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THE NEWSLETTER OF THE BDO NONPROFIT & EDUCATION PRACTICE

NONPROFIT STANDARD

FASB HOLDS ROUNDTABLES ON PROPOSED NONPROFIT FINANCIAL PRESENTATION STANDARDS

By Carla DeMartini, CPA

The Financial Accounting Standards Board (FASB) issued the proposed Accounting Standards Update (ASU) *Presentation of Financial Statements of Not-for-Profit Entities* to provide improvements to the not-for-profit (NFP) financial statement presentation.

The proposed changes are the first significant ones to NFP financial statements in over 20 years. The public comment period on the exposure draft ended on Aug. 20, during which time BDO and approximately 260 other entities issued comment letters relative to the proposed changes.

As part of the FASB's outreach efforts, FASB members and staff held a series of roundtables — on the East Coast on Sept. 21 and on the West Coast on Oct. 7 — to enhance their understanding of the views expressed in the comment letters and to hear possible alternatives from the NFP sector. The BDO team members attended the East Coast roundtable meeting alongside representatives from NFP organizations from different parts of the sector, public accounting firms, creditors and other NFP financial statement users.

The discussion centered mainly on the proposed topics of operating measures, presentation of cash flows and information

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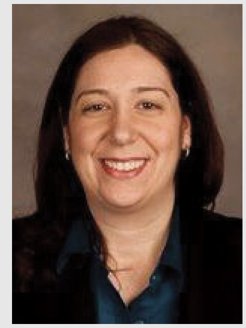
used in assessing an NFP's liquidity. There was also limited discussion held on functional expenses, investment return and the changes in classes of net assets presented.

OPERATING MEASURES

The discussion on operating measures, which included many conflicting opinions among participants, far exceeded the length of time spent on any other topic. The discussion centered on the proposed changes to the statement of activities that requires two intermediate measures of operations. The first measure would define operations based on the mission and availability dimension, whereas the second measure would define how an entity manages its resources through board policy. Much discussion ensued on the assumption that NFPs are all so diverse that this presentation would not serve a useful purpose for all NFP entities. A format that may best represent a social service agency, for example, may not properly reflect the nature of operations of a private foundation. Additionally, there was some disagreement with regard to separating quasi endowments from true endowments. Some NFPs believe that it would be confusing to the readers to split these amounts since the endowment is managed as one pool. Another common thought expressed among many of the participants was that although the additional board designated transfers would be important enough to warrant language in the footnotes regarding policies and board decisions, it would confuse readers if presented on the face of the financial statements. It was evident from the strong reactions that the FASB may need to further consider how to depict board designated transfers. One participant suggested having NFPs mirror for-profits by dividing the statement of activities into two schedules: the statement of activities and the statement of net assets, which is allowed under the proposed ASU. The statement of net assets can summarize what has impacted the entity during that period and can reflect decisions made by the board about the approach taken during the year.

AUTHOR PROFILE

CARLA DEMARTINI



Carla DeMartini is a director in Nonprofit Assurance Services in the Greater New York Healthcare and Nonprofit practice. Carla has 15 years of experience serving a broad range of nonprofit organizations, including social service and healthcare organizations, international NGOs, charitable organizations and other tax-exempt institutions. Carla is also part of the National Industry Group technical team, which is responsible for training development, audit methodologies, risk assessment and regulatory compliance.

Carla's background in nonprofit assurance includes supervising audit and review engagements, managing agreed-upon procedure projects, and auditing organizations that receive federal funding in accordance with Circular A-133/Uniform Guidance. She also has experience preparing and reviewing cost reports, which include indirect cost allocations and rate projections. Carla advises nonprofit audit committees and board members on upcoming changes in regulations and other challenges within the industry.

Carla is a member of the AICPA and the New York State Society of Certified Public Accountants. She is also a member of the Healthcare Financial Managers Association.

Carla earned a B.S. degree in Accounting from Manhattan College.

CASH FLOWS

The discussion related to the presentation of cash flow statements focused on the purpose and use of the statement and whether the direct method should be required or just encouraged. The popular opinion seemed to be that although the initial year of converting to the direct method could prove to be complicated, it would become manageable in subsequent years and, in many instances, provide significant benefit to the reader. However, some organizations seemed to prefer the flexibility to choose either the direct or indirect method. Additional feedback indicated that reactions were mixed regarding the requirement of an indirect cash flow reconciliation in the footnotes should the direct method be adopted in the cash flow statement. Although the reconciliation may be useful for internal purposes, such as communication of an activity to those charged with governance, most felt that providing both cash flow presentations would be unnecessary and would not provide value to readers of the financial statements.

