



NATIONAL
CHILDREN'S
ALLIANCE®

Financial Requirement Frequently Asked Questions

If our budget is under \$500,000, can I still have an audit instead of a financial review if my Board prefers?

A center may voluntarily elect to have an audit without regard to the annual total expense requirement. A copy of the organization's current 990 Return for Organizations Exempt from Income Tax should be included with either reporting requirement.

Is a financial review the same thing as the financial statements I provide my Board at their monthly meeting?

A review provides limited assurance regarding an organization's financial statements. During a review, inquiries and analytical procedures present a reasonable basis for expressing limited assurance that no material modifications to the financial statements are necessary; they are in conformity with generally accepted accounting principles.

An audit provides the highest level of assurance that an organization's financial statements are free of material misstatement and are fairly presented based upon the application of generally accepted accounting principles.

Are Chapters with a budget that is under \$500,000 allowed to submit a financial review instead of an audit?

No. The updated standard only applies to accredited CACs. Given the amount of federal money that Chapters are managing it remains important for them to obtain a financial audit.

Are CACs required to submit a 990 Tax Form to NCA?

All agencies are required to submit an Audit or a Financial Review along with your 990 tax Form must also be submitted.

If our CAC is within an umbrella organization, does the \$500,000 budget threshold for an audit requirement apply to the umbrella organization's annual budget or just the individual CAC's budget?

The \$500,000 budget threshold applies to the annual budget of the umbrella organization.