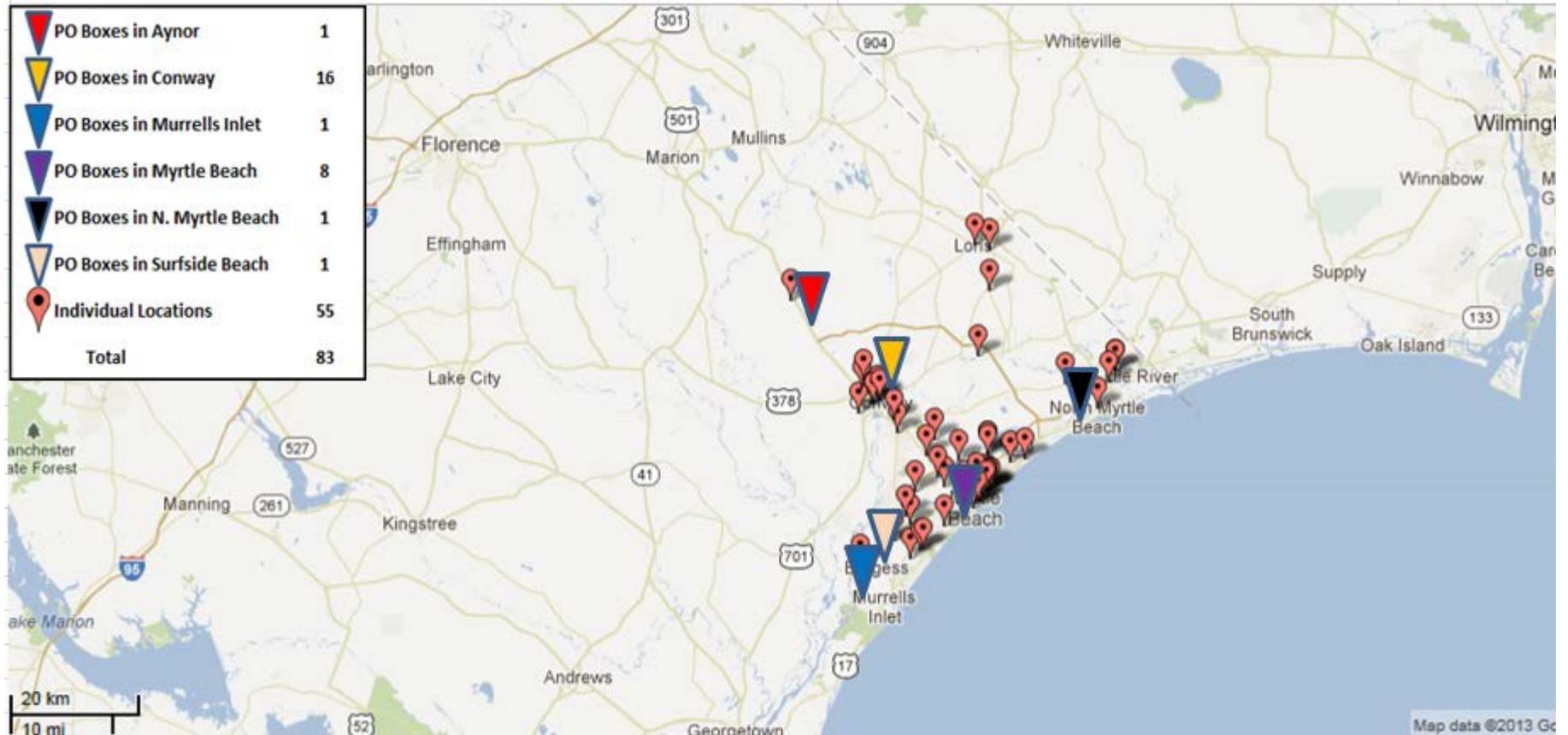
Mutual/Membership Benefit – Georgetown County



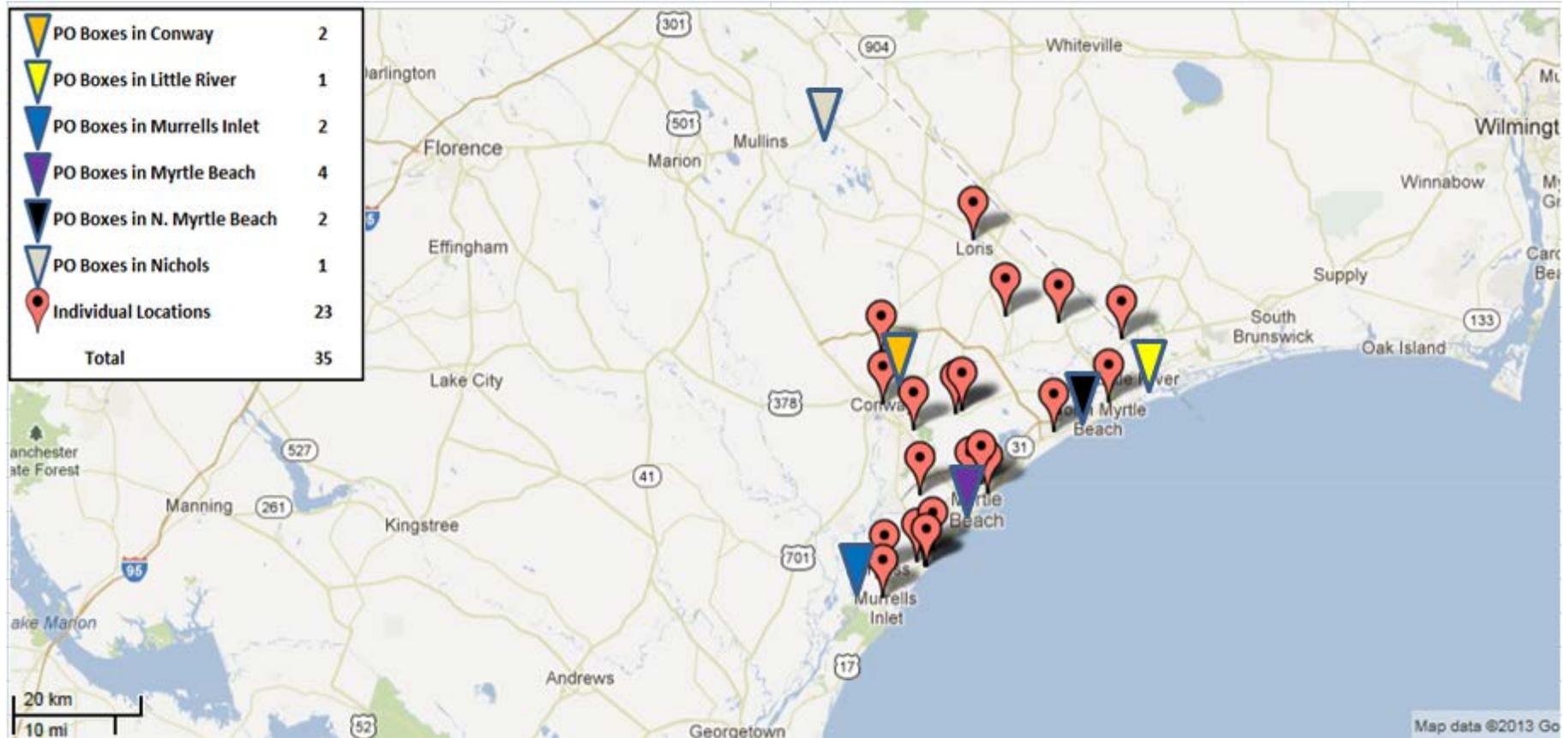
Arts, Culture, and Humanities – Horry County



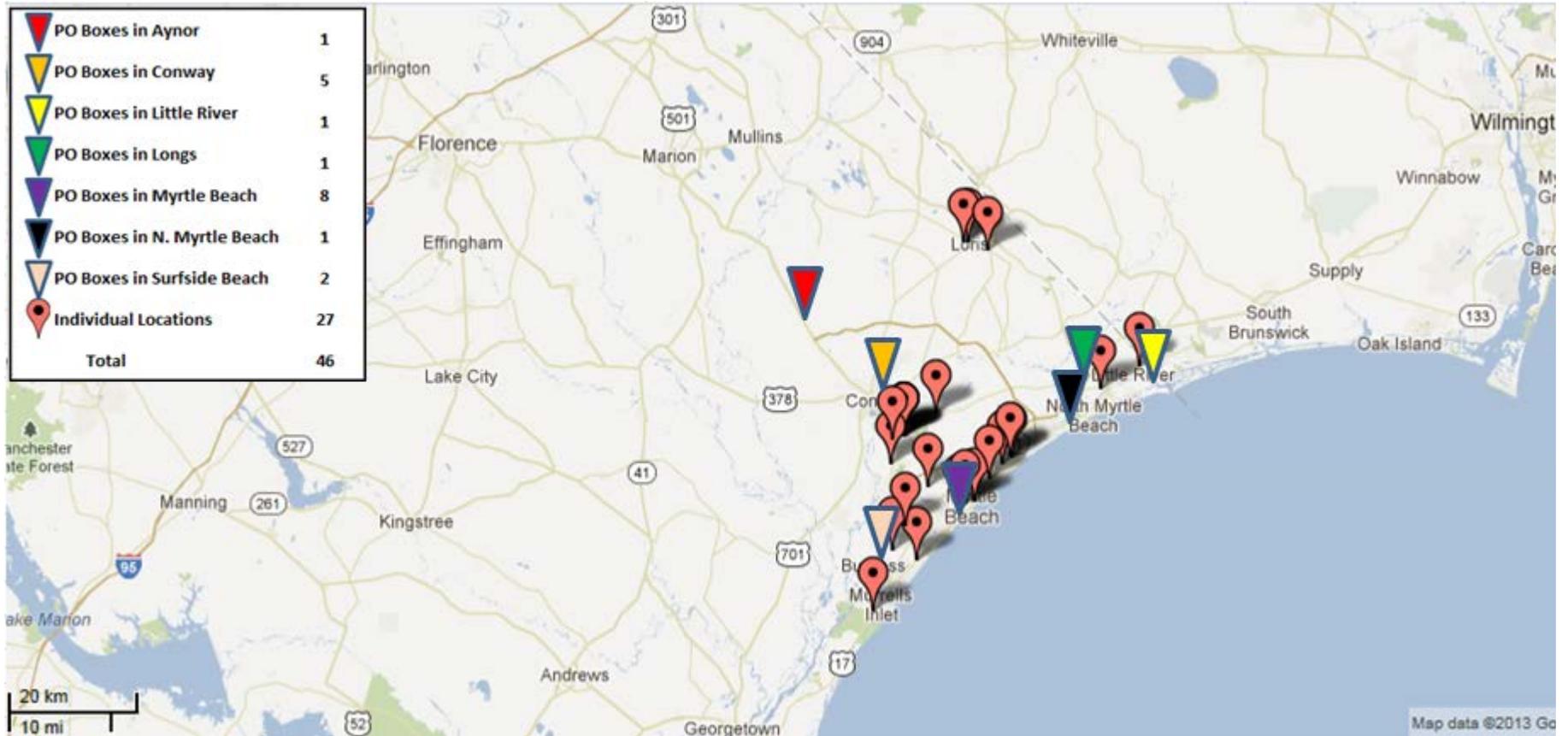
Education – Horry County



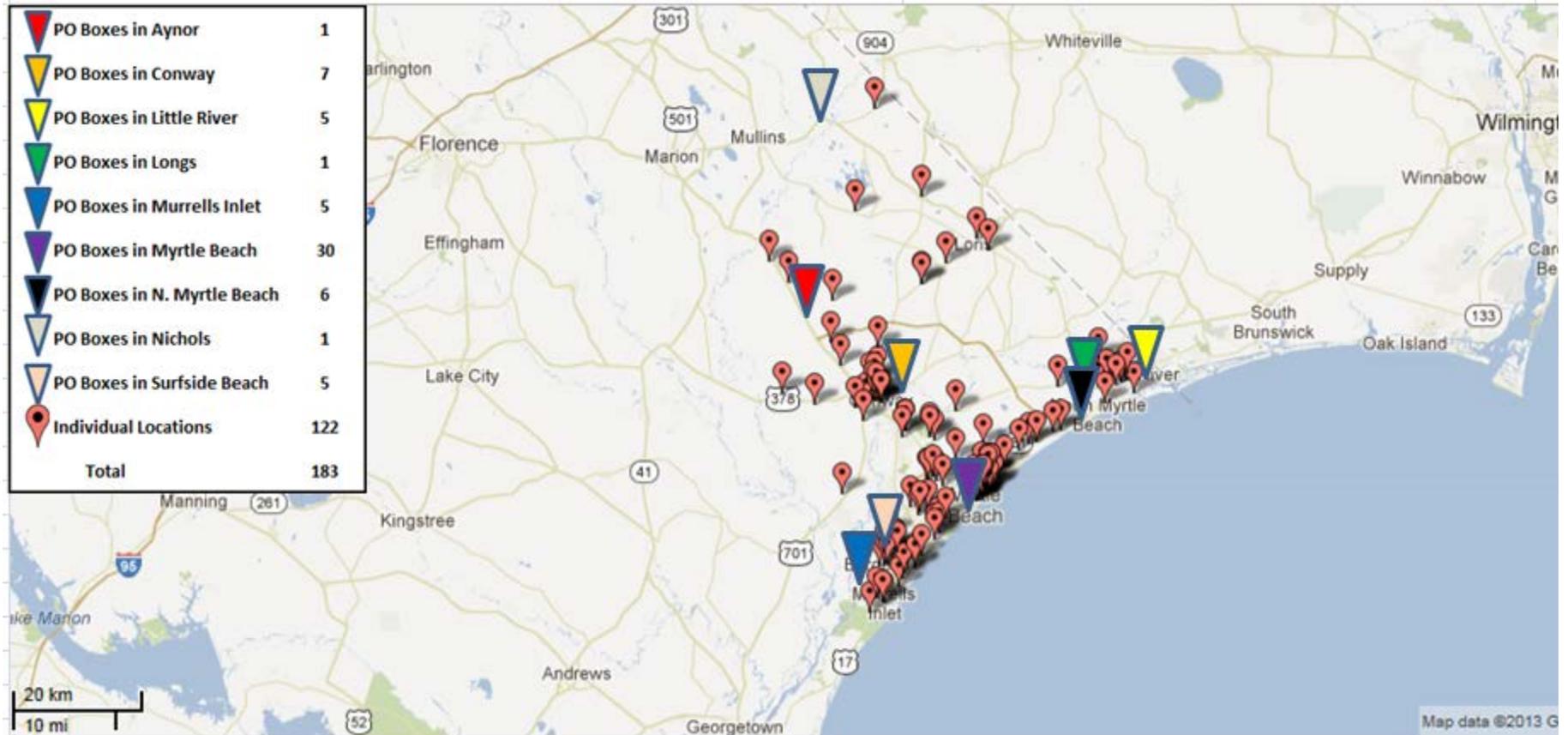
Environment and Animals – Horry County



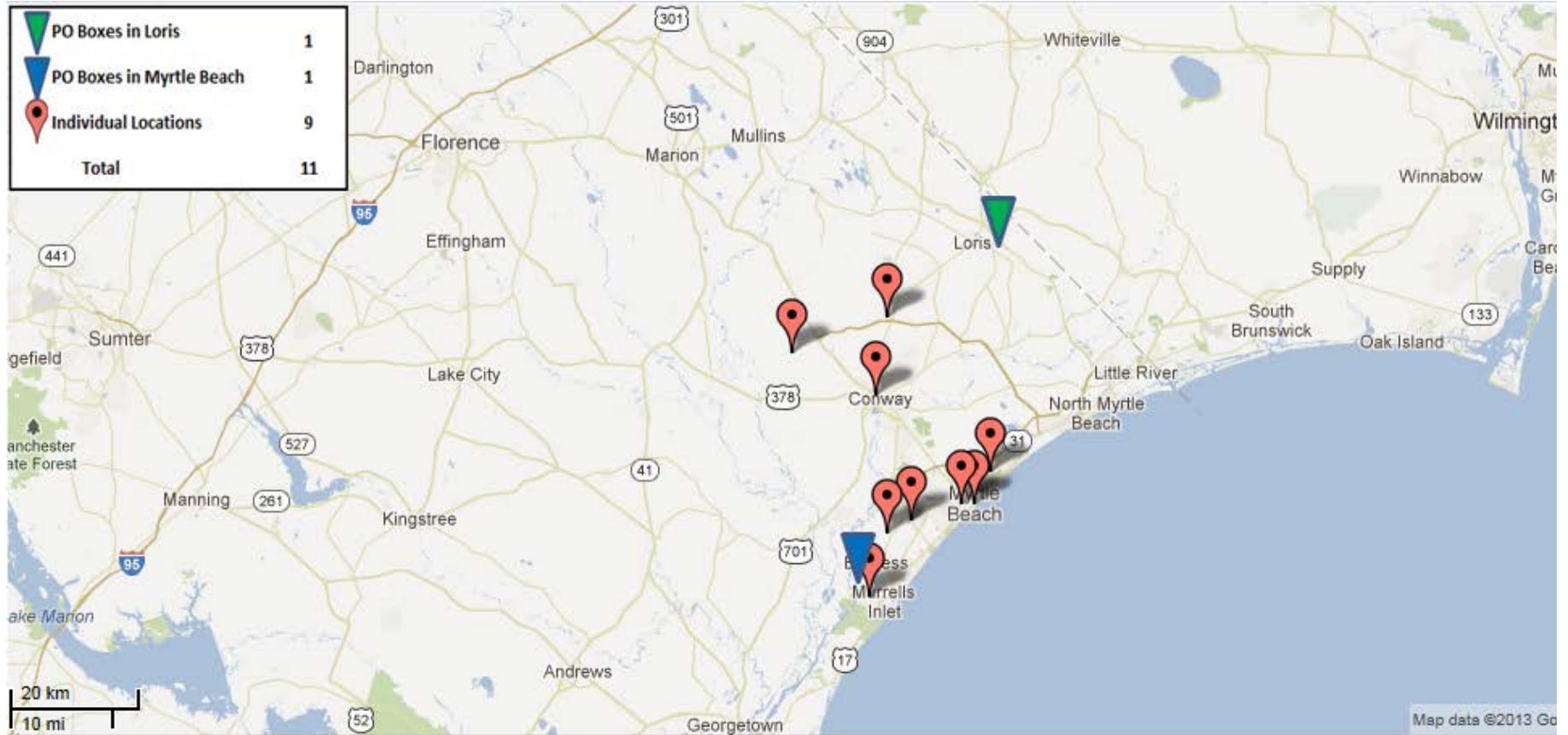
Health – Horry County



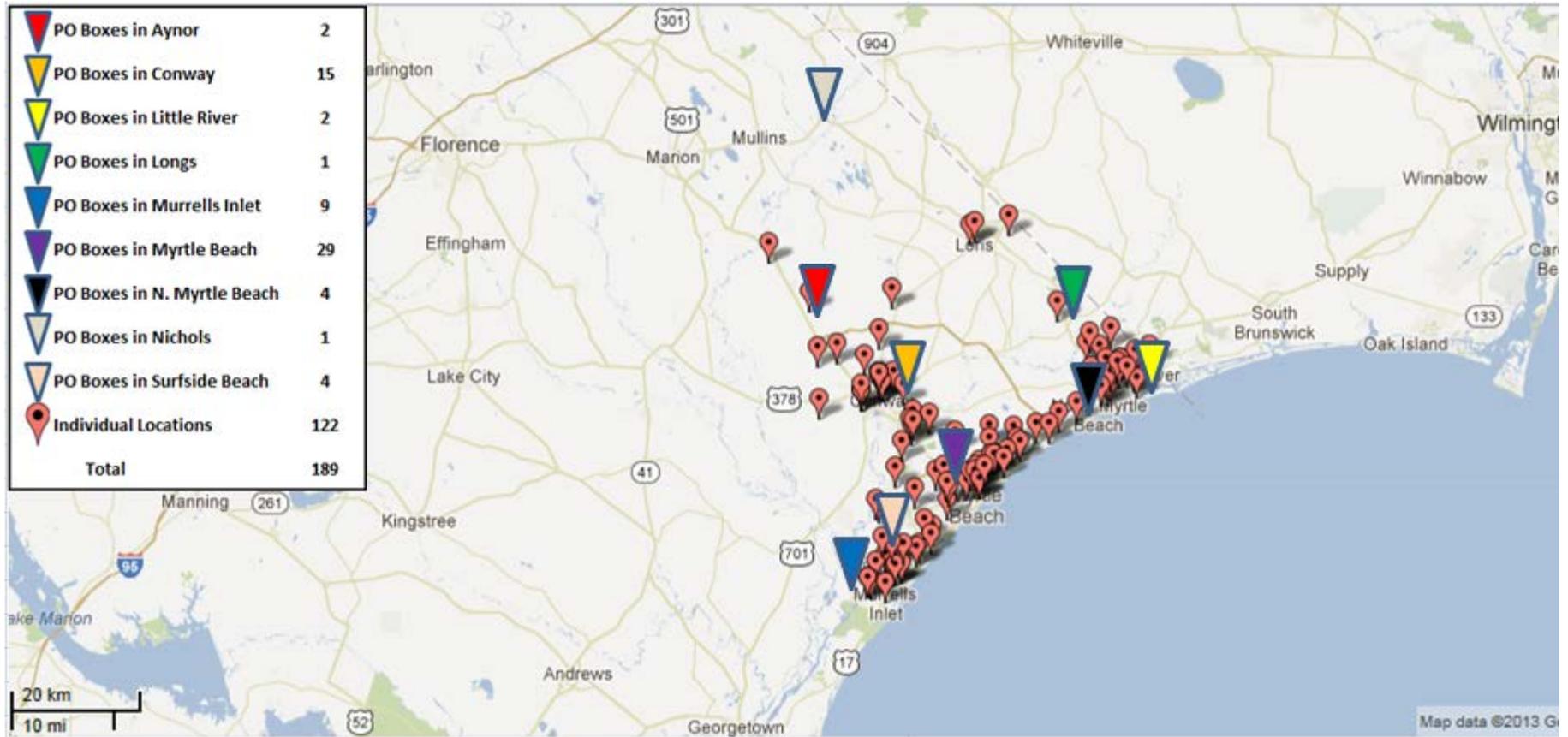
Human Services – Horry County



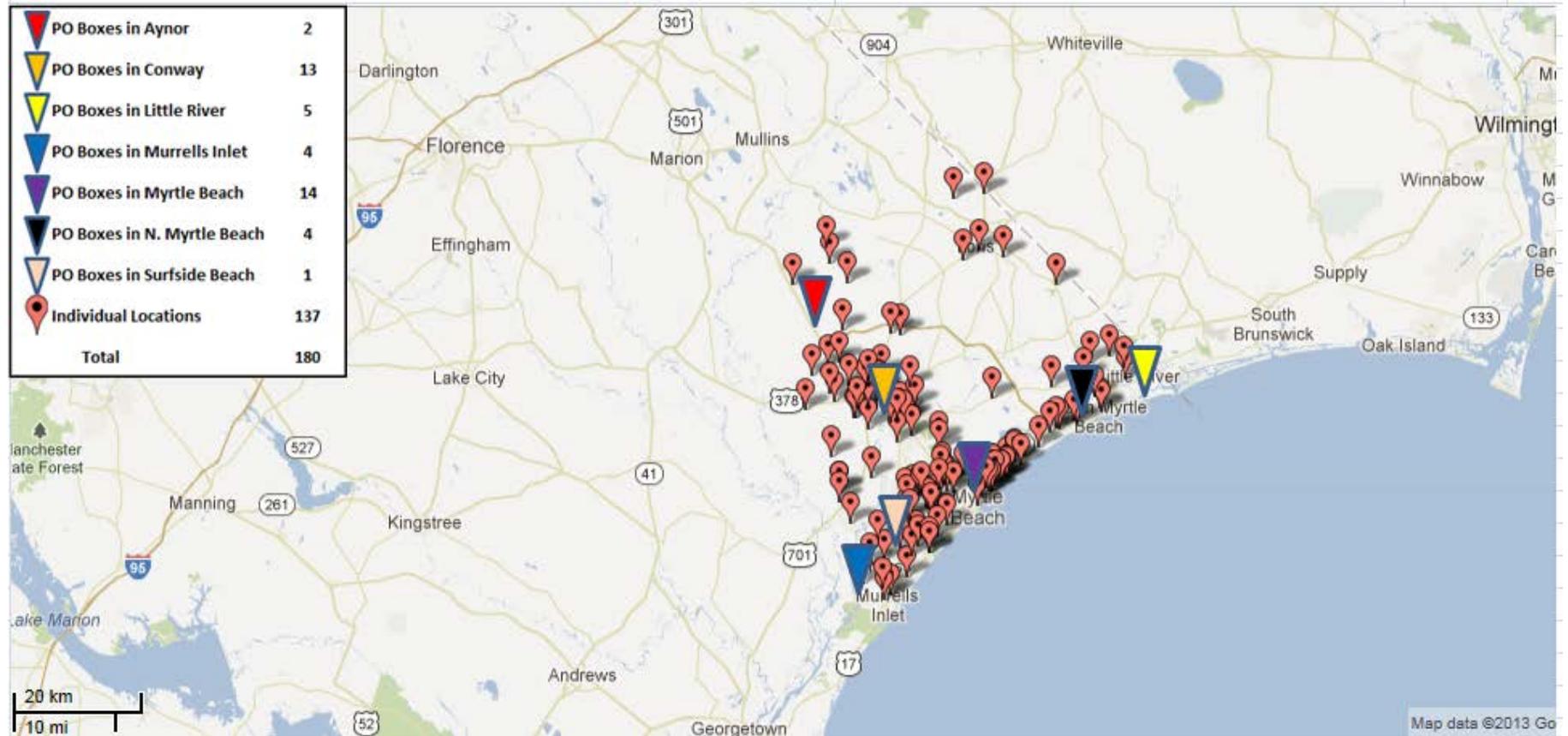
International, Foreign Affairs – Horry County



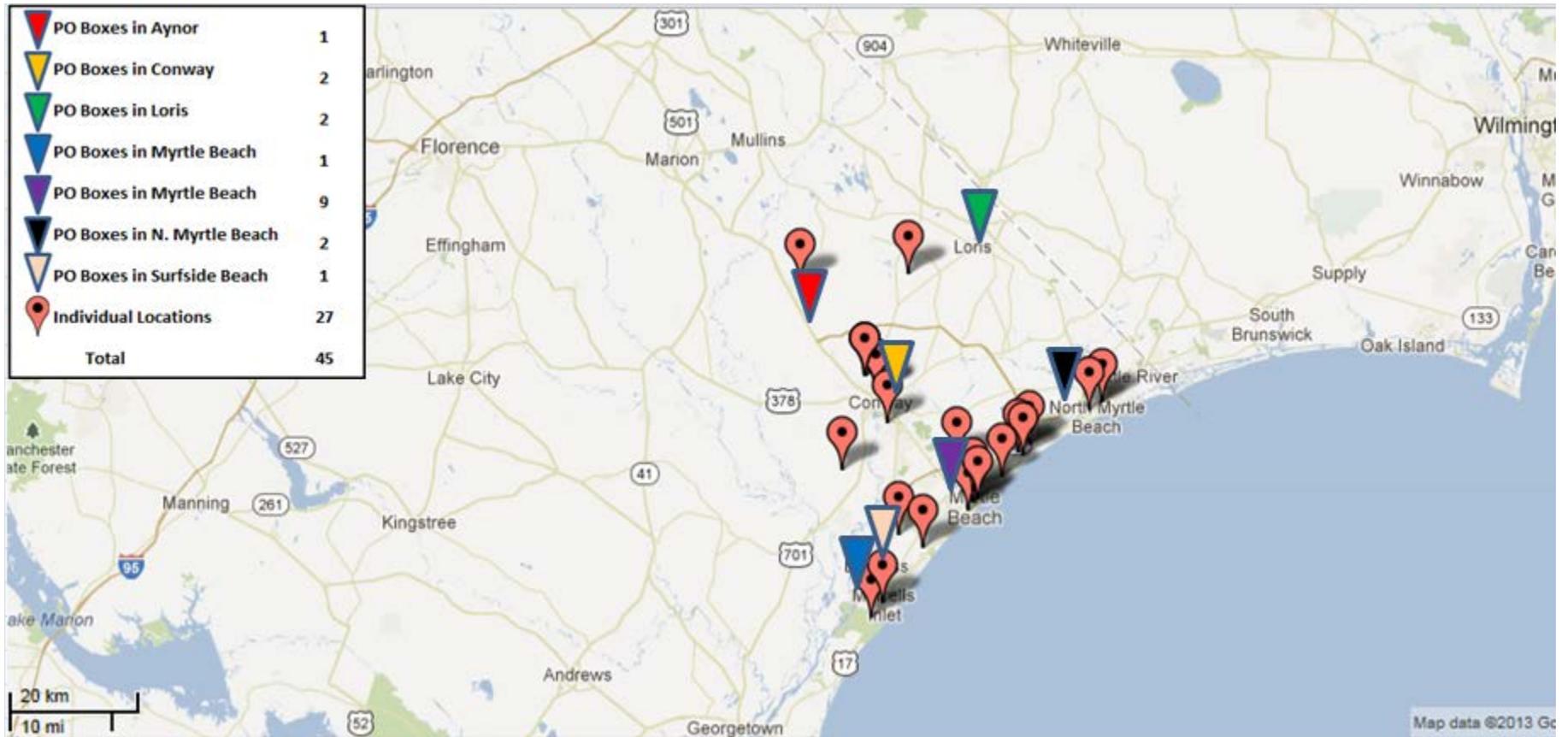
Public, Societal Benefit – Horry County



Religion Related – Horry County



Mutual/Membership Benefit – Horry County



APENDIX D: NPO COMAPRISON ANALYSIS (US-SC-COUNTY)

Table 1: NPOs BY NUMBER

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	54	22	1,157	105,893
Education	83	31	2,243	191,341
Environment and Animals	35	10	3,881	55,965
Health	46	18	983	87,070
Human Services	183	70	3,851	357,421
International, Foreign Affairs	11	4	137	18,642
Public, Societal Benefit	189	64	4,569	413,739
Religion Related	180	62	4,008	252,953
Mutual/Membership Benefit	45	8	1,157	75,394
Unknown, Unclassified	0	0	264	7,079
TOTALS	826	289	22,250	1,565,497

Table 2: NUMBER OF NPOs Filing

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	26	9		39,434
Education	34	18		67,053
Environment and Animals	22	6		16,519
Health	31	12		43,768
Human Services	88	48		124,507
International, Foreign Affairs	4	1		8,044
Public, Societal Benefit	113	28		40,659
Religion Related	25	11		25,808
Mutual/Membership Benefit	11	1		905
Unknown, Unclassified	0	0		449
TOTALS	354	134	4,317	367,146

Table 3: REVENUES (Based on the number filing annually)

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	\$3,114,283	\$931,885	\$178,824,946	\$36,118,532,387
Education	29,538,368	3,043,208	2,337,352,581	275,465,458,178
Environment and Animals	3,076,024	8,339,347	53,099,862	17,598,959,183
Health	360,213,041	130,227,969	6,181,002,536	1,025,617,989,324
Human Services	48,646,236	9,099,698	1,402,352,107	245,335,399,687
International, Foreign Affairs	722,602	61,180	122,207,066	32,403,574,660
Public, Societal Benefit	195,480,331	11,112,119	3,732,485,325	240,555,302,089
Religion Related	4,387,895	1,596,450	219,793,947	14,767,743,466
Mutual/Membership Benefit	2,950,772	30,709	504,416,103	158,853,258,729
Unknown, Unclassified	-	-	779,582	2,668,846,979
TOTALS	\$648,129,552	\$164,442,565	\$14,732,314,055	\$2,049,385,064,682