ASSESSMENT OF LIQUIDITY

Most of the participants were in agreement that disclosing information about liquidity would be useful, which was not surprising, considering the direction the NFP sector has taken toward a more transparent environment. It was noted that several federal and state funding agencies are now requesting liquidity ratios or stability ratios to determine viability before awarding funding. The discussion centered on current reporting practices, which do not require NFPs to make evident how restrictions or designations may affect their liquidity. It was also noted that making liquidity more transparent through required disclosures about the availability of resources would help the reader of NFP financial statements. Additionally, requiring qualitative disclosures, such as outlining

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FASB ROUNDTABLES

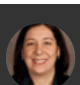
restrictions placed by donors or designations by the board, would further clarify how an NFP manages its liquidity. An interesting discussion was also held on the value of the trend-line in relation to the staleness of information argument. In other words, although looking at trends is useful in providing comparable information among an NFP's peer group, this data may be stale and therefore, not valuable, by the time the financial statements are issued.

ADDITIONAL DISCUSSION POINTS

The participants also discussed the proposed disclosures related to functional expenses and investment return, as well as the proposed changes in classes of net assets. Most participants were in agreement with the changes in these areas and believed that the revisions would assist in providing useful and relevant information.

In conclusion, the proposed ASU was drafted to improve the presentation of NFPs' financial statements and to provide useful and more transparent information to the reader of the financial statements. However, a common viewpoint is that although comparability may be improved, complexity may also increase. The FASB members reviewed the comments brought forward from the roundtables and outreach efforts, along with the comment letters on the proposed ASU, to determine the next steps for this project. See the next article for an update on the plan.

Article adapted from the BDO Nonprofit Standard blog.



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UPDATE ON FASB'S NOT-FOR-PROFIT FINANCIAL PRESENTATION EXPOSURE DRAFT

By Tammy Ricciardella, CPA

At the Financial Accounting Standards Board (FASB) meeting on Oct. 28, 2015, FASB staff members presented the feedback that they have received from their roundtable discussion events. As a result of this feedback, they have recommended a plan to move forward.

The plan presented involved dividing the various topics from the exposure draft into two different workstreams. The first workstream includes those items that were supported through the comment letter process. These are items that the FASB staff felt could be re-deliberated and issued as standards in the near term to provide more immediate improvement to the nonprofit financial reporting. The second workstream includes those items that the FASB staff identified as needing more extensive re-deliberations over a longer time period.

A summary of the respective workstreams follows:

FIRST WORKSTREAM:

These items were deemed not to be dependent on other projects and were supported through the comment letter process.

1. Net asset classification proposals, including:
   a. Disclosure of board-designated funds
   b. Underwater endowments
   c. Placed-in-service option for expirations of capital restrictions
2. Expenses, including:
   a. Expenses by nature and an analysis of expenses by function and nature
   b. Netting of external and direct internal investment expenses against investment return
   c. Disclosure of netted investment expenses
   d. Enhanced disclosures about cost allocations
3. Operating measures: Improving disclosures by those not-for-profit entities that currently choose to present such a measure
4. Improving disclosures of information useful in assessing liquidity
5. Statement of cash flows: Methods of presenting operating cash flows and whether to require the direct method presentation

SECOND WORKSTREAM:

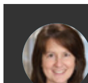
The second workstream includes items that will likely involve a longer time period to resolve because they involve consideration of alternatives suggested by stakeholders that the board did not previously consider or are related to similar issues being addressed in other projects.

These proposals include:

1. Operating measures: All other elements of the proposal, including:
   a. Whether to require intermediate measure(s)
   b. Whether and how to define such measure(s) and what items should or should not be included
   c. Alternative disaggregation approaches suggested by stakeholders
2. Statement of cash flows: Realignment of certain line items

The board will begin redeliberations on certain issues in the first workstream at the board meeting tentatively scheduled for Dec. 11, 2015.

Continue to stay up to date on the latest news on this FASB project by visiting our Nonprofit Financial Reporting Resource Center.



For more information, contact Tammy Ricciardella, director, at tricciardella@bdo.com.

