

Content for Newsletter to Clients: August 2013

Welcome to the Jones & Associates LLC, CPAs August 2013 newsletter!

Talk Back to your CPA!

It is an honor to work in a profession where people consider us a valuable resource in understanding various aspects of financial and accounting related rules and requirements. It's true that we spend hundreds of hours each year in continually learning regulation changes, new best practices and operational improvements for nonprofit organizations. However, while your CPA firm is truly a great resource, that does not mean you must blindly accept all of their suggestions without asking for clarification or possible alternatives that would work better for your organization.

ALWAYS ASK: "WHAT IS IN YOUR ORGANIZATION'S BEST INTEREST?"

Many times an organization must consider a cost versus benefit analysis before embarking on a new project. You should do this for your CPA's recommendations too.

The number one rule in gaining good guidance from any consultant is to always keep your organization's best interest at heart. For example, if your CPA recommends that you implement a new procedure to better control how receipts are received in the mail, you should consider if this is really the best use of your organization's resources in light of the related risk. If you must spend a significant amount of time and cost to establish a control where two people must be present to open the mail and log in the receipts, those efforts should be weighed against the benefit derived from establishing the control. It would be a low risk to the organization if only a few checks are ever received in the mail. If the risk of not establishing this control is extremely low to the organization and the cost is high, then discuss your rationale with your CPA firm and consider alternative controls that might still be adequate. Very likely they will agree with your analysis and remove or modify the recommendation.

Of course, there are times when the CPA must insist that a certain control is critical to your organization's well-being. But that is the discussion your CPA needs to have with you. These sorts of discussions are vital in educating your staff in understanding all the nuances of the recommendation.

So take not blindly your CPA's recommendations – talk back! We value open discussions to ensure our recommendations truly enhance your organization's financial well-being. It will prevent misunderstandings, help educate everyone and keep your organization's best interest at heart!



Building a Better Budget

The budget is the core of all sound financial management systems. It is the organization's mission and goals stated in dollar terms. The budget allocates resources, sets program preferences and is the reporting tool to which all operations are evaluated.

The budget is different than cash flow modeling, which is based on timing of inputs and outflows. The organization's budget focuses on overall organizational direction.

There are typically two parts to the budget: 1) the operating budget, which shows planned revenues and expenses for the year; and 2) the capital budget, which shows planned fixed asset outlays and other large-dollar, long-lived capital acquisitions.

Of course it is never as easy as this. Questions about how to budget for non-cash donations, use of restricted funds, etc. are a bit more complicated.

Let us know if you would like to try an alternative method for your budgeting process. We have some example templates and explanations that you might find helpful.



New Website!



Hey, check out our revised website and tell us what you think! It can be found at www.judyjonescpa.com.

Our goal is to make this website a better resource to the nonprofit community, so your comments and suggestions would be greatly appreciated. Please send your feedback to christa@judyjonescpa.com.

Should you have any questions about the content of anything in this newsletter, please contact us.

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