

Welcome to the Jones & Associates LLC, CPAs August 2017 newsletter! Feel free to pass it along...

## Highlights of the New WA Family Leave Act

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In July 2017, the Washington State legislature passed the Washington Family Leave Act (FLA). Beginning in 2020, eligible employees can take up to 12 weeks of paid leave for the birth or adoption of a child, or for when the employee or a family member (including registered domestic partners) faces a serious health condition. Employees experiencing both can take up to 16 weeks of paid leave in a year, or 18 weeks if it includes a pregnancy-related complication. To be eligible, an employee has to have been employed at least 12 months with the employer, and worked at least 1,250 hours

in the 12-month period before taking the leave.

The FLA applies to all eligible employees, including employees of nonprofits. Both employers and employees will pay into the system beginning on January 1, 2019. The total cost is .4% of each employee's wages, with the employee paying 63% of the amount, and the employer contributing 37%. For example, for an employee making \$50,000 a year:

	<u>Annual</u>	<u>Weekly</u>
Wages	\$ 50,000.00	\$ 961.54
Total cost	\$ 200.00	\$ 3.85
For employee	\$ 126.00	\$ 2.42
For employer	\$ 74.00	\$ 1.42

Of special note is that employers with fewer than 50 employees are not required to pay the employer share of premiums. However, they may choose to do so, as employers with fewer than 150 employees may apply for small business assistance funds to help cover the costs while the employee is on leave (up to \$3,000 to train replacement workers, or up to \$1,000 to train or pay overtime to current employees).

For more information, click [HERE](#).

## What to consider when changing fiscal year end

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When an organization first begins reporting to the IRS as a tax exempt entity, it states what its operating year will be, establishing a year-end that defines its fiscal year. As time goes by, it may be determined that the fiscal year originally established may not be best serving the organization.

Read the full article [HERE](#).

## Q&A with J&A

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We are asked many questions related to financial best practices for nonprofit organizations. We thought we'd highlight a few:

Q: When is it time for our small organization to have an audit?



A: Audits are necessary for many reasons including legal requirements, lender conditions, and grant compliance. However, the organization may want to have an audit when it has grown in complexity, has had a major change in financial management, is preparing for a large fundraising campaign or simply wants a periodic evaluation of financial health.

When an organization is considering an audit, the general rule-of-thumb for size is when income reaches approximately \$1 million and staff size is about five or more.

Financial statement audits are a more comprehensive service than reviews in that audits require an evaluation of the organization's internal control system. In essence, the CPA is looking at the risk of something not being recorded or being recorded improperly based on the strength of the organization's financial internal controls. Internal control evaluation is not part of a financial statement review.

Q: We're overwhelmed with paper! How can we be more paperless?

A: Yes! Get rid of the paper! There are so many better options to "go paperless" these days and still maintain record retention requirements. Many organizations have designed shared folder systems that allow proper and protected review and authorization of documentation electronically. Some of our clients have found valuable services in their bank's online bill pay features or in companies such as [www.bill.com](http://www.bill.com) or [www.authorize.net](http://www.authorize.net).

No matter what systems you use to maintain records, it is a best practice that all organizations have an official document retention policy that lists both paper and electronic documents and when they should be destroyed.

## *J&A Education Series*

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We are happy to announce our new education series starting this Fall. Participants will have a menu of webinar topics to choose from that are provided over a 12 month period. Each class has options for education credits and a certificate of completion once participants have successfully completed 6 classes. Each webinar is specifically related to nonprofit organizations, takes 1-2 hours and covers topics such as:

- Nonprofit Finance Essentials
- Budgeting
- Cash Flow Management
- Managing Restricted Funds
- Internal Controls for Small Nonprofit Organizations
- Building Better Reports for Users
- Preparing for the Audit
- Financial Leadership (includes conflict resolution, communication, using dynamic tools)
- Understanding the IRS Form 990



Stay tuned for further announcements this summer...

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

Your dedicated nonprofit team at Jones & Associates LLC, CPAs,

*Judy, Jennifer, Doug, Angela, Erin, Adrienne and Debbie*

**Jones and Associates LLC, CPAs**

(206) 525-5170

[www.judyjonescpa.com](http://www.judyjonescpa.com)

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