Table 4: EXPENSES (Based on the number filing annually)

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	\$2,718,163	\$967,273		
Education	25,199,341	3,003,480		
Environment and Animals	2,460,295	8,368,752		
Health	344,350,235	124,840,407		
Human Services	49,612,227	8,728,351		
International, Foreign Affairs	776,886	59,472		
Public, Societal Benefit	190,340,802	9,793,997		
Religion Related	3,666,026	1,228,414		
Mutual/Membership Benefit	2,550,076	33,226		

Unknown, Unclassified	-	-		
TOTALS	\$621,674,051	\$157,023,372		

Table 5: ASSETS (Based on the number filing annually)

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	\$4,226,174	\$1,607,676	\$550,077,068	\$124,958,259,362
Education	128,970,290	1,080,509	9,543,517,689	955,772,039,806
Environment and Animals	2,037,244	39,312,462	451,746,371	48,270,012,652
Health	463,964,916	287,931,669	8,732,292,001	1,273,789,008,991
Human Services	59,717,295	12,829,565	2,520,501,957	390,892,169,947
International, Foreign Affairs	360,676	39,044	38,291,343	38,241,823,790
Public, Societal Benefit	370,599,206	107,096,954	7,942,023,260	3,047,780,450,133
Religion Related	11,137,258	1,973,637	350,236,589	41,100,965,563
Mutual/Membership Benefit	2,871,740	29,553	238,609,907	309,765,547,235
Unknown, Unclassified	-	-	4,623,063	2,580,924,936
TOTALS	\$1,043,884,799	\$451,901,069	\$30,371,919,248	\$6,233,151,202,415

Table 6: NPOs PERCENT OF TOTAL – VERTICAL ANALYSIS

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	6.54%	7.61%	5.20%	6.76%
Education	10.05%	10.73%	10.08%	12.22%
Environment and Animals	4.24%	3.46%	17.44%	3.57%
Health	5.57%	6.23%	4.42%	5.56%
Human Services	22.15%	24.22%	17.31%	22.83%
International, Foreign Affairs	1.33%	1.38%	0.62%	1.19%
Public, Societal Benefit	22.88%	22.15%	20.53%	26.43%
Religion Related	21.79%	21.45%	18.01%	16.16%
Mutual/Membership Benefit	5.45%	2.77%	5.20%	4.82%
Unknown, Unclassified	0.00%	0.00%	1.19%	0.45%
TOTALS	100.00%	100.00%	100.00%	100.00%

Table 7: NPOs FILING PERCENT OF TOTAL – VERTICAL ANALYSIS

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	7.34%	6.72%		10.74%
Education	9.60%	13.43%		18.26%
Environment and Animals	6.21%	4.48%		4.50%
Health	8.76%	8.96%		11.92%
Human Services	24.86%	35.82%		33.91%
International, Foreign Affairs	1.13%	0.75%		2.19%
Public, Societal Benefit	31.92%	20.90%		11.07%
Religion Related	7.06%	8.21%		7.03%
Mutual/Membership Benefit	3.11%	0.75%		0.25%
Unknown, Unclassified	0.00%	0.00%		0.12%

TOTALS	100.00%	100.00%		100.00%
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Table 8: REVENUES PERCENT OF TOTAL – VERTICAL ANALYSIS

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	0.48%	0.57%	1.21%	1.76%
Education	4.56%	1.85%	15.87%	13.44%
Environment and Animals	0.47%	5.07%	0.36%	0.86%
Health	55.58%	79.19%	41.96%	50.05%
Human Services	7.51%	5.53%	9.52%	11.97%
International, Foreign Affairs	0.11%	0.04%	0.83%	1.58%
Public, Societal Benefit	30.16%	6.76%	25.34%	11.74%
Religion Related	0.68%	0.97%	1.49%	0.72%
Mutual/Membership Benefit	0.46%	0.02%	3.42%	7.75%
Unknown, Unclassified	-	-	0.01%	0.13%
TOTALS	100.00%	100.00%	100.00%	100.00%

Table 9: EXPENSES PERCENT OF TOTAL – VERTICAL ANALYSIS

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	0.44%	0.62%		
Education	4.05%	1.91%		
Environment and Animals	0.40%	5.33%		
Health	55.39%	79.50%		
Human Services	7.98%	5.56%		
International, Foreign Affairs	0.12%	0.04%		
Public, Societal Benefit	30.62%	6.24%		
Religion Related	0.59%	0.78%		
Mutual/Membership Benefit	0.41%	0.02%		

Unknown, Unclassified	-	-		
TOTALS	100.00%	100.00%		

Table 10: ASSETS PERCENT OF TOTAL – VERTICAL ANALYSIS

NTEE Classification	Horry County	Georgetown County	South Carolina	United States
Arts, Culture, and Humanities	0.40%	0.36%	1.81%	2.00%
Education	12.35%	0.24%	31.42%	15.33%
Environment and Animals	0.20%	8.70%	1.49%	0.77%
Health	44.45%	63.72%	28.75%	20.44%
Human Services	5.72%	2.84%	8.30%	6.27%
International, Foreign Affairs	0.03%	0.01%	0.13%	0.61%
Public, Societal Benefit	35.50%	23.70%	26.15%	48.90%
Religion Related	1.07%	0.44%	1.15%	0.66%
Mutual/Membership Benefit	0.28%	0.01%	0.79%	4.97%
Unknown, Unclassified	-	-	0.02%	0.04%
TOTALS	100.00%	100.00%	100.00%	100.00%

Table 11: HORIZONTAL ANALYSIS – NPOs BY COUNTY NTEE CLASSIFICATION AS A PERCENT OF SOUTH CAROLINA

NTEE Classification	Horry as a % of South Carolina	Georgetown as a % of South Carolina	SC as a % of the U.S.
Arts, Culture, and Humanities	4.67%	1.90%	1.09%
Education	3.70%	1.38%	1.17%
Environment and Animals	0.90%	0.26%	6.93%
Health	4.68%	1.83%	1.13%
Human Services	4.75%	1.82%	1.08%
International, Foreign Affairs	8.03%	2.92%	0.73%
Public, Societal Benefit	4.14%	1.40%	1.10%
Religion Related	4.49%	1.55%	1.58%
Mutual/Membership Benefit	3.89%	0.69%	1.53%
Unknown, Unclassified	0.00%	0.00%	3.73%
County NPOs per SC	3.71%	1.30%	1.42%

Table 12: HORIZONTAL ANALYSIS – REVENUE BY COUNTY NTEE CLASSIFICATION AS A PERCENT OF SOUTH CAROLINA

NTEE Classification	Horry as a % of South Carolina	Georgetown as a % of South Carolina	SC as a % of the U.S.
Arts, Culture, and Humanities	1.74%	0.52%	0.50%
Education	1.26%	0.13%	0.85%
Environment and Animals	5.79%	15.71%	0.30%
Health	5.83%	2.11%	0.60%
Human Services	3.47%	0.65%	0.57%
International, Foreign Affairs	0.59%	0.05%	0.38%
Public, Societal Benefit	5.24%	0.30%	1.55%
Religion Related	2.00%	0.73%	1.49%
Mutual/Membership Benefit	0.58%	0.01%	0.32%
Unknown, Unclassified	-	-	0.03%
County NPOs per SC	4.40%	1.12%	0.72%

Table 13: HORIZONTAL ANALYSIS –ASSETS BY COUNTY NTEE CLASSIFICATION AS A PERCENT OF SOUTH CAROLINA

NTEE Classification	Horry as a % of South Carolina	Georgetown as a % of South Carolina	SC as a % of the U.S.
Arts, Culture, and Humanities	0.77%	0.29%	0.44%
Education	1.35%	0.01%	1.00%
Environment and Animals	0.45%	8.70%	0.94%
Health	5.31%	3.30%	0.69%
Human Services	2.37%	0.51%	0.64%
International, Foreign Affairs	0.94%	0.10%	0.10%
Public, Societal Benefit	4.67%	1.35%	0.26%
Religion Related	3.18%	0.56%	0.85%
Mutual/Membership Benefit	1.20%	0.01%	0.08%
Unknown, Unclassified	-	-	0.18%
County NPOs per SC	3.44%	1.49%	0.49%

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If there are any further questions regarding this whitepaper or its results, please contact Dr. Karen Maguire of Coastal Carolina University at kmaguire@coastal.edu or at 843-349-4163.

Best Practices for Nonprofits' Internal Control Self-Assessment

Dr. Karen Maguire

11/25/2013

Advanced Auditing ACCT 637



COASTAL
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Executive Summary

The objective of this paper is to compile a stepwise menu of tasks that allow nonprofit organizations (NPOs) to self-assess the operation of previously assembled internal control policies and procedures, and to do so at any given size and stage during its life cycle. After self-assessing policies and procedures, the nonprofit organization can provide to stakeholders evidence of efficiency in its backroom operations, which in turn allows the organization to effectively operate its said mission and build capacity. Working in collaboration with The Chapin Foundation, The Waccamaw Community Foundation, and The Frances P. Bunnelle Foundation, the output of this multi-stage project will assist NPOs obtain affordable audits and reviews, utilize cost-effective techniques when self-assessing policies and procedures, and add to the self-assessment tasks as they grow. Achieving compliance with best practices for financial accountability, transparency, and board governance, the output of these projects facilitate the link between philanthropic leadership, charitable resources, and civic influence with community needs and opportunities.

This project is the fourth stage in an effort to address the concerns of South Carolina NPOs and to provide cost effective methods to either centralize or standardize “back-room operations” for accounting, auditing, and corporate governance issues. With this and each future project, the common goal is to provide cost effective methods for South Carolina NPOs to achieve best practices.

An analysis of Copedia’s Non Profit Edition policies and procedures manual template library and its internal control assessment tool yielded the following results:

- Small NPOs
 - As determined from previous research, 56 Policies allow a small NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 280 Internal Control Activities are included in these policies and allow a small NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 127 Separate Tasks allow a small NPO to self-assess the effectiveness of its internal controls.



- 80 Unique Tasks allow a small NPO to self-assess its internal controls when the organization's activities are viewed as a whole.
- Medium NPOs
 - As determined from previous research, 87 Policies allow a medium NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 446 Internal Control Activities are included in these policies and allow a medium NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 186 Separate Tasks allow a medium NPO to self-assess the effectiveness of its internal controls.
 - 107 Unique Tasks allow a medium NPO to self-assess its internal controls when the organization's activities are viewed as a whole.
- Large NPOs
 - As determined from previous research, 109 Policies allow a large NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 480 Internal Control Activities are included in these policies and allow a large NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 219 Separate Tasks allow a large NPO to self-assess the effectiveness of its internal controls.
 - 130 Unique Tasks allow a large NPO to self-assess its internal controls when the organization's activities are viewed as a whole.
- Extra-Large NPOs
 - As determined from previous research, 124 Policies allow an extra-large NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 525 Internal Control Activities are included in these policies and allow an extra-large NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 235 Separate Tasks allow an extra-large NPO to self-assess the effectiveness of its internal controls.
 - 143 Unique Tasks allow an extra-large NPO to self-assess its internal controls when the organization's activities are viewed as a whole.

The recommendation for the future is to continue to conduct research for NPOs that will provide education on how to achieve best practices. Research with the participation of Master of Accountancy graduate students at Coastal Carolina University provides the opportunity to assist



the NPOs in several areas. Through the research, assistance can be provided to help NPOs achieve best practices for corporate governance, accounting, and auditing, and reduce the costs of attaining these goals.

The research will help NPOs with the adoption of and transition into the Unified Chart of Accounts (UCOA) to enable financial reporting that is compatible with the Form 990, the United States Office of Management and Budget federal grant administration reports, and various other reporting formats utilized in the NPO sector. The adoption of UCOA is a policy applicable to NPOs of all sizes, and is incorporated into the self-assessment process presented here in this paper. In addition, the self-assessment of internal controls follows best practices for proper financial reporting, accountability, transparency, and ethical leadership. If these NPOs need an online accounting system, they can choose one that is compatible with UCOA as well as their individual needs and budget. Financial reporting that follows UCOA will allow NPOs to prepare for an independent audit or review. This will lower the processing costs of the audit or review for these NPOs by lowering the billable hours required of an independent CPA. In addition, with a policy and procedures manual that adheres to best practices in both design and operation, the information risk for donors, creditors, and independent CPAs is lowered.

This research process is intended to assist South Carolina NPOs achieve compliance with best practices for financial accountability, fundraising, and board governance. Essentially, by strengthening the financial knowledge and practices of South Carolina NPOs, donors will have more confidence, NPOs will have the ability to obtain the funding needed to reach their goals, achieving efficiency in “back-room operations” will increase effectiveness in “front-room operations,” NPOs can build capacity, and continue providing charitable services to our communities. This research provides a mutual benefit to both Coastal Carolina University and the South Carolina NPO community.



Introduction

The National Council of Nonprofits describes the significance of nonprofit self-assessment, measuring outcomes, and building capacity as follows:

“Organizations that are serious about their theory of change engage in regular self-assessment and evaluation of outcomes. The results of measuring outcomes can be shared with stakeholders to illustrate the impact of an organization's programs and activities, and to demonstrate the difference the organization is making in its community and in peoples' lives (National Council of Nonprofits 2013).”

The objective of this paper is to compile a stepwise menu of tasks that allow nonprofit organizations (NPOs) to self-assess the operation of previously assembled internal control policies and procedures, and to do so at any given size and stage during its life cycle. After self-assessing policies and procedures, the nonprofit organization can provide to stakeholders evidence of efficiency in its backroom operations, which in turn allows the organization to effectively operate its said mission and build capacity. Working in collaboration with The Chapin Foundation, The Waccamaw Community Foundation, and The Frances P. Bunnelle Foundation, the output of this multi-stage project will assist NPOs obtain affordable audits and reviews, utilize cost-effective techniques when self-assessing policies and procedures, and add to the self-assessment tasks as they grow. Achieving compliance with best practices for financial accountability, transparency, and board governance, the output of these projects facilitate the link between philanthropic leadership, charitable resources, and civic influence with community needs and opportunities.

This project is the fourth stage in an effort to address the concerns of South Carolina NPOs and to provide cost effective methods to either centralize or standardize “back-room operations” for accounting, auditing, and corporate governance issues. With this and each future project, the common goal is to provide cost effective methods for South Carolina NPOs to achieve best practices.



Project Background

In the fall of 2011, the graduate Advanced Auditing class at Coastal Carolina University surveyed South Carolina NPOs to determine what practices and programs the organizations had in place, the areas of weaknesses, and necessary steps to achieve more efficient accounting and stewardship practices. Open responses included the following comments:

- “The cost of financial reviews and preparation of the 990 tax return is extremely expensive to non-profit organizations.”
- “Make sure nonprofits are aware of best practices in finance and accounting and strive to better manage the organization’s assets each year, whatever their budget.”
- “There could be a pool that nonprofits buy membership into that allows discounts for back office costs such as audits, marketing, purchasing, HR, legal, etc. (Maguire 2012).”

As a result of this research, in the fall of 2012 the graduate Advanced Auditing class at Coastal Carolina University conducted research in an effort to provide opportunities for South Carolina NPOs to centralize or standardize “back-room operations” for accounting, auditing, and corporate governance issues. The objective of the fall 2012 research was to assemble a stepwise menu of policies and procedures for Nonprofit Organizations (NPOs) in South Carolina. Copedia’s Non Profit Edition Content Library of policies and procedures was employed to help NPOs of all sizes achieve best practices suggested by SCANPO’s Guiding Principles and Best Practices, third edition; the National Council of Nonprofits’ Principles for Good Governance and Ethical Practice; and Blue Avocado’s Five Internal Controls for the Very Small Nonprofit. The research determined the Copedia policies applicable to NPOs on a size basis. This research provided menus of policies for NPOs of four different sizes. All four size menus of policies meet state and federal legal requirements, achieve state and national best practices, and the stepwise format allows NPOs to add to their policies and procedures manual as they grow (Maguire 2013).

In the spring of 2013, the graduate Fraud Examination class at Coastal Carolina University conducted a financial asset mapping and gap analysis of all NPOs in Horry and Georgetown Counties of South Carolina. The project analyzed tract level census data; created a database and geographical mapping of all NPOs in the two counties; conducted a financial



analysis of these NPOs based upon the ten NPO categories defined by the National Council of Nonprofits and The Urban Institute; identified geographical or financial gaps for the ten categories; and identified opportunities to build capacity by centralizing or standardizing backroom operations of the NPOs (Maguire 2013).

This project is the next step to in the effort to optimize and standardize “back-room operations” for accounting, auditing and corporate governance issues by responding to the feedback received from local NPOs, conducting research, and providing assistance at Coastal Carolina University. This project will determine the most effective and efficient testing tasks to self-assess the previously assembled policies and procedures manuals. This goal of this research is to further improve the cost effectiveness of both internal and external audits and help the NPOs achieve best practices. This research is sought not only to help local NPOs to standardize and grow, but also to help reduce the costs to build connections between the nine existing NPO sectors in Horry and Georgetown Counties (Maguire 2013).

To enhance the understanding of this paper, internal controls, self-assessment, and best practices must be defined. According to the Committee of Sponsoring Organizations, the architects of the *COSO Internal Control – Integrated Framework*: “Internal control helps entities achieve important objectives and sustain and improve performance” (COSO 2013). COSO also defines self-assessment as “a sustainable process whereby management periodically validates the operating effectiveness of the company’s key controls vs. relying on internal or external auditors to make such an assessment” (2013). Finally, best practices can be defined as “proven methodologies for consistently and effectively achieving a business objective” (Vermont Department of Finance 2013), which are essentially the best ways to execute various situations within a nonprofit organization.

Functioning internal controls support transparency and accountability, which The National Council of Nonprofits deems essential for donor contributions, volunteer recruitment, reputation and recommendations (2013). Transparency allows the donor to make the decision to contribute to an NPO’s mission, and information that is both accurate and available builds trust and goodwill with all types of stakeholders (IAAC 2009). Accountability assures donors that each contribution is being utilized for its intended use. According to The National Council of



Nonprofits (2013), accountability and transparency help the organization obtain access to capacity building, which is whatever is needed to bring a nonprofit to the next level of operational, programmatic, financial, or organizational maturity.

Additional benefits of self-assessment of internal controls include reduced billable audit hours, reduced information risk, and reduced fraud risk. Each nonprofit will be able to reduce billable audit hours as all needed information will be organized and more easily audited. InterAmerican Accreditation Cooperation (IAAC 2009) states, "Information risk encompasses all the challenges that result from an organization's need to control and protect its information." Information is a valuable asset in any form and is used to make vital decisions. Testing internal controls minimizes the risk of information being altered to negatively impact the outcome of said decisions. According to The American Institute for Certified Public Accountants (AICPA 2007), properly functioning internal controls reduce fraud risks and unintentional errors. This can be done in a preventive or detective manner. Preventive internal controls allow the organization to proactively plan and discourage errors or fraud before the incident happens. Detective internal controls allow the organization to identify smaller errors or fraud before said event becomes immense (AICPA 2007). Planning for such risks and future costs via self-assessment add value to each nonprofit organization.



Self-Assessment Decision Task Criteria

This project employs the NPO size categories defined in the fall 2012 project that assembled the policies and procedures manuals for NPOs of four different sizes. The four sizes of NPOs are – Small, Medium, Large, and Extra-Large. The primary source used to define these categories is SCANPO's Nonprofit Membership categories (SCANPO 2012). SCANPO bases membership dues primarily on full time employee equivalents (FTEs). The four categories using SCANPO's FTEs are therefore:

- Small NPO – Up to 2 FTEs
- Medium NPO – 3 to 15 FTEs
- Large NPO – 16-50 FTEs
- Extra-Large NPO – 51+ FTEs (SCANPO 2012).

Some sections of the Copedia manual required a secondary size definition based upon dollars or accounting method to clarify category choices. When dollar size was employed, the current sizes as defined by the Form 990 Series were used (IRS 2012).

- Small NPOs were considered small if it filed the Form 990-N and had gross receipts normally less than \$50,000.
- Medium NPOs were expected to file the Form 990-EZ with gross receipts less than \$200,000 and total assets less than \$500,000.
- Large NPOs would file the Form 990 with gross receipts greater than or equal to \$200,000 and total assets greater than or equal to \$500,000 (IRS 2012).

When accounting method was needed to clarify a category choice, the assumption was made that small NPOs mainly utilized cash basis accounting methods, medium NPOs mainly utilized modified-accrual accounting methods, and large NPOs mainly utilized full-accrual accounting method (Maguire 2013).

The third step in the fall 2012 project was to assign specific policies and procedures to NPOs of different sizes so that they achieved best practices. At the same time, we did not want to apply policies and procedures to smaller NPOs that would encumber them with policies that were too complex and that actually hindered their effective and efficient operation. Three



sources of best practices were therefore employed: SCANPO's Guiding Principles and Best Practices, third edition; the National Council of Nonprofits' and the Panel on the Nonprofit Sector's Principles of Good Governance and Ethical Practice; and Blue Avocado's Five Internal Controls for the Very Small Nonprofit. The completed policies and procedures manuals for all four sizes of NPOs succeed in addressing every best practice category for all three of these sources (Maguire 2013).

SCANPO's Guiding Principles and Best Practices, third edition are comprised of nine major guiding principles:

1. Mission & Strategic Direction

Nonprofits engage in strategic thinking as a continuous process that drives organizational success. Board leadership thinks deliberately about its mission, values and vision, considering how to operate effectively, stay relevant and achieve sustainability.

2. Governance

Nonprofit boards govern by providing high-level vision and leadership to ensure sound stewardship of organizational assets and resources.

3. Legal & Ethical Accountability

Nonprofits, by nature, exist to serve the public good. They are obligated to display high levels of ethical behavior, accountability, transparency and compliance with the law.

4. Financial Management & Stewardship

Nonprofits effectively and responsibly manage the financial resources bestowed upon them and upon which they rely to accomplish their mission.

5. Operations & Evaluation

Nonprofits develop, implement and monitor operational plans to ensure accountability, evaluation and continuous improvement.



6. Human Resources

Nonprofits recognize that people are their most important asset. They utilize effective leadership and fair practices to attract and retain employees and volunteers.

7. Fundraising

Nonprofits provide donors with ways to support the community, causes and organizations they value. As agents of philanthropy, nonprofits have an ethical and fiduciary obligation to handle funds appropriately, honor donors' wishes and have sufficient funds to carry out its mission.

8. Marketing & Communications

Nonprofits engage in marketing that adheres to high ethical and professional standards to communicate the organization's mission, vision, values and progress toward social change to all stakeholders.

9. Information Management

Nonprofits use secure technologies to maintain accurate information that informs decision-making (SCANPO 2012).

The best practices established by the National Council on Nonprofits and the Panel on the Nonprofit Sector are comprised of 33 principles categorized into four main categories:

1. Legal Compliance and Public Disclosure

Responsibilities and practices, such as implementing conflict of interest and whistleblower policies, that will assist charitable organizations in complying with their legal obligations and providing information to the public.

2. Effective Governance

Policies and procedures a board of directors should implement to fulfill its oversight and governance responsibilities effectively.



3. Strong Financial Oversight

Policies and procedures an organization should follow to ensure wise stewardship of charitable resources.

4. Responsible Fundraising

Policies and procedures organizations that solicit funds from the public should follow to build donor support and confidence (Panel on the Nonprofit Sector 2007).

Blue Avocado recommends Five Internal Controls for the Very Small Nonprofit as follows:

1. Set the control environment to let everyone know from the top down that there are policies in place and everyone has to follow the policies.
2. Define clearly who is responsible for what.
3. Have physical controls (such as locks, and passwords).
4. If there is cash involved then have two people count it.
5. Have the bookkeeping and bank reconciling functions separated (Ho 2010).

This research was focused on taking a minimalist approach to the smallest category and slowly adding and integrating policies as the organization grows, with a culmination of all the policies being used in the largest category.

Whereas the fall 2012 project focused on the design of policies and procedures manuals, this project focuses on self-assessing the operation of these policies and procedures once they have been implemented. In its Content Library, Copedia provides an internal control assessment tool, which provides lists of all activities within each section of the manual that must be in operation in order for the policies and procedures to be effective (Hoover 2010). The first step in this project was to align the activities with specific policies in the section. The second step of the project was to assign specific activities to NPOs of different sizes based upon the policy menus



created in the fall 2012 project. The third step of this project was to design tasks that could provide evidence and assurance to an NPO's board, management, employees, and external stakeholders that the established policies and procedures are in place and operating effectively. As with the fall 2012 project that addressed the design of policies and procedures manuals, we decided not to apply all the tasks to smaller NPOs since the activities are too complex and are not encountered in operations. This research was focused on taking a minimalist approach to the smallest category and slowly adding and integrating activities and self-assessment tasks as the NPO and its policies and procedures manual grows. In addition, we took into account the inability of smaller NPOs to fully segregate duties, the result of which requires increased board member involvement in supervisory and review duties. Given that all of the policies are employed for the extra-large NPO, so will all of the activities and self-assessment tasks be recommended. Analysis within each section of policies will address which self-assessment tasks will test the policies and related activities that are in operation for Small, Medium, Large, and Extra-Large NPOs.



C.R.I.M.E.

The Committee of Sponsoring Organizations (COSO) developed an internal control framework that is made up of five related parts. COSO defines internal control as “a process – effected by an entity’s board of directors, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Reliability of financial reporting; (b) Effectiveness and efficiency of operations, and; (c) Compliance with applicable laws and regulations” (COSO 2013). According to COSO, “these components provide an effective framework for describing and analyzing the internal control systems implemented in an organization” (COSO 2013). The five parts are:

- Control activities;
- Risk assessment;
- Information and communication;
- Monitoring;
- Environment;

Which can be recalled with the acronym C.R.I.M.E.

The fifth and final element in the C.R.I.M.E. acronym, the Control Environment, is the most important. The environment is the tone at the top of the organization, which is often referred to as the symbol of an umbrella that overarches and crosses all organizational functions. The Control Environment affects employees’ and stakeholders’ perception of the organization. The tone at the top should include Control Environment factors that demonstrate integrity and ethical values and serves as a tool for managing and developing the internal and external relationships in the organization (COSO 2013).

Risk assessment is the second element and it is the recognition that every organization has internal and external risks that must be assessed in order to avoid the pitfalls of the risk. Risk assessment involves the identification, analysis, and management of the relevant risks to the NPO’s goals and objectives (COSO 2013).

Control activities, the next element of the framework, are the NPO’s policies and procedures that it has in place to ensure employees efficiently and effectively carry out duties defined by management. The defined activities discussed in this paper help limit risks that may



hinder an organization from achieving best practices and stated goals. Examples of Control activities include segregation of duties, safeguarding assets, and authorizations (COSO 2013). In order to effectively have functioning internal controls, COSO describes certain duties within the organization that should be segregated. This presents a unique challenge to Small and possibly Medium sized NPO's, given that they do not have the quantity of employees to fully segregate duties. In these cases, it is recommended that board members take on additional supervisory and review duties in order to segregate the duties that hold the greatest risk to the NPO (BDO Consulting 2009).

Information and Communication is the fourth element of the COSO framework. Information systems play a major part of organizations' internal control systems by keeping track of operational, legal and financial information needed to run the NPO and achieve best practices within the organization. Communication plays a vital role within the internal control system because an organization must ensure that the correct information is communicated throughout the organization to both internal employees and external partners (COSO 2013).

The last element is Monitoring. Monitoring is the NPO's oversight of the internal control procedures. Monitoring is in place to minimize deficiencies in the internal control system. While monitoring, all deficiencies must be reported and action to correct any deficiencies must be taken to ensure the internal control system is effective and allows the organization to achieve best practices (COSO 2013).

The tasks presented in this paper allow NPOs to monitor their control activities, self-assess and manage risks they encounter, and communicate this information to stakeholders. This process creates a control environment that conveys an ethical tone at the top.



Four Types of Tests

The self-assessment process consists of four types of auditing tests. *According to Auditing Standard No.5.50 Nature of Tests of Controls*. “Some types of tests, by their nature, produce greater evidence of the effectiveness of controls than other tests. The following tests that the auditor might perform are presented in order of the evidence that they ordinarily would produce, from least to most: inquiry, observation, inspection of relevant documentation, and re-performance of a control” (PCAOB 2007).

Inquiry and Observation are less reliable than Inspection and Reperformance. With Inquiry, the person conducting the self-assessment (leader) may ask an employee for information, either financial or nonfinancial. Given that this information is based upon a person’s perspective, and if they desire to they can lie, Inquiry always needs to be supported by another, more reliable, assessment test. The same is true for Observation. In this case, the person conducting the self-assessment observes how a process is carried out. Given that the Observation is done periodically, the employee(s) could carry out the process in a different way when they are not being observed (PCAOB 2007).

Inspection and Reperformance are considered more reliable tests of internal controls. Inspection involves the review of internal and external documents and reports. Examples include the inclusion of specific policies in the NPO’s policies and procedures manual, authorizing signatures, or activity logs. With Reperformance, the person conducting the self-assessment will independently execute an activity or procedure that was previously completed by employees. This allows the leader to compare the results of the employees with the leader’s independent output. Differences suggest that an internal control is not operating effectively (PCAOB 2007).

This project classifies recommended self-assessment tasks into one of these four categories. This allows for a more efficient and cost effective self-assessment process, and it allows the NPO to evaluate evidence based upon the reliability of the type of audit test.



Strategy for Internal Control

The fall 2012 project addressed the design of policies and procedures manuals (Maguire 2013). One of the sections of the manuals was “Controls and Best Practices,” which contained the internal control policies for the various sections of the Copedia Content Library (Hoover 2010). As with other sections, the strategy involved choosing policies that were useful and cost effective for Small NPOs, then gradually implementing additional policies until the full set of internal control policies was adopted by Extra-Large NPOs. This strategy, reproduced below, will be carried forward into this project. This allows all four sizes of NPOs to achieve best practices in both the design and operation of their internal controls without encumbering smaller NPOs with controls, activities, and self-assessment tasks that are more sophisticated and costly than their operations warrant (Maguire 2013).

Internal Controls are used to promote orderly and efficient operations. They are also put in place to safeguard resources against errors and cases of fraud as well as to promote compliance with regulations and statutes. Through implementation of internal controls NPOs should produce quality products and services, as well as develop and maintain reliable financial and management data. With regards to NPOs there are numerous controls that must be established throughout the life of the company, but it can be difficult for companies with one to two people to implement all of these policies simultaneously. The smallest category must establish a base level of policies that set the control environment. From the beginning, there must be policies in place that are followed by everybody without exception. Top management can set an ethically responsible tone that shows all procedures must be followed from the top down (Maguire 2013).

