

Welcome to the Jones & Associates PLLC, CPAs February, 2019 newsletter! Feel free to pass it along...

## *Fraud & Embezzlement: Not in MY Organization!*

---



Don't kid yourself. Fraud and embezzlement happen in every type of nonprofit organization and are more common than you might think. Anyone can commit a fraud in your organization – even the most trustworthy of individuals. All they need is the right amount of pressure, rationalization and opportunity. While the organization cannot do much about an individual's pressure or rationalization, they can do something about reducing the opportunity. Fraud hurts an organization and the community it serves in many ways, but there are some simple ways to significantly reduce its likelihood. The number one way is to set the "tone at the top" environment that takes financial controls, accountability and ethics seriously in the organization. Clearly define who is responsible for control functions (who opens the mail, who signs checks) and establish physical controls (lock up check stocks, password protect laptops) and if cash is involved have two people count it. In addition, make sure the bank accounts are completely reconciled and that there are no unusual outstanding items and copies of cancelled checks are valid.

To learn more about how strong internal controls can help your organizations, [Read the article here](#).

## *Impact of the New Tax Law Changes*

---

The National Council of Nonprofits has compiled a list of resources on how the new federal tax law - the Tax Cuts and Jobs Act - affects charitable nonprofits. Now that we have gone through 2018, many taxpayers will be filing their individual returns and will notice that if they take the increased standard deduction, the charitable deduction is no longer applicable to them. Does that mean organizations will see a steep decline in contributions? Not necessarily, but the organization needs to anticipate what these changes will do in the near and far future.

For more information, see the compilation of resources [here](#).



"It's a flip chart ... so let's just flip it over."

## **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:** I recently heard conflicting info from a CPA that I work with at another organization. When working on their IRS Form 990 prep they said donations that come in via donor advised funds (like Vanguard, Fidelity, etc.) should be listed under the donor's name on the Schedule B/Schedule of Contributors (\$5k+). It was my understanding that Vanguard or Fidelity, etc. should be listed. Can you clarify?

**A:** According to the latest from the IRS per this past year's AICPA Not-For-Profit Conference in Washington, DC, there have been discussions that in the next year or so there may be a requirement that a donation received through a donor advised fund (DAF) be disclosed under the individual's name, not the DAF name. The new changes will not likely happen for some time, though. The IRS moves pretty slowly on things like this, but they have put it out there for discussion, so likely there will be a change in the next year or two. In the meantime, if you have the ability to track your donations by both the DAF and individual names, you will have this requirement covered.

For more information about current requirements for the IRS Form 990, Schedule B and the differences between DAFs and other donations, look [HERE](#).

Q: I've been hearing a lot about the new Family and Medical Leave program with the State of Washington's Employment Security Department (ESD). Does this apply to my organization?

A: Washington's Paid Family and Medical Leave is an insurance program funded through premiums paid by employers and workers in the form of paycheck withholdings. Beginning January 1, 2019, employers, including nonprofit organizations, regardless of size, are required to collect and remit these premiums. Employers with fewer than 50 employees are not required to pay the employer portion of the premium but are still required to collect and remit the employee portion. To learn more about this new program, read ESD's [Quick Links](#).

## *Upcoming J&A Learning Opportunities*

---

### **Restricted Net Assets Webinar**

Back by popular demand! CATCH AND RELEASE: Accounting For and Explaining Restricted Funds

We are frequently asked how to account for restricted funds AND how to explain the accounting rules to Board members and others. This webinar will give you tools to help you understand the nuances of these non-intuitive accounting rules and how to best present it to other users of financial information.

To add to the confusion, new reporting guidance has been issued that nonprofit organizations must comply with for years beginning after December 15, 2017. The information in this class will cover these new reporting guidelines as well as how to record unconditional promises and their ultimate "release" into the proper period.

The session is led by Judy Jones, CPA, MBA, managing partner at Jones & Associates PLLC, CPAs. Judy has spent over 30 years in the nonprofit industry as a CPA, trainer and consultant.

This live webinar is Thursday, March 14, 2019 from 10am-noon and qualifies for 2 hours of CPE. Even if you cannot attend a live webinar session, each registrant will receive a copy of the video recording of the session and class materials to use at your convenience, though CPE is only allowed during the live webcast. To register for this interesting and informative webinar, [enroll HERE](#).

Don't forget to check out the catalog of all the great listings in this 2018/2019 season in our Nonprofit Learning Series [HERE](#).



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,

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

**Jones and Associates PLLC, CPAs**

(206) 525-5170

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

*The subject matter contained in this newsletter is general information that we feel your organization may find useful. Jones & Associates LLC, CPAs is not responsible for misinterpretations, errors or omissions related to the content of this newsletter or for its applicability to your personal or organizational situation. If you would like to be unsubscribed from this list, please reply to this email with "unsubscribe" in the subject.*