



NONPROFIT: ACCOUNTING AND TAX UPDATE

June 25, 2024



SPEAKERS

Moderator



Donella Wilson
Partner and Nonprofit Practice
Leader
GHJ

Panelist



Lizbeth Nevarez
Managing Director and
Nonprofit Tax Practice Leader
GHJ

Panelist



David Sutton
Partner
GHJ

Panelist



Janey Kuyath
Manager
GHJ

Panelist



Yulia Murzaeva
Principal
GHJ

AGENDA

TOPIC	SPEAKER
WELCOME	Donella Wilson , Nonprofit Practice Leader, GHJ (Moderator)
CYBERSECURITY AND TECHNOLOGY PANEL	David Sutton , Partner, GHJ Donella Wilson , Nonprofit Practice Leader, GHJ (Moderator)
ACCOUNTING AND AUDIT UPDATES	Janey Kuyath , Manager, GHJ Yulia Murzaeva , Principal, GHJ
TAX UPDATES	Lizbeth Nevarez , Nonprofit Tax Practice Leader, GHJ
PANEL DISCUSSION: REVENUE RECOGNITION	Janey Kuyath , Manager, GHJ Yulia Murzaeva , Principal, GHJ Lizbeth Nevarez , Nonprofit Tax Practice Leader, GHJ Donella Wilson , Nonprofit Practice Leader, GHJ (Moderator)
Q&A	Everyone



CYBERSECURITY AND TECHNOLOGY PANEL

DAVID SUTTON AND DONELLA WILSON



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ACCOUNTING AND AUDIT UPDATE

JANEY KUYATH AND YULIA MURZAEVA

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ASU 2016-13, FINANCIAL INSTRUMENTS – CREDIT LOSSES (CECL)

- Replaces current “incurred loss” methodology for recognizing credit losses with the requirement to estimate credit losses expected over the contractual life of a financial asset
- Requires consideration of certain forward-looking reasonable and supportable information to inform credit loss measurement
- Effective for fiscal years beginning after December 15, 2022 (December 31, 2023 and onward year-ends)

Challenges in implementation: resource constraints, standard complexity, data quality and availability

Applies to:

Financial instruments measured at amortized cost:

- exchange-based receivables
- loans and notes receivable
- cash equivalents
- programmatic loans

Does not Apply to:

- Contributions receivable
- receivables from government contracts accounted for under the contribution model
- investments and other instruments at fair value
- operating lease receivables
- loans and receivables between entities under common control

ASU 2023-08, ACCOUNTING FOR AND DISCLOSURE OF CRYPTO ASSETS



Replaces the cost less impairment model with measuring crypto assets at fair value



Effective for fiscal years beginning after December 15, 2024 (December 31, 2025 and onward year-ends), early adoption permitted.



Testing for impairment will no longer be required



Additional presentation and disclosure requirements



LESSONS LEARNED FROM IMPLEMENTING THE NEW LEASE STANDARD

Leases with related entities are treated the same way as those with third-party leases

Lease term determination

- Lease term equals:
 - (1) noncancellable term of the lease plus
 - (2) Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise it
 - (3) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise it
 - (4) Periods covered by an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the lessor

Tenant improvements and allowances

- If paid at or before lease commencement – lessee reduces the ROU asset
- If paid subsequent to lease commencement – lessee incorporates the incentive amount into the lease payment schedule

UNIFORM GUIDANCE CHANGES

Effective for awards issued on or after October 1, 2024. Changes to audit thresholds are effective for fiscal years beginning on or after October 1, 2024

Single audit threshold increased from \$750,000 to \$1,000,000

Type A threshold increased to \$1,000,000 as well

De minimis indirect cost is raised from 10% to up to 15%

Capitalization threshold for federally funded equipment increased from \$5,000 to \$10,000

Removed prior written approval for several cost items

Federal award recipients are now required to implement cybersecurity measures

Changes to certain definitions and terms



TAX UPDATE

LIZBETH NEVAREZ

GHJ&



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TAX UPDATES



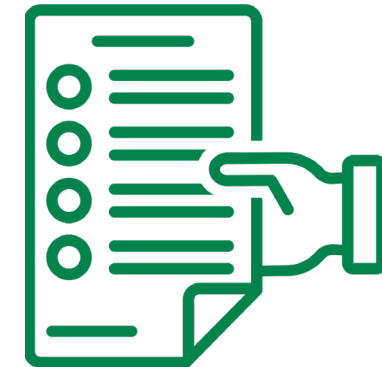
IRS Audit Trends

- Unrelated business income tax
- Excise tax
- Employment tax
- ERC



Energy Tax Credits

- Solar, EV, charging stations etc.
- Base credit of 30%
- Pre-filing registration
- Report on Form 990-T