Small NPOs

According to Blue Avocado, a control environment must be established from the start. This environment is similar to what non-public companies call a “SOX-like environment,” referring to the regulations and compliance controls of public companies set forth by the Sarbanes-Oxley Act of 2002 (Ho 2010). Although private companies are not required to follow SOX, many companies are trying to adhere to these policies in order to have better standing with stakeholders. All the base policies will be put in place to establish a control environment, which will enable additional policies to be added on as the company grows. Each policy dealing with



the overall environment of the company includes IC-100 Internal Control Policy, IC-110 Internal Control Evaluation Tool, IC-120 Environment, IC-130 Activities, IC-140 Risk, IC-150 Information and Communication, and IC-160 Monitoring. All of these policies are general policies that must be instituted from the beginning to establish a base level of controls (Maguire 2013).

Medium NPOs

Moving into the medium category, high risk items need to be addressed to try to limit the liability of the company. Controls over cash and checks should be implemented by medium size NPOs. Legal liability is also a concern as the NPO grows. It is recommended that all policies regarding Safety, Payroll, and Human Resources are complete in order to protect the NPO going forward and lower liability and risk. Lastly, it is recommended that full Internal Control Reviews be implemented to begin to assess and review the NPO's internal controls as it continues to grow. Policies recommended include IC-330 Checks, IC-350 Payroll and HR, IC-410 Cash, IC-500 Internal Control Reviews, and IC-750 Safety (Maguire 2013).

Large NPOs

NPOs in the large category will have transitioned to the accrual basis of accounting. It is recommended that all accounting controls that would fall under the accrual basis be fully implemented to match the accounting basis the NPO would be using. These categories include Revenue, AR, Expenditure, AP, and Assets. All of these controls must be fully implemented due to the shift to the accrual basis. Policies recommended include IC-210 Revenue Cycle, IC-220 Accounts Receivable, IC-300 Expenditure Cycle, IC-320 Accounts Payable, IC-400 Assets, and IC-450 Receiving (Maguire 2013).

Extra-Large NPOs

At the extra-large NPO category, all previous controls will be in place, and all other controls will be fully implemented. The policies include Financial Reporting, Purchasing, Receiving, Data Integrity, Markets and Customers, Sales, Project Management, Job Costing, and Retail. There are adequate controls in the individual categories to satisfy overall risk until these control policies are fully implemented at the extra-large level. Policies recommended include



IC-200 Financial Reporting, IC-550 Data Integrity, IC-600 Markets and Customers, IC-610 Sales, IC-700 Project Management, and IC-710 Job Costing (Maguire 2013).

The overall goal when establishing internal controls is to initially create a SOX- like environment to establish a solid base level of control within the NPO. As the NPO grows the risk of each policy is assessed to determine what size is necessary for the company to adopt the full control. Smaller NPOs should not be burdened with policies that are neither necessary nor required, but it is necessary to protect the company from fraud and legal risks. This should create a picture of how gradual implementations of full controls can be done efficiently and effectively over the life of the NPO (Maguire 2013).



Seven Recommendations for all Firms to Facilitate Self-Assessment

The self-assessment function is a review with the performance of various proven tests or tasks that examine the effectiveness and efficiency of the internal controls in place within an NPO. One of the advantages of the process outlined in this paper is that one self-assessment task may apply to more than one internal control activity. Categorizing the self-assessment tasks into the four types of audit tests facilitates this efficiency. Conversely, engaging in certain internal control activities may facilitate the self-assessment process. In other words, conducting certain activities on a regular basis later allows for a cost effective task that also has a high level of assurance that the control is operating effectively. There are seven recommendations to facilitate self-assessment, which apply across the board to all NPOs of all sizes. A self-assessment process helps achieve accountability and transparency. The three main benefits, as previously discussed, of the self-assessment process are: The reduction in cost of an audit of the NPO's financial statements; the reduction of information risk; and the reduction of fraud risk to an NPO. A self-assessment helps establish confidence in the backroom functions of an NPO, which in turn provides more time to focus on the mission and goals of the NPOs. In this section the word employee also applies to volunteers and others that assist the organization in operations and representations.

We make the following recommendations:

1. All NPOs should provide all new employees with a Policies and Procedures Manual to read and understand. Upon completion, the new employee should be provided with, sign, and return an employee form, which states that they received a policy and procedures manual, they read the policy and procedures manual, and they understand the policies and procedures of the organization. In addition to new employees, the NPO should annually require existing employees to sign the employee form stating that they have received, read, and understand the policies and procedures manual. These forms provide reliable evidence during a self-assessment. Rather than inquiring of employees about their knowledge of the NPO's policies and procedures, the person conducting the self-assessment can now inspect these forms as a task. Given that inspection is a more reliable audit test than inquiry, the evidence provides a higher level of assurance for the



NPO and its stakeholders. This will also hold each employee accountable for following proper procedure, which, in turn, will help the NPO achieve best practices.

2. All NPOs should invest in standard “off the shelf” not-for-profit (NFP) accounting software. With such software many best practices are achieved. The software has built-in information technology (IT) internal controls. It can help prevent employees overriding the systems or controls. With accounting software, a leader or Board of Directors member can monitor all general ledger entries, what employee username created the entries, as well as track the transaction through the entire accounting process. A key internal control function, the control of access to accounting records, is standard in “off the shelf” accounting software. Not only will the standardized NFP accounting software impose IT controls on employees, it creates the opportunity for better testing during a self-assessment. The leader conducting the self-assessment can reperform any activity previously performed by employees, which is a more reliable test than observing employees actions periodically.
3. All NPOs should ensure that the monthly bank statement is mailed to a separate person and address for the function of bank reconciliation. We suggest that a member of the Board of Directors or the NPO’s Certified Public Accountant be responsible for receiving and reconciling the monthly bank account transactions. This step allows a person not involved in the day to day operations examine the cash received, the cash that is to be on hand, and the cash used to pay expenses. This is a strong internal control that will greatly reduce errors and fraud risk. During the self-assessment process, the leader conducting the self-assessment then has the opportunity to inspect the mailing address on the bank reconciliation, inspect the signatures of those who completed the reconciliation, and reperform the bank reconciliation.
4. All NPOs should provide “view only” access to all bank accounts of the NPO to all members of the Board of Directors for monitoring purposes. This function gives the governing body the ability to monitor the accounts without opening a window of opportunity for misappropriations. Given that monitoring is a continuous process, this is a cost effective way for board members to inspect transaction details to be sure funds are directed toward forwarding the NPO’s mission.



5. All NPOs should utilize a financial institution process of a lockbox service. With lockbox service, a third party – typically a financial institution – opens donations, payments, and other funding processes. This is an extremely important internal control when an NPO does not have the ability to segregate duties. The advantages of lockbox services include the prevention of employee theft or fraud occurring within an NPO. Expenses for accounting hours are reduced because collections and accounts receivable are processed at a separate location and typically the funds are available sooner from a financial institution. There are lockbox services that specialize in the needs of NPOs (BDO Consulting 2009). In the event that obtaining the services of a lockbox service provider is rejected by the NPO's board, the recommendation is made that an NPO implement a requirement that establishes cash control procedures such that two or more people verify cash counts and sign cash control logs verifying the physical count and recordings of the amount.
6. All NPOs should adopt and transition to the Unified Chart of Accounts (UCOA) (NCCS 2012). The acceptance of UCOA is a policy that is applicable to all sizes of NPOs. Incorporating UCOA is recommended for the stepwise menu of policies and procedures proposed in the 2012 South Carolina Nonprofit Policies and Procedures Paper (Maguire 2013). UCOA is compatible with nonprofit accounting software systems. Financial reporting that follows UCOA will help in the preparation for an independent audit or review. Smaller NPOs can use a subset of UCOA accounts and then add accounts as they grow. In addition, The National Center for Charitable Statistics, the co-creators of UCOA, provides instructions for existing NPOs to transition from their existing chart of accounts to UCOA (NCCS 2012). UCOA is compatible with both the Form 990 and the federal Office of Management and Budget, which handles the administration of federal grants to NPOs (NCCS 2012). Lastly, with UCOA in use, the person conducting the self-assessment can reperform any previously completed process, including the generation of financial statements, the Form 990, and federal grant job costing, all of which are then compatible with one another.
7. All NPOs should adhere to the certification of financial statements as required of public companies under the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act 2002). This is available in Copedia's Nonprofit Edition (Hoover 2010). The certification process is



recommended for all sized NPOs. It provides for the NPO's chief financial leader and executive director to sign and attest that the NPO's financial statements are void of any misstatements and are presented fairly. Acknowledgement is also made that internal controls have been designed and implemented so that reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes are in accordance with generally accepted accounting principles. These documented signatures allow the person conducting the self-assessment to inspect rather than only inquire about the reliability of financial operations.



Board of Directors, Governance and Environment

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	6	6	6	6
Total Policies	6	6	6	6
Activities	48	48	48	48
Self-Assessment Tasks	9	9	9	9

Control environment factors communicate the tone at the top and demonstrate a commitment to integrity and ethical values (COSO 2013). It also serves as a tool for managing and developing internal and external relationships within the organization. Three of these policies are in the Board of Directors and Governance section of the assembled policies and procedures manuals. The other three are in the Controls and Best Practices section of the assembled manuals, and set up the Control Environment (Maguire 2013). The six policies in this section address establishing formal policies and procedures, setting an ethical tone, and hiring and maintaining qualified personnel. Activities carried out by the NPO that will allow previously mentioned policies related to environment to operate effectively include organizational structure, codes of conduct, ethical tone, and competence (Hoover 2010).

To achieve best practices via self-assessment within the NPO's environment, the organization should periodically observe the ethical environment along with the enforcement of Policies and Procedures (Defense Contract Audit Agency 2009). The NPO must complete the following tasks in order to self-assess that environment policies are implemented and fully functioning.

All NPOs

The recommended inspection tasks for all size NPOs are as follows:

- Existing Documentation:
 - Policies and Procedures Manual (comprehensive)
 - Employee records such as education, experience and certifications to confirm each are properly qualified for positions



- Organizational chart with clear lines of authority and reporting
- Documentation Signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Delegation of authority evidenced by multiple signatures where applicable

The recommended inquiry tasks for all size NPOs are as follows:

- Inquire of employees
 - To ensure that ethical behavior is predominant
 - To determine if Code of Ethics and Code of Conduct are properly enforced
 - To determine they know how to report unethical behavior
 - To determine if they are aware of how their performance is evaluated



Mission, Vision, Planning and Risk

	Small	Medium	Large	Extra-Large
Required by Law	1	1	1	1
Recommended for Best Practices	3	3	3	4
Total Policies	4	4	4	5
Activities	21	21	21	21
Self -Assessment Tasks	11	11	11	11

Risk assessment is an element of the COSO framework for internal controls (COSO 2013). Every organization must realize they face internal and external risk and assess those risks so they do not become pitfalls. The policies in this section that address risk identification, analysis, and management are found in the Mission, Vision, and Planning section, and in the Controls and Best Practices section of the assembled manuals. Only one of these policies, Mission Statement, is required by law (Maguire 2013). The activities that allow these policies to operate effectively include: organizational goals; organizational activities; risk recognition; and risk examination (Hoover 2010).

The best practice recommendations for self-assessment in this section include: Policies and procedures that assess the Board of Directors' understanding of fiduciary duties; the assessment that assets are properly managed; and assessment that ensures charitable purposes are carried out. In addition, there should be periodic review of structures, procedures, and programs to assess the effectiveness of the policies (Cuomo 2005). All NPOs must complete the following tasks in order to self-assess that the risk policies are being functioning properly for the protection of the organization.

All NPOs

The recommended inspection tasks for all size NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Risk identification, analysis, and management procedures
 - Mission Statement
 - Strategic Plan



- Activity level objectives defined
- Activities embedded in job descriptions
- Mechanism to measure and report results
- Board of Director's meeting minutes for evidence of strategic planning
- Documentation Signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Strategic Plan
 - Business Plan

The recommended inquiry tasks for all size NPOs are as follows:

- Employees feel activity level goals are realistic and obtainable
- Activity level goals are being measured and reported
- Risk management policies and procedures are successfully joined in the organization
- Management understands their role in risk management



Administration, Conduct, and Communications

	Small	Medium	Large	Extra-Large
Required by Law	2	2	2	2
Recommended for Best Practices	14	21	23	24
Total Policies	16	23	25	26
Activities	7	18	18	19
Self -Assessment tasks	6	9	9	10

Information and Communication are related elements in the COSO internal control framework (COSO 2013). Both play vital roles within the internal control system because an organization must ensure that the correct information – both financial and nonfinancial -- is communicated throughout the organization to both internal employees and external partners. The policies in this section address whistleblowing, conflicts of interest, office procedures, duties, fraud and embezzlement, the setup of the accounting system, and records and information management. These policies are contained in the Administration and Conduct, Accounting Overview, Computers and Information Technology, Records Management, and Controls and Best Practices policy sections. Activities that allow policies in this section to operate effectively include: internal communication, communications with external parties, accuracy of communicated information, whistleblower protection, incorporation of technology, accounting process organization, and records and information management. Additional activities in the Control Activities section contribute to the effective operation of these areas. In addition, several tasks assess more than one activity in the included sections, providing for additional efficiencies (Hoover 2010).

To achieve best practices via self-assessment with regard to the NPO's information and communication, the organization should review internal and external communication for accuracy. In addition, the NPO should self-assess to ensure pertinent information is given to the right people and that only effective communication is given to outside parties (Rittenberg, Martens, & Landes 2007). The NPO should have and effectively implement a code of ethics, financial management and reporting guidelines, and a whistleblower policy. The self-assessment



should also include the use of technology for communication, and the management of the NPO's records and information (Hoover 2010).

Small NPOs

The recommended inspection tasks for small NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Code of Ethics policy
 - Whistleblower policy
 - Fraud and Embezzlement policies
 - Organizational Chart
 - Grievance reporting log for reporting entries, resolution entries, and signatures
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual

The recommended inquiry tasks for small NPOs are as follows:

- Employees received information communicated by management that was relevant to their position's job duties
- Employees are comfortable that reprisals will not occur for reporting unethical behavior

Medium and Large NPOs

In addition to the tasks previously recommended for small NPOs, the recommended inspection tasks for medium and large NPOs are as follows:

- Existing documentation
 - Communication methods used by management and access to the system
- Documentation signatures
 - Usernames and dates from communications with management

The recommended inquiry task for medium and large size NPOs are as follows:

- Employees feel important information is accessible to the right people

Extra- Large NPOs

In addition to the tasks previously recommended for small, medium, and large NPOs, the recommended inspection task for extra-large NPOs are as follows:

- Existing documentation
 - Mechanism used by management to select recipients of pertinent information



Activities

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	1	1	1	1
Total Policies	1	1	1	1
Activities	33	33	33	33
Self -Assessment tasks	11	11	11	11

Activities are a related element of COSO internal control framework. Control activities are the organization's policies and procedures it has in place to ensure employees follow directives. The defined control activities help limit risks that may hinder an organization from achieving best practices and stated goals (COSO 2013). The Activities policy addresses control activities necessary to achieve best practices. The thirty-three activities that allow the policy in this section to operate effectively include the segregation of duties and the safeguarding of employees, assets, documentation, and facilities (Hoover 2010).

To achieve best practices via self-assessment with regard to the NPOs control activities, the organization should be diligent in the segregation of the duties by separating custody, authorization, recording, and reconciliation of assets. When size limits the segregation of duties, the NPO should call upon a board member to conduct any necessary reconciliations, including receiving the banking statement and preparing the bank reconciliation (BDO Consulting 2009).

All NPOs

The recommended inspection tasks for all size NPOs are as follows:

- Existing Documentation
 - Policies and Procedures Manual
 - Employee Handbook
 - Safety Manual
 - Disaster recovery plan
 - Management succession planning
 - Modifications to standardized accounting software for changes in process and/or user
 - Safeguarding of assets procedures



- Documentation signatures
 - Employees forms stating they have received, read, and understand Policies and Procedures Manual

The recommended observation tasks for all size NPOs are as follows:

- Critical documents are in fire safe storage
- Segregation of duties

The recommended reperformance tasks for all size NPOs are as follows:

- Financial and nonfinancial performance aligned with budgets and goals
- Financial statement production using standardized accounting software
- Chart of accounts using standardized accounting software to ensure aligned with UCOA



Monitoring

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	1	2	2	2
Total Policies	1	2	2	2
Activities	12	12	12	12
Self -Assessment tasks	10	10	10	10

Monitoring is a related element in the COSO internal control framework. The NPO needs to review their internal control procedures in order to minimize deficiencies in the system (COSO 2013). Copedia's primary monitoring policy, IC-160 Monitoring, is the policy that defines the need for self-assessment (Hoover 2010). In his Blue Avocado article, Ho (2010) made the recommendation that setting the control environment was necessary even for very small NPOs. The twelve activities that will allow this monitoring policy to operate effectively include proper employee training, regularly documented reviews of internal control effectiveness with deficiencies corrected immediately, and the performance of regular internal and external audits (Hoover 2010). A second policy provides a more detailed description of the internal control review process, and is included in policies and procedures manuals at the medium size and above. Given that it is descriptive and includes no new required activities, all activities are implemented at the Small NPO level (Maguire 2013). The NPOs must complete the following tasks to self-assess that the monitoring procedures are implemented and functioning properly.

All NPOs

The recommended inspection tasks for all NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual (comprehensive)
 - Internal control checklist
 - Internal audit reports
 - Internal control weakness, deficiencies, and corrective action taken by management
 - External audit reports



- Documentation signatures
 - Employees forms stating they have received, read, and understand Policies and Procedures Manual

The recommended observation tasks for all NPOs are as follows:

- Employee interviews and training relating to internal controls
- Activities to ensure proper handling of internal control issues

The recommended reperformance tasks for all NPOs are as follows:

- Internal audit procedures
- External audit procedures



Cash and Checks

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	1	5	5	5
Total Policies	1	5	5	5
Activities	12	76	76	76
Self-Assessment Tasks	9	15	15	15

Cash and Checks policies are contained in the Assets section of the Copedia manual. These policies address cash management, cash best practices, petty cash, check control, check signing and check distribution. Activities carried out by the NPO that will allow cash and checks policies to operate effectively include segregation of duties, authorization, security of cash and checks at earliest point, reconciliation, and keeping supporting documentation (Hoover 2010). There are a total of twelve activities that should be carried out by small NPOs and seventy-six that should be carried out by medium, large, and extra-large NPOs in order to properly implement the policies.

To achieve best practices via self-assessment for an NPO's cash and checks, the organization should segregate duties and ensure that supporting documentation is always used (Johnson 2011). Segregation of duties specifically involves the bank reconciliation, and applies to all size NPOs. The person receiving the bank statement and completing the bank reconciliation should not be involved in daily duties involving cash and checks, such as receiving cash receipts, preparing cash deposits, signing checks, or having access to blank checks (CompassPoint Nonprofit Services 2012). Also, the person reviewing the completed bank reconciliation should be in a supervisory position. For small NPOs, these duties require increased board member involvement (BDO Consulting 2009). The NPO must complete the following tasks in order to self-assess that cash and checks policies are implemented and fully functioning.



Small NPOs

The recommended inspection tasks for small NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Cash management policy
 - Bank statement postal address to authenticate it is mailed to board member or supervisor not involved in daily cash and checks activities
 - Evidence of lockbox system
- Documentation signatures
 - Employee forms stating they have received, read, and understand the Policies and Procedures Manual
 - Bank reconciliation
 - Cash count log (if no lock box system is in place)

The recommended observation tasks for small NPOs are as follows:

- Undeposited cash stored securely
- Blank checks are secured

The recommended reperformance task for small NPOs is as follows:

- Bank reconciliations

Medium, Large, and Extra-Large NPOs

In addition to all tasks previously mentioned for small NPOs, the recommended inspection tasks for medium, large, and extra-large NPOs are as follows:

- Existing documentation
 - Employee files
 - Background checks on employees handling cash
 - Accounts payable documentation to support disbursements and prevent duplicate payments
 - All check entries on deposit slips for depositor and amount
 - Ensure no personal checks were cashed by employees
 - Control log and blank checks to confirm that blank checks are not missing

The recommended reperformance task for medium, large, and extra-large NPOs is as follows:

- Analytical review of cash receipts and disbursements in general ledger



Inventory

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	1	1	2	2
Total Policies	1	1	2	2
Activities	32	32	32	32
Self-Assessment Tasks	6	6	6	6

The policies in this inventory section address inventory management, receiving, and warehousing. The policy implemented at the small size includes controls on both inventory and fixed assets, which is discussed in the next section. This policy provides assurance for smaller NPOs while being cost-effective. A second inventory control policy is implemented at the large NPO size. It provides a more detailed description of inventory management procedures without increasing the overall number of activities that need to be self-assessed. The thirty-two activities carried out by the NPO that will allow previously mentioned policies related to inventory to operate effectively include protection of assets, segregation of duties, proper authorization, monitoring, and documentation (Hoover 2010).

To achieve best practices via self-assessment with regard to the NPO's inventory, the organization should address asset protection and division of duties (Johnson 2011). In order to do so, an analytical review of inventory usage should be performed and reviewed by a supervisory-level employee (BDO Consulting 2009). In addition, any modifications to inventory records should be reviewed and approved by a supervisory-level employee who is independent of the inventory process (BDO Consulting 2009). As with Cash and Checks, for small NPOs this will involve increased board member involvement. The NPO must complete the following tasks in order to self-assess that inventory policies are implemented and fully functioning.



All NPOs

The recommended inspection tasks for all size NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Accounting for assets policy
 - Inventory management procedures
 - Inventory log
- Documentation signatures
 - Employee forms stating they have received, read, and understand the Policies and Procedures Manual
 - Employee who authorized payments for purchase different than employee who made ledger entries

The recommended observation task for all size NPOs is as follows:

- Warehousing areas for secured access

The recommended reperformance task for all size NPOs is as follows:

- Physical inventory count



Fixed Assets

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	0	1	3	3
Total Policies	0	1	3	3
Activities	12	18	19	19
Self-Assessment Tasks	7	9	11	11

Fixed assets are the collection of items of value that NPOs own or control (CompassPoint Nonprofit Services 2012). The policies in this section address accounting for assets, capital expenditures, and disposal of assets. Small NPOs utilize the accounting for assets policy mentioned in the previous section. The twelve activities listed above specifically apply to fixed assets. Activities carried out by the NPO that will allow previously mentioned policies related to fixed assets to operate effectively include segregation of duties, authorization, proper recording, reconciliation, safeguarding of assets, and counting of physical assets (Hoover 2010).

To achieve best practices via self-assessment with regard to the NPO's fixed assets, the organization should employ segregation of duties and general asset control. For segregation of duties, the person responsible for the disposal of assets should not approve the disposal of assets (BDO Consulting 2009). For general asset control, the disposal of assets must be approved and authorized by a supervisor, which may involve board members for smaller NPOs (BDO Consulting 2009). The NPO must complete the following tasks in order to self-assess that fixed asset policies are implemented and fully functioning.

Small NPOs

The recommended inspection tasks for small NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Purchasing policy
 - Receiving policy
 - Accounting for assets policy
 - Fixed assets accounting records



- Documentation signatures
 - Employee forms stating they have received, read, and understand the Policies and Procedures Manual
 - Employees responsible for accounting for assets different than those with custody of assets

The recommended observation task for small NPOs is as follows:

- Assets are labeled

The recommended reperformance tasks for small NPOs are as follows:

- Asset reconciliations
- Physical asset count

Medium NPOs

In addition to all tasks previously mentioned for small NPOs, the recommended inspection tasks for medium NPOs are as follows:

- Documentation signatures
 - Fixed asset purchases are authorized by management and Board of Directors
 - Asset count personnel is different than asset custodian

Large and Extra-Large NPOs

In addition to all tasks previously mentioned for small and medium NPOs, the recommended inspection tasks for large and extra-large NPOs are as follows:

- Documentation signatures
 - Asset disposal signature different than those with custody
 - Reconciliations of fixed assets accounts signature different from those making accounting entries



Accounts Payable

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	1	4	6	6
Total Policies	1	4	6	6
Activities	0	30	35	35
Self-Assessment Tasks	0	15	19	19

The policies in this section address liabilities, accounts payable, accounting for expenses, and disbursements. The policy that is in all four size categories is the accounting for liabilities policy. Activities to self-assess the Accounting Overview and Financial Reporting sections address accounting for liabilities and their presentation on financial statements. Therefore, no new activities are necessary for the liabilities policy to operate effectively. Given the assumption that medium NPOs utilize a modified cash basis accounting system, accounts payable policies begin to be implemented at the medium NPO level (Maguire 2013). Activities carried out by the NPO that will allow the accounts payable policies to operate effectively include segregation of duties, verification and authorization of expenses, maintaining records, reconciliation, and the reserve for uncollectible debt (Hoover 2010).

To achieve best practices via self-assessment with regard to NPOs accounts payable, the NPO should segregate the duty of managing the vendor master file from those that handle the daily disbursement duties (BDO Consulting 2009). As with other sections, this may require more board member involvement. The NPO must complete the following tasks in order to self-assess that accounts payable policies are implemented and fully functioning.

Small NPOs

No tasks are recommended for small NPOs.



Medium NPOs

The recommended inspection tasks for medium NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Accounts Payable policy
 - Accounts payable documentation to support disbursements and prevent duplicate payments
 - Ensure purchase orders match invoices
 - Review receiving discrepancies
 - Old and unmatched payables are resolved
 - Check for cash discounts available
 - Bank statement postal address to authenticate it is mailed to board member or supervisor not involved in daily cash and checks activities
 - UCOA accounting ledger records match source documents
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Bank reconciliation
 - Vendor master list authorized by manager or board member not involved in daily disbursement duties
 - Manager's signature on all checks
 - Cardholder's signature on all receipts

The recommended reperformance tasks for medium NPOs are as follows:

- Bank reconciliations
- Reconciliation of subsidiary ledgers to the appropriate accounts

Large and Extra-Large NPOs

In addition to all tasks previously mentioned for medium NPOs, the recommended inspection tasks for large and extra-large NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Competitive bidding procedures
 - Multiple estimates on large contracts
 - Large purchases on credit accounts
- Documentation signatures
 - Authorization on automatic and recurring payments to vendors



Financial Reporting

	Small	Medium	Large	Extra-Large
Required by Law	2	2	2	2
Recommended for Best Practices	0	2	2	3
Total Policies	2	4	4	5
Activities	10	15	15	15
Self-Assessment Tasks	9	12	12	12

NPOs must provide a statement of financial position, a statement of activities, and a statement of cash flows that represent the entity as a whole. Improper financial presentation could impact the tax-exempt status of the NPO (Blackwood & Roeger 2012). The policies in this section address recording transactions, developing and using financial reports, and ratio analysis and benchmarking (Hoover 2010). The activities that allow these policies to operate effectively include the proper closing and preparing of financial statements; utilizing the Unified Chart of Accounts (UCOA); documenting disclosures; proper approval of journal entries; identifying accounts at risk of misstatements; and recognizing accrual transactions when applicable (Hoover 2010).

For Financial Reporting, two policies achieve compliance with applicable laws (IRS 2012). These policies standardize journal entries, internal and external financial reports, the timing of each, and who is authorized to create these entries and reports. The next two policies, implemented at the medium level, provide processes for measuring outcomes via financial analyses and benchmarking (Maguire 2013). The final policy, implemented at the extra large level, provides a more detailed discussion of these processes. There are no additional activities included in the policy, so all activities are implemented by the medium level (Hoover 2010).

To achieve best practices, personnel who review month-end reports must not authorize or share duties with the employees responsible for modifying the general ledger, recording journal



entries, and creating subsidiary financial statements (BDO Consulting, 2009). For smaller NPOs, this also requires increased board member involvement in the review process.

Small NPOs

The recommended inspection tasks for small NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Financial reporting policies
 - Records management policy
 - Posted schedule with dates for closing ledgers and preparing financial statements
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Authorizing signatures on journal entries

The recommended reperformance tasks for small NPOs are as follows:

- Reperform chart of accounts using standardized accounting software to ensure aligned with UCOA
- Reconcile subsidiary ledgers to the appropriate accounts
- Recalculate any accounting estimates made
- Reperform financial statement production using standardized accounting software
- Review financial statement notes for adequate disclosures

Medium, Large, and Extra-Large NPOs

In addition to all tasks previously mentioned for small NPOs, the recommended reperformance tasks for medium, large, and extra-large NPOs are as follows:

- Reconcile transactions between departments
- Accrual transactions have been recognized properly by matching ledgers with billings and purchase orders
- Reperform financial and ratio analyses to identify UCOA accounts at risk of misstatement



Revenue

	Small	Medium	Large	Extra-Large
Required by Law	2	2	2	2
Recommended for Best Practices	1	5	11	15
Total Policies	3	7	13	17
Activities	3	15	22	52
Self-Assessment Tasks	3	6	10	18

The policies in this section address revenue, fundraising, gifts and donations, orders and contracts, and retail operations when applicable. These policies are contained in the Revenue and Business Development sections. Activities carried out by the NPO that will allow previously mentioned policies related to revenue to operate effectively include proper authorization, forms, signoff controls, information analysis, forecasting, internal use of software, and retail controls when applicable (Hoover 2010).

The two policies required by law are the fundraising policy and the accounting for revenue policy (Maguire 2013). Given that retail operations are optional for NPOs, these activities and tasks are included in the extra-large NPO size. However, if a smaller NPO implements retail operations, the twenty-three activities and five tasks discussed below will apply to those NPOs as well.

To achieve best practices via self-assessment with regard to the NPO's revenue, the organization should record revenue, retain receipt and invoice source documentation, and retain documented approval of changes to source documents (Moen 2012). Best practices for retail operations include consistent monitoring of store operations and the identification of any control deficiencies that may affect the retail operation's financial performance (COSO 2008).



Small NPOs

The recommended inspection tasks for small NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Fundraising policy
 - Accounting for revenue policy
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Completed revenue forms have authorized signatures

The recommended reperformance task for small NPOs is as follows:

- Chart of Accounts using standardized accounting software to ensure aligned with UCOA

Medium NPOs

In addition to all tasks previously mentioned for small NPOs, the recommended inspection tasks for medium NPOs are as follows:

- Existing documentation
 - All forms are preprinted and sequential
 - Preprinted forms are completely filled out

Large NPOs

In addition to all tasks previously mentioned for small and medium NPOs, the recommended inspection tasks for large NPOs are as follows:

- Existing documentation
 - Bond certifications if acquired
 - Revenue forecast for date and periodic updating
 - Subcontractors' qualification documents if applicable

The recommended reperformance task for large NPOs is as follows:

- Win/ loss analysis

Extra-Large NPOs

In addition to all tasks previously mentioned for small, medium, and large NPOs, the recommended reperformance tasks for extra-large NPOs are as follows:

- Revenue forecast
- Award analysis
- Historical costs used for revenue estimates



NPOs with Retail Operations

The recommended inspection task for NPOs with retail operations is as follows:

- Existing documentation
 - Ensure that no personal checks are cashed by employees

The recommended observation tasks for NPOs with retail operations are as follows:

- Making sure that safeguards in place for:
 - Premises
 - Register
 - Office
 - Storage



Accounts Receivable

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	0	1	5	8
Total Policies	0	1	5	8
Activities	0	13	21	34
Self -Assessment tasks	0	11	17	23

NPOs utilize Accounts Receivable policies when creditworthy donors and customers promise future payments. Policies in this section address the proper segregation of duties, authorization, recording, and reconciliation of accounts used in the receivables process. Activities that allow policies in this section to operate effectively include receivables recording, billing, adjustments, write-offs, credit applications, and credit collections (Hoover 2010). Given that small NPOs are defined as utilizing a cash-basis accounting system, accounts receivables policies are not implemented until the medium size (Maguire 2013). The cash management policy does include basic receivables controls for small NPOs (Hoover 2010).

