

in addition, even though the foundation is tax-exempt from most federal income taxes, it should still maintain accounting records that would take maximum advantage of the Internal Revenue Code's procedures in the event of loss of tax-exempt status.

ABC thus advises and recommends that an accountant or bookkeeper of some skill be maintained for any trust or foundation that has substantial assets and a large number of transactions. If your foundation or trust maintains a simple bookkeeping system and does not involve itself in any operations of more than four figures, then an accountant's skills would not seem to be as required as in more substantial economic conditions. Trusts would file Form 1041 to the Internal Revenue Service. Foundations would file Form 990-A and possibly 990-T, as conditions require. These forms vary significantly and contain great quantities of technical terms which persons not acquainted with modern accounting procedures would probably be unable to decipher. Even though your trust or foundation may not retain an accountant on a weekly or monthly basis, it is advisable that a trusted accountant be maintained or retained to review the organization's economic condition annually.

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