



NON PROFITGPS



HELPING TO KEEP YOU ON THE RIGHT ROAD

Measuring and Reporting Outcomes

In its ongoing effort to help auditors our national professional society, the AICPA, annually provides us with an “Audit Risk Alert”, which is a summary of key legislation and other matters currently impacting the nonprofit world. This helps us understand your environment and adjust our procedures accordingly.

One of the areas cited in 2016 was measuring effectiveness. The alert stated donors, regulators and rating agencies, as well as your annual federal reporting form (990, 990EZ), are requiring more performance reporting...and nonprofits are looking for new ways to present results. Charities are using fact sheets, third-party studies and visual illustrations of how programs are designed, monitored and evaluated.

In this day and age, you do need performance reporting. How can you do it well and efficiently so you don't take too much time? The United Way of America and our local United Way have been focused on outcome measures for many years. One useful resource can be found on the Strengthening Nonprofits website under *resource library*. Although guidance on measuring outcomes was developed years ago, it remains as a valuable resource to nonprofits.

Their training uses some United Way descriptions, including:

- **Outcome measurement:** The regular, systematic tracking of the extent to which program participants experienced benefits or changes that were intended, and
- **Outcome:** Think of it as “not how many worms the bird feeds its young, but how well the fledgling flies.”

As you plan your outcome measurement process you should consider:

- What you intend the impact to be
- What will it look like if/when you achieve the desired outcome
- What behaviors need to change to achieve that outcome
- What must people know or do so that behavior can change
- What training is necessary
- What resources are required to achieve desired outcomes

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Strengthening Nonprofits training provides sample logic models that describe:

- Inputs (time, money, equipment, and facilities)
- Activities (services, workshops, publications,)
- Outputs (clients, caregivers, and family that are reached)
- Initial outcomes (change in knowledge, skills, motivation, awareness and attitude)
- Intermediate outcomes (change in behavior, practices and procedures)
- Long-term outcomes (change in social, economic and political conditions and the environment)

There are personal and financial costs of focusing on outcome measurement, but the National Council of Nonprofits states "in an environment of increasingly limited resources, those nonprofits that can demonstrate they are truly making an impact will be the ones most likely to attract resources and talent, and therefore be the most sustainable".

Changes at the IRS

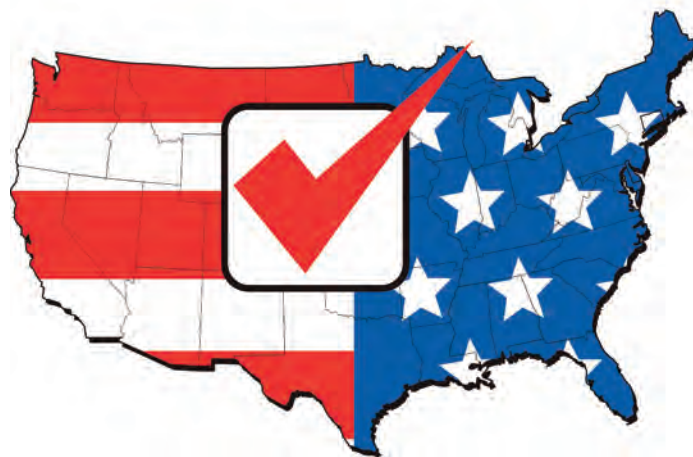
Two changes announced recently by the IRS are good news for nonprofits. The first is form 990 and 990 EZ extensions will be for six months (rather than three months) starting in 2017. The other good news is the fee for form 1023-EZ, the simplified application for exemption, has decreased from \$400 to \$275.

Another change won't be so welcome: the new, strict deadline of January 31st for forms 1099-MISC. In prior years, those forms could be submitted to the IRS months after year end, depending on how they were submitted.

Now, regardless of the submission process, they are due by January 31st. Some accounting systems (like QuickBooks) help you gather and summarize 1099 information throughout the year to make the process easy. You do have to set this up in your system and get necessary tax ID and address information from individuals or companies you are paying. Request that payees complete form W9 to provide you with this information.

Unlike forms 1099, form 1098-C (which is used to report gifts of cars, boats and airplanes) needs to be filed within 30 days of the gift; unless you are selling the item, in which case it is due within 30 days of the sale.

If you have bank or investment accounts outside the U.S. and need to file a Report of Foreign Bank and Financial Accounts, that form will have an initial due date of April 15, but can be extended.



Lobbying in an Election Year

There are federal rules about lobbying—and now there are also (Uniform Guidance) rules for charities that receive federal funding. Uniform Guidance section 200.450 addresses lobbying, including lobbying activities which are unallowable costs, such as attempting to influence a federal employee regarding a federal award on any basis other than the merits of the matter. Uniform Guidance also identifies costs that aren't specifically unallowable, such as nonpartisan analysis and research reports. If you have a federal indirect cost rate lobbying needs to be charged with indirect costs.

Advocacy is not lobbying, although it can include lobbying. Advocacy can be any of a variety of activities with the objective of bringing about systemic social change. It can advance your cause and increase your visibility.

Advocacy can also include communicating with your legislators or the general public about helpful legislation. If it does so without addressing specific legislation it is not lobbying.

Uniform Guidance and the IRS use similar definitions of what activities are allowable.

Charities that are exempt under IRS Code section 501(c)(3) have an option to register under a safe harbor which allows them to spend a certain percentage of their total expenditures on allowable lobbying each year.

Political Parties and Candidates:

Unlike lobbying, certain involvement with political candidates or political parties is strictly prohibited for charities and can lead to revocation of exempt status.