Best practice recommendations for self-assessment in this section involve confirmation that the person receiving cash collections and preparing deposits does not have the authority or access to record accounts receivables transactions in the accounting system. In addition, this person should not be involved in either the bank reconciliation or bad debt write-offs (BDO Consulting 2009). As with other sections, this may require increased involvement of board members. However, many of the cash and checks self-assessment tasks for the small NPO will also apply to the self-assessment of accounts receivable.



Small NPOs

There are no tasks recommended for small NPOs.

Medium NPOs

The recommended inspection tasks for medium NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Accounts Receivable policies
 - Credit and collection procedures
 - Bank statement postal address to authenticate it is mailed to board member or supervisor not involved in daily cash and checks activities
 - Evidence of lockbox system
 - UCOA accounting ledger records match source documents
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Bank reconciliation
 - Cash count log (if no lockbox system in place)
 - Employees that handle accounting for accounts receivable different than those who record and deposit cash receipts

The recommended observation tasks for medium NPOs are as follows:

- Undeposited cash stored securely

The recommended reperformance tasks for medium NPOs are as follows:

- Bank reconciliations
- Reconciliation of subsidiary ledgers to the appropriate accounts

Large NPOs

In addition to all tasks previously mentioned for medium NPOs, the recommended inspection tasks for large NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Accounts receivable billing procedures
 - All accounts receivable billings batch numbers match records in UCOA accounting system
- Documentation signatures
 - Employees that handle accounting for accounts receivable different than those who authorize bad debt write-offs, adjustments, and disputed billings



The recommended reperformance tasks for large NPOs are as follows:

- Interest and penalty calculations on delinquent receivables
- Allowance for doubtful accounts estimate
- Aging of receivables

Extra-Large NPOs

In addition to all tasks previously mentioned for medium and large NPOs, the recommended inspection tasks for extra-large NPOs are as follows:

- Existing documentation
 - Credit applications completed for all receivables accounts
- Documentation signatures
 - Employees that handle accounting for receivables different than those who have access to donor/customer master file
 - Employees that handle accounting for receivables different than those who have authority to establish credit
 - Employees that handle the collections and deposits different than those who have authority to approve credit applications and credit memos

The recommended reperformance tasks for extra-large NPOs are as follows:

- Donor/Customer credit balance review
- Delinquent accounts review



Purchasing

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	1	5	9	10
Total Policies	1	5	9	10
Activities	6	13	19	19
Tasks	3	9	16	16

Purchasing and receiving are the processes of buying goods, services, and assets, and the receiving and warehousing of these items. The activities that allow effective implementation of the policies are segregation of duties, authorization, use of purchase orders and lastly purchase cards, which are typically referred to as P-Cards (Hoover 2010).

Purchasing policies increase in complexity as NPO size increases. For small NPOs, where full segregation of duties is not possible, increased board member involvement will be required. All of the Purchasing activities are implemented by the large NPO size. There is an additional policy for extra-large firms. This policy provides a more detailed description of a functioning purchasing department. However, all of the activities can be applied and assessed by the large size NPO (Hoover 2010).

To achieve best practices via self-assessment within the NPOs purchasing and receiving processes, the organizations should focus on authorization and verification. This includes the proper authorization of purchases, verification that payments made for purchases are accurate, and no duplicate payments are made (Moen 2012).

Small NPOs

The recommended inspection tasks for small NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Purchasing policy



- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Employee who authorized payments for purchases different than employee who made ledger entries

Medium NPOs

In addition to all tasks previously mentioned for small NPOs, the recommended inspection tasks for medium NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Accounts Payable policies
 - All forms are preprinted and sequential
 - Preprinted forms are completely filled out
 - Purchase orders match invoices
 - Accounts payable documentation to support disbursements and prevent duplicate payments
 - UCOA accounting system ledger matches source documents

Large and Extra-Large NPOs

In addition to all tasks previously mentioned for small and medium NPOs, the recommended inspection tasks for large and extra-large NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Competitive bidding procedures
 - Multiple estimates on large contracts
 - Mailing address on vendor invoices to confirm all invoices mailed to designated location
 - Bond and retainage forms for construction projects

The recommended reperformance tasks are:

- Review of purchasing reasonableness
- Review of backorders
- Review of any blanket purchase orders



Data Integrity

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	1	1	1	2
Total Policies	1	1	1	2
Activities	22	22	22	23
Tasks	14	14	14	15

Data Integrity affects all areas of an NPO. Policies in this section govern the acceptable use of company provided information technology (IT) equipment and data, both financial and nonfinancial. Activities that provide assurance that information is reliable include segregation of duties, data storage and protection, authorization, verification, reconciliation, access limitation, software protection, and support (Hoover 2010).

COSO (2013) recommends the use of standardized, “off-the-shelf” accounting software. Since these systems have built in IT controls, they provide a cost-effective method of achieving best practices for NPOs of all sizes. In addition, DiNapoli (2010) recommends proper data storage backup and having disaster control procedures in place.

Small, Medium and Large NPOs

The recommended inspection tasks are:

- Existing documentation
 - Policies and Procedures Manual
 - Data Integrity policy
 - Disaster Recovery Plan
 - Modifications to standardized accounting software for changes in process and/or user
 - Posted schedule with dates for closing ledgers and preparing financial statements
 - Evidence of offsite storage of backup files and dates of periodic backups
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Authorizing signatures on journal entries



The recommended inquiry task is:

- Employees received information communicated by management that was relevant to their position's job duties

The recommended observation task is:

- Critical documents are in fire safe storage

The recommended reperformance tasks are:

- Financial statement production using standardized accounting software
- Chart of Accounts using standardized accounting software to ensure aligned with UCOA
- Reconciliation of subsidiary ledgers to the appropriate accounts
- Test passwords to confirm they only allow access to the authorized information for that employee
- List of usernames and access to confirm monthly changes of passwords and removal of terminated employees

Extra-Large NPOs

In addition to all tasks previously mentioned for small, medium, and large NPOs, the recommended inspection task for extra-large NPOs is as follows:

- Existing documentation
 - Mechanism used by management to select recipients of pertinent information



Project Management and Job Costing

	Small	Medium	Large	Extra-Large
Required by Law	0	0	0	0
Recommended for Best Practices	2	4	5	8
Total Policies	2	4	5	8
Activities	10	28	35	35
Tasks	9	20	30	30

Understanding the terms that are established by a grant is essential to be successful in obtaining grants with government agencies, private foundations, and donors. It is necessary for NPOs to know where the grant came from, understand the terms of the grant, and supervise where the money is going (SCANPO 2012). The National Council of Nonprofits' Legal Compliance and Public Disclosure Principle 6 recommends NPOs protect any grant money received by implementing a system of checks and balances (Panel on the Nonprofit Sector 2007).

Activities that enable the implementation of these policies in an efficient and effective manner include pre-project planning, purchasing and procurement, invoicing, and job costing when applicable. For smaller NPOs, many of the activities are akin to those in Accounts Payable and Purchasing. As with those areas, board member involvement is necessary when full segregation of duties is not possible.

As the NPO increases in size, the activities reflect the increase in complexity. For example, Guajardo (2010) discusses best practices with respect to construction projects and the need for internal controls on change orders. The Small Business Association [2013] advocates the use of surety bonds to ensure contractual agreements. Once an NPO is awarded any federal grants, then the accounting and reporting requirements of those grants are enacted (Maguire 2013). Since UCOA is compatible with both the Form 990 and the Office of Management and Budget's (OMB's) job costing requirements, UCOA allows for a smooth transition for tracking various projects and their costs (NCCS 2012).

There are ten policies that address job costing. Seven of these allow the NPO to be in compliance with the OMB's Cost Principles. The other three provide a more detailed description



of the defined activities for project management, here with job costing (Hoover 2010). The latter three are assigned to the extra-large NPO category given that they relate to the project management policies. However, they should be enacted earlier if an NPO is awarded a federal grant. When an NPO enacts the other seven job costing policies upon receiving a grant, the use of standardized accounting software and UCOA will help provide assurance that OMB reporting requirements are being met (NCCS 2012).

Small NPOs

The recommended inspection tasks for small NPOs are:

- Existing documentation
 - Policies and Procedures Manual
 - Purchasing policy
 - Financial Reporting policies
 - Records Management policies
 - Posted schedule with dates for closing ledgers and preparing financial statements
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures Manual
 - Employee who authorized payments for purchases different than employee who made ledger entries
 - Authorizing signatures on journal entries
 - Authorizing signatures on project contracts

The recommended reperformance tasks for small NPOs are:

- Chart of Accounts using standardized accounting software to ensure aligned with UCOA
- Review of project plans and specifications
- Review of project billings

Medium NPOs

In addition to all tasks previously mentioned for small NPOs, the recommended inspection tasks for medium NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Accounts Payable policies
 - Accounts payable documentation to support disbursements and prevent duplicate payments
 - Purchase orders match invoices
 - All forms are preprinted and sequential
 - Preprinted forms are completely filled out
 - UCOA accounting ledger records match source documents



- Documentation signatures
 - Vendor master list authorized by manager or board member not involved in daily disbursement duties

The recommended reperformance tasks for medium NPOs are:

- Reconciliation of subsidiary ledgers to the appropriate accounts
- Recalculation of any estimates made
- Accrual transactions have been recognized properly by matching ledgers with billings and purchase orders
- Review of project schedule

Large and Extra-Large NPOs

In addition to all tasks previously mentioned for small and medium NPOs, the recommended inspection tasks for large and extra- large NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Competitive bidding procedures
 - Multiple estimates on large contracts
 - Subcontractors' qualification documents if applicable
 - Mailing address on vendor invoices to confirm all invoices mailed to designated location
 - Bond and retainage forms for construction projects
 - Bond certifications if acquired
 - Reports detailing estimated costs at completion for surety, bonding, purposes

The recommended reperformance tasks are:

- Cash flow forecasts
- Work-in-progress reports
- Cost reports



Payroll and Human Resources

	Small	Medium	Large	Extra-Large
Required by Law	12	12	12	12
Recommended for Best Practices	0	1	1	1
Total Policies	12	13	13	13
Activities	41	41	41	41
Tasks	10	10	10	10

Payroll and Human Resources are contained in Copedia's Employee Handbook (Hoover 2010). All of the handbook policies are required by law. At the medium level, a more detailed description of controls is provided (Hoover 2010). Policies in this section address managing human resources, compensation, employee benefits, expense reimbursement, workers compensation, and personal conduct and corrective action. For policies that address workers' rights, it is important to note that these also legally apply to volunteers as well as employees (Maguire 2013). Activities that allow the payroll and human resource policies to operate effectively include the segregation of duties, payroll information security, timecard management, performance review and termination procedures, and proper and adequate employee training, including safety training (Hoover 2010).

Best practices for this section include adopting an Employee Handbook and Ethics policy, conducting employee evaluations, and periodic auditing and updating of the Employee Handbook when legal compliance dictates (Andrew & Hobish 2007). Given that all of the policies in the Employee Handbook are required by law, all of the activities are implemented for all NPO sizes (Maguire 2013). Although not specifically listed as Payroll and Human Resources activities, activities in the Mission/Vision/Planning/Risk section support this section. These activities include incorporating job descriptions into the Strategic Plan, and asking employees about their understanding of their job, responsibilities, and how their performance is measured and evaluated (Hoover 2010).



All NPOs

The recommended inspection tasks for all NPOs are:

- Existing documentation
 - Policies and Procedures Manual
 - Employee Handbook
 - Each employee file should include
 - Job application
 - Background check
 - Performance reviews
 - Training attendance logs
- Documentation signatures
 - Employee forms stating that they have received, read, and understand Policies and Procedures Manual
 - Timecards, both employee and authorized supervisor
 - Authorized signature for preapproved vacation and personal time
 - Employee who processed payroll different than employee who made ledger entries

The recommended observation task for all NPOs is:

- Employee training

The recommended reperformance tasks for all NPOs are:

- Payroll roster
- Payroll reports



Safety, Health, and Environment

	Small	Medium	Large	Extra-Large
Required by Law	4	4	4	4
Recommended for Best Practices	0	1	1	1
Total Policies	4	5	5	5
Activities	11	11	11	11
Tasks	9	9	9	9

Safety, Health, and Environment policies address a safety and health system, Occupational Safety and Health Administration (OSHA) posters, safety warnings, accident reporting, and any industry specific laws that may apply (Hoover 2010). These regulations are dictated by the Occupational Safety and Health Administration at the federal level (OSHA 2012). In addition, South Carolina has its own federally approved OSHA best practices (South Carolina Department of Labor 2012). The only policy not required by federal regulations provides a more detailed description of controls for this section. There are no new activities with that policy. Given that the other policies are required by law, all of the activities are implemented at the small NPO level (Maguire 2013).

Activities that allow policies in this section to operate effectively include a safety program, safety training, a hazard communication program, and OSHA logs when applicable (Hoover 2010). Best practices for self-assessment recommend all aspects of the safety system. South Carolina OSHA asserts that having an effective safety system in place reduces workplace injuries (South Carolina Department of Labor 2012).

All NPOs

The recommended inspection tasks for all NPOs are as follows:

- Existing documentation
 - Policies and Procedures Manual
 - Safety Manual
 - Hazard communication program
 - Training attendance logs
 - OSHA logs



- Material safety sheets
- Accident reporting system
- Documentation signatures
 - Employee forms stating they have received, read, and understand Policies and Procedures manual

The recommended observation tasks for all NPOs are as follows:

- Employee training
- OSHA posters clearly visible
- Safety warnings clearly visible



Summary of Findings

An analysis of Copedia's Non Profit Edition policies and procedures manual template library and its internal control assessment tool yielded the following results:

- Small NPOs
 - As determined from previous research, 56 Policies allow a small NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 280 Internal Control Activities are included in these policies and allow a small NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 127 Separate Tasks allow a small NPO to self-assess the effectiveness of its internal controls.
 - 80 Unique Tasks allow a small NPO to self-assess its internal controls when the organization's activities are viewed as a whole.
- Medium NPOs
 - As determined from previous research, 87 Policies allow a medium NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 446 Internal Control Activities are included in these policies and allow a medium NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 186 Separate Tasks allow a medium NPO to self-assess the effectiveness of its internal controls.
 - 107 Unique Tasks allow a medium NPO to self-assess its internal controls when the organization's activities are viewed as a whole.
- Large NPOs
 - As determined from previous research, 109 Policies allow a large NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 480 Internal Control Activities are included in these policies and allow a large NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 219 Separate Tasks allow a large NPO to self-assess the effectiveness of its internal controls.
 - 130 Unique Tasks allow a large NPO to self-assess its internal controls when the organization's activities are viewed as a whole.



- Extra-Large NPOs
 - As determined from previous research, 124 Policies allow an extra-large NPO to achieve best practices in the design of their Policies and Procedures Manual (Maguire 2013).
 - 525 Internal Control Activities are included in these policies and allow an extra-large NPO to achieve best practices in the operation of their Policies and Procedures Manual.
 - 235 Separate Tasks allow an extra-large NPO to self-assess the effectiveness of its internal controls.
 - 143 Unique Tasks allow an extra-large NPO to self-assess its internal controls when the organization's activities are viewed as a whole.



Conclusion and Recommendations

The objective of this paper is to compile a stepwise menu of tasks that allow nonprofit organizations (NPOs) to self-assess the operation of previously assembled internal control policies and procedures, and to do so at any given size and stage during its life cycle. After self-assessing policies and procedures, the nonprofit organization can provide to stakeholders evidence of efficiency in its backroom operations, which in turn allows the organization to effectively operate its said mission and build capacity. Working in collaboration with The Chapin Foundation, The Waccamaw Community Foundation, and The Frances P. Bunnelle Foundation, the output of this multi-stage project will assist NPOs obtain affordable audits and reviews, utilize cost-effective techniques when self-assessing policies and procedures, and add to the self-assessment tasks as they grow. Achieving compliance with best practices for financial accountability, transparency, and board governance, the output of these projects facilitate the link between philanthropic leadership, charitable resources, and civic influence with community needs and opportunities.

This project is the fourth stage in an effort to address the concerns of South Carolina NPOs and to provide cost effective methods to either centralize or standardize “back-room operations” for accounting, auditing, and corporate governance issues. With this and each future project, the common goal is to provide cost effective methods for South Carolina NPOs to achieve best practices.

The recommendation for the future is to continue to conduct research for NPOs that will provide education on how to achieve best practices. Research with the participation of Master of Accountancy graduate students at Coastal Carolina University provides the opportunity to assist the NPOs in several areas. Through the research, assistance can be provided to help NPOs achieve best practices for corporate governance, accounting, and auditing, and reduce the costs of attaining these goals.

The research will help NPOs with the adoption of and transition into the Unified Chart of Accounts (UCOA) to enable financial reporting that is compatible with the Form 990, the United States Office of Management and Budget federal grant administration reports, and various other reporting formats utilized in the NPO sector. The adoption of UCOA is a policy applicable to



NPOs of all sizes, and is incorporated into the self-assessment process presented here in this paper. In addition, the self-assessment of internal controls follows best practices for proper financial reporting, accountability, transparency, and ethical leadership. If these NPOs need an online accounting system, they can choose one that is compatible with UCOA as well as their individual needs and budget. Financial reporting that follows UCOA will allow NPOs to prepare for an independent audit or review. This will lower the processing costs of the audit or review for these NPOs by lowering the billable hours required of an independent CPA. In addition, with a policy and procedures manual that adheres to best practices in both design and operation, the information risk for donors, creditors, and independent CPAs is lowered.

This research process is intended to assist South Carolina NPOs achieve compliance with best practices for financial accountability, fundraising, and board governance. Essentially, by strengthening the financial knowledge and practices of South Carolina NPOs, donors will have more confidence, NPOs will have the ability to obtain the funding needed to reach their goals, achieving efficiency in “back-room operations” will increase effectiveness in “front-room operations,” NPOs can build capacity, and continue providing charitable services to our communities. This research provides a mutual benefit to both Coastal Carolina University and the South Carolina NPO community.



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Appendix A: NPO Internal Controls Self-Assessment Task Lists**NPO Internal Controls Self-Assessment Task List****Small NPOs**

This table contains the complete list of tasks for Small NPOs. Medium NPOs should complete this list of tasks as well as the additional tasks for Medium NPOs below. Large NPOs should complete the Small and Medium NPOs tasks as well as the additional tasks for Large NPOs below. Extra-Large NPOs should complete all of the tasks – Small, Medium, Large, and Extra-Large NPOs tasks lists.

<u>Initial when complete</u>	<u>Task</u>	<u>P&P Section(s) Assessed</u>
	Inspection:	
	<u>Existing Documentation:</u>	
	Policies & Procedures Manual (comprehensive)	BOD/Gov/Environment Monitoring
	Risk identification, analysis, and management P&Ps	Mission/Vision/Planning/Risk
	Code of Ethics policy	Admin/Conduct/Communication
	Whistleblower policy	Admin/Conduct/Communication
	Fraud and Embezzlement policies	Admin/Conduct/Communication
	Employee Handbook	Control Activities Payroll and HR
	Safety Manual	Control Activities Safety, Health, & Environment
	Cash Management policy	Cash and Checks
	Accounting for Assets policy	Inventory Fixed Assets
	Purchasing policy	Fixed Assets Purchasing Project Management
	Receiving policy	Fixed Assets
	Financial reporting policies	Financial Reporting Project Management
	Records management policy	Financial Reporting Project Management
	Fundraising policy	Revenue
	Accounting for revenue policy	Revenue
	Data integrity policy	Data Integrity
	Hazard communication program	Safety, Health, & Environment



Employee records to confirm each qualified for positions	BOD/Gov/Environment
Organizational Chart for clear lines of authority and reporting	BOD/Gov/Environment Admin/Conduct/Communication
Mission Statement	Mission/Vision/Planning/Risk
Strategic Plan with activity level objectives defined; activities embedded in job descriptions; and mechanism to measure and report results	Mission/Vision/Planning/Risk
BOD meeting minutes for evidence of strategic planning	Mission/Vision/Planning/Risk
Grievance reporting log for reporting entries, resolution entries, and signatures	Admin/Conduct/Communication
Disaster Recovery Plan	Control Activities Data Integrity
Management succession planning	Control Activities
Modifications to standardized accounting software for changes in process and/or user	Control Activities Data Integrity
Safeguarding of assets procedures	Control Activities
Internal control checklist	Monitoring
Internal audit reports	Monitoring
Internal control weaknesses, deficiencies, and corrective actions taken by management	Monitoring
External audit reports	Monitoring
Bank statement postal address to authenticate it is mailed to board member or supervisor not involved in daily cash and checks activities	Cash and Checks Accounts Payable Accounts Receivable
Evidence of lockbox system	Cash and Checks Accounts Receivable
Inventory log	Inventory
Fixed assets accounting records	Fixed Assets
Posted schedule with dates for closing ledgers and preparing financial statements	Financial Reporting Data Integrity Project Management
Evidence of offsite storage of backup files and dates of periodic backups	Data Integrity
All employee files contain job application, background check, and performance reviews	Payroll and HR
Training attendance logs	Payroll and HR Safety, Health, & Environment
OSHA logs	Safety, Health, & Environment
Material safety sheets	Safety, Health, & Environment
Accident reporting system	Safety, Health, & Environment



	<u>Documentation Signatures:</u>	
	Employee forms stating they have received, read, and understand P&P Manual	BOD/Gov/Environment Mission/Vision/Planning/Risk Admin/Conduct/Communication Control Activities Monitoring Cash and Checks Inventory Fixed Assets Accounts Payable Financial Reporting Revenue Accounts Receivable Purchasing Data Integrity Project Management Payroll and HR Safety, Health, & Environment
	Delegation of authority evidenced by multiple signatures where applicable	BOD/Gov/Environment
	Strategic Plan	Mission/Vision/Planning/Risk
	Business Plan	Mission/Vision/Planning/Risk
	Bank reconciliation	Cash and Checks Accounts Payable Accounts Receivable
	Cash count log (if no lockbox system in place)	Cash and Checks Accounts Receivable
	Employee who authorized payments for purchases different than employee who made ledger entries	Inventory Purchasing Project Management
	Employees responsible for accounting for assets different than those with custody of assets	Fixed Assets
	Authorizing signatures on journal entries	Financial Reporting Data Integrity Project Management
	Completed revenue forms have authorized signatures	Revenue
	Authorizing signatures on project contracts	Project Management
	Timecards, both employee and authorized supervisor	Payroll and HR
	Authorized signature for preapproved vacation and personal time	Payroll and HR
	Employee who processed payroll different from employee who made ledger entries	Payroll and HR



	Inquiry of:	
	Employees to ensure that ethical behavior is predominant	BOD/Gov/Environment
	Employees to determine if Code of Ethics and Code of Conduct are properly enforced	BOD/Gov/Environment
	Employees to determine they know how to report unethical behavior	BOD/Gov/Environment
	Employees to determine if they are aware of how their performance is evaluated	BOD/Gov/Environment
	Employees to determine they feel activity level goals are realistic and obtainable	Mission/Vision/Planning/Risk
	Employees if risk management P&Ps are successfully matched in the organization	Mission/Vision/Planning/Risk
	Employees and management if activity level goals are being measured and reported	Mission/Vision/Planning/Risk
	Management to verify they understand their role in risk management	Mission/Vision/Planning/Risk
	Employees received information communicated by management that was relevant to their position's job duties	Admin/Conduct/Communication Data Integrity
	Employees are comfortable that reprisals will not occur for reporting unethical behavior	Admin/Conduct/Communication
	Observation:	
	Critical documents are in fire safe storage	Control Activities Data Integrity
	Segregation of duties	Control Activities
	Employee interviews and training relating to internal controls	Monitoring
	Activities to ensure proper handling of internal control issues	Monitoring
	Undeposited cash stored securely	Cash and Checks Revenue – Retail Accounts Receivable
	Blank checks are secured	Cash and Checks
	Warehousing areas for secured access	Inventory Revenue – Retail
	Assets are labeled	Fixed Assets
	Employee training	Payroll and HR Safety, Health, & Environment
	OSHA posters clearly visible	Safety, Health, & Environment
	Safety warnings clearly visible	Safety, Health, & Environment



	Reperformance:	
	Financial and nonfinancial performance aligned with budgets and goals	Control Activities
	Financial statement production using standardized accounting software	Control Activities Financial Reporting Data Integrity
	Chart of Accounts using standardized accounting software to ensure aligned with UCOA	Control Activities Financial Reporting Revenue Data Integrity Project Management
	Internal audit procedures	Monitoring
	External audit procedures	Monitoring
	Bank reconciliations	Cash and Checks Accounts Payable Accounts Receivable
	Physical inventory count	Inventory
	Asset reconciliations	Fixed Assets
	Physical asset count	Fixed Assets
	Reconciliation of subsidiary ledgers to the appropriate accounts	Financial Reporting Data Integrity Accounts Payable Accounts Receivable Project Management
	Recalculation of any accounting estimates made	Financial Reporting Project Management
	Review of financial statement notes for adequate disclosures	Financial Reporting
	Test passwords to confirm they only allow access to the authorized information for that employee	Data Integrity
	List of usernames and access to confirm monthly changes of passwords and removal of terminated employees	Data Integrity
	Review of project plans and specifications	Project Management
	Review of project billings	Project Management
	Payroll roster	Payroll and HR
	Payroll reports	Payroll and HR



NPO Internal Controls Self-Assessment Task List

Additional Tasks for Medium NPOs

<u>Initial when complete</u>	<u>Task</u>	<u>P&P Section(s) Assessed</u>
	Inspection:	
	<u>Existing Documentation:</u>	
	Policies and Procedures Manual	
	Accounts Payable policies	Accounts Payable Purchasing Project Management
	Accounts Receivable policies	Accounts Receivable
	Credit and collection procedures	Accounts Receivable
	Communication methods used by management and access to the system	Admin/Conduct/Communication
	Employee files for evidence of background checks on employees handling cash	Cash and Checks
	Accounts payable documentation to support disbursements and prevent duplicate payments	Cash and Checks Accounts Payable Purchasing Project Management
	All check entries on deposit slips for depositor and amount	Cash and Checks
	Ensure no personal checks were cashed by employees	Cash and Checks Revenue - Retail
	Check control log and blank checks to confirm that blank checks are not missing	Cash and Checks
	Purchase orders match invoices	Accounts Payable Purchasing Project Management
	Review receiving discrepancies	Accounts Payable
	Old and unmatched payables are resolved	Accounts Payable
	Check for cash discounts available	Accounts Payable
	All forms are preprinted and sequential	Revenue Purchasing Project Management
	Preprinted forms are completely filled out	Revenue Purchasing Project Management
	UCOA accounting ledger records match source documents	Accounts Payable Accounts Receivable Purchasing Project Management



	Documentation Signatures:	
	Username and dates from communications with management	Admin/Conduct/Communication
	Fixed asset purchases are authorized by management and Board of Directors	Fixed Assets
	Asset count personnel different than asset custodian	Fixed Assets
	Vendor master list authorized by manager or board member not involved in daily disbursement duties	Accounts Payable Project Management
	Manager's signature on all checks	Accounts Payable
	Cardholder's signatures on all receipts	Accounts Payable
	Employees that handle accounting for accounts receivable different than those who record and deposit cash receipts	Accounts Receivable
	Inquiry of:	
	Employees feel important information is accessible to the right people	Admin/Conduct/Communication
	Reperformance:	
	Analytical review of cash receipts and disbursements in general ledger	Cash and Checks
	Reconcile transactions between departments	Financial Reporting
	Accrual transactions have been recognized properly by matching ledgers with billings and purchase orders	Financial Reporting Project Management
	Reperform financial and ratio analyses to identify UCOA accounts at risk of misstatement	Financial Reporting
	Review of project schedule	Project Management



NPO Internal Controls Self-Assessment Task List

Additional Tasks for Large NPOs

<u>Initial when complete</u>	<u>Task</u>	<u>P&P Section(s) Assessed</u>
	Inspection:	
	<u>Existing Documentation:</u>	
	Policies and Procedures Manual:	
	Competitive bidding procedures	Accounts Payable Purchasing Project Management
	Accounts Receivable billing procedures	Accounts Receivable
	Multiple estimates on large contracts	Accounts Payable Purchasing Project Management
	Large purchases on credit accounts	Accounts Payable
	Bond certifications if acquired	Revenue Project Management
	Revenue forecast for date, periodic updating	Revenue
	Subcontractors' qualification documents if applicable	Revenue Project Management
	All accounts receivable billings batch numbers match records in UCOA accounting system	Accounts Receivable
	Mailing address on vendor invoices to confirm all invoices mailed to designated location	Purchasing Project Management
	Bond and retainage forms for construction projects	Purchasing Project Management
	Reports detailing estimated costs at completion for surety, bonding, purposes	Project Management
	<u>Documentation Signatures:</u>	
	Asset disposal signature different than those with custody	Fixed Assets
	Reconciliations of fixed assets accounts signature different from those making accounting entries	Fixed Assets
	Authorization on automatic and recurring payments to vendors	Accounts Payable
	Employees that handle accounting for accounts receivable different than those who authorize bad debt write-offs, adjustments, and disputed billings	Accounts Receivable



	Reperformance:	
	Win/loss analysis	Revenue
	Interest and penalty calculations on delinquent receivables	Accounts Receivable
	Allowance for doubtful accounts estimate	Accounts Receivable
	Aging of receivables	Accounts Receivable
	Review of purchasing reasonableness	Purchasing
	Review of backorders	Purchasing
	Review of any blanket purchase orders	Purchasing
	Project cash flow forecasts	Project Management
	Project work-in-progress reports	Project Management
	Project cost reports	Project Management



NPO Internal Controls Self-Assessment Task List

Additional Tasks for Extra-Large NPOs

<u>Initial when complete</u>	<u>Task</u>	<u>P&P Section(s) Assessed</u>
	Inspection:	
	<u>Existing Documentation:</u>	
	Mechanism used by management to select recipients of pertinent information	Admin/Conduct/Communication Data Integrity
	Credit applications completed for all receivables accounts	Accounts Receivable
	<u>Documentation signatures:</u>	
	Employees that handle accounting for receivables different than those who have access to donor/customer master file	Accounts Receivable
	Employees that handle accounting for receivables different than those who have authority to establish credit	Accounts Receivable
	Employees that handle collections and deposits different than those who have authority to approve credit applications and credit memos	Accounts Receivable
	Observation:	
	Retail premises secured	Revenue – Retail
	Retail office secured	Revenue – Retail
	Reperformance:	
	Revenue forecast	Revenue
	Award analysis	Revenue
	Historical costs used for revenue estimates	Revenue
	Donor/customer balance review	Accounts Receivable
	Delinquent accounts review	Accounts Receivable



If there are any further questions regarding this whitepaper or its results, please contact Dr. Karen Maguire of Coastal Carolina University at kmaguire@coastal.edu or at 843-349-4163.



Study on Non-Profit Organizations in South Carolina

Dr. Karen Maguire

11/10/2011

Advanced Auditing ACCT 637



COASTAL
CAROLINA

UNIVERSITY

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Executive Summary

Not-for-profit organizations in South Carolina currently face a number of issues concerning corporate governance, accounting, and auditing practices. The graduate Advanced Auditing class at Coastal Carolina University created a survey in conjunction with the Waccamaw Community Foundation, the South Carolina Association of Non-Profit Organizations and the Chapin Foundation. The purpose of the survey was to gauge the overall knowledge of corporate governance, accounting, and auditing policies and to determine what, if any, practices and programs these organizations currently have in place.

