



Maryanov Madsen Gordon & Campbell, CPAs

Coachella Valley's leading accounting authority for over 45 years

Non-Profit Organization Accounting Update

This year has seen some of the most sweeping changes in tax law and accounting regulations in decades. New legislation will impact nearly every facet of your organization. You will need to file more 1099's. You will need to have a strong understanding of the IRS Form 990 checklists. You may need to implement identity theft prevention guidelines or even have a financial statement audit. In this newsletter we will present a few key items to consider as you review where you stand with your accounting needs.

“HIRE” CREDITS: Does your organization cover a portion (or all) of employee health care costs? You may be entitled to a credit for 25% of those costs through the Small Business Health Care Credit. You may also be eligible to claim credits for newly hired employees. If you haven't looked into these credits already, now is the time.

IRS FORM 990 CHECKLISTS: Have you reviewed the checklists contained within the new Form 990 only to find out you don't know what the IRS is asking? Or have you noticed that when it comes to the governance questions you have marked “no” for some items? Well, it's time to review your answers, because the IRS does care. In the last few months, the IRS has added over 100 agents dedicated to examinations (audits). Cur-

rently the IRS is averaging 50 revocations of non-profit organizations (NPO's) PER MONTH. The IRS has indicated it will utilize the responses on the governance section of Form 990 as a starting point in evaluating which organizations it deems are most at risk for noncompliance. These organizations face increased scrutiny, and possibly even revocation of tax-exempt status.

PUBLIC ACCESS TO IRS FORM 990: Many organizations are unaware of what must be accessible to the general public. Generally all sections of the 990 must be made available to anyone who asks for it, however, organizations should take care to redact donor names on schedule B (the schedule that shows the organizations largest contributors) and the Schedule of Excess Contributors. This will not only provide anonymity for your donors, but will allow you to ensure other organizations cannot “fish” for your donors. This applies to copies maintained on-site as well as those copies available through websites like Guidestar.org or Foundationcenter.org.

We Provide the following services

Audits	Bookkeeping
Reviews	Compilations
Special Engagements	Tax Preparation
QuickBooks Training	Internal Control Reviews

Maryanov Madsen Gordon & Campbell, CPAs—Let us be your advisors

801 E Tahquitz Canyon Way, Suite 200, Palm Springs, California 92262
 Telephone: 760.320.6642 Fax: 760.327.6854
 Website: www.mmgccpa.com

Non-profit Organization Accounting Update

How to comply with new federal and state requirements



Steven T. Erickson, CPA (Partner)
Focus: Audit and Accounting services, leader of bookkeeping department



Lyle Pierceall, CPA (Partner)
Focus: Audit, Accounting, and Tax services

SALES/USE TAX REPORTING: Does your organization purchase goods or lease equipment from out of state? Even if you answer no, you may not be off the hook. California enacted a regulation mandating that any corporation (including non-profit organizations) with over \$100,000 in gross revenue not already filing returns with the Board of Equalization (BOE) will need to begin filing annual returns with the BOE, regardless of whether anything is due.

ENDOWMENT FUNDS: While you may know that endowment funds are usually long lasting donor investments in a charity, you may not understand the restrictions on spending those funds. There are currently two sets of rules: GAAP (accounting) and UPMIFA (state law). It is important you understand the implications of both techniques. Board members have a fiduciary duty to spend prudently, and there are certain rules that should be followed, such as establishing analytical guidelines for endowment spending, documenting donor intent, and determining when it is appropriate to spend from an “underwater” fund. There are also new rules in place that allow non-profit organizations with certain endowments over 20 years old with a value of less than \$100,000 to remove the restriction without court approval.

REMINDERS: NPO’s with revenue over \$2,000,000 must perform a financial statement audit. Also, directors and officers must review executive compensation. Failure to review pay that results in excess compensation can lead to personal liability for directors and revocation of tax exempt status for the organization.

We have been the Desert’s leading accounting authority for nearly half a century. Given the importance non-profit organizations have played in developing the Coachella Valley, MMGC long ago established itself as the premier firm for non-profit organizations. Whether you need help with bookkeeping, preparing the annual information returns, or an audit or review, we are the firm to turn to. Our staff has years of experience that is key to your organization’s financial wellbeing. If after reading through this newsletter you are left wondering how this impacts you, give us a call, *let us be your advisor.*

Maryanov Madsen Gordon & Campbell, CPAs—Let us be your advisors

801 E Tahquitz Canyon Way, Suite 200, Palm Springs, California 92262
 Telephone: 760.320.6642 Fax: 760.327.6854
 Website: www.mmgccpa.com