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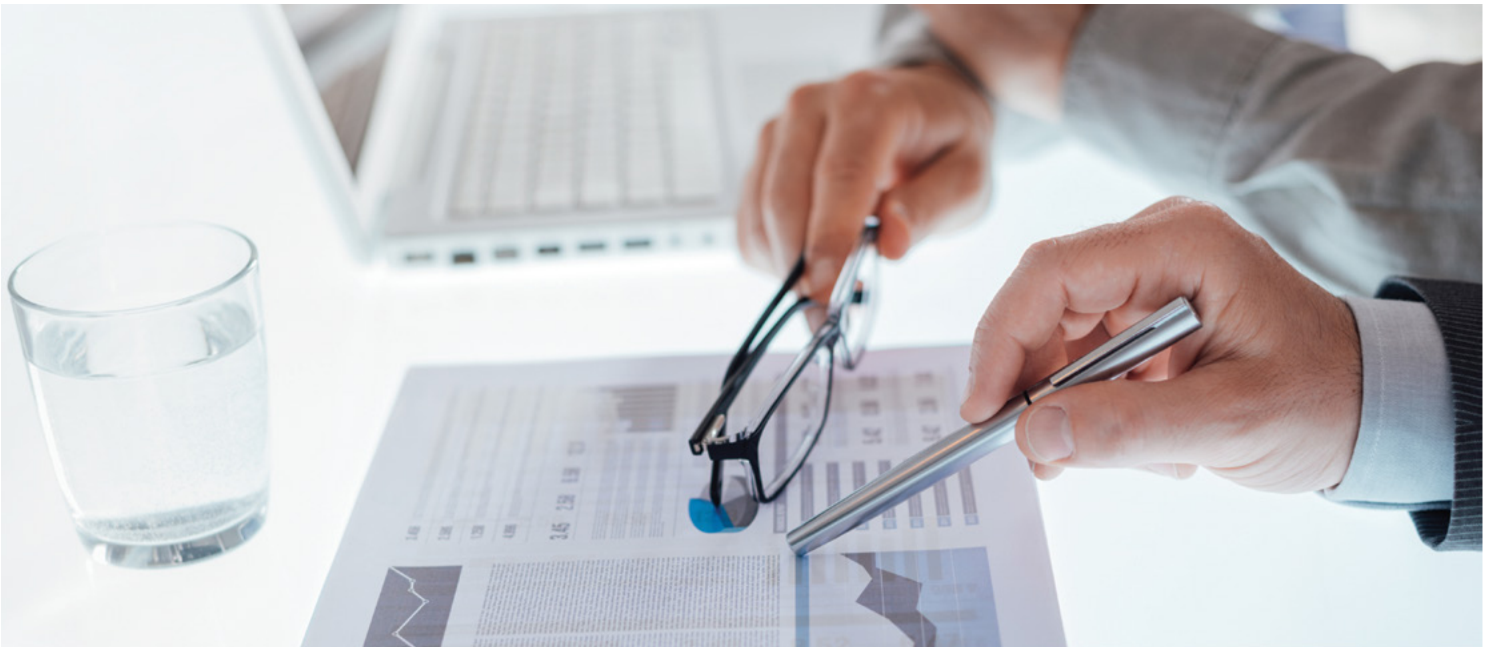
EXEMPT ORGANIZATIONS' IRS PRIORITIES

By Laura Kalick, JD, LL.M. (Taxation)



Congress makes the laws, Treasury interprets the laws, and the Internal Revenue Service (IRS) enforces them and collects the revenue.

But because the IRS has a limited budget, it's Tax Exempt and Government Entities Division (TE/GE) has set priorities for enforcement in 2016. In this article, we'll review those priorities and discuss how tax-exempt organizations can focus their compliance efforts accordingly to avoid penalties up to and including loss of tax-exempt status.

TE/GE PRIORITIES FOR FY 2016

In order to be more effective and efficient, TE/GE is taking steps to streamline processes, digitize information, and manage knowledge. Most significantly, the IRS is focusing on data-driven decision making—issues where it believes there is a greater risk of noncompliance and therefore, a greater return on its investment of time.

The IRS takes the position that tax exemption is a privilege and not a right. Therefore, the objective is to ensure that organizations that were granted tax-exempt status are in compliance with the tax laws.

With this objective in mind, their priorities list five main strategic areas of focus. In their efforts to pursue the outlined strategic areas, TE/GE will use various approaches, including:

- **Field examinations:** In-person examinations.
- **Correspondence audits:** This is where the IRS sends a letter to the organization asking the organization to send documents to the IRS by mail and to have phone conversations. These audits are usually more limited in scope but can become extensive and ultimately turn into field examinations.
- **Compliance checks:** This is not an examination, but rather a check by the IRS to see if the organization has been properly reporting an item.
- **Compliance reviews:** This is where the IRS follows up to see if certain actions, outlined by an organization, have been taken.