We gathered and evaluated the information anonymously provided by the participating Non-Profit Organizations (NPOs). We then compared our results to existing research of NPOs from across the United States when available. Our overall data is presented in the following sections.

Our goal in compiling this data was to determine areas for improvement that will possibly lead to better and more efficient accounting and stewardship practices in the future. By addressing the topics in the survey, the information can be used as a resource to help NPOs in South Carolina.

234 NPOs responded to the survey over a two week period. An analysis of these responses provided the following summary of results:

- The majority of surveys were completed by executives or management while the rest were completed by other key decision makers.
- The two additional demographic responses indicated that South Carolina NPOs had budgeted revenues and charitable contributions below the national average.
- Confidence in audited or reviewed financial statements released by South Carolina NPOs rated high, with 68% having a high level of confidence. Additionally, 59% of respondents indicated that the quality of audits or reviews of South Carolina NPOs is excellent or good and 59% think that the quality of these audits is improving.
- The top three committees on the Boards of Directors were Finance, Executive, and Development/Fundraising. 29% of South Carolina NPOs reported having an audit committee while 67% of national NPOs had an audit committee. 79% of South Carolina



NPOs did not meet the best practice standard of meeting with the audit committee at least two times per year.

- The majority of the 51% of NPOs that had an online accounting system were using Intuit QuickBooks NFP, followed by Blackbaud's The Financial Edge and Microsoft Excel. 38% of NPOs in South Carolina planned to purchase an online system.
- 54% of respondents indicated that they had implemented some type of accountability/stewardship practices within the last year and an additional 21% were planning to implement important practices. Additionally, 61% of respondents claimed to have had an independent audit in the last year. However, 8% of NPOs paid Board members to conduct the review of their financial statements, which violates independence standards.
- Comments from all demographic segments indicated that South Carolina NPOs would be interested in more training regarding best practices and in obtaining resources to help them achieve best practices.

Based upon these findings, our recommendation is to conduct applicable research for South Carolina NPOs at Coastal Carolina University which will allow us to assist the NPOs in several areas. Our vision for the process to assist NPOs involves several steps that leverage both the reported strengths and weaknesses of South Carolina NPOs. 78% of respondents conduct a Form 990 Review, and another 9% plan to implement such. 36% of respondents utilize the Unified Chart of Accounts (UCOA) in their financial accounting, and another 15% plan to implement UCOA. 38% of the organizations do not currently have an online accounting system, but plan to implement one in the future. UCOA is compatible with both the Form 990 and two of the most utilized online accounting systems reported in the survey, Intuit QuickBooks NFP and Blackbaud's The Financial Edge. The applied research will help NPOs work from their reviewed Form 990 and into the adoption of UCOA to enable proper financial reporting. If these NPOs need an online accounting system, we can assist them in choosing one that is compatible with UCOA as well as their individual needs and budget. Financial reporting that follows UCOA will allow the NPOs to prepare for an independent audit or review. This will lower the processing cost of the audit or review for these NPOs by lowering the billable hours required of an independent CPA. Lastly, we can provide access to CPAs who are both qualified and willing



to work with the process and output these NPOs have created while utilizing the research conducted at Coastal Carolina University.

Project Background

Dr. Maguire's Advanced Auditing Class, in the Master of Accountancy Program at Coastal Carolina University, was hired by the Waccamaw Community Foundation, the South Carolina Association of Non-Profit Organizations and the Chapin Foundation to evaluate auditing and review practices of not-for-profit organizations in South Carolina. Our questions were partly selected from surveys conducted by [Blackbaud](#), the [Center for Audit Quality](#) and [Grant Thornton](#).

We chose to use a Google Survey for many different reasons, including the cost-efficiency of the online software, the automated (graphic) generation of results, the flexibility in the setup of questions, the ability to export data to Microsoft Excel and the possibility of cross-correlating data.

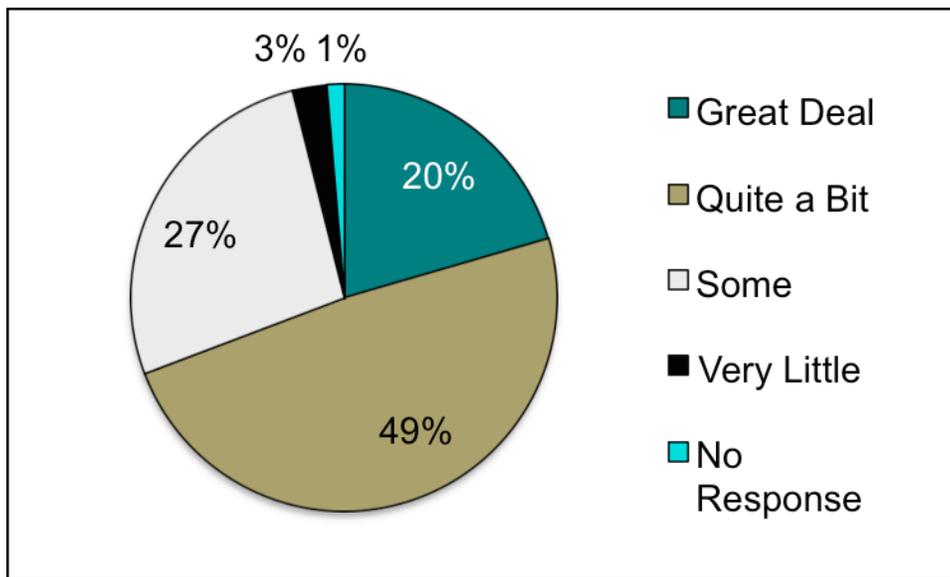
We sent this survey to all non-profit organizations in South Carolina with a finite time frame of 14 days. The survey was received by 836 NPOs throughout South Carolina. From these, 234 responses were submitted, giving us a 28% response rate. We statistically analyzed this data, including its relation to our three demographics: budgeted revenues, Question 16; charitable contributions received, Question 17; and organizational role of the survey taker, Question 18. We then compared our data to the national results when available. Our most significant findings are presented in the following pages.



Survey Results

1. What level of confidence do you currently have in the South Carolina nonprofit industry?

- A great deal of confidence
- Quite a bit of confidence
- Some confidence
- Very little confidence
- No confidence at all



Our results show that 69% of respondents have a high level of confidence for the non-profit industry in South Carolina. We did not receive any *no confidence at all* responses. However, 3% of the respondents reported *very little confidence*, while 1% of the participating NPOs did not answer the question. 27% of respondents have *some* confidence in the South Carolina non-profit industry. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.

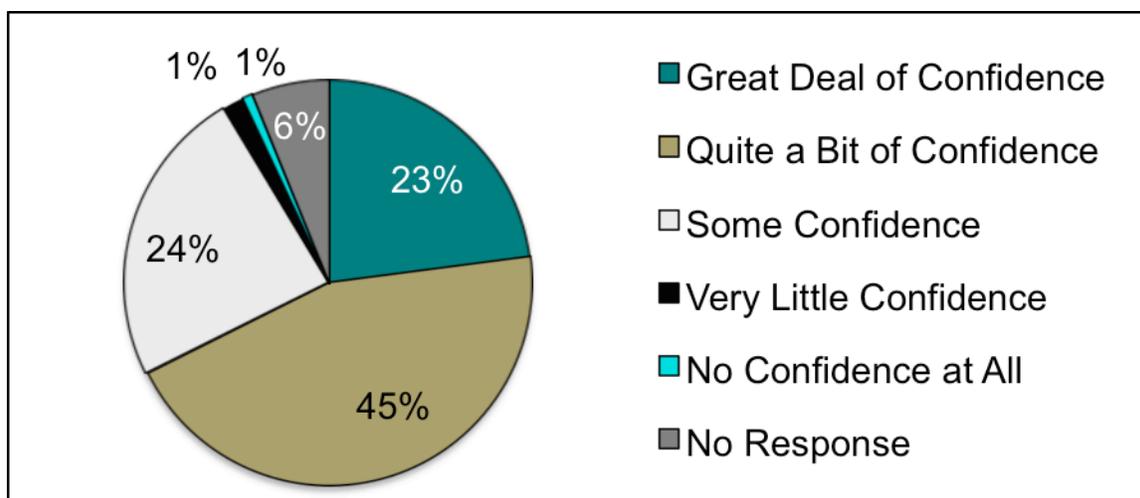
Although we were unable to conduct a direct comparison to the national survey results due to its focus on the for-profit sector rather than the non-profit sector, we would still like to point out the



similarity of the responses. Mirroring the results of this survey, 77% of for-profit firms nationally reported a high level of confidence in their industry. This suggests that confidence in one’s own industry remains high, regardless of the current economic decline and the general public’s overall skepticism of financial statements over recent years.

2. What level of confidence do you currently have in audited or reviewed financial information released by South Carolina nonprofit organizations?

- A great deal of confidence
- Quite a bit of confidence
- Some confidence
- Very little confidence
- No confidence at all



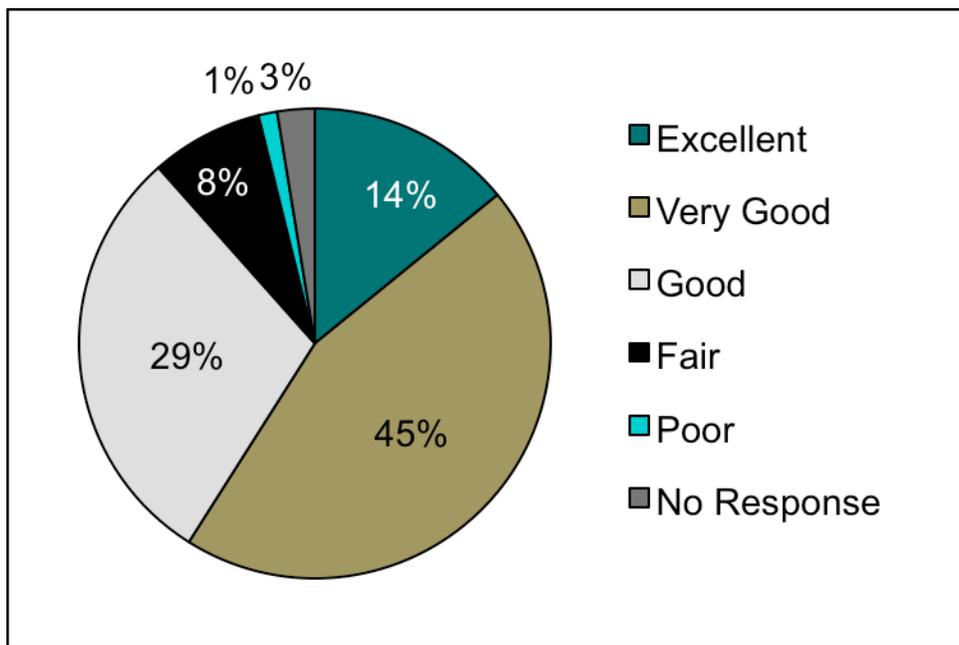
According to our results, only 2% of NPOs claimed they had *very little* or *no confidence at all* in the audited or reviewed financial statements released by South Carolina’s NPOs. In contrast, approximately 68% report a high level of confidence in the released statements. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.

We encourage readers to keep in mind these confidence levels as their importance is significant to the overall conclusions and insights of the survey.



3. Based on your experience in the nonprofit industry, how would you rate the overall quality of audits/reviews of South Carolina nonprofits being conducted today?

- Excellent
- Very good
- Good
- Fair
- Poor

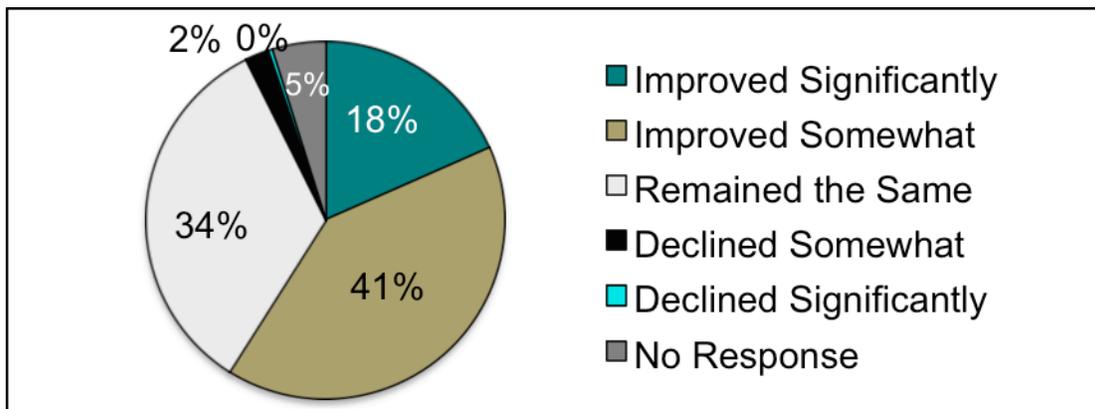


NPO responses to this question indicate that the overall quality of audits/reviews in South Carolina is regarded in a positive light. The majority of NPOs rated the overall quality of audits/reviews as *excellent* or *very good*, accounting for 59% of the responses. 29% of respondents consider the quality of audits/reviews as *good*. The lower ratings of *fair* and *poor* accounted for approximately 9% of the responses and 3% chose not to respond to this question. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



4. Over the past several years, would you say that the overall quality of audits/reviews of South Carolina nonprofits has...?

- Improved Significantly
- Improved Somewhat
- Remained the Same
- Declined Somewhat
- Declined Significantly



According to NPO responses, 59% believe that over the past several years the quality of audits/reviews in South Carolina has improved. 34% indicate the quality has *remained the same*, while less than 2% believe it has *declined somewhat* or *significantly*. 5% of returned surveys did not indicate a response. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.

Survey results from South Carolina NPOs mirrored the responses of the for-profit national survey; both surveys showed that the majority of all respondents believe that the quality of audits/reviews has improved over the past several years.

We found these results to be consistent with the conclusion presented in Questions 2 and 3; most NPOs in South Carolina are comfortable with the information portrayed in released financial statements and in the audits/reviews of NPOs conducted within South Carolina.

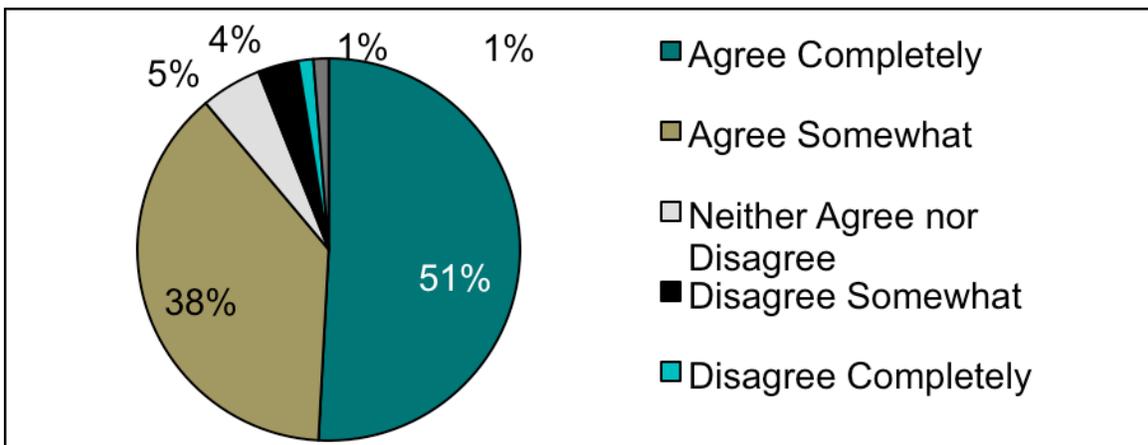


5. There are many different views on how effective audited/reviewed financial statements of South Carolina nonprofits are in communicating the financial position of the nonprofit to donors. Based on your experience, how much do you agree or disagree with each of the following statements?

Part A

Audited and reviewed financial statements of South Carolina nonprofits help strengthen the internal business practices of South Carolina nonprofits

- Agree completely
- Agree somewhat
- Neither agree nor disagree
- Disagree somewhat
- Disagree completely

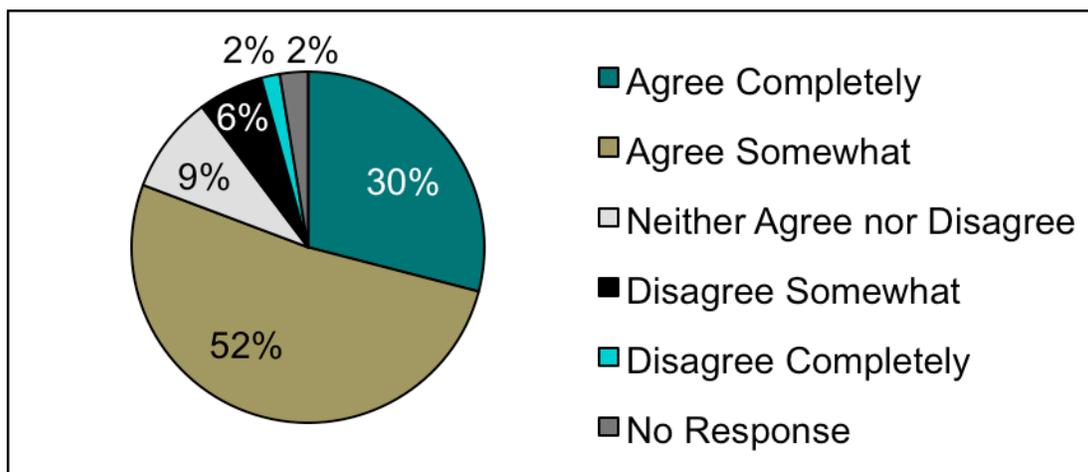


The results of our survey show that 89% of South Carolina NPOs *agreed* that audited/reviewed financial statements help strengthen the internal business practices of South Carolina NPOs. 5% *neither agreed nor disagreed* and only 5% *disagreed* with this statement. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



Part B

Audited/reviewed financial statements of South Carolina nonprofits help donors obtain a comprehensive picture of current financial performance and associated risks of the nonprofit

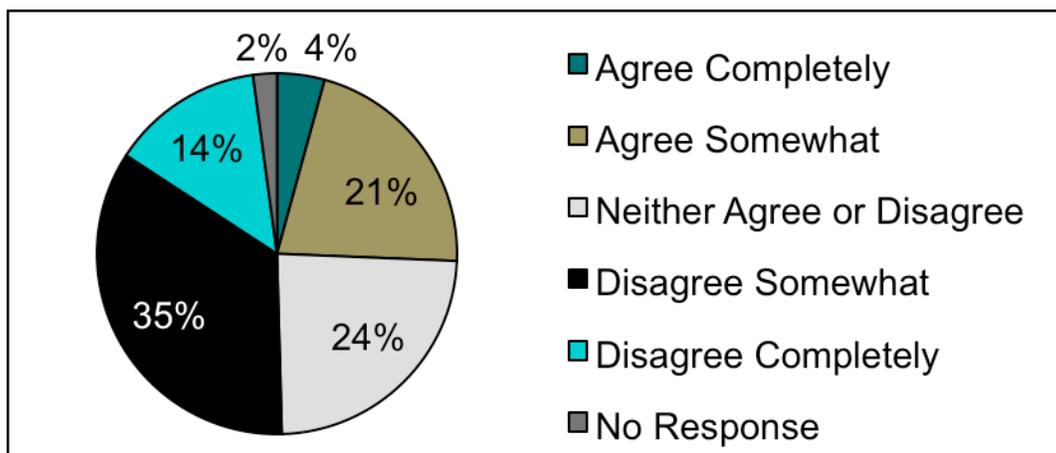


We found that 82% of NPO respondents *agreed* that audited/reviewed financial statements help donors to obtain an overall picture of a NPO’s financial performance and risks. Our results indicate that 9% of respondents *neither agreed nor disagreed* while 8% *disagreed* that these financial statements were helpful to donors. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



Part C

Audited/reviewed financial statements of South Carolina nonprofits are not very effective because of the complexity associated with accounting principles

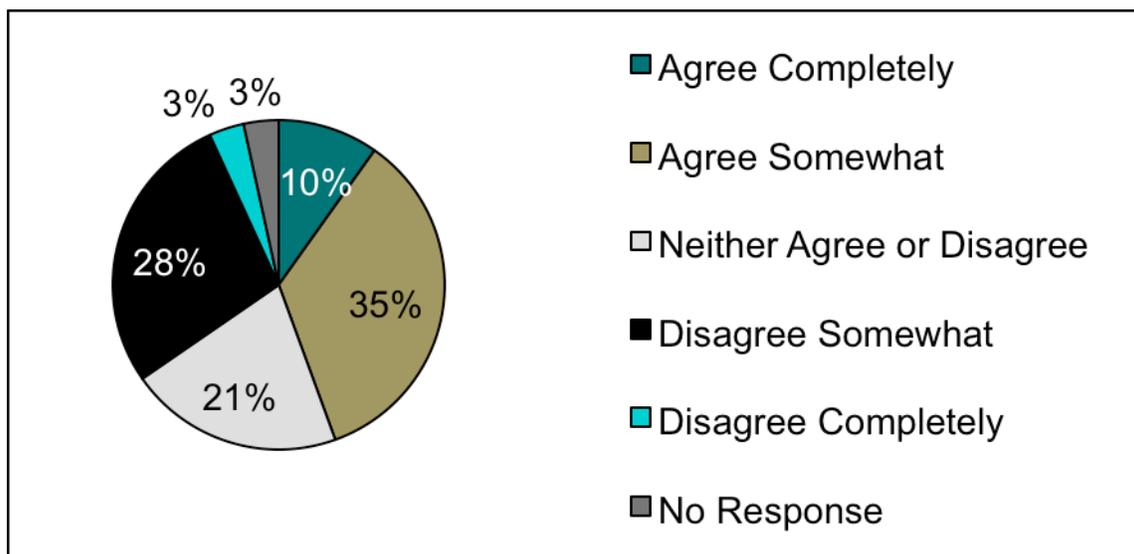


We found that 49% of respondents *disagreed* that audited and reviewed financial statements of South Carolina NPOs are not effective due to the complexity associated with accounting principles. In contrast to Part B, where only 8% responded that audited and reviewed financial statements were not helpful to donors, 25% *agreed* that these financial statements are not effective because of their complexity. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



Part D

Audited/reviewed financial statements of South Carolina nonprofits are easily accessible by donors

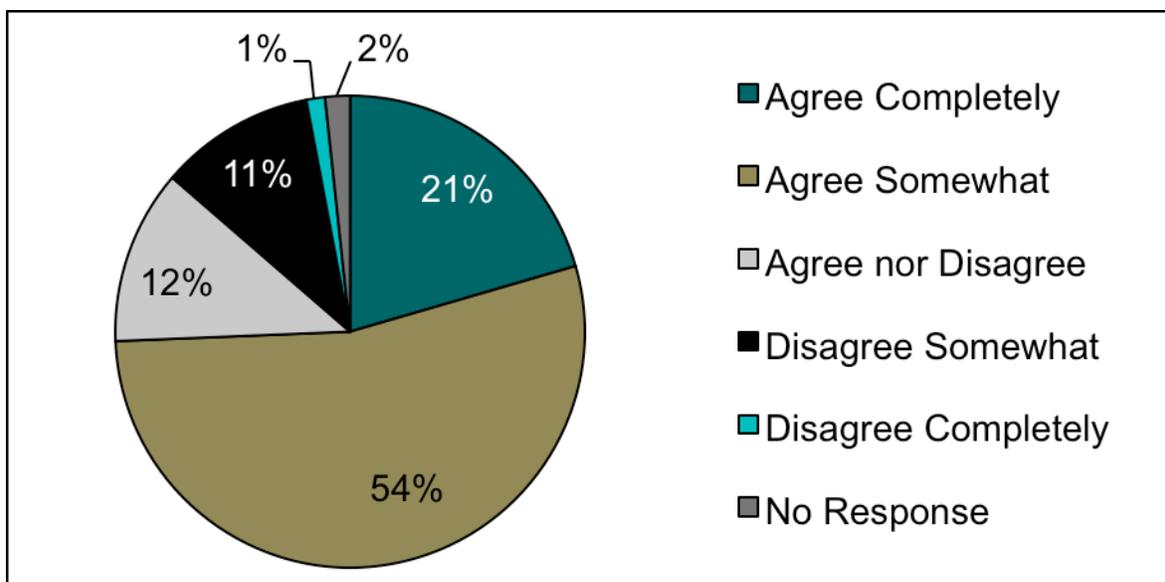


Our results indicate that only 45% of respondents *agreed* that audited/reviewed financial statements of South Carolina NPOs are easily accessible by donors. 31% *disagreed* with this statement, while 21% of respondents *neither agreed nor disagreed*. This suggests a lack of consensus as to the accessibility of financial information to donors. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



Part E

Audited and reviewed financial statements of South Carolina nonprofits contain information relevant to donors

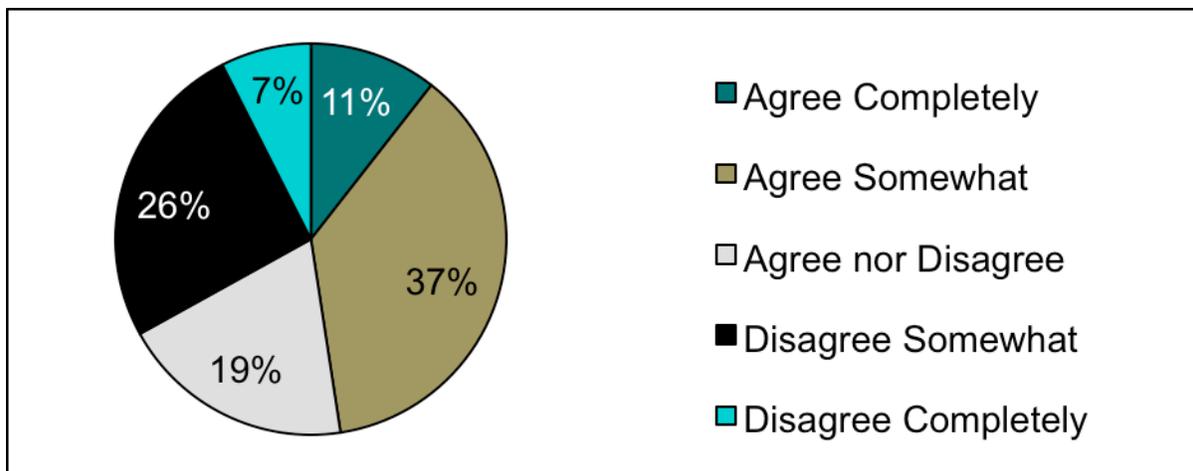


We found that 75% of NPO respondents agreed that audited/reviewed financial statements provide relevant information to donors. Only 12% *disagreed* and 12% *neither agreed nor disagreed*. Combined with Part D, respondents agree that audited/reviewed financial statements are relevant, but they disagree as to their accessibility. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



Part F

Audited and reviewed financial statements of South Carolina nonprofits provide a comprehensive assessment of the nonprofit’s performance



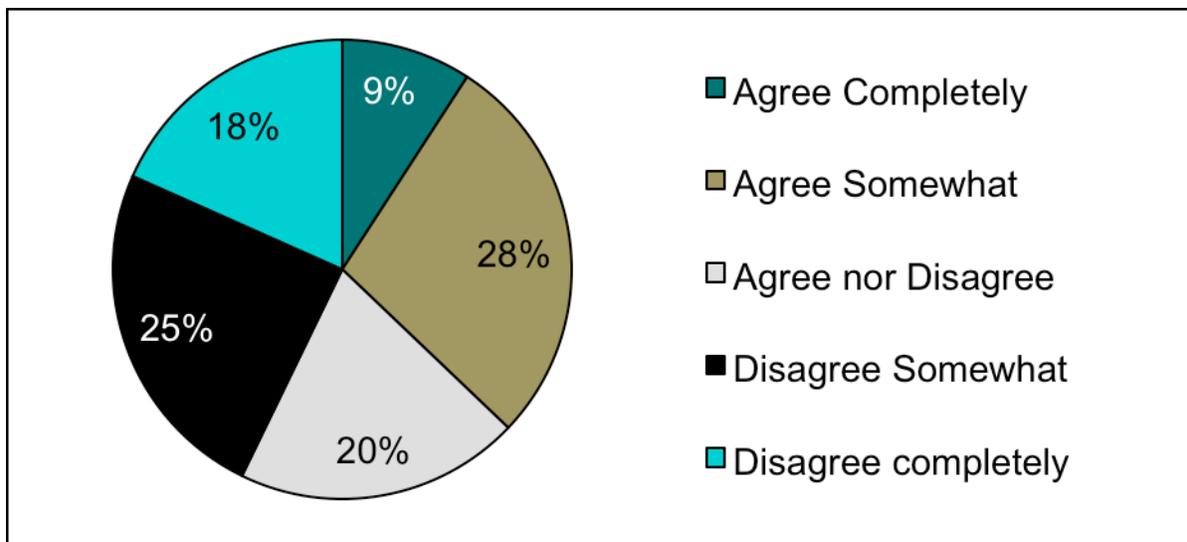
Our results indicated a wide range of responses to this question. 48% of South Carolina NPO respondents indicated *agreement* that audited and reviewed financial statements provide a comprehensive assessment of a NPO’s performance. 33% indicated *disagreement* and 19% *neither agreed nor disagreed*.

We found no correlation between a NPO’s budgeted revenues or contributions received and the responses to this question. However, of the 22 *accounting/finance professionals* who responded to this question, only 4 *did not agree* that the financial statements provide a comprehensive assessment of the nonprofit’s performance. Therefore, while our results indicated a lack of consensus on whether audited and reviewed financial statements provide a comprehensive assessment of a NPO’s performance, 82% of accounting/finance professionals were in agreement with this statement.



Part G

Audited and reviewed financial statements of South Carolina nonprofits are too much of a financial burden on nonprofits

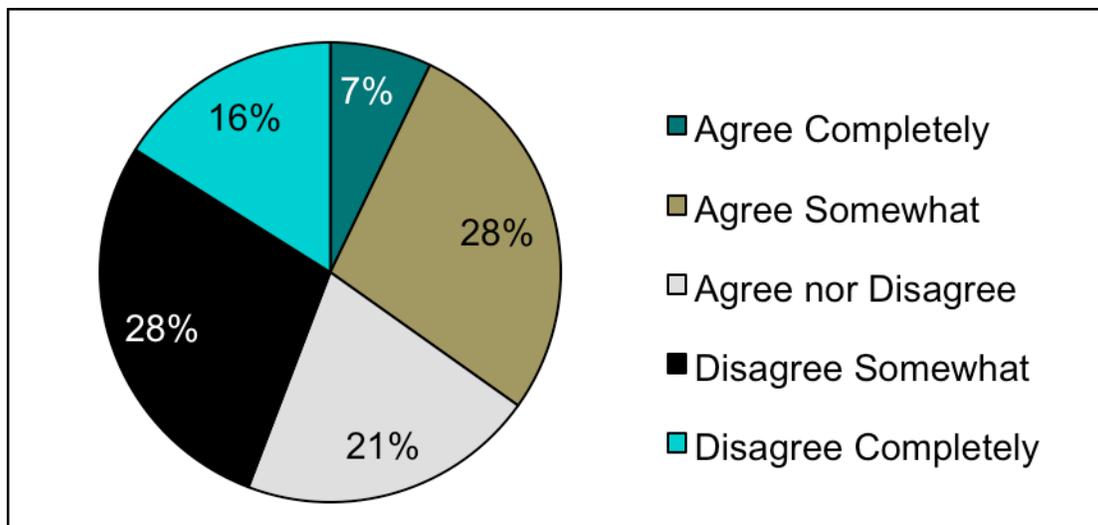


We found that 37% *agreed* that audited and reviewed financial statements are a financial burden while 43% *disagreed*. 20% of respondents *neither agreed nor disagreed*. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



Part H

Audited and reviewed financial statements of South Carolina nonprofits are too complicated.



