

Inside the Mind of Your CFO

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Agenda

- Broader NFP Trends
- NFP GAAP/Finance Distinctions
- CFO/General Counsel collaboration
 - Taxes
 - Litigation
 - Insurance
 - Contracts
 - Contributions
 - Board matters (minutes, resolutions, briefings)
- Final Thoughts

Broader Trends

- COVID/Economy
 - Inflation and interest rates
 - Capital markets
 - Expense Management
- Talent Management
 - “The Great Resignation”
 - Workplace Flexibility/Keeping remote talent engaged
- Digital Acceleration
 - Analytics
 - Migrating systems to the Cloud
 - Information Security and cyber insurance

NFP Distinctions

A word cloud centered around the word "contributions" in large, bold, blue font. Other words in various sizes and colors (blue, grey, green) are arranged around it, including "form 990", "grants", "reserves", "restricted", "conditional", "endowment", "in kind", "ubit", "crt's", "icr", and "dof".

contributions
form 990
grants
reserves
restricted
conditional
endowment
in kind
ubit
crt's
icr
dof

Resources

Google

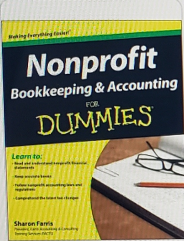
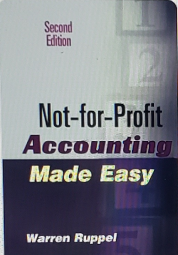
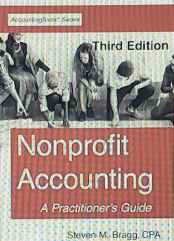
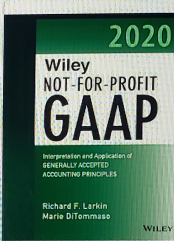
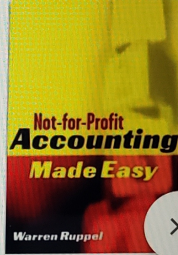
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Nonprofit Accounting: A Guide to Basics and Best Practices

In the rest of this article, we'll cover the **basics** and best practices that all **nonprofit** professionals should know about **accounting**.

Nonprofit Budget · Statement Of Financial... · Form 990

Taxes – Form 990 Reporting

- Form 990 reporting
 - Uncertain Tax Positions
 - FIN 48 (ASC 740)
 - The Financial Accounting Standards Board (FASB) has required taxpayers that prepare their financial statements according to GAAP rules to adhere to Accounting Standards Codification Topic 740, Income Taxes, Subtopic 740-10 — more commonly known as FIN 48. Under FIN 48, taxpayers must disclose in their financial statements information on uncertain tax positions (UTPs).
 - Reported on Part IV, Line 11f and Schedule D

Taxes – Form 990 Reporting

- Who owns Schedule O?
 - Multiple stakeholders: CFO, Legal, Communications, Board

SCHEDULE O (Form 990)	Supplemental Information to Form 990 or 990-EZ	OMB No. 1545-0047
Department of the Treasury Internal Revenue Service	Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information. ▶ Attach to Form 990 or Form 990-EZ. ▶ Go to www.irs.gov/Form990 for the latest information.	2021 Open to Public Inspection
Name of the organization	Employer identification number	
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Taxes – Form 990 Reporting

- Thinking about public disclosure
 - Narrative descriptions
 - Program service accomplishments
 - Schedule O
 - Schedule B – description of non-cash contributions
 - Schedule I – grantees and purpose

Taxes – Form 990 Reporting

- Thinking about compensation
 - Compensation amounts for directors, officers, key employees, highest compensated employees, and independent contractors reported on Part VII of the Form 990. Includes compensation from related organizations.

☐ Check the box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/ 1099-MISC/ 1099-NEC)	(E) Reportable compensation from related organizations (W-2/ 1099-MISC/ 1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) _____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
(2) _____	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

- Compensation also reported on Schedule J

Taxes – Compensation Issues

- Reasonable compensation and Form 990 reporting
 - Part VII and Schedule J of the Form 990
 - Announcement 2021-18
- Severance packages and section 4960
 - Can often overlap with potential litigation issues
 - W-2 versus 1099 income
- Employee benefits
 - Retirement plan issues
- Fringe benefits
 - Reimbursements/accountable plans

Don't miss the 4960 regulations and IRS Announcement 2021-18, which are in the materials.

Taxes – IRS Audits

- Who is taking the lead?
- Responding to Information Development Requests (IDRs)

Litigation

- Settlement authority
 - Involve the CFO
 - But don't forget CEO & Board
- Impacts of settlements
 - Taxes
 - Financial statements
- Audit Letters
 - [The Treaty](https://us.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/au-00337c.pdf)*
 - Practical tips

*<https://us.aicpa.org/content/dam/aicpa/research/standards/auditattest/downloadabledocuments/au-00337c.pdf>

Insurance



- The Broker Relationship
- Securing Insurance
- Using Insurance

Contracts

- Booking revenue from grants, etc.
- Common provisions
 - Payment terms
 - Indemnification
 - Insurance
 - Auto renewal
- Agreements that accompany alternative investments

Contributions

- Restricted Funds
 - Major donors
 - Institutional donors
 - Small donors
- Planned Giving
 - What's your process?
 - Booking the revenue
 - Visits from the auditors
- In-kind Contributions

Working With the Board

Final Thoughts