You can't use your organization's resources to support or oppose candidates for public office, or allow paid employees to work on behalf of a candidate or political organization while receiving compensation.

Campaigning AGAINST a candidate has the same effect as campaigning FOR one.

This prohibition also extends to contributions to candidates' campaigns, engaging in fund-raising, distributing statements and similar activities. You cannot use organization resources for a candidate's golf tournament or any other fundraising event, or allow a candidate or political organization to use your facilities or equipment.

Watchdog organizations monitor nonprofits, informing the IRS about violations of the rules prohibiting involvement in political campaigns.

Additional information about lobbying guidelines can be found at www.independentsector.org. Look at the policy and advocacy tab of their website. This can be a one-stop shop for rules and requirements as well as advocacy skills and information on how to contact your legislators.

Acknowledging Contributions: What to Say When You Get a Donation

Simply put, always say "Thank you". Earlier this year the IRS released an updated version of their publication 1771 "Charitable Contributions-Substantiation and Disclosure Requirements". This publication contains useful information about recordkeeping requirements and the flexibility with contribution acknowledgments.

The publication does confirm donors need to obtain a written acknowledgment for any single contribution of \$250 or more. Your acknowledgment should include your name, the amount of cash contributions, or a description of non-cash contributions (not the value), and a statement that no goods or services were provided in return for the contribution. If goods or services were given in return, include a good-faith estimate of the value of what was given in return.

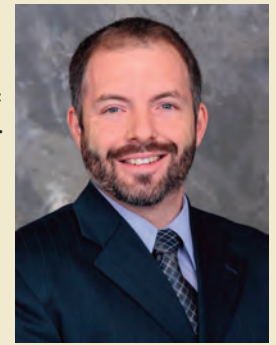
There are some exceptions to the requirement to list items given in return. For example, low cost items that have your name or logo, or items given which don't exceed the lower of 2% of the contribution or \$106, are considered insubstantial. Certain membership benefits such as discounts and admissions are excluded as well.

One of the most beneficial parts of the publication is examples of written acknowledgments. There is sample language for gifts when nothing is given in return, when something is given in return, and when non-cash contributions are received.



Dan O'Dea Sr., CPA, MBA is adding one more credential to his name: *Heveron & Company Partner.*

We're excited to introduce Dan O'Dea, who joined the firm in September 2004, and recently became a partner. Dan and his wife Diane have 3 sons and 2 daughters.



His primary services for us include planning, directing and reviewing audits, compliance audits, annual filings, and other services for nonprofit and affordable housing organizations.

Prior to joining Heveron & Company CPAs, Dan worked with IBM-Global in the accounts payable division, monitoring and reporting on controls, accuracy and efficiency of operations.

He earned a Bachelor of Science degree and a Masters of Business Administration in Accounting from SUNY Oswego.

Dan serves on the board of the Greece Little League, volunteered for the Special Olympics and served as a volunteer income tax preparer. He's also an avid league bowler with a 220 average and currently coaches Little League baseball two nights a week. Congratulations Dan!

Are You Listed on GuideStar?

One of the most frequently asked questions GuideStar fields is "How can I get my organization added to your database?" The answer is, there are different circumstances. For example, GuideStar won't list organizations without IRS approval even if approval has been applied for. GuideStar will list organizations once the IRS publishes them in the Business Master File, but that process takes months, so it is okay to send IRS approval information directly to GuideStar.

Some organizations that file a combined return won't get listed by the IRS, so they must contact GuideStar and provide necessary information. For example, religious organizations that have not applied for recognition of exempt status with the IRS which have their own employer identification number must provide status confirmation. Organizations that are part of a group ruling must provide a copy of IRS confirmation of their employer identification number and documentation that the organization is an official chapter or affiliate of the national organization. Guide Star even provides procedures for small nonprofits with a charitable fiscal sponsor to become registered.

You can contact GuideStar by email: outreach@guidestar.org, by fax at 757-229-8912 or by mail to: GuideStar, 4801 Courthouse St., Suite 220 Williamsburg, VA 23188.

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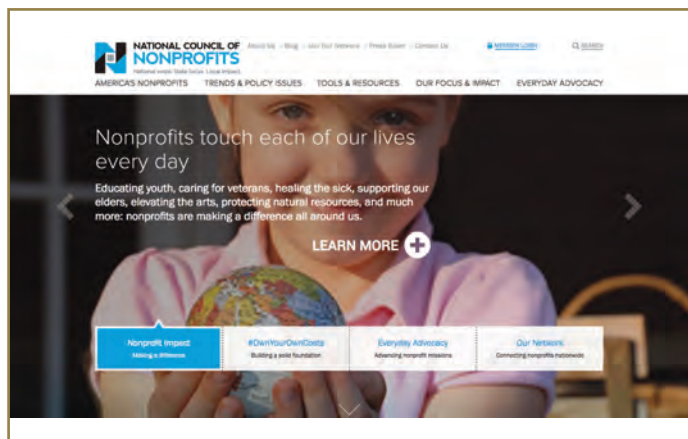
This month's WebStar Winner is: The National Council of Nonprofits

www.councilofnonprofits.org

The National Council of Nonprofits (a.k.a. Council of Nonprofits), describes itself as a trusted resource and advocate for charitable nonprofits that serves as a coordinator and mobilizer to help nonprofits achieve greater collective impact in local communities and across the country.

We selected this organization for the tools they provide and the resources they cite about outcome measurement. A sampling of their recommendations includes: the book "Leap of Reason", resources such as "charting impact" and "performwell.org"—which also has tools, including resources for identifying outcomes by service area.

They are an outstanding source of information. Be sure to spend a few moments on their site.



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