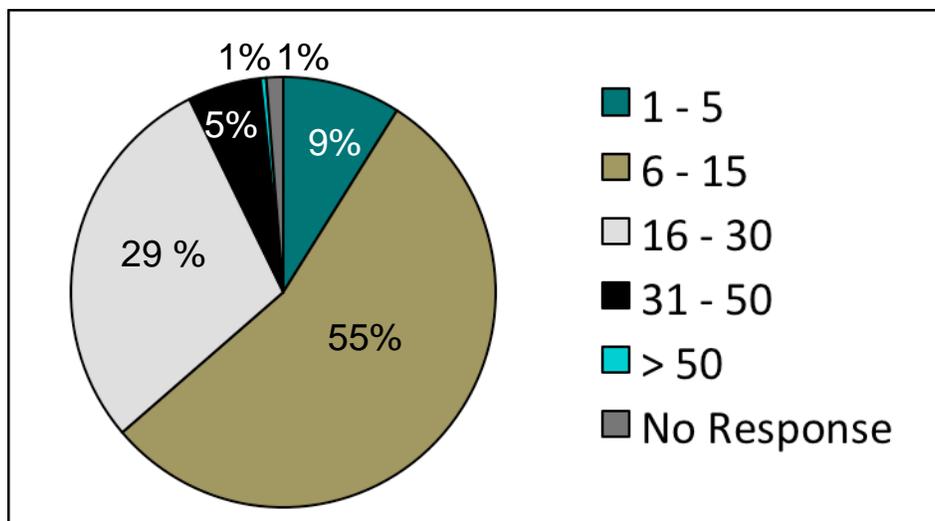
Our analysis found that 35% *agreed* that audited and reviewed financial statements are too complicated while 44% *disagreed*. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.

Considering Parts A-H of Question 5, respondents agree that audited/reviewed financial statements are relevant to donors and help strengthen internal business practices. However, respondents lack a consensus when considering whether audited/reviewed financial statements of South Carolina NPOs are effective, accessible, too complicated, or too much of a financial burden.



6. How many directors/trustees serve on your board?

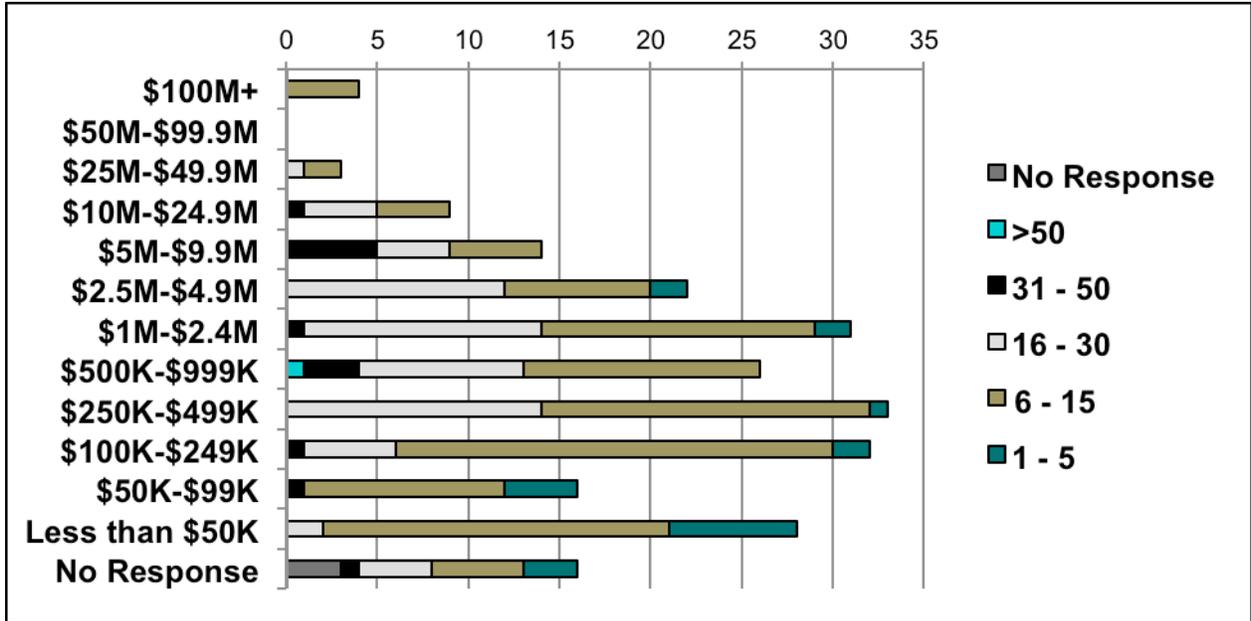
- 1 – 5
- 6 – 15
- 16 – 30
- 31 – 50
- > 50



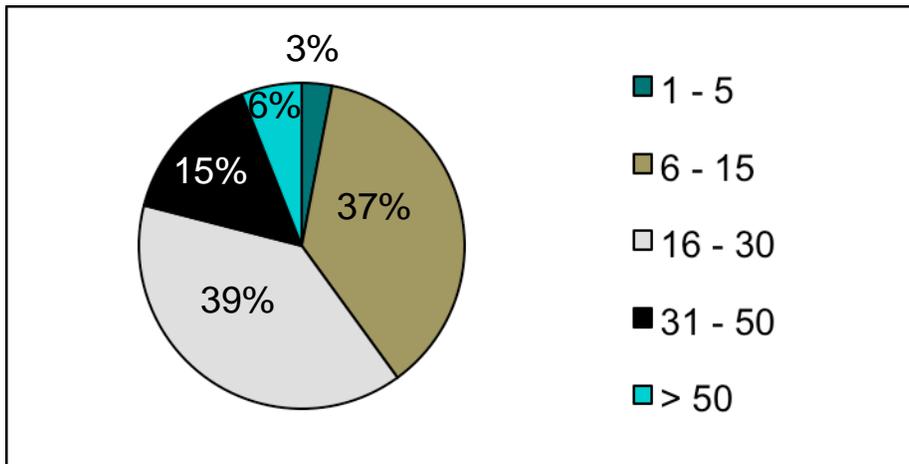
Per our results, 55% of NPOs in South Carolina have board sizes in the 6 – 15 member range. The second largest number of responses, 29%, indicated a 16 – 30 member board size. Only 9% of respondents chose a board size of 1 – 5, leaving approximately 7% of respondents with 31 or more board members, only one of which had more than 50 members. 3 NPOs did not respond to the question, amounting to less than 1% of the total.

In regards to demographics, our results indicate a relationship between the number of directors/trustees and budgeted revenues. The Budgeted Revenues chart below shows that the larger NPOs, based on budgeted revenues, were more efficient, employing relatively smaller board sizes. The largest board size segment of 6 – 15 members however, has budgeted revenues ranging from < \$50K all the way up to > \$100M.



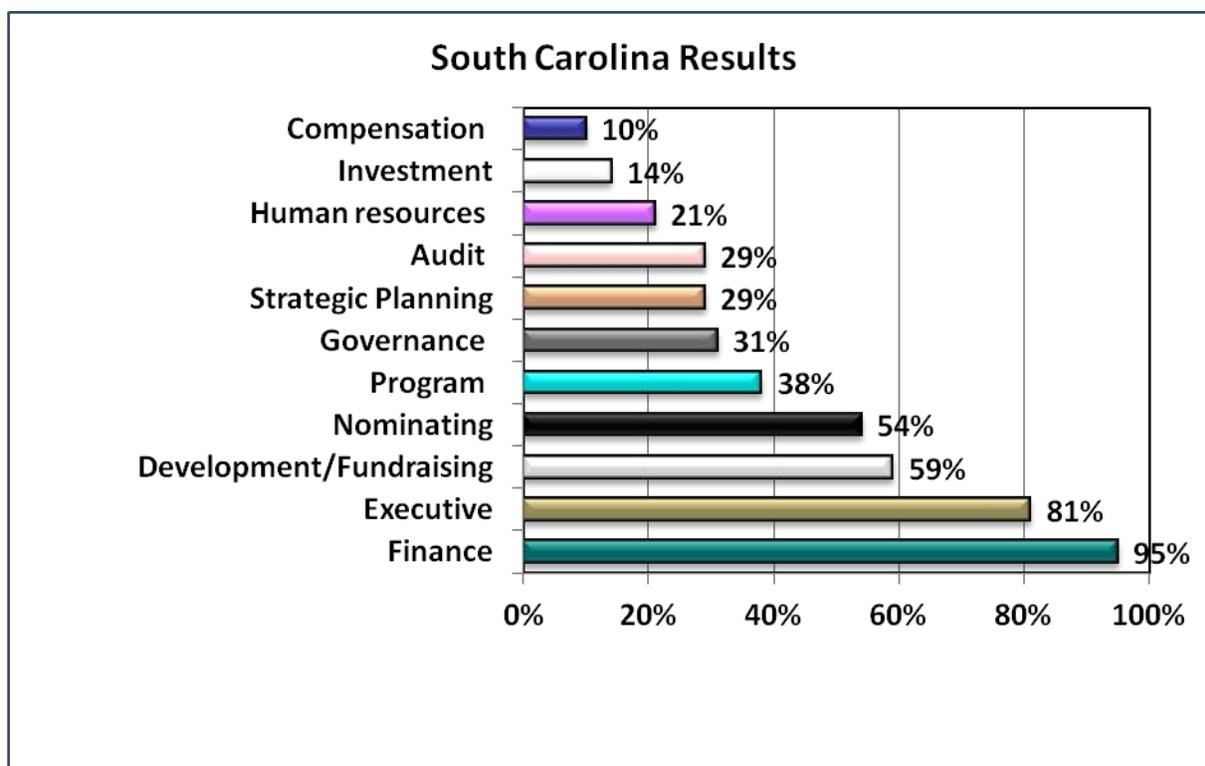


According to our data, both South Carolina and the nation share the same top two segments, 6 – 15 members and 16 – 30 members. 84% of South Carolina respondents have board membership between 6-30 members, compared to 76% nationally. South Carolina contains more board sizes in the 6 – 15 member range, 55%, while the nation has more boards in the 16 – 30 member range, 39%. The chart below indicates national data.



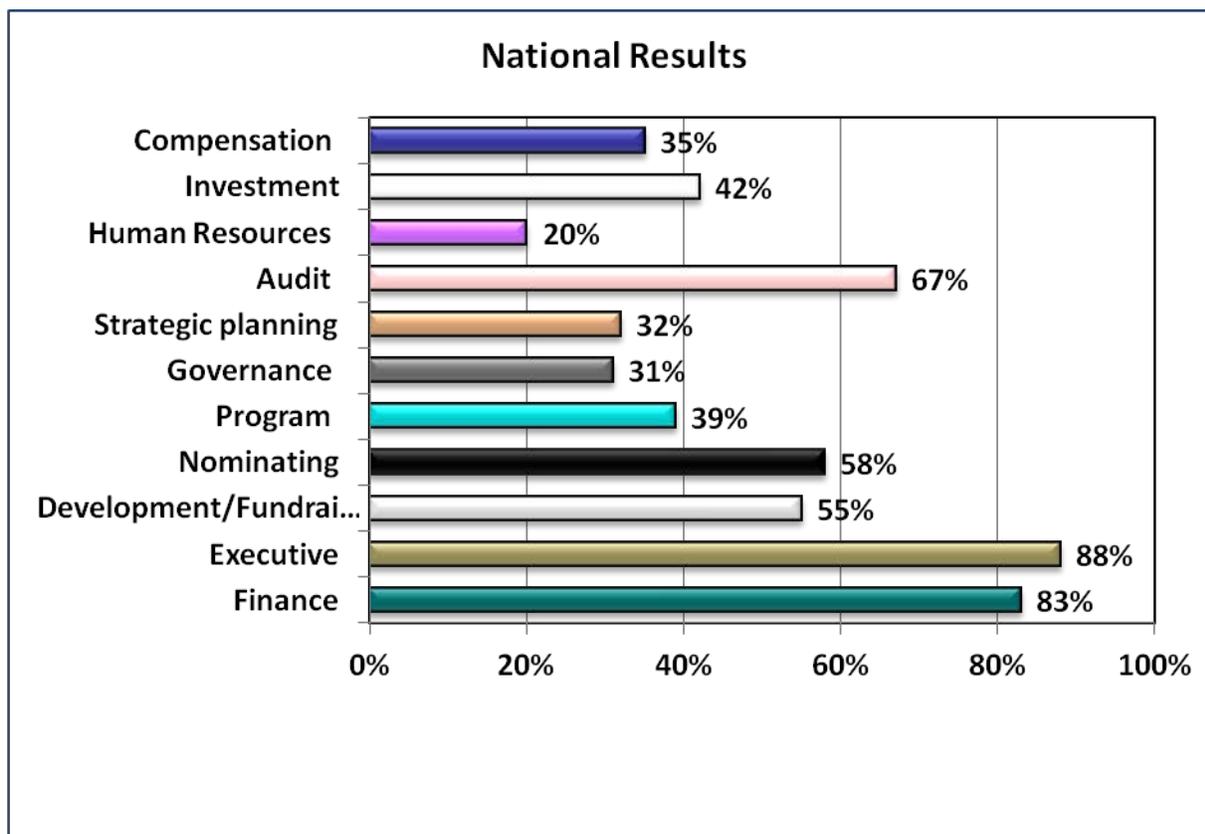
7. Which of the following board committees does your organization have?

- Audit committee (separate from finance committee)
- Compensation committee
- Development/fundraising committee
- Executive committee
- Finance committee
- Governance committee
- Human resources committee
- Investment committee
- Nominating committee
- Program committee
- Strategic planning committee



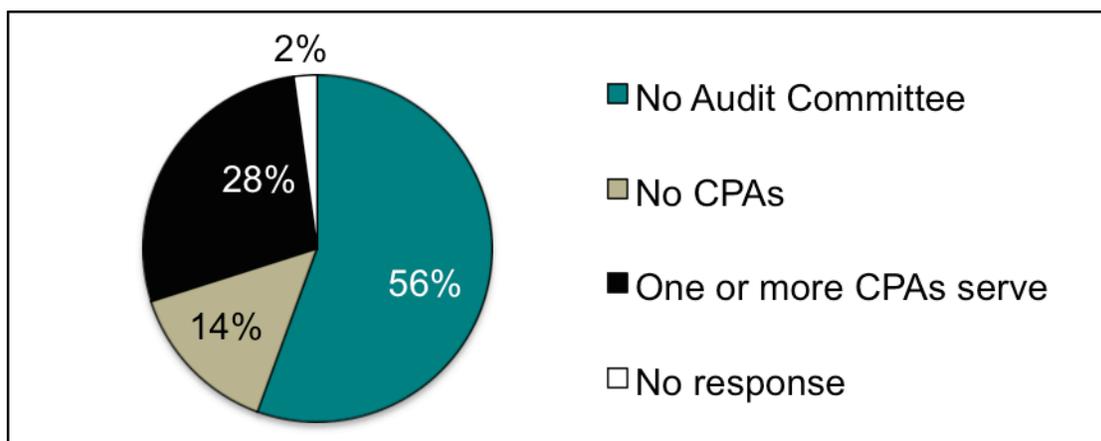
Our results indicate that the top three committees NPOs in South Carolina have are: *finance*, 95%; *executive*, 81%; and *development/fundraising*, 59%. Few NPOs chose the *compensation*, 10%; *investment*, 14%; or *human resources*, 21%, committees.

Both our South Carolina results and the national results show major similarities. The results indicate that NPOs in both South Carolina and the nation have an *executive* and *finance* committee and while the national percent for the *development/fundraising* committee is lower, it is still significant. The greatest disparity is 67% of national survey respondents have an *audit* committee, which is more than double the South Carolina result of only 29%. The chart below illustrates the national survey data.



8. Does your audit committee include one or more CPAs?

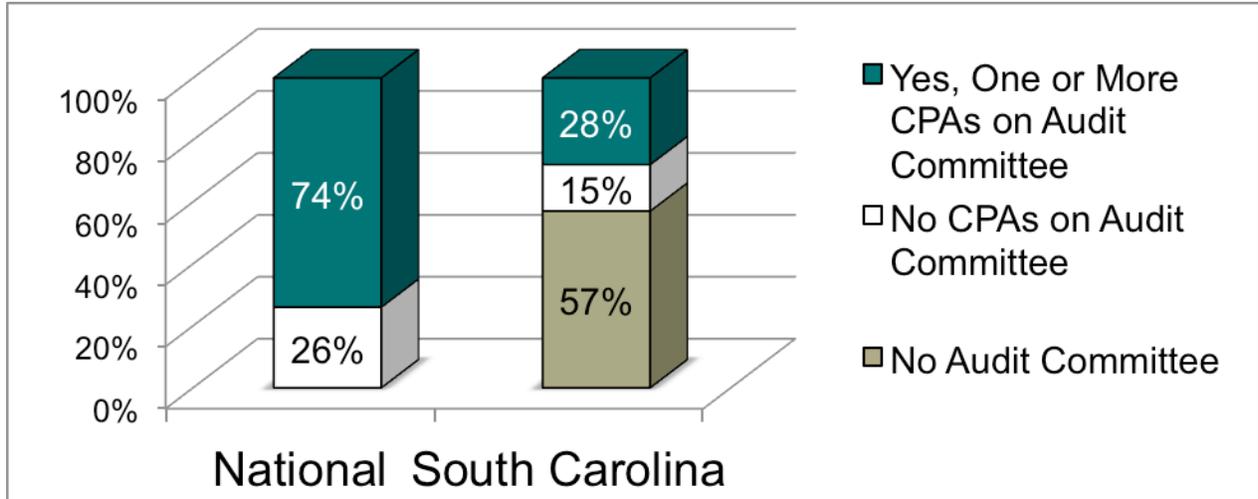
- We do not have an audit committee
- No CPAs serve on our audit committee
- Yes, one or more CPAs serve on our audit committee



The purpose of this question was to evaluate the financial expertise of the audit committees of the NPOs in the state of South Carolina. Our analysis shows that the vast majority of NPOs in South Carolina have either *no CPAs* currently serving on the audit committee (14%) or *no audit committee* (56%). Of the respondents, only 28% of the NPOs indicated that at least *one CPA* serves on the audit committee.

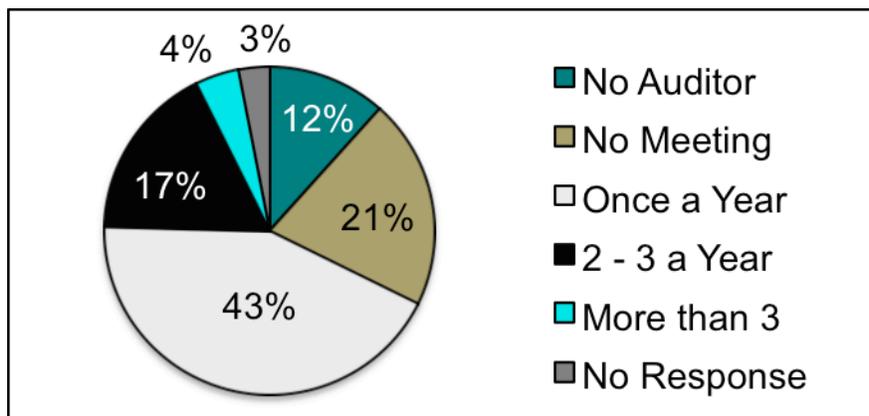
When compared to the national results, NPOs in South Carolina fail to reach national standards. In South Carolina, 70% of the respondents either *do not have an audit committee* or have *no CPAs* serving on the audit committee. Nationally, 74% of respondents have at least *one CPA* serving on the audit committee while only 26% *do not have a CPA* on the audit committee. The chart below details this relationship.





9. How often does your audit committee or appropriate board committee meet with your auditor?

- We do not have an independent auditor
- We have an independent auditor, but he/she never meets with the audit committee or appropriate board committee
- They meet once a year
- They meet two to three times a year
- They meet more than three times a year

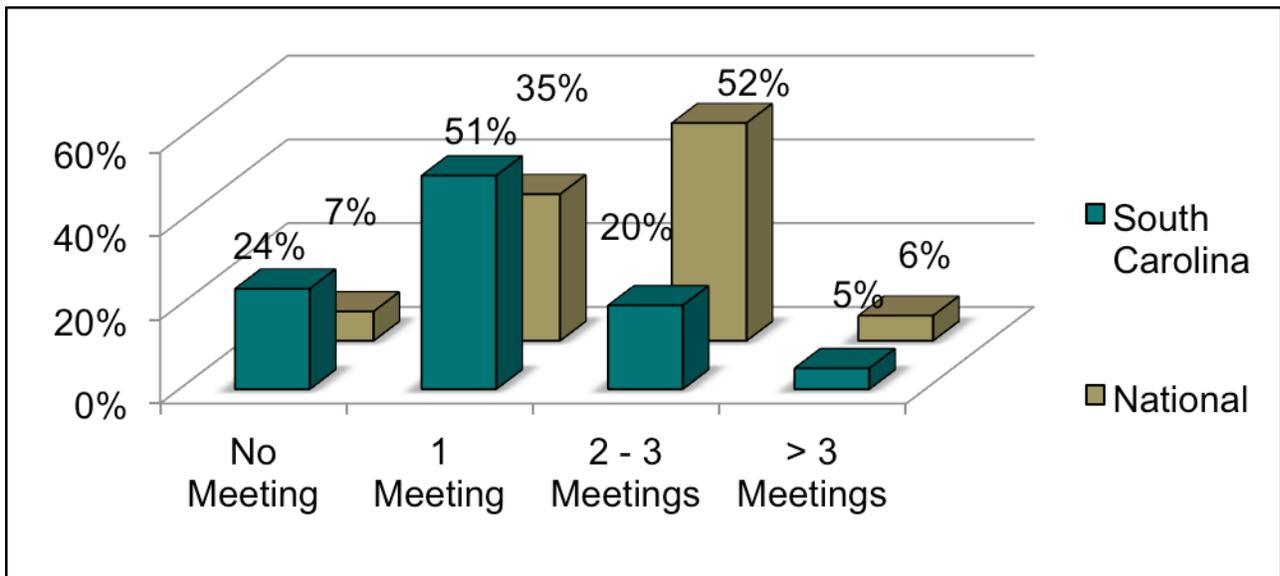


The largest number of respondents (42%) indicated a meeting between the independent auditor and the audit committee or appropriate board *once a year*. 20% of respondents have an



independent auditor that *does not meet with the audit committee or appropriate board* and 11% have *no auditor*. Best practices call for auditor meetings at least twice a year. Our results indicate that just 21% of South Carolina’s NPOs adhere to this practice.

Upon analysis of our data versus the national data, we found a major difference between South Carolina’s NPOs and the nation’s NPOs. The national data only considers NPOs that have an independent auditor. According to the national results, 58% of NPOs claim at least *two meetings* each year between the auditor and the audit committee. In contrast, only 25% of South Carolina NPOs who have an independent auditor follow the best practice standard. Below is a chart illustrating the South Carolina results versus the national results when NPOs have an independent auditor.



In conclusion, most South Carolina NPOs (73%) do not meet best practice standards of at least two meetings each year between the independent auditor and the audit committee or appropriate board. Our data shows that there is a high potential for improvement of financial data released by South Carolina NPOs if auditors meet more often with audit committees.

Considering Questions 7, 8 and 9, we conclude that our findings are incongruent with the data presented in Questions 2, 3, and 4. According to our results, only 29% of NPOs in South Carolina claim to *have an audit committee* and only 28% of those with an audit committee have

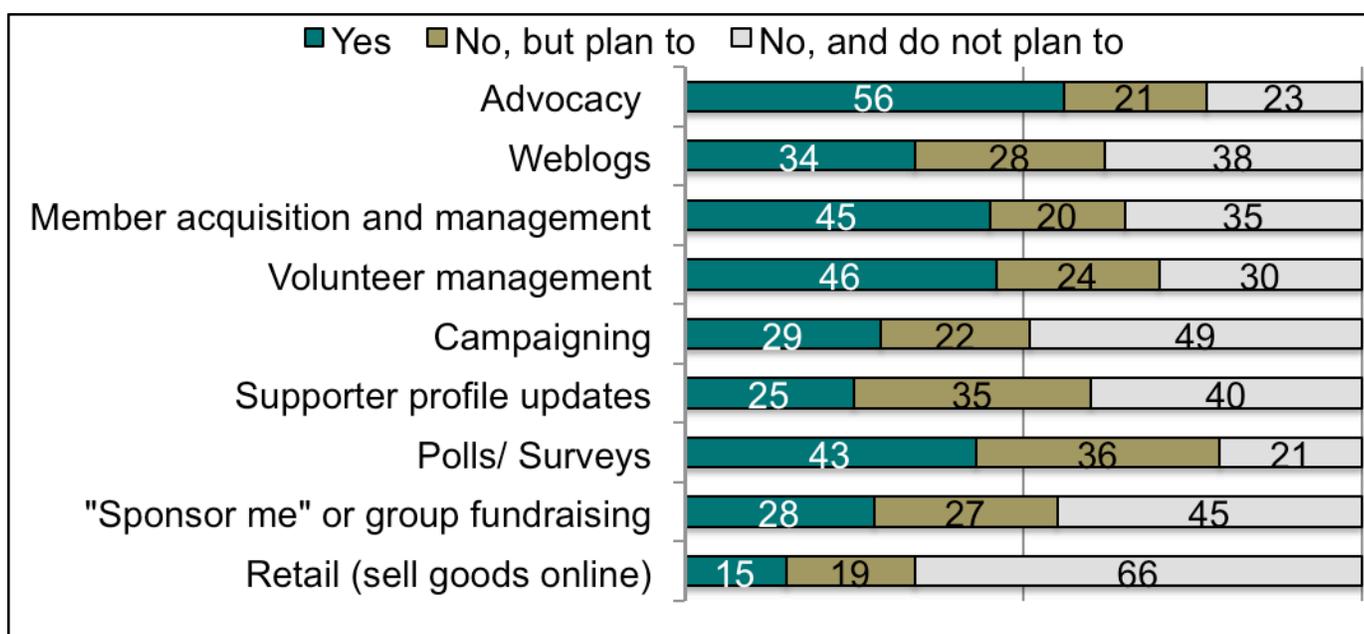
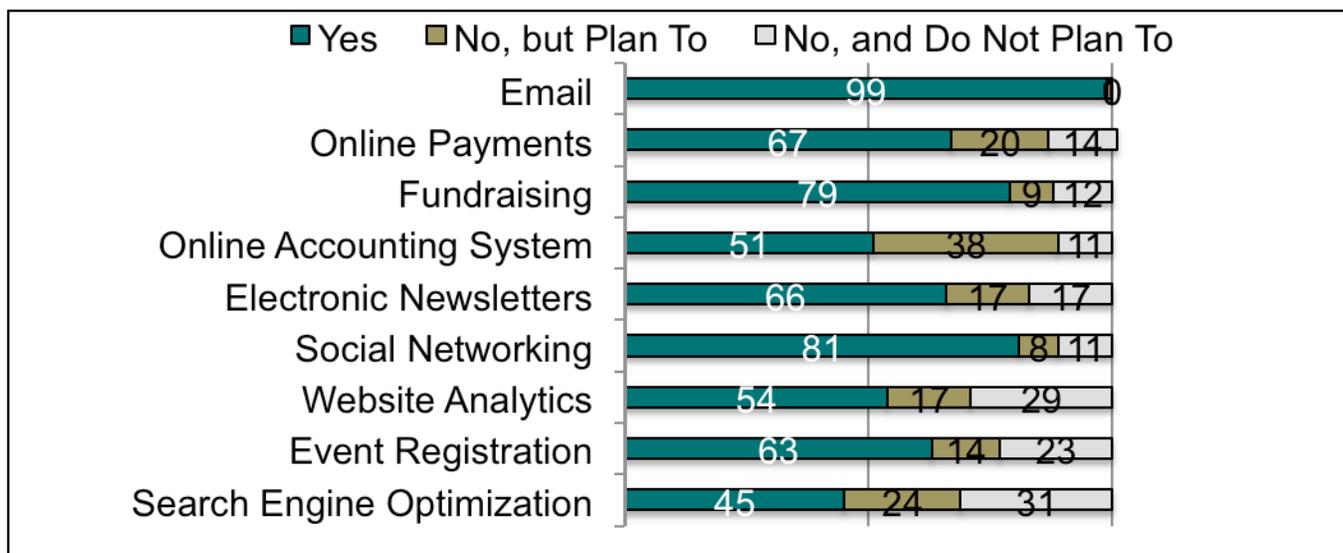


at least *one CPA* serving on it. Also, as explained in Question 9, 33% of NPOs either *do not have an auditor* or the *auditor does not meet* with the audit committee. Despite these deficiencies with respect to best practices, 68% of South Carolina NPOs have a high level of confidence in released financial information, 59% believe the overall quality of audits/reviews is improving, and 59% rate the overall quality of audits/reviews as *excellent* or *very good*. This suggests that while respondent NPOs are very confident in the released financial information of the industry, most South Carolina NPOs are not following best practices with regards to financial accountability and stewardship.