Even if your organization receives a notice that it is part of a compliance check, it is important to respond to all IRS correspondence, because the IRS could turn a compliance check into a full-blown field examination.

The highlights of the five strategic areas of focus are:

1. **Exemption:** Issues include non-exempt purpose activity and private inurement, enforced primarily through field examinations.

Your organization filled out an application for exemption (either Form 1023 or 1024). If your organization is conducting activities other than those indicated on the form, ask yourself if they are related to exempt purposes. If the activity is unrelated to exempt purposes, is the income being reported as unrelated business income? Most importantly, does the activity constitute more than an insubstantial amount of the organization's activities? The term insubstantial is not defined, so the facts and circumstances must be reviewed. More than an insubstantial amount of unrelated activity can cost an organization its exemption.

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EXEMPT ORGANIZATIONS' IRS PRIORITIES

2. **Protection of Assets:** Issues include self-dealing, excess benefit transactions, and loans to disqualified persons, and are enforced primarily through correspondence audits and field examinations.

Are transactions at arms-length and for fair-market value? Private foundations have strict rules as to what constitutes self-dealing, and it can be direct or indirect. Public charities and social welfare organizations can establish the rebuttable presumption of reasonableness so that transactions with disqualified persons can be vetted by independent persons and decisions can be made based on comparable data. If the decision-making process is contemporaneously recorded, the rebuttable presumption can be established, which would shift the burden of proof to the IRS to show that the transactions were unreasonable.

3. **Tax Gap:** Issues include employment tax and Unrelated Business Income Tax (UBIT) liability, enforced through compliance checks, correspondence audits and field examinations.

These are the two biggest revenue generators for the IRS with respect to exempt organization compliance. The major issue for employment taxes is whether individuals have been properly classified as independent contractors as opposed to employees, and in any event, whether the proper forms were filed. The IRS, more often than not, prevails on these issues.

Regarding unrelated business income (UBI), the typical tactic that the IRS takes is to disallow losses from one activity to offset income from another activity if the loss activity has lost money for several years. In this instance, the IRS will take the position that there is no profit motive, which is a requirement for a trade or business. If there is no trade or business, then there cannot be an unrelated trade or business and therefore, those losses cannot be used to offset UBI.

4. **International:** Issues include oversight on funds spent outside the U.S., including funds spent on potential terrorist activities, exempt organizations operating as foreign conduits and *Report of Foreign Bank and Financial Accounts* (FBAR) requirements. These are enforced through compliance reviews, compliance checks, correspondence audits and field examinations.

If a private foundation makes a grant to a foreign organization, it must either exercise expenditure responsibility over the grant or have an opinion from a qualified person that the foreign organization is the equivalent of a U.S. public charity (see related article on page 7).

Another concern regarding foreign organizations is that of a U.S. charity merely being a conduit to receive tax-deductible contributions that are going straight to the foreign charity without the board of the U.S. charity having discretion over the use of the funds. The potential abuse here is that only contributions to U.S. charities are tax-deductible for income tax purposes. Of course, the IRS is also concerned that charitable donations are being used to fund foreign terrorist organizations. The Office of Foreign Assets Control (OFAC) releases a List of Specially Designated Nationals and Blocked Persons with names of individuals and entities that may be engaged in terrorist activities. Organizations should check the lists prior to making grants and engage in procedures to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities. In addition, organizations should comply with all U.S. laws and orders that restrict activities with certain countries or individuals because of economic sanctions.

5. **Emerging issues:** Issues include non-exempt charitable trusts and the Internal Revenue Code (IRC) section 501(r), enforced through compliance reviews, correspondence audits and field examinations.

Tax-exempt hospitals now have to be in compliance with Final Regulations under IRC section 501(r) for tax years beginning after Dec. 29, 2015. Congress has mandated that every tax-exempt hospital will be reviewed at least every three years to see if it is in compliance with the rules.

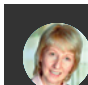
Also, the IRS will be looking at charitable trusts that are not exempt from tax to make sure that they are not violating rules, particularly since they are subject to some of the same requirements and restrictions that apply to private foundations.

