

NOT FOR PROFIT UPDATE

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Financial Reporting


Net Asset Classification

- Currently, NFPs are required to disclose three separate classes of net assets:
 - Unrestricted
 - Temporarily restricted
 - Permanently restricted
- Under the updated standard, NFPs are required to only disclose two classes of net assets:
 - Net assets with donor restrictions
 - Net assets without donor restrictions
- Will be changes to balance sheet and statement of activities.



Net Asset Classification

- If applicable, the entity may break down (“disaggregate”) each of these classes even further:
 - Net assets with donor restrictions:
 - Time restricted
 - Purpose restricted
 - Perpetual in nature
 - Net assets without donor restrictions:
 - Undesignated
 - Board designated.




Net Asset Classification

Minimum Presentation Requirement

Statements of Financial Position
June 30, 2016

	2016
Commitments	
Net Assets:	
Without donor restrictions	5,133,378
With donor restrictions	3,835,937
Total net assets	8,969,315




Net Asset Classification

Disaggregate Presentation

Statements of Financial Position
June 30, 2016

	2016
Commitments	
Net Assets:	
Without donor restrictions	
Undesignated	4,558,308
Board appropriated	926,155
	5,484,463
With donor restrictions	
Time restricted	125,700
Purpose restricted	506,855
Perpetually restricted	3,203,382
	3,835,937
Total net assets	9,320,400



Expenses

- Currently, NFPs must present expenses by function.
- ASU requires presentation of expenses by nature and function; and an analysis of these expenses in one location.
- Can be on face of statement of activities, a separate statement, or in the notes to the financial statements.
- Will have additional disclosures about the methods used to allocate costs among funds.
- More detailed disclosures on allocation methods may mean more expense allocations to management and general.



IRS Tax Exempt and Governmental Entities FY 2018 Work Plan

TE/GE Work Plan FY 2018

Knowledge Management

- ☑ Provide issue snapshots and audit tools:
 - Gaming
 - Unrelated business income
 - Sec. 501(r)-Additional Requirements for Certain Hospitals
 - Organizational test requirements
 - Employment taxes



TE/GE Work Plan FY 2018

Compliance Strategies

- ☒ Examine organizations:
 - Claiming to be supporting orgs filing 990-N
 - Previously for-profit entities that converted to 501(c)(3)
 - Showing indicators of potential private benefit



TE/GE Work Plan FY 2018

Compliance Strategies

- ☒ Employees and contractors
 - Early retirement and incentive plans
 - W-2/1099 matches
 - FUTA-501(c)(3)s handling payroll for (c)(4)s
 - Backup withholding



Tax Reform

Unified Framework for Fixing Our Broken Tax Code

- Preserves itemized deduction for charitable gifts
- Near doubling of standard deduction
 - Current \$ 6,350/\$12,700
 - Proposed \$12,000/\$24,000

➡ How many would take standard deduction?

➡ What is the dollar impact to charities?



Universal Charitable Giving Act


- Introduced by Mark Walker (R-NC)
- Would allow non-itemizers to claim a charitable deduction
- Deductions capped at one third the standard deduction



Information on NFPs


GrantAdvisor.org

- § Vehicle for anonymous feedback on foundations and grant makers
 - What was the process like?
 - How responsive was the foundation?
- § Allows and encourages responses from foundations



ProPublica Nonprofit Explorer

- § Provides information on NFPs including details from 990 filings
- § Under Freedom on Information Act, got access to raw data from IRS
- § Increases ability to do comparative analysis



**Telling Your Story
Using your Form 990**

Telling Your Story

Form 990 (2016) Page **2**

Part III Statement of Program Service Accomplishments
Check if Schedule O contains a response or note to any line in this Part III


1 Briefly describe the organization's mission:
Official, board adopted mission statement

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(29) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ including grants of \$) (Revenue \$)



Telling Your Story

SCHEDULE O
(Form 990 or 990-EZ)


Supplemental Information to Form 990 or 990-EZ
Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

OMB No. 1545-0047
2017
Open to Public Inspection

Department of the Treasury
Internal Revenue Service


▶ Attach to Form 990 or 990-EZ.
▶ Go to www.irs.gov/Form990 for the latest information.

Name of the organization: _____ Employer identification number: _____








Telling Your Story

- Use your marketing materials
- Quantify
 - Specific numbers for year
 - Comparative analysis
- Long term objectives
- Clear and concise
- Narratives, not bullets



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