10. Which of the following online tools are used (or planned to be used) by your organization?

- Email
- Online Payments
- Fundraising
- Online Accounting System
- Electronic Newsletter
- Social Networking
- Website Analytics
- Event Registration
- Search Engine Optimization
- Advocacy
- Polls/Surveys
- Campaigning
- Member acquisition and Management
- Weblogs
- Volunteer Management
- Supporter Profile Updates
- “Sponsor me” or Group fundraising
- Retail (Sell goods online)





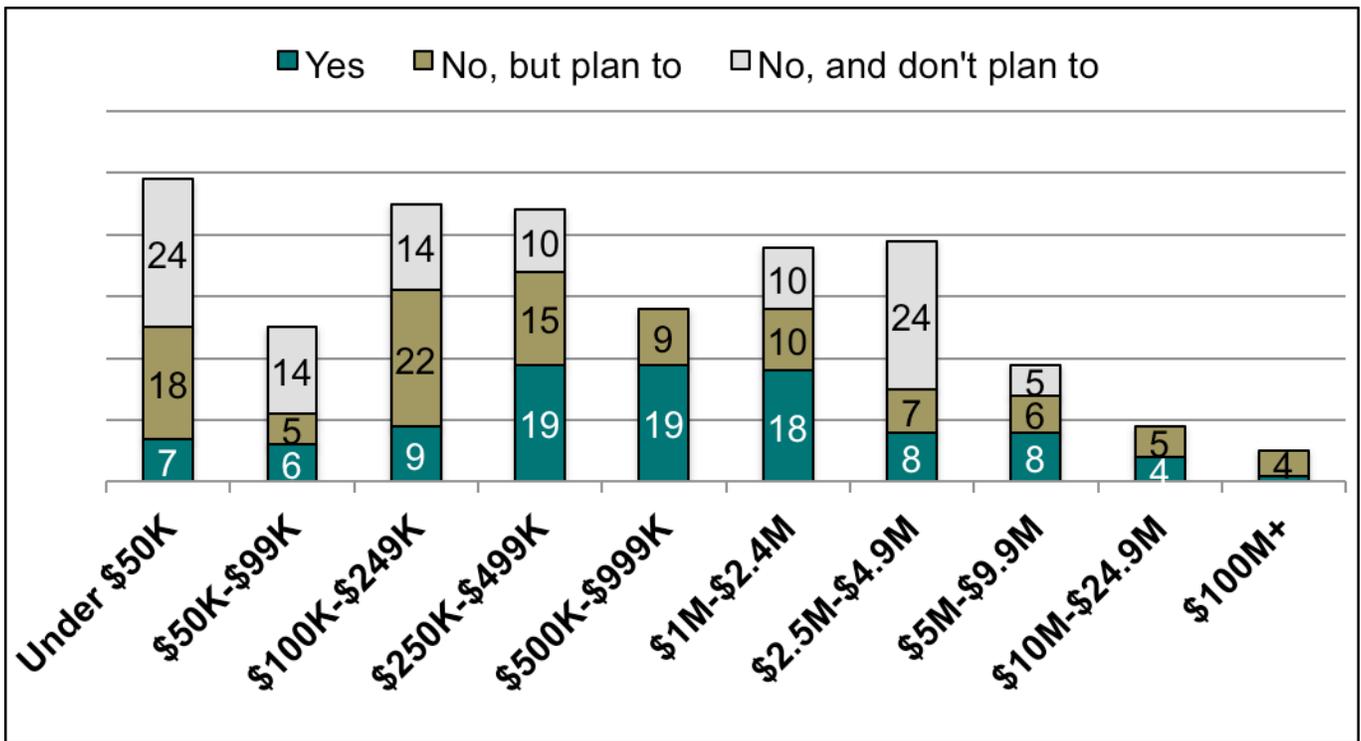
Out of the 18 tools, the most commonly used were *email* (99%), *online payments* (67%), *fundraising* (79%), *electronic newsletters* (66%), *online accounting systems* (51%) and *advocacy* (56%). According to our results, only 1% of the respondents indicated that they *do not currently use email and do not plan to*.

Our data also shows that *online accounting systems* have the highest response for organizations *planning to implement* (38%) followed by *polls/surveys* (36%) and *supporter profile updates*



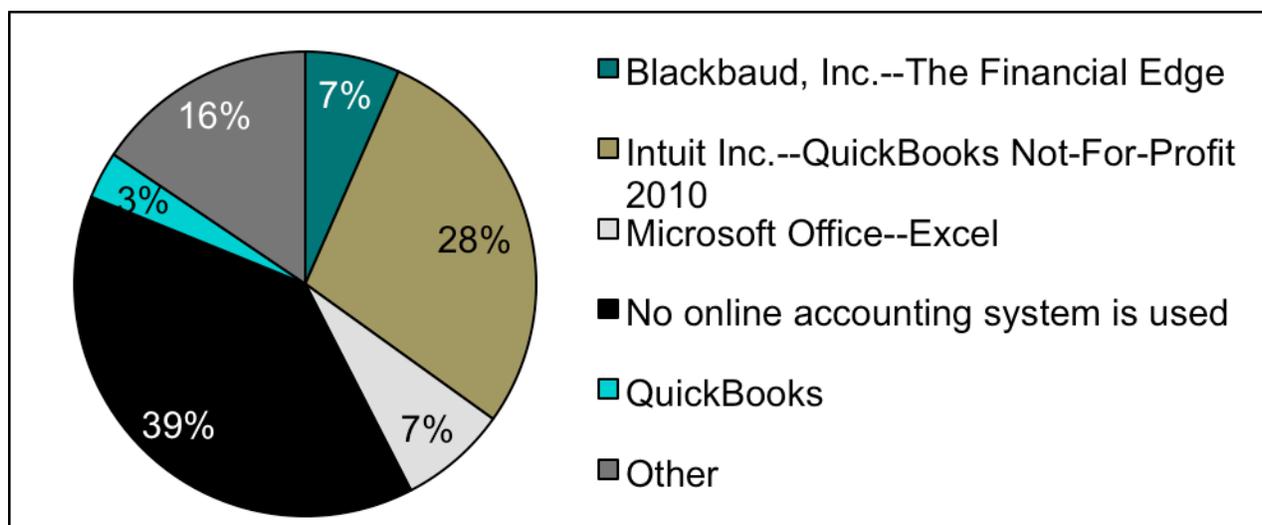
(35%). The online tools that ranked the highest for respondents *not planning to use* are *retail sales* (66%), *campaigning* (49%), and “*sponsor me*” or *group fundraising* (45%).

The majority of organizations with *online accounting systems* also reported budgeted annual revenues in the range of \$250K - \$2.4M. The majority of organizations *planning to implement an online accounting system* reported budgeted annual revenues of \$100K-\$249K. The chart below details budgeted revenues in relation to plans to implement an online accounting system.



11. Which of the following online accounting systems is used by your organization, if any?

- No online accounting system used
- Accufund, Inc. – Accufund Accounting Suite
- Blackbaud, Inc. – The Financial Edge
- Blackbaud, Inc. – Fundware
- Cougar Mountain Software – CMS Professional 2011 FUND
- CYMA Systems – CYMA Not-For-Profit Edition
- Donald R. Frey & Co. – Budgetary Control System
- Fund E-Z Development Corp. – FUND E-Z
- Intuit Inc. – QuickBooks Not-For-Profit 2010
- Microsoft Office – Excel
- Sage Peachtree – Sage Peachtree Premium Accounting for Nonprofits 2011
- Sage North America – Sage MIP Fund Accounting
- Serenic Software – Serenic Navigator
- Other



According to our data, 39% of NPO respondents in South Carolina *do not use* an online accounting system. 28% use *Intuit’s QuickBooks Not-For-Profit 2010*, followed by 7% each for *Blackbaud Inc.’s The Financial Edge* and *Microsoft Office Excel*. No significant differences



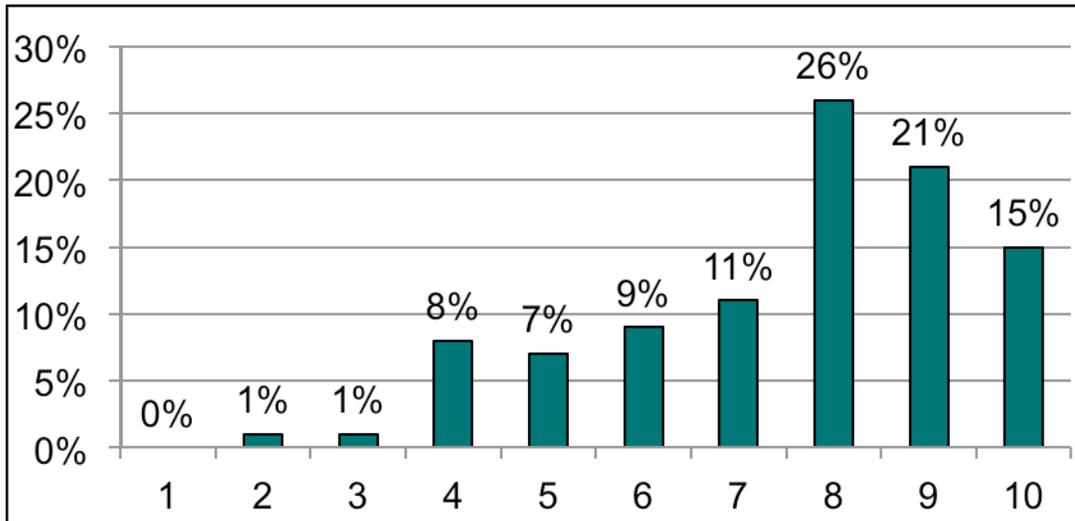
were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.

When considering both Questions 10 and 11, our analysis indicates that if an accounting platform was developed for South Carolina NPOs, it would be best to make it compatible with *Intuit's QuickBooks Not-For-Profit 2010* and *Blackbaud's The Financial Edge* due to their widespread use and NPO-based accounting systems. In addition, both of these online accounting systems should be considered as potential recommendations for the 38% of South Carolina NPOs who plan to implement an online accounting system in the future.



12. Please rate the effectiveness of your organization's accounting system in meeting organizational financial accountability and stewardship goals on a scale of 1-10

- 1 signifying “Not effective at all”
- 10 signifying “Extremely effective”



According to our data, most NPOs in South Carolina indicated an effectiveness level of 8, 9 or 10, or *extremely effective*. 62% rated the effectiveness level at an 8 or higher, 27% rated it between 5 and 7 and only 10% of the responses were 4 or less.

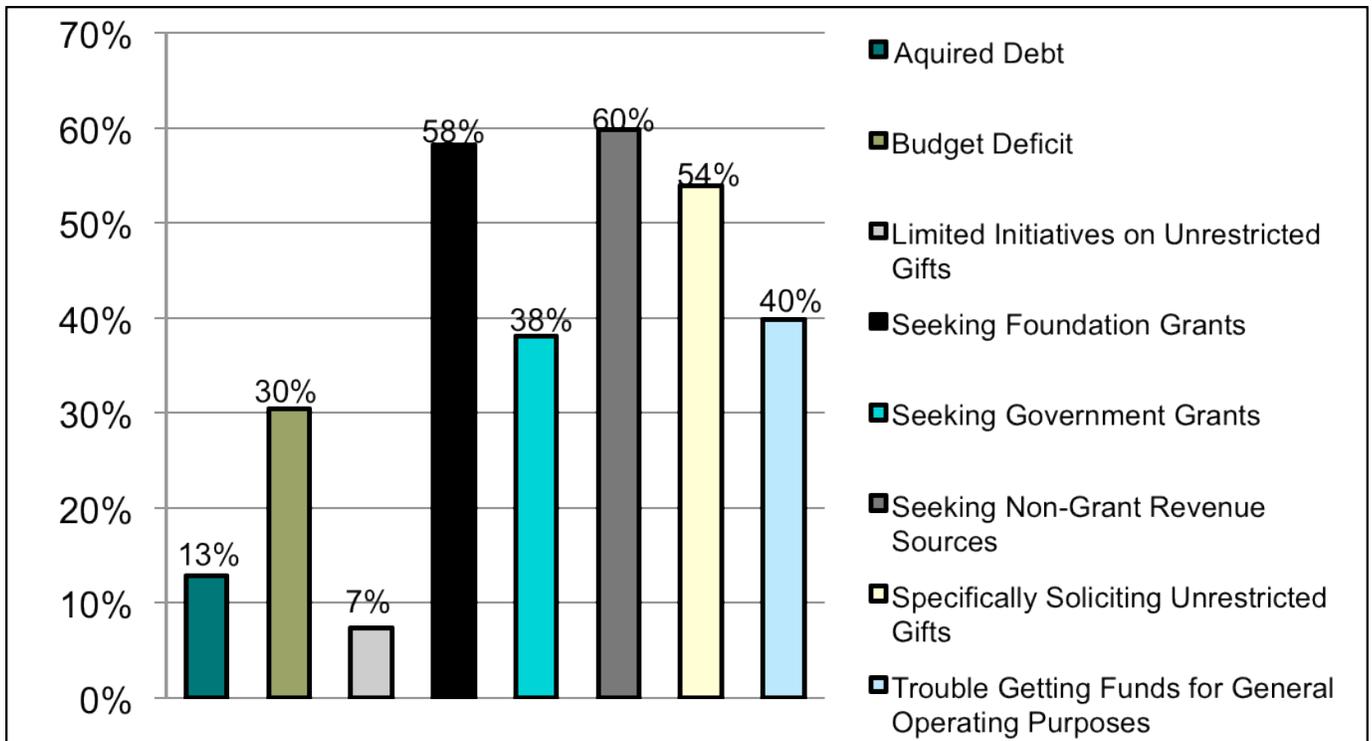
Once broken down by demographics, we conclude there is limited or no correlation between these results and budgeted revenues, contributions received or role of the survey taker. No significant conclusions were found in regards to national data.

In conclusion, NPOs in South Carolina believe the effectiveness of the accounting system used is very high. This is consistent with the data presented in Question 11; effectiveness ratings are high due to the widespread use of *Intuit’s QuickBooks Not-For-Profit 2010*.



13. Has your organization experienced any of the following in the last 12 months?

- Acquiring Debt
- Budget Deficit
- Limiting initiatives for which we accept restricted gifts
- Seeking foundation grants for operating expenditures
- Seeking government grants for general operating expenditures
- Seeking non-grant revenue sources to fund operating expenditures
- Specifically soliciting unrestricted gifts
- Trouble getting funds for general operating purposes



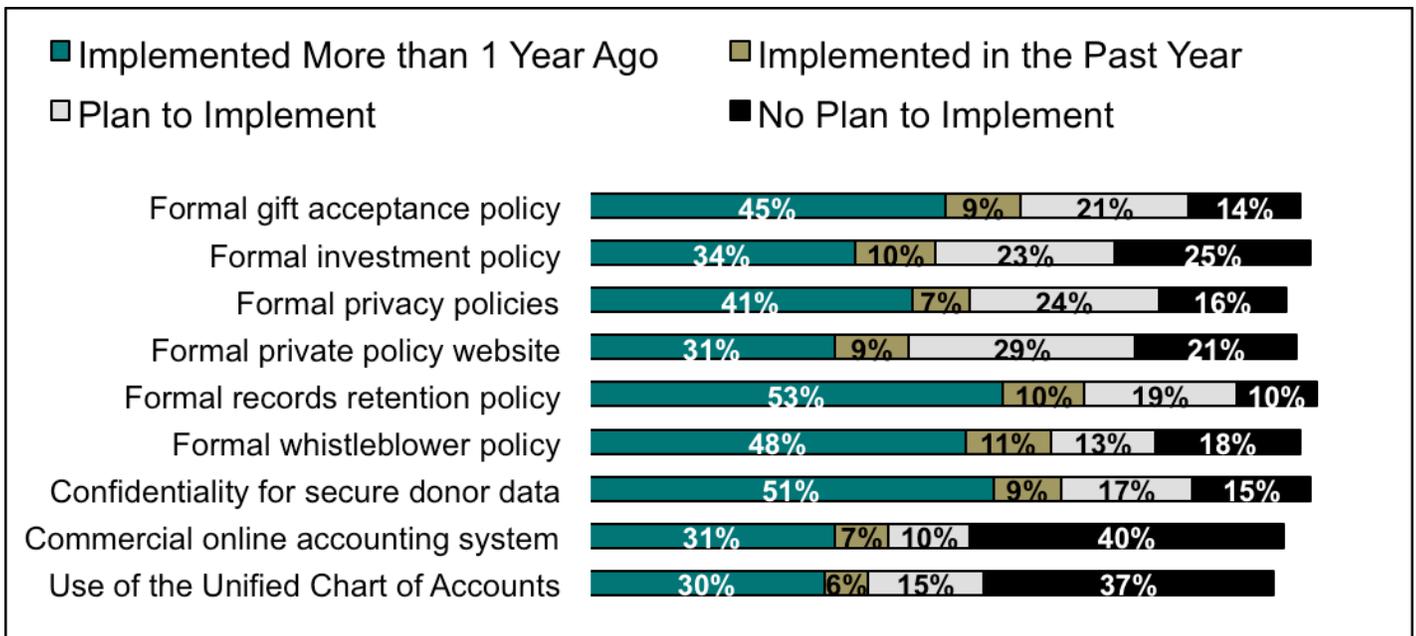
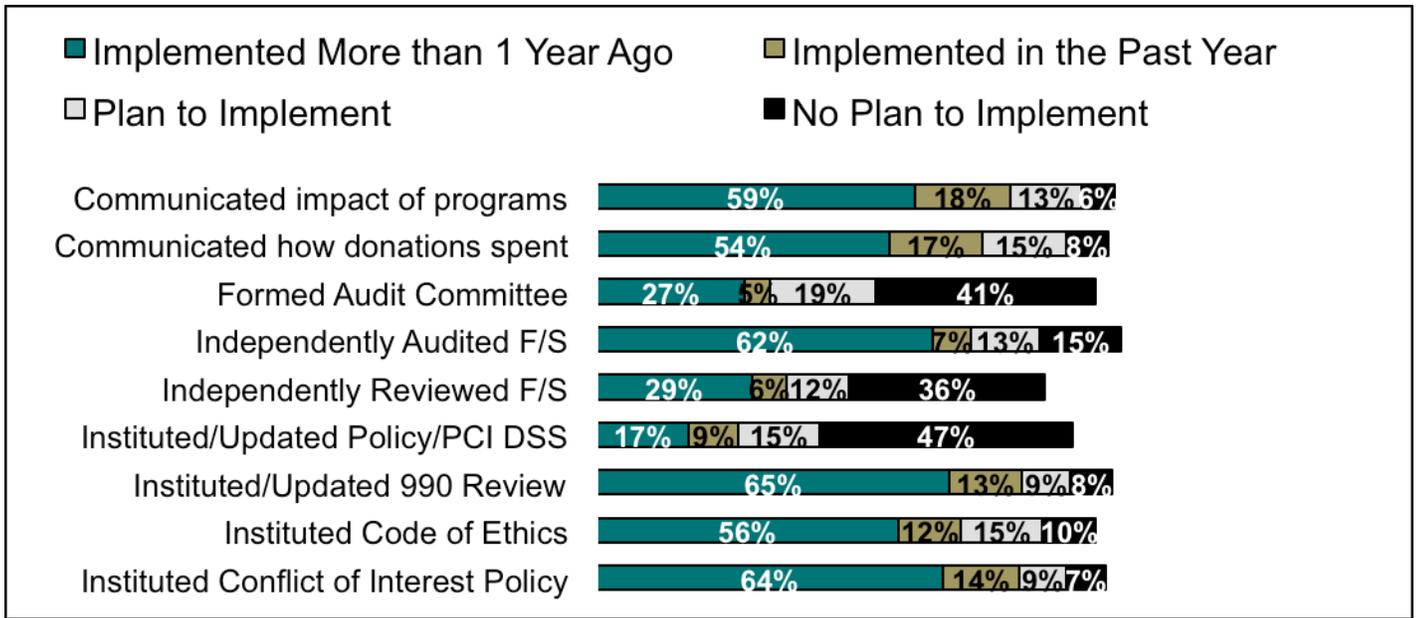
According to our results, more than half of respondents are *seeking non-grant revenue sources to fund operating expenditures, seeking foundation grants for operating expenditures, and specifically soliciting unrestricted gifts*. 40% had *trouble obtaining funds for general operating purposes*. 30% of respondent NPOs have experienced a *budget deficit* in the last 12 months. No significant differences were found across any of the three demographic factors – organizational role of the respondent, budgeted revenues of the respondent NPO, or charitable contributions of the respondent NPO.



14. Which of the following practices have been implemented (or planned to be implemented) by your organization?

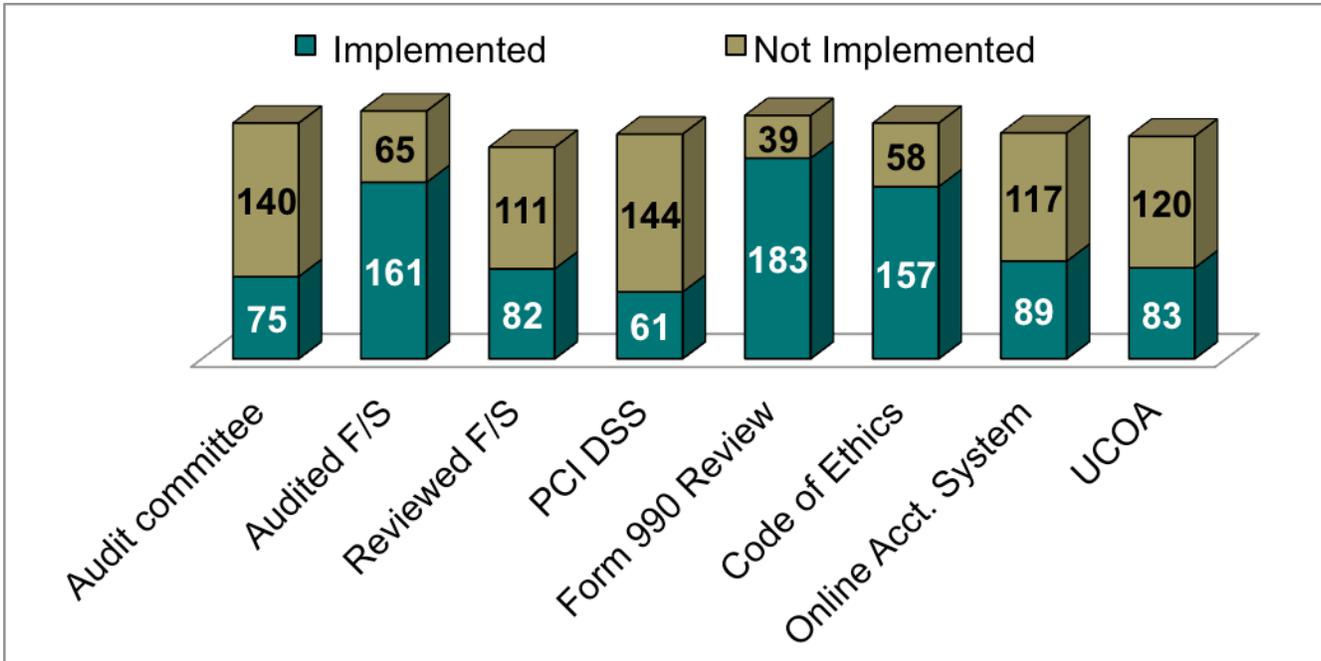
- Communicated proactively on the impact of programs
- Communicated proactively to donors on how donations were spent
- Formed audit committee
- Independently audited financial statements
- Independently reviewed (rather than audited) financial statements
- Instituted formal policy and plan to meet the Payment Card Industry Data Security Standard (PCI DSS) for storing cardholder data.
- Instituted/updated Form 990 review
- Instituted/updated formal code of ethics
- Instituted/updated formal conflict of interest policy
- Instituted/updated formal gift acceptance policy
- Instituted/updated formal investment policy
- Instituted/updated formal privacy policies for donor information
- Instituted/updated formal privacy policies for website and online data capture
- Instituted/updated formal records retention policy
- Instituted/updated formal whistleblower policy
- Instituted/updated staff confidentiality agreements to ensure secure donor data
- Instituted/updated use of a commercial online accounting system
- Instituted/updated use of the Unified Chart of Accounts for nonprofit organizations (UCOA)





In the aggregate, an average of 54% of respondents have *already implemented* one or more practices while 21% *planned to implement* the practices and 16% have *no plans to implement* the practices.





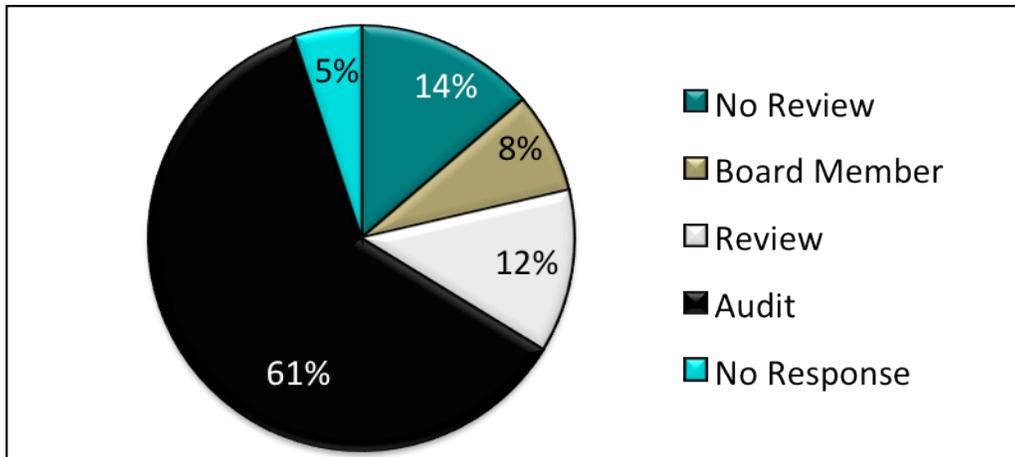
Eight items are presented separately to show how many respondent South Carolina NPOs have implemented and how many have not implemented these operations that relate to financial accountability and stewardship. Results show the Form 990 Review has the highest implementation rate, followed by a Code of Ethics. The least implemented was the Payment Card Industry Data Security Standard (PCI DSS). However, this latter result could be due to the use of third party vendors for online payments.

The Unified Chart of Accounts (UCOA) for NPOs has been implemented by 36% of respondent South Carolina NPOs. An additional 15% of respondents plan to implement UCOA in their accounting system. UCOA is compatible with the Form 990, Intuit QuickBooks NFP, and Blackbaud’s The Financial Edge. If an accounting platform is developed to assist South Carolina NPOs with their financial accountability and stewardship practices, UCOA would be a useful tool to connect the Form 990 preparation and review to NPOs’ online accounting systems.



15. Which type of audit or review of the financial statements did your organization have done, if any, in the last fiscal year?

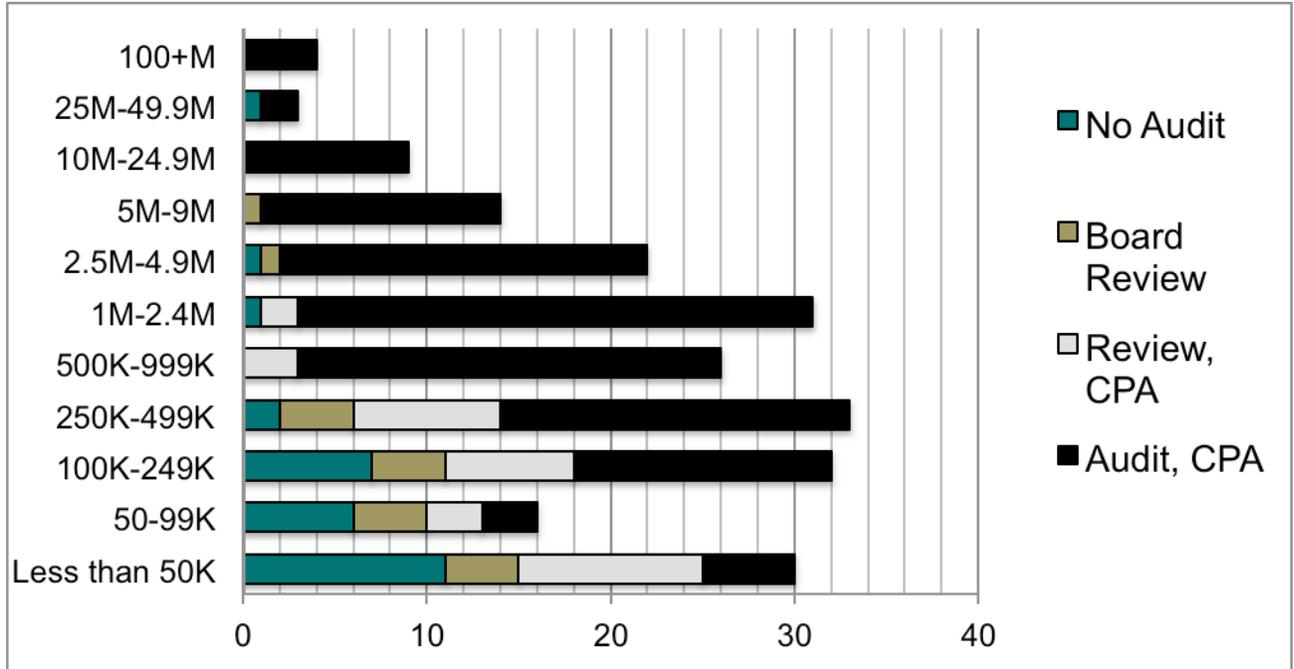
- We had no audit/review of the financial statements
- We had a board member, who is a CPA, conduct a review of the financial statements
- We had a financial statement review conducted by an independent auditor
- We had a financial statement audit conducted by an independent auditor



According to our data, 61% of respondents stated that they have had an *audit performed by an independent auditor* with an average cost of approximately \$9,370. 14% of respondents indicated that *no audit or review* of the financial statements was conducted, 12% stated that a *review* of the financial statements was performed by an independent auditor at an average cost of \$1,953 and 8% of the respondents had a *CPA board member* perform a review of the financial statements at an average cost of \$1,483. It is important to note that review by a board member who is a CPA violates independence standards. In addition, the difference in cost for this service that lacks independence is only, on average, approximately \$500 less than the cost for those who obtained an independent review of their financial statements.

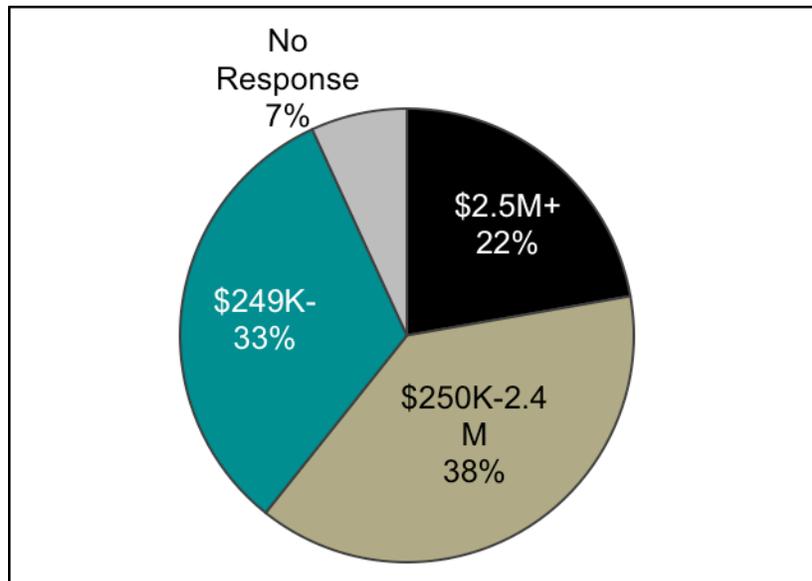
In regards to the demographics, NPOs utilizing *audits* by independent CPAs had higher budgeted revenues than that of those with *independent CPA reviews*, *board member reviews* and *no audits*. NPOs with no independent audit or review range in budgeted revenues from \$49.9M to Less than \$50K, with the majority of firms at less than \$500K. The chart below details the relationship between budgeted revenues and the responses to this question.