In addition to the priorities of TE/GE, the Treasury listed 13 areas where it will provide priority guidance for exempt organizations, including allocation of expenses for dual-use facilities and a new method for charities to provide contemporaneous written acknowledgements (CWAs) for gifts greater than $250, according to the *Federal Register*. In this instance, the charity would have to collect Social Security numbers from donors in order to comply. Such a proposal could raise a number of concerns pertaining to cyber security risks.

CONCLUSION

The IRS has become much more efficient and effective in its examination activities related to exempt organizations. Although the examination rate is lower for exempt organizations than for other taxpayers, TE/GE is attempting to better target its examinations for improved results. One final note: the IRS still relies on trustworthy outside data and public information, so it's important to make sure that your organization is accurately portrayed in the media and on its Form 990, which is a public document available on www.guidestar.org.

Article adapted from the BDO Nonprofit Standard blog.



For more information, contact Laura Kalick, National Nonprofit Tax Consulting director, at lkalick@bdo.com.

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NONPROFITS, DON'T GET CAUGHT BY PHISHING SCHEMES

By Nidhi Rao

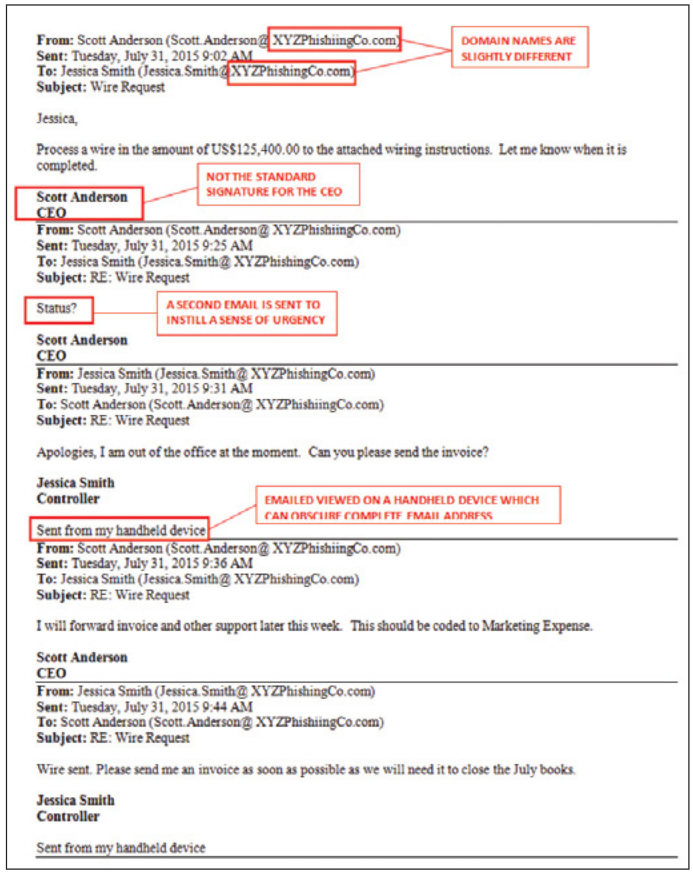
What are phishing schemes?

These deceptive messages can take the form of emails, phone calls or websites, and are designed to steal funds from an organization by tricking an employee into divulging confidential personal or business information such as a user name, password, bank account number, Social Security number or Employer Identification Number (EIN).

Phishing attacks most often appear as emails, but can also be conducted via instant messages or over the phone. While most organizations' email services and firewalls are equipped with spam filters, cyber criminals can craft messages that appear trustworthy or impart a sense of urgency, and can sometimes penetrate security filters.

To give a sense of how innocuous phishing emails can appear, we've included an example chain here. Characteristics of a typical phishing email include:

- Slight variations on an email address of the sender;
- Misspellings and grammar mistakes; and/or
- An urgent request to complete the task, i.e., "I need you to do this ASAP."



From: Scott Anderson (Scott.Anderson@ XYZPhishiingCo.com)
Sent: Tuesday, July 31, 2015 9:02 AM
To: Jessica Smith (Jessica.Smith@XYZPhishingCo.com)
Subject: Wire Request

DOMAIN NAMES ARE SLIGHTLY DIFFERENT

Jessica,

Process a wire in the amount of US$125,400.00 to the attached wiring instructions. Let me know when it is completed.

