

Reporting results

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Not-for-profit Organization and a VHWO College The accounting industry GAAP treats not-for-profit organizations and VHWO differently from the other profit organizations. They are organizations that use surplus revenues to achieve its goals rather than distributing them as profit or dividends. The special reporting applies to these organizations because they are involved in different missions for those of other for-profit organizations. The reason they do so is because not-for-profit organizations do not have ownership interest and, secondly, these organizations' funders do not expect anything much in return from the organizations; and thirdly, they provide services to the people with no intents for making profits (Finkler, 2010). This unique feature applicable to not-for-profit organizations have made the accounting industry defined them differently.

A basic concept in the non-profit organizations is the net asset. This is asset with fewer liabilities. Such assets are also called funds. Instead of showing retained earnings or owners equity, the non-profit financial statements show net assets (Finkler, 2010). The source of their money is not through the sale of goods and service but through voluntary contributions from the public. They however provide welfare services that are not in anyway motivated by profit making.

Their definition is, therefore, not similar to for profit organizations. They are exempted from tax paying mainly because they are of bigger benefit to the public but to another extend will limit the revenue that the council will be collecting especially if they expand acquiring properties that previously pay tax to the council. There have been rules set by GAAP that have enabled uniformity in the not-for profit organization in their reporting. Though there is still little difference in their reporting there is a much bigger consistency in <https://assignbuster.com/reporting-results/>

their reporting.

Some of these organizations are charity and service organization. They are organized as a not-for-profit corporation, a cooperative, or they exist informally. Others operate like a foundation, but they are more complex in its administration they hold more favorable tax and are restricted in the public charities they support.

Reference

Finkler, S. A. (2010). Financial management for public, health, and not-for-profit organizations,
3rd Ed. Upper Saddle River: Prentice Hall.