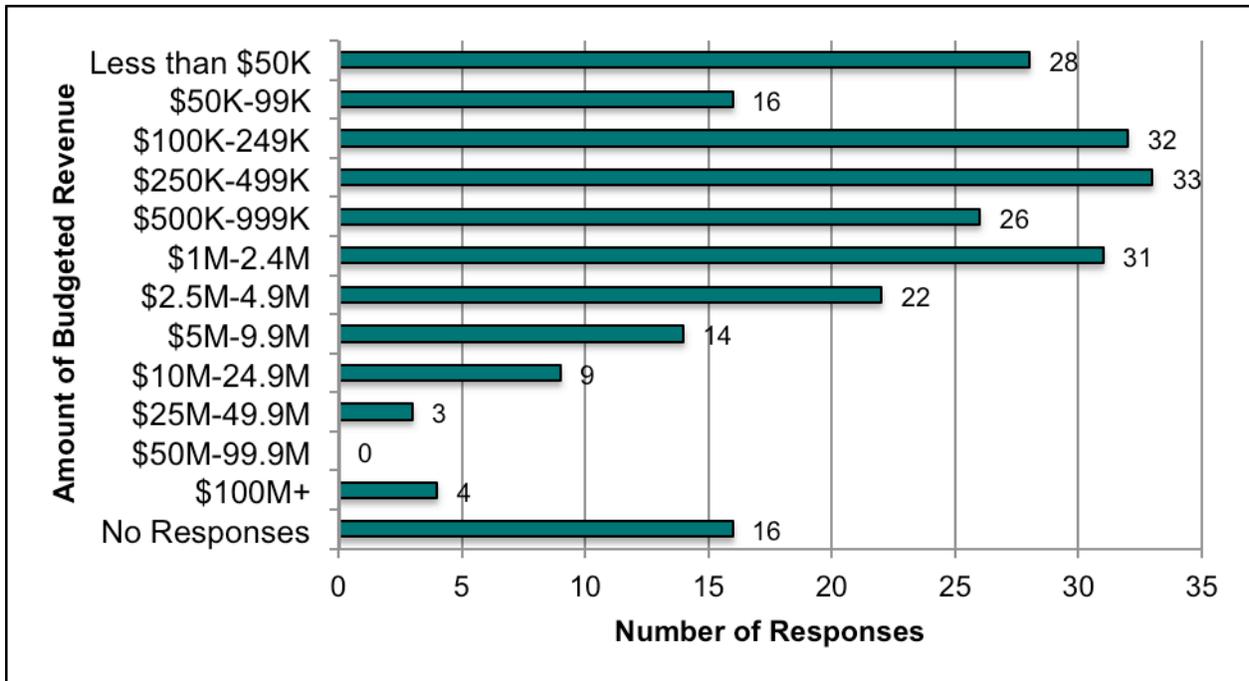
16. What was the amount of your budgeted revenue in dollars in the last fiscal year?

- \$100M+
- \$50M-\$99.9M
- \$25M-\$49.9M
- \$10M-\$24.9M
- \$5M-\$9.9M
- \$2.5M-\$4.9M
- \$1M-\$2.4M
- \$500K-\$999K
- \$250K-\$499K
- \$100K-\$249K
- \$50K-\$99K
- Less than \$50K

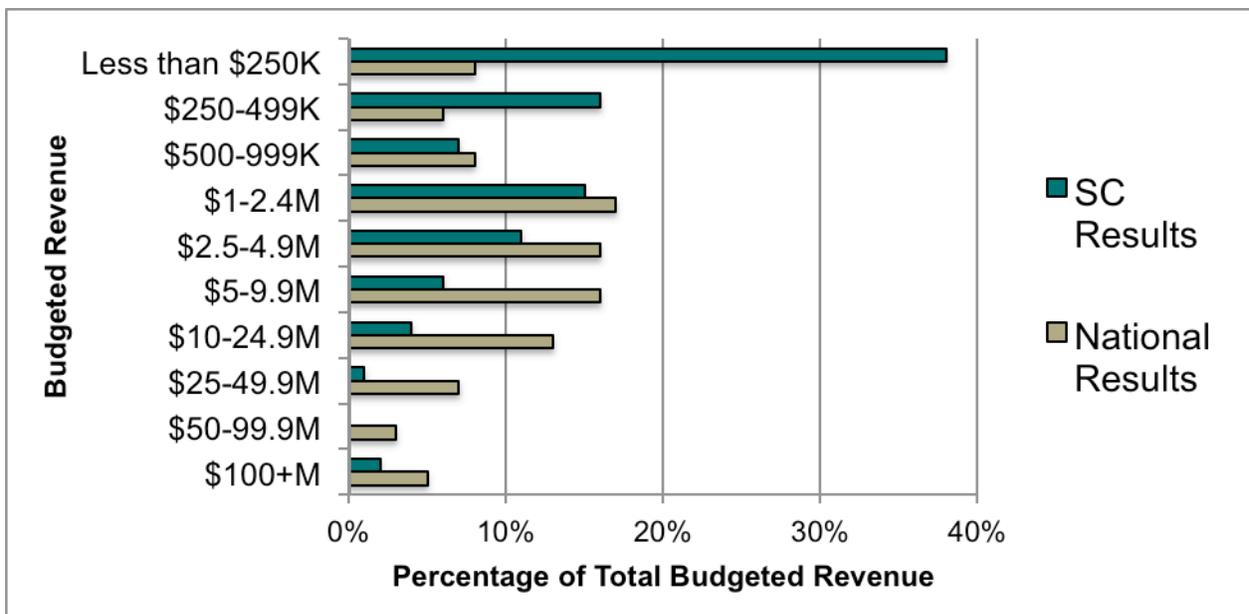


Per our results, 38% of South Carolina NPOs have budgeted revenues in the range of \$250,000 to \$2.4 million. The second largest set of respondents, 33%, had budgeted revenues of \$249,000 or less. 22% of the respondents had budgeted revenues of \$2.5 million or more. This suggests that South Carolina NPOs of all sizes are adequately represented in our respondent sample.



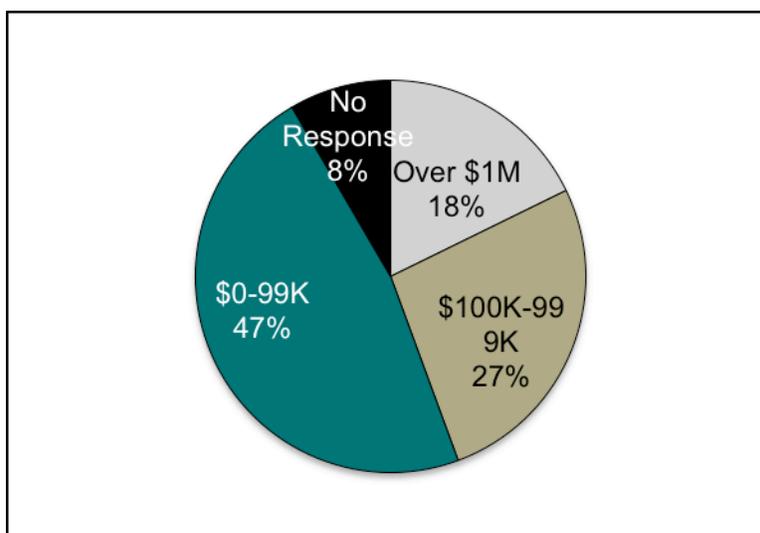


In comparison to the national survey results, only 8% of national NPO respondents had budgeted revenues *less than \$249,000*, while 33% of South Carolina’s respondents were *less than \$249,000*. The largest group of national respondents, 17%, claimed budgeted revenues of *\$1 million to \$2.4 million* for the last fiscal year. South Carolina’s NPOs claimed lower budgeted revenues overall compared to the national NPO respondents.



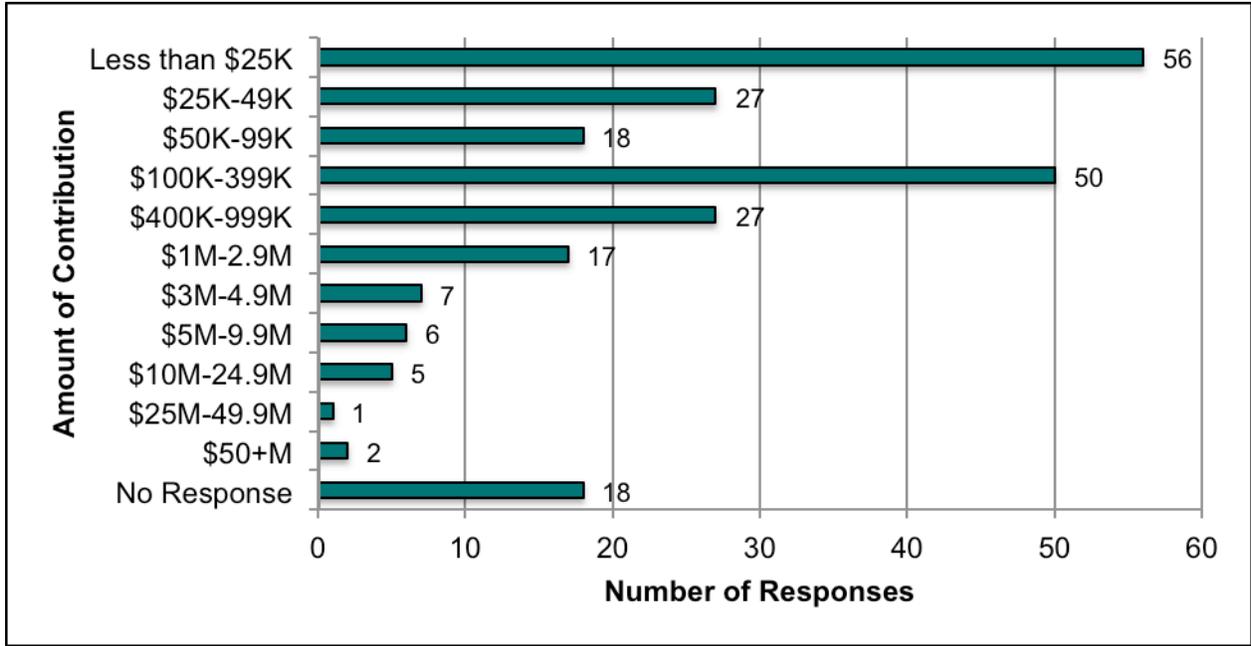
17. What was the amount of charitable contributions you received in dollars in the last fiscal year?

- \$50M+
- \$25M-\$49.9M
- \$10M-\$24.9M
- \$5M-\$9.9M
- \$3M-\$4.9M
- \$1M-\$2.9M
- \$400K-\$999K
- \$100K-\$399K
- \$50K-\$99K
- \$25K-\$49K
- Less than \$25K

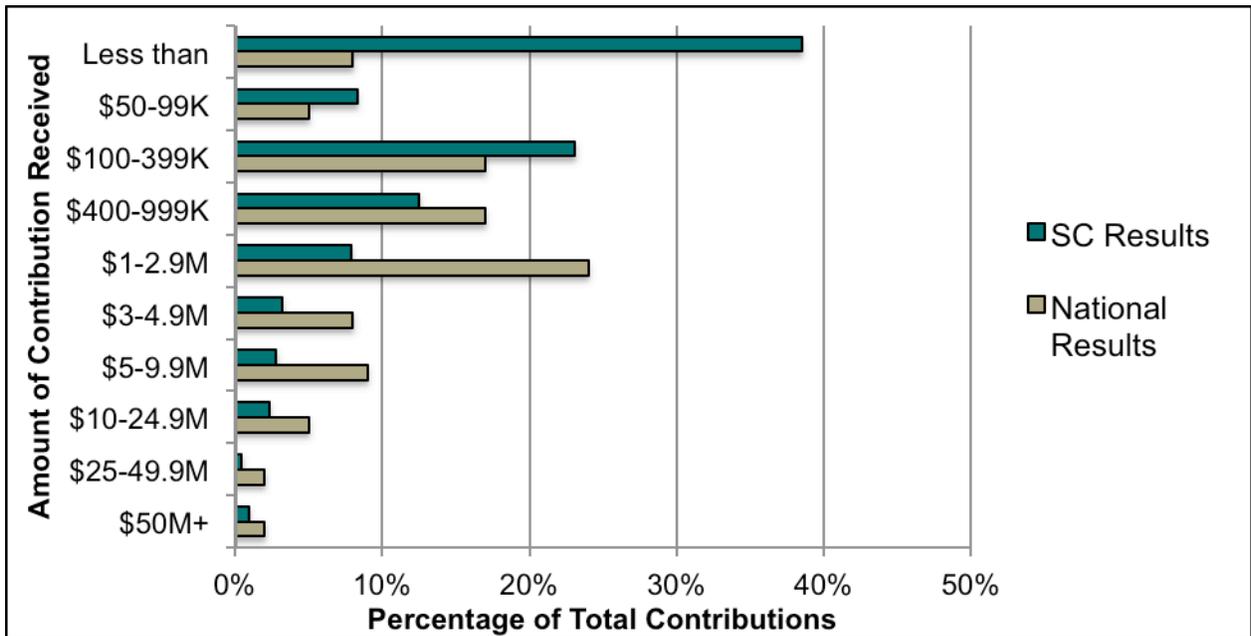


According to our data, the largest group of respondents, 24%, of NPOs in South Carolina received charitable contributions of *less than \$25K*, followed by 21% who claimed contributions of *\$100K - \$399K*. Only 9% of respondents claimed *\$3M or higher* in contributions.



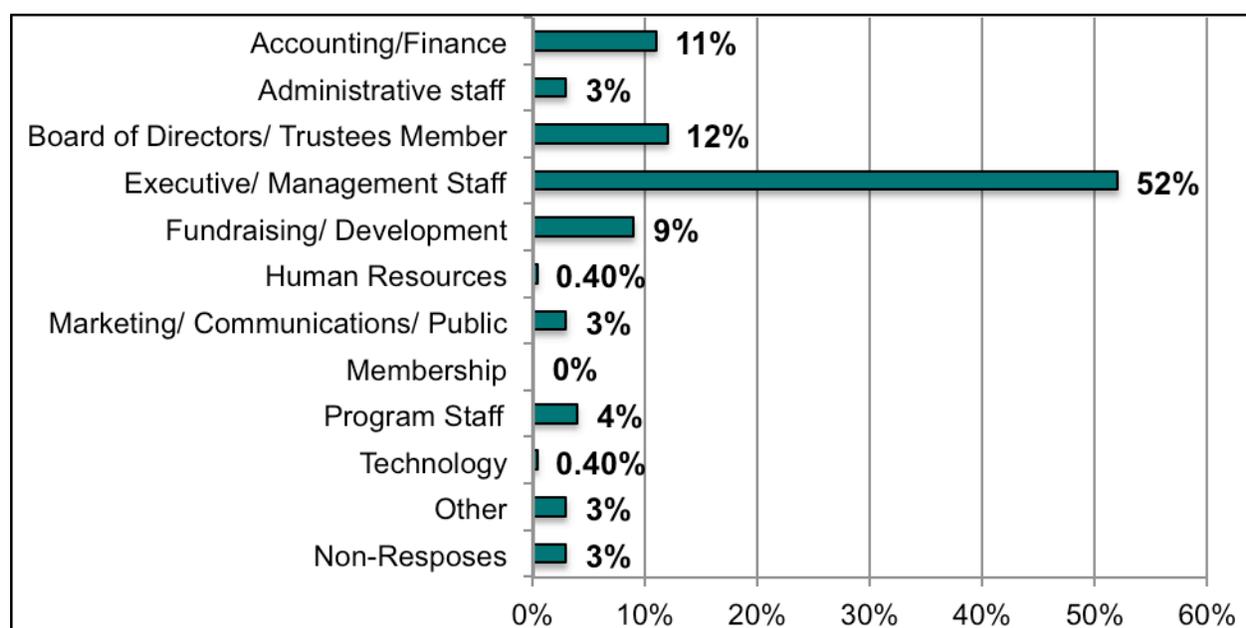


The national survey results indicate that nationwide, NPOs receive much larger contributions than NPOs in South Carolina. The rate of charitable contributions over \$400K received by national NPO respondents is double the rate of those received by South Carolina NPOs within the same range. The chart below provides a full summary of comparative results, where the results are reported as a percentage of the total charitable contributions received.



18. Which of the following functional areas best describes your role within the organization?

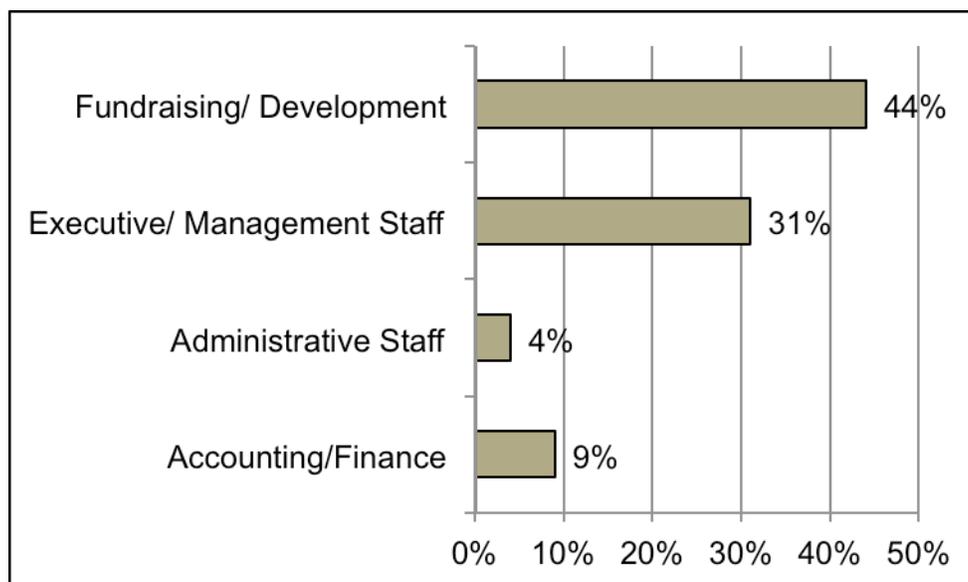
- Accounting/Finance
- Administrative staff
- Board of Directors/Trustees member
- Executive/Management staff
- Fundraising/Development
- Human resources
- Marketing/Communications/Public Relations
- Membership
- Program staff
- Technology
- Other



The majority of the survey takers in South Carolina, 52%, were a part of the NPO’s *executive/management staff*. The *board of directors/trustees members* followed with 12% of the total NPO responses, *accounting and finance staff* with 11% and *fundraising development* with 9%.



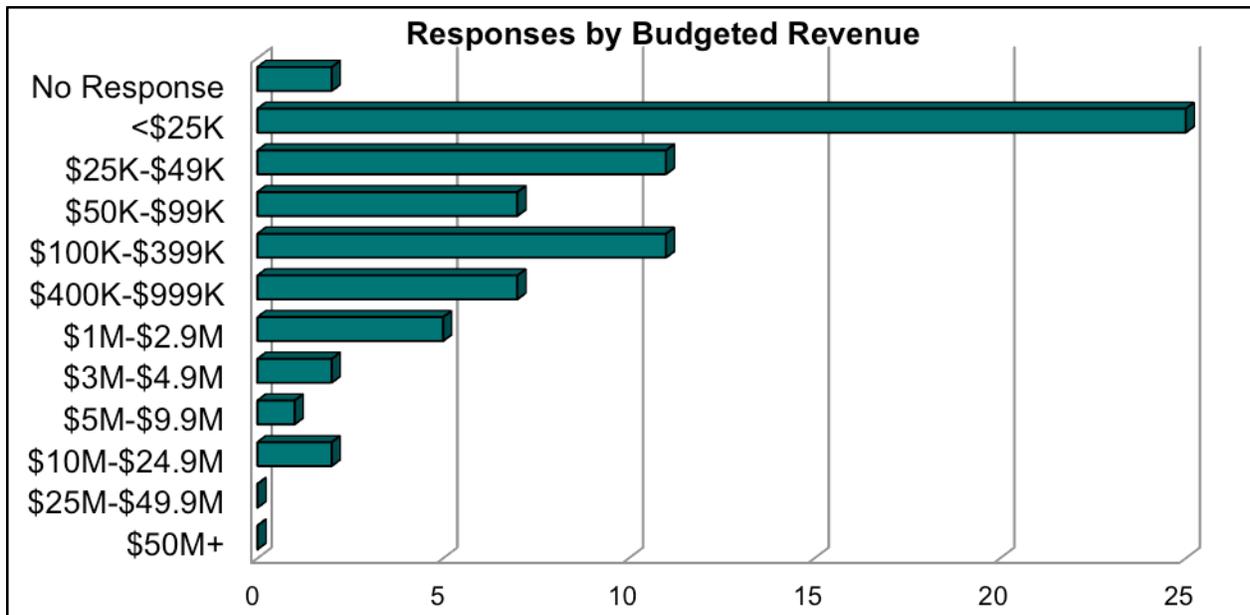
The majority of respondents in the nationwide survey were a part of the *fundraising development* team (44%). The next leading categories were the *executive/management staff* with 31% of the total respondents and the *accounting and finance department* with 9%. The nationwide survey did not include *board of directors/trustee member* as one of the answer choices. The chart below indicates national data for the top four department sizes.



In conclusion, we found the respondents to our survey to be those within the organization that are best able to respond to the survey reliably. 84% of our respondents function in the areas of executive/management staff, directors/trustees, accounting/finance, and fundraising/development. Given that this survey addresses issues relating to corporate governance, accounting, and auditing practices, these respondents are in a position to answer our questions accurately and thoughtfully.



19. What more, if anything, could be done to improve the quality and/or reduce the costs of audits/reviews of South Carolina nonprofits?



The majority of the open ended responses (59%) came from the group whose budgeted revenues were under \$100,000. This segment was concerned with the cost of the audit as well as the difficulty of obtaining a list of auditors who specialize in NPOs. Some sample quotes from this group were:

- “Since our budget is under \$500,000, we are not required for an annual audit. We would like to have an audit but the cost is high (over \$5,000). It would be nice to find a firm that would be a lot less costly.”
- ”The cost of financial reviews and preparation of the 990 tax return is extremely expensive to non-profit organizations.”
- ”SCANPO could do a group purchase or provide a list of auditors willing to provide reduced cost. A listing of auditors who are knowledgeable in non-profit standards along with their areas of expertise would be helpful. A fact sheet on how to reduce audit cost and what to look for in an auditor would be beneficial.”



The responses that came from the \$100,000 - \$5,000,000 segment also expressed concerns about finding qualified auditors. This group was also concerned about the knowledge of the board of directors. Some sample quotes from this group were:

- “Make sure nonprofits are aware of best practices in finances and accounting and strive to better manage the organization's assets each year, whatever their budget.”
- ”Continue offering training for nonprofit executives and board members regarding the 990s and the importance of good reporting.”
- ” Local auditors claim to specialize in non-profit but miss huge, obvious red-flag items or choose to ignore them. In prior locations, the auditors were much more stringent and comprehensive.”

The segment with over \$5,000,000 in budgeted revenues had less to say in comparison to the other groups, but some expressed concerns about the clarification of auditing procedures and the rules for NPOs. Some sample quotes were:

- “More training of nonprofit staff on accounting policies and procedures.”
- ”More clarification and guidance on net asset classification on the financials in conjunction with UPMIFA.”
- ”There could be a pool that nonprofits buy membership into that allow discounts for back office costs such as audits, marketing, purchasing, HR, legal, etc.”



A Summary of Our Findings

- The majority of surveys were completed by executives or management while the rest were completed by other key decision makers.
- The two additional demographic responses indicated that South Carolina NPOs had budgeted revenues and charitable contributions below the national average.
- Confidence in audited or reviewed financial statements released by South Carolina NPOs rated high, with 68% having a high level of confidence. Additionally, 59% of respondents indicated that the quality of audits or reviews of South Carolina NPOs is excellent or good and 59% think that the quality of these audits is improving.
- The top three committees on the Boards of Directors were Finance, Executive, and Development/Fundraising. 29% of South Carolina NPOs reported having an audit committee while 67% of national NPOs had an audit committee. 79% of South Carolina NPOs did not meet the best practice standard of meeting with the audit committee at least two times per year.
- The majority of the 51% of NPOs that had an online accounting system were using Intuit QuickBooks NFP, followed by Blackbaud's The Financial Edge and Microsoft Excel. 38% of NPOs in South Carolina planned to purchase an online system.
- 54% of respondents indicated that they had implemented some type of accountability/stewardship practices within the last year and an additional 21% were planning to implement important practices. Additionally, 61% of respondents claimed to have had an independent audit in the last year. However, 8% of NPOs paid Board members to conduct the review of their financial statements, which violates independence standards.
- Comments from all demographic segments indicated that South Carolina NPOs would be interested in more training regarding best practices and in obtaining resources to help them achieve best practices.



Conclusion and Recommendations

The purpose of this survey and subsequent data analysis is to provide the Waccamaw Foundation, the South Carolina Association of Non-Profit Organizations and the Chapin Foundation a better understanding of the current practices of NPOs in South Carolina and help to better serve them in the future by implementing services to improve weaknesses. Our recommendation is to conduct applicable research for South Carolina NPOs at Coastal Carolina University which will allow us to assist the NPOs in several areas.

The survey results indicate that respondents are confident with audits and audited financial statements of South Carolina NPOs. They believe that the quality of audits is high, and that audits improve the effectiveness of financial statements. However, respondents also believe that audited or reviewed financial statements are complex, inaccessible, and expensive. The majority of respondents do not have an audit committee, nor do they meet with an independent auditor twice per year, which is the standard for best practices. This is far below the national average. One reason for this may be the lack of resources to achieve best practices. The majority of respondents stated that they find the cost of audits and reviews too high, and they could use help in learning how to reduce these costs. Through the applied research, we will provide assistance to help NPOs achieve best practices for corporate governance, accounting, and auditing, and reduce the costs of attaining these goals.

Our vision for this process to assist NPOs involves several steps that leverage both the reported strengths and weaknesses of South Carolina NPOs. 78% of respondents conduct a Form 990 Review, and another 9% plan to implement such. 36% of respondents utilize the Unified Chart of Accounts (UCOA) in their financial accounting, and another 15% plan to implement UCOA. 38% of the organizations do not currently have an online accounting system, but plan to implement one in the future. UCOA is compatible with both the Form 990 and two of the most utilized online accounting systems reported in the survey, Intuit QuickBooks NFP and Blackbaud's The Financial Edge. The research will help NPOs work from their reviewed Form



990 and into the adoption of UCOA to enable proper financial reporting. If these NPOs need an online accounting system, we can assist them in choosing one that is compatible with UCOA as well as their individual needs and budget. Financial reporting that follows UCOA will allow the NPOs to prepare for an independent audit or review. This will lower the processing cost of the audit or review for these NPOs by lowering the billable hours required of an independent CPA. Lastly, we can provide access to CPAs who are both qualified and willing to work with the output these NPOs have created while working with the research conducted at Coastal Carolina University.

Our vision of the research process provides an added benefit to both Coastal Carolina University and the South Carolina NPO community. The research will be conducted by graduate students who are trained in NPO best practices and work directly with NPOs who request assistance. When these students graduate, they will be prepared to join the NPO workforce and help their employer better achieve their long term goals.

Providing an array of applied research will enable proper reporting to prepare for an audit or review and will lower the overall cost to NPOs. Essentially, by strengthening the financial knowledge and practices of South Carolina NPOs, donors will have more confidence, and the NPOs will have the ability to obtain the funding needed to reach their goals and continue providing charitable services to our communities.



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If there are any further questions regarding this survey or its results, please contact Dr. Karen Maguire of Coastal Carolina University at kmaguire@coastal.edu or at 843-349 - 4163.



ACCT 631 Fraud Examination
Dr. Karen Maguire
Team Project Guidelines
Spring 2014

All students are required to participate in a student group research and presentation project. The Chapin Foundation, The Waccamaw Community Foundation, and the Frances P. Bunnelle Foundation (the three organizations hereafter are referred to as “The Foundations”) hired previous Advanced Auditing and Fraud Examination classes to create a stepwise menu of accounting policies and procedures, using the set of policies provided. The Foundations then contracted to design an internal control assessment process to test these policies and procedures’ operation. Therefore, the two projects combined will help Nonprofit Organizations (NPOs) achieve best practices in both the design and operation of their policies and procedures as defined by state and federal laws, the South Carolina Association of Nonprofit Organizations (SCANPO), and the National Council of Nonprofits. The output of these projects will help future Advanced Auditing classes, Fraud Examination classes, and The Foundations assist NPOs in: Obtaining affordable audits and reviews; demonstrating cost-effective techniques that may be utilized by NPOs when creating policies and procedures at startup; adding to the internal control process as they grow; and achieving compliance with best practices for financial accountability, fundraising, and board governance that facilitate the link between philanthropic leadership, charitable resources, and civic influence with community needs and opportunities.

The current project for this semester builds on these two previous projects. The Foundations and Palmetto Works, a Community Development Corporation in Conway, SC, have hired the class to evaluate options for opening C.H.O.P.S., the Culinary & Hospitality Operatives Prepared to Serve Culinary Arts Training Program. As defined by Palmetto Works, C.H.O.P.S. is “a collaborative jobs training program between A Father’s Place, Palmetto Works Community Development Corporation and Palmetto Missionary Baptist Church. It is designed to enhance the culinary skills, service attitude, business acumen and personal and professional motivation of participants to enable them to enter the workforce or to start a business.”

C.H.O.P.S. is currently in the planning phase. The class has been hired to evaluate options for the program that allow C.H.O.P.S. to utilize the appropriate policies and procedures menu and self-assessment processes from our previous projects, make operational choices that minimize the potential for fraud, make recommendations that take full advantage of opportunities to demonstrate financial accountability to donors and grantmakers, and choose an approach that meets their commitment to achieving best practices while maximizing the benefit to both program trainees and the surrounding community.

Consistently incorporating consideration that C.H.O.P.S. serves as an NPO, a restaurant, and a training facility, this project will be executed in three phases.

Phase I: Research state and federal sources and peer institutions for recommended methods of operation to determine how best practices can be achieved and the chances for fraud minimized. Options to be researched include but are not limited to:

- Training programs, including established programs, in-house development, collaboration with educational institutions
- Food concepts and serving styles that facilitate training options
- Target customers, with implications for profit center, UBIT, NPO status
- Types of payment (e.g., cash, credit, free to those eligible, pay it forward, scholarships for trainees)
- Collaboration with local suppliers versus “big box” purchasing
- Achieving/Maintaining ServSafe certification and training program certification given operational recommendations
- How state and federal regulations apply/change with given options
- How participants (e.g., suppliers, volunteers, employees, trainees, customers) are eligible to claim a charitable contribution for their participation

Phase II: Creation of PowerPoint presentation and White Paper. The Foundations and Palmetto Works are interested in aggregate results, as well as more detailed analyses based upon NPO designation and other demographics used if these arise during the research phase.

Phase III: Students must make one presentation to the class, The Foundations, Palmetto Works, and other interested parties that will describe the analyses and proposed options for C.H.O.P.S. that minimize the chances for fraud and achieve best practices.

Additional requirements:

All students must present a portion of the group’s results. In other words, a student cannot avoid making a presentation to the class.

All students must read, sign, and return a copy of the Project Agreement Letter to me.

In order to avoid the free rider problem, at the conclusion of each phase, following the group’s presentation, every member must submit to me a confidential letter describing *and grading* their fellow members’ participation in the research and development of the group presentation. If they feel that each member was a productive member of the team, then they are free to tell me so, tell me why, and assign grades to their classmates that reflect this effort. If however, they feel that this is not the case, this is also their chance to tell me. Additionally, students must describe their opinion of the team project to that point. If this letter is not handed in to me by the announced due date, 10 points will be deducted from a student’s individual score for that phase.

Given the fluent nature of this project at this point, changes and additions are subject to my discretion.