

Welcome to the Jones & Associates PLLC, CPAs February, 2018 newsletter! Feel free to pass it along...

Tax Reform: What Nonprofits Should Expect...

The Tax Cuts and Jobs Act became law in late 2017. The new Act makes several changes which will affect nonprofit organizations.



- Unrelated Business Income Tax (UBIT) - One of the most immediate changes will be a new UBIT rate of a flat 21% for any taxable income over the \$1,000 standard deduction. Additionally, the UBIT must be calculated separately for each line of business and any net operating loss carryovers are limited to 80%.
- Employee Benefits - Organizations that provide certain types of qualified fringe benefits, including transportation benefits, qualified parking facilities, and use of employer-provided athletic facilities, will be subject to unrelated business income tax on the value of the benefits provided.
- Estate Tax - The Act almost doubles the estate tax exemption to individuals, and will eventually phase out the estate tax altogether.
- Charitable Contributions - While individuals will gain a larger standard deduction on their tax returns, there will be no deductions allowed for charitable contributions made for those who no longer itemize. Also, income-based limitation for contributions to public charities and certain private foundations are increasing from 50 percent to 60 percent.
- Other Individual Deductions - Deductions for state and local taxes, including property taxes, will be limited to \$10,000 in total to the individual.
- Excise Tax - there is a new 1.4% excise tax on net investment income for certain private colleges and universities.

According to the Center for Nonprofits (Dec 2017), nonprofit organizations should expect

- A 2% to 5% decrease in contributions related to the loss of charitable deductibility to the individual donor.
- Less incentive for bequests to nonprofits, due to elimination of estate taxes
- Deductions for state and local taxes are limited - giving households less discretionary income to donate
- Expected increase in demand for services as government funding is cut

For more information relating to specifics effecting nonprofit organizations, [HERE](#) is a link to the AICPA for more guidance. National Council of Nonprofits also has many resources [HERE](#).

Congratulations, Jennifer Haddon!



Jones & Associates PLLC, CPAs is pleased to announce the continued growth of our firm with the promotion of Jennifer Haddon, CPA, to partner. Jennifer joined the Jones & Associates team in 2012 after over ten years working exclusively with nonprofit organizations at another CPA firm. More recently, Jennifer has played an increasingly critical role in the leadership team here at Jones & Associates as part of the succession plan for the firm. Jennifer holds a Bachelor of Arts in Business Administration (Accounting) from Seattle University and a Bachelor of Arts (Russian Studies and Sociology) from the University of Oregon. She is a member of the WSCPA, AICPA, and AICPA NFP Section. A California native who has been in Seattle long enough to pass for a local, she likes to hang out at home with her two cats and two chinchillas, all rescues. Some of her personal interests include photography, health and wellness, and animal welfare.

Q&A with J&A

Q: I am new to our organization and I notice there are several small uncashed checks outstanding in our monthly checking account reconciliation. Can I simply void these checks to clear them out?



- A: It is possible the outstanding item is an error or duplicate of a payment already made to the vendor. If that is the case, then you could void the check and make corresponding journal entries to true up any change in equity on the balance sheet. If it is not an error, you cannot simply void the checks. The State of Washington

has rules around what to do with “unclaimed property.” You should first try to contact the vendor and issue a replacement check. However, if you cannot locate the vendor, you should submit the payment to the State of Washington’s unclaimed property department.

For more information on how to handle unclaimed property, visit: <http://ucp.dor.wa.gov/holdercontent.aspx>

J&A Learning Opportunities

The next 2-hour session of our popular J&A webinar training series is “**Preparing for the Audit**,” which will be on February 8, 2018 from 10am to noon. This session will cover how to successfully wrap up your organization’s year: closing the books, preparing for compliance reporting and audits, and presenting the year in the best light. To learn more about this valuable session, click [HERE](#). To learn about all the topics in our webinar training series, click [HERE](#).

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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 PLLC, CPAs,

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