Request for proposal: Accounting and advisory services for IRS compliance

Gentoo Foundation

September 10, 2018

Contents

1 Definitions

Gentoo Linux is a Linux distribution as further described in Section 2 (Gentoo Linux)

Gentoo Foundation registered Domestic Nonprofit Corporation in New Mexico. More information in Section 2.1 (Gentoo Foundation)

2 Gentoo Linux

Gentoo Linux[1] is a free, source-based meta distribution that enables a high degree of flexibility and high performance. Gentoo is a rolling release distribution, making upgrading an iterative process rather than jumping large gaps; if something breaks a user can easily roll back just the recent upgrade to get back to a working system. The Gentoo community consists of around 200 developers and a great number of users throughout the globe.

2.1 Gentoo Foundation

Gentoo Foundation[2] (henceforth also the **Foundation**) is a registered Domestic Nonprofit Corporation in New Mexico with registration number 2463313[3], incorporated in May 2004. Non-profit corporate status filings in New Mexico have been in good standing since May 2008.

The registered mailing address is 500 Westover Dr., #10605, Sanford, NC 27330.

The registered agent is Wayne G. Chew, 20 First Plaza, STE 517, Albuquerque, NM 87102.

Although it has been a goal for the Foundation to achieve charitable $\boxed{501(c)(6)}$ status, the necessary US Federal paperwork has never been filed as such.

The executive of the Foundation is comprised entirely of unpaid volunteers, broken down as follows:

- 5 volunteer trustees (elected), some of whom are also officers

- 2 volunteer officers (appointed)

- no employees

2.2 Current financial status

The financial state of the Gentoo Foundation is itself in a decent state with no outstanding invoices and a cash on balance at the end of FY2017 of approximately $119K USD.

No financial reports have been published by earlier Boards of Trustees since 2012[4], and there are well-founded concerns that the none of the original reports are entirely accurate.

As a result of negligence of previous treasurers and trustees necessary paperwork has not been filed with federal tax authorities (henceforth **IRS**).

A recent treasurer has taken responsibility for cleaning up the historical baggage and performed a massive job of going through historical transactions and recreated a full ledger of transactions. The recent treasurer is not a trained accountant or book-keeper, and the work has been taken on a best-effort basis. The data of the reconstructed ledger is kept in a format for the open source tool book-keeping tool Ledger[5]. Data can easily be exported from this tool and direct knowledge from accountants are not necessary in order to access the books as the current treasurer is available to support the efforts and data can be exported based on the needs of the accountant.

The recent treasurer did engage a CPA for several months in 2017, but that CPA was unable to continue for personal reasons. The CPA did assist in creation of provisional set of financial statements for the Foundation's first financial year, FY2005, which ending June 31, 2005. The FY2005 data only contain 3.5 months of transactions, as the first bank account was opened March 2005, nearly 10 months after the incorporation of the Foundation. The CPA also assisted in partially completing IRS Form 990 for FY2005, based on the FY2005 financial statements.

Best-effort Financial Reports have been reconstructed until FY2018 available at [6]. Depreciation expenses have been started, but less than 20% of estimated transactions have been captured.

2.3 Operations

The main income source is donations (23.162,01$), followed by our participantion in the Google Summer of Code program (4,700$), interest of current accounts (483.64$) and sale (including royalties for) of Gentoo merchandise (254.50$).

This income is used to fund the Gentoo Project activities, including purchases of infrastructure and marketing material; sponsoring projects related to Gentoo's activities; and sustaining the foundation's own operational expenses.

3 Scope of service

First and foremost the Foundation wants to get in good standing with the IRS including paying any back–taxes and penalties necessary. In order to ensure that accounting is properly handled going forwards it is also expected that accounting services will be outsourced along with advisory services on proper filings of necessary paperwork including tax-related matters.

3.1 Financial reporting

Due to the reconstruction of historical data, a verification of the presented Financial Reports in final form is needed in order to have a confirmed view of the Foundation's finances.

3.2 Tooling

As the Foundation supports an open source distribution, no proprietary tools should be required of the Trustees or officers to fulfill necessary operations. If the accountant is using such proprietary systems internally, it must be possible to use a web interface or similar to perform these duties, and it must be possible to export the data in a format that is readable outside such tools.

3.3 Requirements

The accounting firm should have a working knowledge of the following:

1. US GAAP

2. US IRS non-profit tax law

3. Laws required for a New Mexico non-profit corporation

4 Contacting Gentoo Foundation

Questions related to creating a proposal can be submitted by email to trustees@gentoo.org. This email address is also the contact point for any submission of a proposal.

References

[1] https://www.gentoo.org

[2] https://www.gentoo.org/inside-gentoo/foundation/

[3] https://portal.sos.state.nm.us/BFS/online/CorporationBusinessSearch/CorporationBusinessInformation?businessID=214657&previouspage=DB (access to site restricted for non-US locations)

[4] https://wiki.gentoo.org/wiki/Foundation:Financial_Reports

[5] https://www.ledger-cli.org/index.html

[6] https://wiki.gentoo.org/wiki/Foundation:Financial_Reports