

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

Call for photos!



Many of you have told us how much you enjoy our annual calendar of photos received from various nonprofit organizations. Here is your opportunity to be part of our 2018 calendar. Each entrant will be entered to win \$500 to be donated to your organization of choice.

This year's theme is "Inspiration". Here's what to include in the email:

- Up to 3 high resolution photos (the more colorful, the better)
- Explain how each photo represents inspiration to your work in our communities and world, whatever that means to you
- Tell us the organization of choice you would want the \$500 donation to go to, should your entry be drawn
- Email all this to debbie@judyjonescpa.com

Examples could be a beautiful landscape; children working together; an inspirational graphic (must be your own original work); or a colorful community garden. Think of the things that inspire your good work and send us a picture of it. Use your imagination!

Only one entry of no more than 3 photos is allowed per individual (entrant). Anyone is welcome to enter. By emailing us your photos/graphics, you are giving us permission to use them in the 2018 Jones & Associates calendar. Your photos will not be used for any other purpose. The calendar is distributed to our clients, friends and colleagues. Not all photos will be selected for the actual calendar but each entrant is eligible for the \$500 donation drawing.

The deadline is October 20th. Good luck!

Cybersecurity



Be alert!

According to the 2017 AICPA Not-for-Profit Industry Audit Risk Alert, nonprofit organizations are an easy target for credit card fraud. Because stolen cards are worth more when they are verified, thieves often use online websites to test whether the stolen card information works. Though business retailers need certain personal information to set up an account and ship goods, nonprofit organizations often forgo requiring the same level of information in order to make donating simple. This makes nonprofit organizations an easier target for testing stolen credit card data.

Organizations with real-time credit card authorization and settlement are more likely to be a victim than those without real-time processing because of the limited value a criminal could get from testing the cards without real-time authorization. In many of these cases, the nonprofit organization bears the burden of repaying these fraudulent donations as well as paying fees related to the refunds.

A good article on the differences between real-time and non-real-time credit card processing can be found [HERE](#).

Q&A with J&A

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

Q: How do I handle taxes on employee bonuses? Are they taxed at the same rate as regular salary?



A: Bonuses are considered "supplemental wages" by the IRS. You have an option of withholding at a 25% flat rate or consider them as part of the employee's regular wages. IRS instructions on how to withhold for bonuses can be found [HERE](#). Look under item 7: Supplemental Wages.

Q: More and more of our donors are sending us contributions through donor advised funds (DAF). For tax purposes, do I record the donor as the original donor's name or as the name of the DAF?

A: Most donor management software systems allow you to record the donation in BOTH the name of the individual and the DAF. Typically an organization would record the "hard credit" to the name of the DAF, and the name of the original donor as the "soft credit". In the IRS Form 990, however, the name of the DAF is what is shown in Schedule B.

It is important that the organization's development department knows the rules and risks of DAF contributions. Although the donor relationship is likely with the individual donor, the actual donor to the organization is the sponsoring organization of the DAF.

Be sure to communicate to your donors to clarify intention. If they plan to fulfill an annual pledge by advising their DAF to make a grant to the nonprofit, then consider their commitment an "intent to give" rather than a pledge. An intent to give would not be recorded as a pledge in the accounting records; however, it is a way for the individual donor to demonstrate commitment to the organization.

More information on accounting considerations using donor advised funds can be found [HERE](#).

J&A Learning Opportunities

The J&A webinar training series for 2017/18 is off to a great start with our first session last week. The next session, "**Managing Restricted Net Assets: Catch & Release**," will be on November 16, 2017. This one will be especially important, as it covers the new recording and presentation requirements for restricted net assets. To learn more about this valuable session, click [HERE](#). To learn about all the topics in our webinar training series, click [HERE](#).

Our next in-person seminar will be held on December 7th at the UW Center for Urban Horticulture. The class will cover the **New Not-For-Profit Reporting Standards** that will go into effect for most organizations in 2018. To register, contact debbie@judyjonescpa.com or (206) 525-5170.

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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,

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