

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

## *Help! My bookkeeper just quit!*

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Unfortunately, we've heard this call more than a few times. And it's not easy finding a good, quality nonprofit bookkeeper these days. But here are some steps to take that might help:

### **Step 1: Determine the critical need**

Do you have current staff who are qualified to fill in for or can absorb some of the duties the bookkeeper performed, at least on a short-term basis? This might be a good time to promote from within. This also might be an opportunity to reorganize some of the various functions the bookkeeper may have taken on over time, but might not necessarily be needed to be performed by the bookkeeper.

### **Step 2: Consider hiring a temp**

There are some good temporary accounting service groups in the Puget Sound area, such as Ash Consulting, CFO Selections and other companies who specialize in interim nonprofit bookkeeping services. Once you've identified the immediate need, discuss the time and scope of work you will need from them until you can bring on a more permanent solution.

### **Step 3: Advertise**

There is an art in creating a good job posting that will attract the right candidates to your job. Betterteam has come up with a job posting template and suggestions that might be helpful. They suggest starting with a killer job title, have an emotive introduction and compelling organizational story and really sell the position. Here's a [link to their template](#).

Most organizations will pay to advertise on Craigslist, LinkedIn and various job boards at local colleges and universities. Target where you think the best candidates might be, then be sure to get your ad in front of them.

An important part of this process will be to determine how much to pay for this position. Call other organizations and see what they are paying for their comparable services. You can also ask your CPA for what they see as typical pay for a similar position in the area.

### **Step 4: Spread the word**

There is nothing like word-of-mouth to find the right fit for your organization. Ask your Board members if they know of anyone and to pass along the ad. The Washington Society of CPAs has a job board which is free to nonprofit organizations. You can also contact a CPA who is a member and they can get it to the chair of the Not-for-Profit Committee who will post it to all the committee members, to help spread the word.

### **Step 5: Select the best**

Now that you have honed in on what is really needed and the person you want for the position, you will want to make sure that person is truly qualified for the tasks at hand. There are various test examples online you might want to modify and use. Be sure to get business references and have a checklist on hand of things you want to learn from them. You will want to know if they really are proficient in their nonprofit accounting skills, are strong communicators and collaborators and that their personality will be a good fit into your team.

Running a criminal background check is important for all new employees, but especially important for nonprofits. Many times a fraudster will hop from one organization to another with no one the wiser because nonprofit organizations are reluctant to raise the alarm. Do your due diligence in bringing this important member into your team. Look at their Facebook and other social media posts: you are not stalking them, but learning about who they are and how they will fit in.

### **What if it doesn't work out?**

Even the best planning and hiring processes can result in a poor fit. Once you have determined they do not have the requisite skills or temperament for your organization, it will always be best to cut your losses quickly. Consider giving them a generous severance (2 weeks is typical), 4 hours with a recruiting consultant and have them sign a termination and hold harmless agreement. Then start the recruiting process again. Odds are, that perfect candidate is out there just waiting for you.



## New Technologies and Best Practices

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Technological advances seem to be exploding lately. Apps, cloud services, conversational platforms, project management, security, digital recruitment and marketing, social media content – oh my! There has been so much advancement in the past few years, it is enough to make one's head spin! However, you have likely been making good use of many of these technologies already. Here are some good options for your organization with which to get more familiar:

**On-line Bill Pay:** We anticipate that within the next five years, there will be no such thing as a physical check. If your organization has been using the signature on the check as its primary internal control on disbursements, think again. Best practices capture the authorization for expense disbursements far before the actual disbursement is made. This would be for all purchases, including those that might typically by-pass the check signer authorization process, including electronic fund transfers, on-line bill pay or credit card purchases. To make better use of technology, look for platforms that manage disbursement authorizations like Expensify or Authorize.net.

**Apps:** There are so many useful apps that range from finding transportation resources for your program participants, making it easier to donate online, keeping accurate track of time and expenses to challenging your team to reduce waste. Go ahead and explore the options. But know that free apps may come with unwanted advertising and may compromise privacy. As the axiom goes, "If you're not paying, YOU are the product." If the app is useful, consider purchasing it, if that option is available.