Scott Anderson
CEO

NOT THE STANDARD SIGNATURE FOR THE CEO

From: Scott Anderson (Scott.Anderson@ XYZPhishiingCo.com)
Sent: Tuesday, July 31, 2015 9:25 AM
To: Jessica Smith (Jessica.Smith@ XYZPhishingCo.com)
Subject: RE: Wire Request

Status?

A SECOND EMAIL IS SENT TO INSTILL A SENSE OF URGENCY

Scott Anderson
CEO

From: Jessica Smith (Jessica.Smith@ XYZPhishingCo.com)
Sent: Tuesday, July 31, 2015 9:31 AM
To: Scott Anderson (Scott.Anderson@ XYZPhishiingCo.com)
Subject: RE: Wire Request

Apologies, I am out of the office at the moment. Can you please send the invoice?

Jessica Smith
Controller

Sent from my handheld device

EMAILED VIEWED ON A HANDHELD DEVICE WHICH CAN OBSCURE COMPLETE EMAIL ADDRESS

From: Scott Anderson (Scott.Anderson@ XYZPhishiingCo.com)
Sent: Tuesday, July 31, 2015 9:36 AM
To: Jessica Smith (Jessica.Smith@ XYZPhishingCo.com)
Subject: RE: Wire Request

I will forward invoice and other support later this week. This should be coded to Marketing Expense.

Scott Anderson
CEO

From: Jessica Smith (Jessica.Smith@ XYZPhishingCo.com)
Sent: Tuesday, July 31, 2015 9:44 AM
To: Scott Anderson (Scott.Anderson@ XYZPhishiingCo.com)
Subject: RE: Wire Request

Wire sent. Please send me an invoice as soon as possible as we will need it to close the July books.

Jessica Smith
Controller

Sent from my handheld device

Cyber criminals are persistent when devising new ways to capture sensitive information from unsuspecting individuals, and spam filters and firewalls are only the first line of protection against phishing schemes. To proactively mitigate these risks, organizations can take the following steps to protect themselves:

Educate employees – Provide training on the risks associated with phishing schemes and caution employees away from offering confidential information, such as user names and passwords, over email or executing banking transactions based on instructions received via email. Employees should be advised to follow internal company policies and procedures when executing transactions or sharing confidential information.

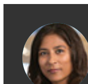
Institute two-party authentication controls – Electronic security and authentication controls are now offered within online banking systems, making it so that an individual initiating a wire transfer cannot also authorize the transfer. If these systems are in place, a wire transfer initiated by an unknowing victim of a phishing scheme cannot be executed until a second individual authorizes the transaction, thereby increasing the chance an error will be discovered.

Require verbal confirmation – Organizations can protect themselves by instructing employees to obtain verbal authorization, no matter how urgent the request might seem, from the sender of an email prior to processing a transaction such as a wire transfer.

Use a code word – If an organization regularly communicates requests to process transactions via email, a "secret word" can be established internally to include in all email transaction requests in order to differentiate a valid email from a phishing email. This should be a unique word or phrase agreed upon by the financial executive department and known only internally.

Additionally, it's important to note that information technology (IT) staff should be notified if employees receive phishing emails, so that spam filters and firewall settings can be adjusted to mitigate the risk of future messages bypassing these defenses. If an organization *does* fall victim to a phishing scheme, it's important to quickly investigate the source of the email. Given the ever-changing cyber landscape and the speed at which digital attack tactics evolve, utilizing approaches to mitigate risk from both an IT and a personnel perspective is an organization's best line of defense. For more on investigative practices for a nonprofit once it learns it's fallen victim to fraud, see page 8 for the article "Wire Transfer Fraud: It Could Happen To You."

Article reprinted from the BDO Nonprofit Standard Blog.



For more information contact Nidhi Rao, director, BDO Consulting Global Forensics practice, at nrao@bdo.com.

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GOOD NEWS FOR PRIVATE FOUNDATIONS: FINAL REGULATIONS ON GOOD FAITH DETERMINATIONS RELEASED

By Mike Sorrells, CPA

Private foundations face an obstacle when they wish to make grants to foreign organizations that have not been granted Section 501(c)(3) status by the IRS.

In such situations, the foundations are required to either 1) exercise expenditure responsibility over the grant, or 2) have a good faith determination that the foreign organization would qualify as a Section 501(c)(3) public charity if it were a U.S. organization. Without one of these elements, the foreign grant will not be considered a qualifying distribution (i.e., counting toward minimum distribution requirements), and will result in excise taxes.