Other Considerations

- AB 488 Online Contribution Solicitations
- Donor Advised Funds
- Charitable Acknowledgment Letters



ACCOUNTING AND TAX UPDATES PANEL

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SPEAKER BIOS

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JANEY KUYATH

MANAGER

Janey Kuyath, CPA, has more than 10 years of public accounting experience providing audit, accounting and internal controls consulting services to clients. She is a manager within GHJ's Nonprofit Practice. As part of her focus on nonprofit organizations, Yulia leads GHJ's Nonprofit and Single Audit Learning and Performance Programs.

Prior to joining GHJ in 2021, Janey worked at a Big Four and regional CPA firm in their Audit and Assurance Practices and served clients in nonprofit, government, healthcare, manufacturing, technology, research and development, real estate and employee benefit plan industries.

Janey is a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants (NCACPA), where she serves as a volunteer with their legislative advocacy group. Janey was selected for a three-year term on the NCACPA's prestigious Young Professionals Cabinet and also selected by the North Carolina Chamber of Commerce to be a part of their inaugural class of Emerging Leaders.

In addition, Janey serves on the Audit Committee of Food on Foot, a nonprofit that assists unhoused and low-income neighbors in Los Angeles with nutritious meals, clothing and a fresh start through life-skills training, full-time employment and permanent housing.

Janey graduated from North Carolina State University as a Park Scholar, where she received a Bachelor of Science in Accounting. She received a Masters of Science in Accountancy at Wake Forest University. Janey serves on North Carolina State University's Department of Accounting Advisory Board and is an active volunteer for the Park Scholarship Program.



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RELATED INDUSTRIES AND SERVICES

- Audit and Assurance
- Healthcare
- Nonprofits
- Private Foundations
- Social Services
- Single Audit



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LIZBETH NEVAREZ

MANAGING DIRECTOR

Lizbeth Nevarez, CPA, has more than 15 years of public accounting experience providing tax and consulting services and is GHJ's Nonprofit Tax Practice Leader. She is also Secretary for GHJ Foundation, GHJ's vehicle for purposeful and proactive giving to the community. Additionally, Lizbeth co-leads GHJ's Women's Empowerment Cohort, which is part of GHJ's DEIA initiative.

Lizbeth is a frequent guest speaker on nonprofit tax issues. She has completed the Riordan Leadership Institute's Board service program through the Los Angeles Junior Chamber of Commerce. The program's mission is to develop and cultivate business professionals for lifelong service in the nonprofit community. She has also taught courses on Form 900 basics and private foundations through CalCPA.

Lizbeth currently serves on the Board of Executive Service Corps (ESC), a leading nonprofit provider of high-impact, affordable management development services to other nonprofits in Southern California. She also serves on the Board of the Mexican American Opportunity Foundation, which supports the socio-economic betterment of the greater Latino community of California while preserving the pride, values and heritage of Mexican-American culture.

In 2019-2024, Lizbeth was recognized as "Most Influential Minority CPA" by the *Los Angeles Business Journal* for her contributions to the community and accounting industry. She was also a finalist for the *Los Angeles Business Journal's* 2024 Women's Leadership Awards for "Community Impact Advocate."

Lizbeth joined GHJ in 2008, after graduating California State University, Northridge where she received a Bachelor of Science degree in Accounting.

Lizbeth is a mother to two young boys and enjoys spending time with family and going on family trips in her free time.



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RELATED INDUSTRIES AND SERVICES

- Nonprofit Tax
- Nonprofits and Private Foundations
- Tax Compliance and Consulting



YULIA MURZAEVA

PRINCIPAL

Yulia Murzaeva, CPA, CIA, exclusively serves nonprofit organizations, and provides audit and consulting services to a wide range of clients with an emphasis on GHJ’s arts and culture, clinics and healthcare and social service sub-niches.

Yulia is the audit risk and compliance lead at the Firm and oversees the implementation of new accounting and auditing standards, as well as several other audit quality and efficiency initiatives.

In 2022, Yulia spent several months working at the AICPA Governmental Audit Quality Center where she concentrated on advocacy for the latest regulatory and audit quality issues and serving as AICPA’s subject matter expert on governmental and single audit accounting and auditing matters.

