

## Content for Newsletter to Clients: September 2013

Welcome to the Jones & Associates LLC, CPAs September 2013 newsletter! This month we are highlighting two “hot topics”: the **Affordable Care Act** and a **Conversation about Overhead**. We are also proud to officially **unveil our new website**.

### On the World Wide Web

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Our website at [www.judyjonescpa.com](http://www.judyjonescpa.com) has recently re-launched with some brand new features that we hope will be valuable to the local nonprofit community. Some of the highlights include a **Resource** page for helpful materials and a **Community Board** page where we will post job postings, program and other upcoming event information. Contact us through the **Contact Us** page to have something added!

To better stay connected on the social media front, “follow” us on LinkedIn and “like” us on Facebook to get regular updates on important topics and events in the area.

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### Affordable Care Act

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Change is in the air! With fall will come some of the first requirements of the Affordable Care Act. Are you ready? See below for some important steps to take this year as well as a summary of the key provisions of the Act.

#### Important next steps:

- Discuss with management and the Board the state of your current plan and how these provisions will impact the organization.
- If you currently don't have a plan, consider the costs of setting one up through a broker or through the SHOP (Small Business Health Options Program - discussed below). Don't forget the health care tax credit in your analysis (also discussed below).
- Decide what the plan of action will be in 2014 and forward and communicate with your employees, preferably by October 1, 2013.

**Are you ready? Important provisions start October 1<sup>st</sup>**

Following is a chart showing a summary of the key provisions and if the provision affects small employers (less than 25 employees), medium employers (up to 50 employees) and large employers (more than 50 employees).

Key Provision	25 or Less	Up to 50	More than 50
<b>Disclosure:</b> Notify ALL employees about the Marketplace by <b>October 1, 2013</b> and all new hires going forward	YES	YES	YES
<b>Access to SHOP:</b> Group plans available through the Marketplace for smaller employers	YES	YES	NO
<b>Small Business Health Care Tax Credit:</b> The credit is changing, understand the new requirements	YES	NO	NO
<b>Employer Shared Responsibility:</b> Penalty for not offering the minimum required	NO	NO	YES
<b>W-2 Reporting:</b> Report annual cost starting in 2013 if more than 250 W-2s issued	NO	NO	YES

In Washington, our primary source for information and action is the Washington Healthplan finder which can be accessed at <http://www.wahealthplanfinder.org/>. Through this website, individuals can shop for coverage (starting October 1, 2013) and employers can learn about their obligations.

For more information on each of these topics, including SHOP access, helpful handouts and links to government sources, please see the following article:  
<http://www.councilofnonprofits.org/how-will-affordable-care-act-impact-nonprofit>.

## A Conversation about the Overhead Percentage

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Historically, the overhead ratio – the percentage of a nonprofit's expenses that go to administrative and fundraising costs – has been a key ratio on which nonprofits have been measured. Although the benchmark ratio can vary, a common guideline has been, no more than 25% of expenses should be administrative and fundraising costs, with at least 75% going to programs.

Earlier in 2013, the CEO's of three national sources of information on nonprofits – GuideStar, Charity Navigator, and BBB Wise Giving Alliance – wrote an open letter to the donors of America. In this letter, they state that the overhead percentage is a poor measure of a charity's performance. Rather, there are other factors of nonprofit performance that should be considered: transparency, governance, leadership, and results. They go on to say that, while overhead does have a role in ensuring accountability – for example, at the extremes, it can point to fraud or poor financial management – by focusing solely or primarily on overhead, you lose the bigger picture of the overall financial and organizational performance of a nonprofit. In fact, overhead is critical to the success of nonprofits, as these expenses allow nonprofits to sustain and improve themselves.



We welcome this national conversation, and encourage you to read the letter and find out ways to participate at [www.overheadmyth.com](http://www.overheadmyth.com). Within your organization, talk about what is an appropriate level of overhead for YOU, and how to communicate that, as well as the other performance factors of transparency, governance, leadership and results.

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,

*Judy, Scott, Jennifer, Christa, George and Debbie*

Jones and Associates LLC, CPAs

(206) 525-5170

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

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