In the past, such equivalency determinations could only be made based on either an affidavit of the grantee or on an opinion of counsel from either the grantor or the grantee. Proposed regulations were released in 2012, which expanded the list of tax opinion providers to include "qualified tax practitioners"—in other words, certified public accountants and enrolled agents.

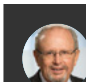
The final regulations released on Sept. 23, 2015, make permanent this expansion of persons who can provide the equivalency determination opinion. At the same time, the final regulations make it clear that foreign counsel can no longer make this determination, but that qualified tax practitioners may use foreign counsel to collect information or to advise on foreign law. The final regulations also limit how private foundations may use entity affidavits. Such affidavits may no longer be the sole means of meeting the good faith determination requirement. The regulations do allow such affidavits to be used as a cost-effective source of information by the qualified tax practitioner in making his or her tax opinion.

The final regulations also limit the reliance on written advice to two years, beginning on the date of the written advice, or the date of the factual information used in the written advice. The IRS also noted that when a foundation creates written advice regarding its good faith determination, that advice can be used by another foundation to make the same determination about a foreign entity, as long as the organization has knowledge about the qualified tax practitioner issuing the advice, and the practitioner has received all relevant information.

The final regulations should remove some of the barriers to making foreign grants, while still assuring that the good faith determinations are made with sufficient understanding of the law.

Has your organization gotten up to speed on these new grant regulations?

Article reprinted from the BDO Nonprofit Standard blog.



For more information, contact Michael Sorrells, national director, Nonprofit Tax Services, at msorrells@bdo.com.

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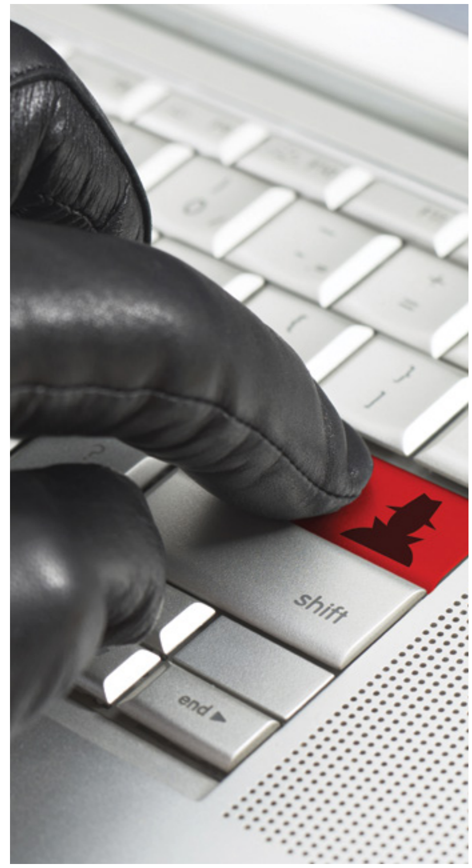
WIRE TRANSFER FRAUD: IT COULD HAPPEN TO YOU

By Jesse Daves



The article "Nonprofits, Don't Get Caught in Phishing Schemes" (see page 6) outlines a deceptive breed of phishing scheme that has become common within the nonprofit sector.

Specifically, in recent years, there has been a global surge in fraud schemes designed to trick companies into sending wire transfers to bank accounts set up for this fraudulent purpose, often in another country.

When learning about a scheme of this type, an organization should work with a seasoned investigative team and follow the steps below to quickly identify and remediate the fraud.

1. PRESERVE AND PLAN

Early in an investigation, it is critical to identify sources of potentially relevant data. Relevant sources include computers, email messages and attachments, mobile devices, network files and logs, as well as various accounting records. Once the sources of information are identified, developing a preservation and analysis plan, including proper "chain of custody" procedures, must be established. Make certain that evidence is properly preserved to maintain its integrity and defensibility.

2. INTERVIEW

A fraudster's strategy relies upon human error and employee fallibility. An investigative team must understand the level of employee participation, if any, in the scam. Interviews of company employees are often conducted to determine whether an employee was a witness, victim or should be the subject of an investigation. Background checks, or investigative due diligence, are often conducted to determine if there are other factors that might influence decisions made by employees. An investigation should include a review of a company's internal controls, especially those processes associated with executing wire transfers. Collaborating with counsel to address legal concerns involving employees, privilege issues or whistleblower matters is also prudent.

