advisable that your foundation retain an accountant or bookkeeper if only for year-end fiscal review, but it is also advisable to keep tight control over your records and over your accountant's activities.

Two general methods of accounting are commonly used by foundations. The first is the normal corporate accounting procedure used for small business; that is, items allocated to various categories as they are received or as expenditures are made. This type of system is common knowledge to all accountants and should present no problems.

Two additional bookkeeping categories might be added to the normal corporate accounting system. These additional categories are contributions and charity.

The second method is much preferred and is called the "fund accounting system". It is analogous to the type of systems used by government agencies to handle their budget each year. The system works as follows:

Various accounts or funds are created at the beginning of each fiscal year to cover the individual projects involved in foundation activities. An