

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 2020 calendar. Each entrant will be entered to win \$500 to be donated to your organization of choice.

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

- Up to 3 high resolution photos (the more colorful, the better)
- Explain how each photo represents how diversity works 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 represent your good work and send us a picture of it. Use your imagination!

Each individual (entrant) may enter up to 3 photos. Anyone is welcome to enter. By emailing us your photos/graphics, you are giving us permission to use them in the 2020 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 18th. Good luck!

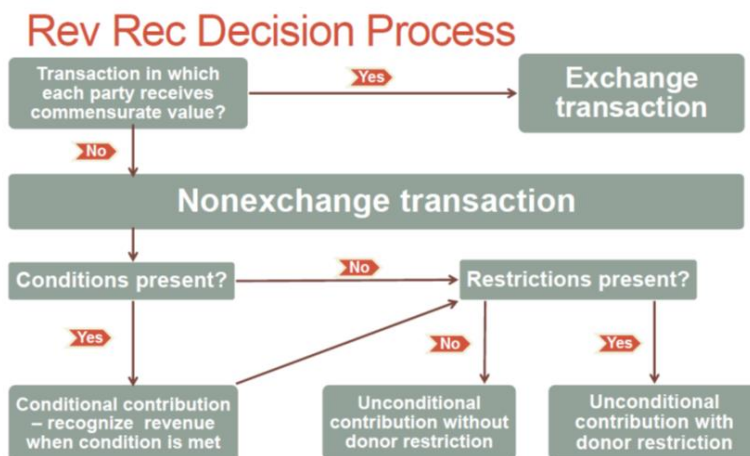
Revenue Recognition – Are you complying with the new rules?

In June 2018, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) 2018-08, [Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made](#). This update provides guidance on how to account for grants and contributions. Nonprofit organizations must recognize revenue differently now and must go through the steps on determining how each grant or contribution is structured.

The first step is to determine if the transaction is a reciprocal or nonreciprocal. It has long been the practice to consider all government grants as reciprocal (exchange) transactions, no matter the actual structure of the grant or contract. With the new guidelines, if the beneficiary is the general public, and not the specific organization, this transaction is considered nonreciprocal and must be accounted for under the contribution rules.

However, even though a government grant may now be recognized under the contribution rules, it could still be considered a "conditional contribution", if there are barriers to overcome, such as matching fund requirements, serving a specific number of people, or specific spending requirements. If the grant is not conditional, the final step would be to determine if there are any restrictions and recognize it in the appropriate net asset class.

For more in-depth information on how to comply with these new revenue recognition rules, see our article: [Nonprofit Revenue Recognition: The New Rules](#).



Lease Accounting – Update!

Overwhelmed by all the new Accounting Standards? Good news! [ASU 2016-02, Leases \(Topic 842\)](#) may be delayed.

It has been a challenge to stay on top of all the new recent guidance. This year included the implementation of [ASU 2016-14, Not-for-Profit Entities \(Topic 958\): Presentation of Financial Statements of Not-for-Profit Entities](#). Next year (calendar year end ending December 31, 2019, or fiscal years ended in 2020) will include the implementation of [ASU 2014-09, Revenue from Contracts with Customers \(Topic 606\)](#).

If that was not difficult enough, nonprofits were also going to have a third standard to implement for calendar year ending December 31, 2020, or fiscal years ended in 2021, related to lease accounting.

The good news is that the Financial Accounting Standards Board has recently approved the proposed delay of the effective date of ASU 2016-02, Leases (Topic 842) for nonprofit organizations and private companies. Although not yet officially announced, this could bring relief to nonprofit organizations. We will continue to keep you posted on any new developments!



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

- Q: The IRS Form 990 asks if our organization has a conflict of interest policy. We have a general statement in our by-laws that no director shall have a conflict of interest with the organization. Is that good enough?
- A: Charitable organizations are frequently subject to intense public scrutiny, especially where they appear to have inappropriately benefited their officers, directors or trustees. The IRS has an oversight role with respect to charitable organizations. An important part of this oversight is providing organizations with strategies that will help avoid the appearance or actuality of private benefit to individuals who are in a position of substantial authority. The IRS recommends establishing a conflict of interest policy that includes an annual documented review of any conflicts.
- For more information, see the National Council of Nonprofit's article [Conflicts of Interest](#).
- Q: I don't like that our year ends in the middle of our busiest time. What do I need to do to change our fiscal year end?
- A: Your organization's fiscal year should end at the conclusion of significant program activity or to better match your primary funding sources. We've written an article on things to consider before changing your organization's year end, as well as how to do it. See the article [Changing Fiscal Years](#).

J&A Learning Opportunities

Over the past couple of years we have accumulated a library of webinar videos on various topics related to nonprofit financial health. See if any of these might be helpful to you. The cost is just \$25 for each 2-hour recorded webinar. To purchase, click on the program title:

- [Managing Restricted Net Assets](#) – learn how to capture and properly release restricted and designated funds
- [Internal Controls for Small Organizations](#) – how to develop and adjust internal controls in small operations
- [Nonprofit Finance Essentials](#) – covers the basic nonprofit accounting concepts, terminology and rules
- [Understanding the IRS Form 990](#) – using this public document to tell the true story of your organization
- [Revenue Recognition Standard](#) – how to properly identify and categorize revenue streams under the new standards
- [Board Member Basics](#) – from fiduciary duties to having adequate resources to advance your organization's mission, Board members play a large role in management. This session goes over the potential pit-falls and successes in their role

- [Preparing for the Audit](#) – how to successfully wrap your organization's year, closing the books, preparing for compliance reporting and audits and presenting the year in the best light
- [Nonprofit Expenses](#) – how to properly identify and classify expenses by natural and functional categories
- [Building Better Reports for Users](#) – creating meaningful and understandable financial reports for your organization
- [Budgeting](#) – how to develop a budget process plan and a monthly master cash budget model
- [Nonprofit Reporting Standard](#) – new GAAP guidance on disclosures for net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows
- [Financial Leadership](#) – focus on using leadership's role in sustaining sound financial health within your organization

We're hiring!

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](#).

* * * * *



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, Adrienne, Stacia and Debbie

Jones and Associates PLLC, CPAs
(206) 525-5170
www.judyjonescpa.com

The subject matter contained in this newsletter is general information that we feel your organization may find useful. Jones & Associates PLLC, 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.