3. ANALYZE

Analyzing the following data points is key:

- Wire transfer activity and related accounting records
- Email messages and attachments
- Network files
- Mobile devices
- Computers and hard drives
- Phone records
- Network logs and/or traffic
- Internet research related to domain registration
- Policies and procedures related to disbursements

An investigation should also rule out possible malware or other malicious software that may have resulted in an unauthorized intrusion.

4. COMMUNICATE

Communication with the relevant board members is essential, including regular updates about the investigative approach and findings. While employees may be stressed throughout the course of an investigation, board members will be keen on finding answers—particularly about the internal controls environment and understanding the security measures surrounding their funds.

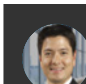
5. RECOVER

How much effort is warranted to recover funds lost in a fraudulent wire transfer? Fraudsters have become adept at disguising ownership of email addresses (domains) and bank accounts, especially those residing in foreign jurisdictions. An organization should determine if insurance coverage under fidelity bond or computer crime polices for this type of event may be a better option than recovery efforts. A report can also be filed with the Federal Bureau of Investigation to be considered among the growing number of reports filed each year by companies that are similarly defrauded.

6. REMEDIATE AND PREVENT

It is important to uncover what happened, determine who was involved, identify the potential for recovery and create a remediation plan to mitigate similar fraud events in the future. Successful remediation plans close gaps in the internal controls environment, employ monitoring tools to detect intrusion and include training and education programs.

Article adapted from the BDO Nonprofit Standard blog.



For more information, contact Jesse Daves, director, BDO Consulting Global Forensics practice, at jdaves@bdo.com.

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BDO 2016 NONPROFIT SUMMIT

This day-long seminar, presented in sponsorship with Arnold & Porter LLP and Wells Fargo, will highlight timely updates and provide key takeaways on crucial topics that directly impact the nonprofit industry.

Take advantage of this unique opportunity to network with your peers and hear from nonprofit industry leaders on some of the most thought-provoking topics facing them today, including how nonprofit CFOs should prepare for financial accounting and reporting changes, pitfalls to avoid as the presidential election nears and how to protect your organization from cybersecurity threats.

A detailed agenda and registration link will be available on www.bdo.com in the coming weeks.

SAVE THE DATE

JANUARY 22, 2016

The National Press Club
529 14th Street
Washington, D.C. 20045

8:00 AM to 8:30 AM
Registration

8:30 AM to 4:30 PM
Program

BDO PROFESSIONALS IN THE NEWS

BDO professionals are regularly asked to speak at various conferences due to their recognized experience in the industry. You can hear BDO professionals speak at these upcoming events:

JANUARY

Mike Sorrells will be presenting a session entitled "Nonprofit Tax Update" on Jan. 20 at the nonprofit committee meeting of the Virginia Society of CPAs in Alexandria, Va.

MARCH

Dick Larkin will be presenting a session entitled "Not-for-Profit Accounting Update" on March 17 at the Washington National Legal & Tax Conference in Washington, D.C.

Mike Sorrells and **Marc Berger** will be presenting a session entitled "Tax Exempt Bonds: Always a Hot Topic with the IRS," on March 18 at this conference as well.

OTHER ITEMS TO NOTE

Federal Audit Clearinghouse Reopens

Effective Nov. 25, 2015, the Federal Audit Clearinghouse (FAC) has reopened and is accepting single audit submissions. Upon entering the FAC website, all users will be prompted to update their passwords.

In addition, the FAC has further extended the single audit submission deadline to Feb. 1, 2016. The FAC had been closed for business since July 2015 due to a security incident and has been working to make security improvements and test the system. The Data Collection Form submission deadline has already been extended twice, but the FAC is now further extending the deadline.

The updated extension language, which can be accessed at harvester.census.gov/facweb/, reads as follows with regard to Data Collection Forms:

"Due dates between 7/22/2015 – 1/31/2016 are extended to 2/1/2016."

Although this additional extension has been provided, the U.S. Office of Management and Budget has stated that earlier submissions are encouraged whenever possible.

GASB "Pension Benefit Issues" Exposure Draft

The Governmental Accounting Standards Board (GASB) is expected to issue an exposure draft entitled "Pension Benefit Issues" in December 2015. This exposure draft will discuss revisions to certain provisions of the requirements in GASB Statement No. 67, "Financial Reporting For Pension Plans," and No. 68, "Accounting and Financial Reporting for Pensions," as a result of some issues raised by stakeholders.

Plans and employers should review this exposure draft once it is issued to determine the effects on the plan and employer accounting related to the pension plans.

Read more

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