Yulia is passionate about opportunities for women and currently co-chairs GHJ’s Women’s Empowerment Cohort. In addition, she volunteers her time by being on the Audit Committee of the Chronicle of Philanthropy, the premier source of news, information, analysis, and opinion in the nonprofit world. In addition, Yulia serves on the Finance Committee of Coburn Place Safe Haven, an Indiana-based nonprofit providing housing and other assistance to victims of domestic abuse. In 2023, Yulia has been recognized by the *Los Angeles Business Journal* as Woman of Influence: Accounting.

Yulia graduated from Minnesota State University, Moorhead, where she received a Bachelor of Science degree in Accounting and has worked with GHJ since 2017.

Yulia is married and has two daughters. She enjoys spending time with family, reading and an occasional Zumba class.



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RELATED INDUSTRIES AND SERVICES

- Advisory Services
- Audit and Assurance
- Arts and Culture
- Clinics and Healthcare
- Education
- Health and Wellness
- Nonprofits
- Nonprofit Audits
- Private Foundations
- Single Audit
- Social Services



DAVID SUTTON

PARTNER

David Sutton is GHJ's Private Equity Practice Leader, serving clients across the US and ranging from small family offices to established multi-disciplinary funds. He has more than 15 years of experience across finance, restructuring and mergers and acquisitions. David's deal experience includes work with clients in the consumer products, distribution, food and beverage, manufacturing, technology and entertainment sectors. David leads transaction-related projects including Quality of Earnings, working capital analysis, forecasting and deal structuring. David also oversees all of GHJ's cyber security engagements.

Prior to joining GHJ in 2017, David provided performance improvement, restructuring and turnaround advice to companies and their stakeholders. David previously advised on transactions ranging from \$10 million to \$1 billion across industries including manufacturing, consumer products, food and beverage, transport and logistics, entertainment and media and others. David was previously an Aerospace Engineer with the U.K. Ministry of Defense.

David earned his master's in Electronic Engineering from the University of Leeds and studied at the University of California, Los Angeles. He is also a certified Fellow Chartered Accountant in the U.K. and a member of the Institute of Engineering and Technology and is currently pursuing his master's in Computer Science at Georgia Tech.

David is an avid Formula One fan, holds his private pilot license and plays a variety of musical instruments. David is married with two children and lives in Los Angeles' South Bay.



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RELATED INDUSTRIES AND SERVICES

- Consumer Products
- Cyber Security
- Entertainment
- M&A Advisory and Due Diligence
- Manufacturing and Distribution
- Real Estate
- Retail
- Technology



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DONELLA WILSON

PARTNER

Donella Wilson, CPA, leads GHJ's Nonprofit Practice and is also President and Chief Philanthropy Officer of GHJ Foundation, GHJ's vehicle for purposeful and proactive giving to the community.

A leader in both the nonprofit and accounting communities, Donella was named a finalist in the 2021 *Los Angeles Times's* "Inspirational Women in Business Awards" and *Los Angeles Business Journal's* "Nonprofit and Corporate Citizenship Awards" for her role as Chief Philanthropy Officer of GHJ Foundation. She was also recognized as a 2018 "Women Executive of the Year" and a 2017-2021 "Most Influential Women in Accounting" by the *Los Angeles Business Journal*. In 2018 she was also awarded the "Soroptimist Award" by Soroptimist International of Los Angeles. In 2017, Donella was also the recipient of a CalCPA "Women to Watch" Award, as well as the Trailblazer Award for her charitable activities. That year she was also honored as a Southern California Leadership Network (SCLN) "30-in-30," a year-long celebration honoring 30 outstanding SCLN alumni throughout 2017.

Committed to ending homelessness for women, Donella served on the Board of Directors of the Downtown Women's Center for 13 years. She is a member of Southern California Grantmakers Audit Committee as well as Southern California Grantmakers Corporate Leadership Council. She is also on the Board of Directors of Food Forward, a nonprofit organization committed to fighting hunger and food waste. Additionally, Donella is a member of the California Society of CPAs and the American Institute of Certified Public Accountants.

Donella obtained a Bachelor of Commerce degree from the University of Cape Town, South Africa and further obtained post-graduate diplomas in accounting and taxation.

Prior to joining GHJ in 2000, Donella worked as a qualified South African chartered accountant for an international accounting firm in Cape Town before relocating to England. In England, Donella worked in private industry, primarily for telecommunications and television companies, where she provided management accounting and special project services.

Donella enjoys volunteer work, travel and outdoor adventure, with reading and hiking being her favorite past-times.



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RELATED INDUSTRIES AND SERVICES

- Audit and Assurance
- Board Governance
- Nonprofit Practice Leader
- Private Foundations
- Public Charities





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