**Conversational Platforms:** We see these used more and more. Effective meetings done using Zoom, Skype or GoToMeeting are becoming very popular. In the Seattle area, traffic has become a deterrent in making face-to-face meetings. We have found that a quick Zoom meeting with an organization, where we can see the accounting issue on their computer and talk them through the issue, is greatly beneficial in terms of zero travel time and is quick and efficient. Body language is important in communications. Visually connecting members for team meetings and presentations can be a win-win.

**Security:** Keep in mind the importance of privacy and security as you design better technological practices. Going paperless will mean critical data will be stored electronically somewhere – in house or in the cloud. Either way, there must be adequate protocols to ensure that data is private and secure. When searching for cloud services, look into their track record and what they do to keep you safe. Have security meetings with your team and educate everyone on how using Google apps, such as calendars and docs, may have tracking on them that could be set for more privacy.

The world is changing quickly. Make sure your organization uses the new technologies in smart and effective ways.

## 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:** Regarding donated gift cards and other small gifts for a raffle from board members or other donors (restaurants, grocery stores): what documentation do we need to have on these transactions? Should we have a form to be filled out to enable us to record this donation on our books and retain for our records? What donor letter is required for these transactions? When are these items recorded in our books (no exchange of money occurs) and how?
- A:** Yes, you should have a form of some sort to keep track of these donated goods (they are classified as donated goods, as opposed to donated services and facilities, which are not included on your tax return). Just a simple one that describes the donated item, estimated value (that YOU assign, not the donor) and date of the donation is adequate. Then about once a month, you'll add these all together and record them (or once a year, if you don't have very many).

You do not have to substantiate any donated good unless the value is \$250 or more, though it is a good business practice to send a "thank you" note to every donor, no matter the size of the gift. But be careful: make sure you only thank them for the description of the item and do NOT give a value. That value is between them and the IRS.

The actual journal entry is generally a debit to the natural expense account (i.e., office supplies, event expense, etc.) and the credit to in-kind revenue.

For more information about how to record and substantiate noncash contributions, look [HERE](#).

Q: I have a Board member who is dead set on getting us to change from our desktop version of QuickBooks to QuickBooks Online. He says that it is the "way of the future" and they have made it exactly like the desktop version now. Is that true?

A: No, that's not true. We have a great many of our clients now using QuickBooks Online (QBO) and the reporting and tracking features are not comparable to the desktop version. For example, payroll and budget reports, as well as user controls are very limited in QBO. We have found that most of the issues are around the inflexibility of the reporting features in QBO. Those were the issues in the past, and still remain problematic currently.

If the reason your Board member wants your organization to migrate to QBO is so that others will have more access to the accounting information, consider instead using a cloud-based QuickBooks hosting site, such as [Swizznet](#). The cost is comparable to QBO and you have the full features of a desktop QuickBooks accounting program. Because you do still have the full features, you can set detailed user options, such as "view rights only" for Board members and senior management so that they can have immediate access to financial data without the possibility they could accidentally change it.

## Upcoming J&A Learning Opportunities

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### Expenses

Nonprofit expenses tend to be all over the board in terms of classification and allocation. How should restricted costs be recorded? What do you do with capital outlays? What about all those expenses that were not budgeted for?

In this session, we will learn the differences between expenditure, cost and expense and how each affects your organization. We will also do a deep-dive into how expenses should be allocated between the program, management and general and fundraising functions and how to keep track of program vs. nonprogram expense.

You will come away with best practice tools and clarification on how to classify and present expenses in accordance with the new reporting standards.

The session is led by Judy Jones, CPA, MBA and Doug Brownlow, CPA of Jones & Associates PLLC, CPAs. Judy is the managing partner of J&A and has spent over 30 years in the nonprofit industry as a CPA, trainer and consultant. Doug is a partner here at J&A and has over 11 years' experience in auditing and working with nonprofit organizations.

This live webinar is Thursday, **June 6, 2019** from 10am-noon and qualifies for 2 hours of CPE. Again, 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](#).

## We're hiring!

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While the opportunity does not come along often, Jones & Associates is looking for one more experienced CPA to join our team. Please spread the word. For more information, look [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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