



NON PROFIT GPS

HELPING TO KEEP YOU ON THE RIGHT ROAD



Contribution Provisions of the CARES Act

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The CARES Act added a few provisions to encourage contributions to charitable organizations. These only apply to 2020 and include the following.

Individual Contributions

If you do not itemize, you can receive a personal deduction against income for up to a \$300 monetary contribution to charitable organizations. This does not apply to in-kind contributions. It also does not apply to contributions to non-operating private foundations, supporting organizations, or donor advised funds.

The regular contribution rules apply including the requirement to have written documentation for individual contributions of \$250 or more. Refer to IRS publication 1771.

Individuals have the ability to deduct 100% of their adjusted gross income in charitable contributions. Historically the limit was 50% and it was recently increased to 60%. Now, for a limited time only, it is increased to 100%.

Corporate Contributions

Before the CARES Act, corporate contributions were limited to 10% of pre-tax profits. Charitable contributions of food were limited to 15%.

For 2020 only, both of these limits have been increased to 25%. As in the past, excess contributions can be carried forward to future years.

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Improve Your Ability to Work Remotely

Microsoft Corporation, through techsoup.org, is offering charitable nonprofits ten free licenses for Microsoft 365 Business and \$5/month for additional users (compared to \$12.50 monthly for each license for the business world).

Microsoft 365 includes the collaboration tool Teams (a bit like Zoom, but more secure and with more sharing capabilities) and additional cloud and mobile applications.

This will allow you to compose, edit and share documents in the various Microsoft formats such as Word, Excel, and PowerPoint. Also, security updates are automatic, and employees' devices can be remotely updated.

This version of Microsoft allows up to 300 licenses. There are more expensive enterprise versions but this version will serve the majority of nonprofit organizations.

Each license allows a user to install Microsoft 365 Business on up to 5 devices, including PCs, Macs, tablets, and smartphones. The business version includes 1 TB (a lot) of file storage with Microsoft One Drive for Business. There are also social and video sites, a scheduling app, a customer manager, Mile IQ (a really neat business versus personal travel calculator) and invoicing.

Techsoup.org is also providing a "Microsoft Cloud Starter Kit" subscription for \$3 per user monthly. This includes setup of your Microsoft 365 with help from their consultants, training courses, and ongoing support including unlimited calls for support, help, and questions.

Proposed Revisions to Group Exemptions

The IRS recently issued a proposed Revenue Procedure that would update the process for group rulings, including the requirements for members of a group to obtain exempt status.

All nonprofit organizations requesting a group ruling would be required to have at least five subordinate organizations at the time they are applying for group exemption (that number could shrink to one without disqualifying the group). Also, central organizations could only have one active group exemption letter.



When we get back to normal, it won't be the normal we knew. Some changes will be permanent. This is the time to take advantage of technology and support that is available. For those of you who will continue working remotely, we recently posted suggestions about free collaboration tools to help you share information and documents and stay in contact with each other. If you didn't receive this and would like a copy, please send an email to mail@heveroncpa.com.

We also wanted to remind you about the importance of security when employees work remotely. Cyber-attacks are continuing to increase and ransomware intrusions have become much more common, so your staff members need security training and good security on the computers they use from home.

Iconic IT, our IT security providers (previously Capstone IT) recommend the following:

- Hold regular security training for your staff.
- Use company equipment rather than personal equipment if at all possible.
- Computers with any access to your office computers should have antivirus, a spam filter, a DNS filter (Internet domain site filtering), a Windows 10 or similar firewall, and a VPN.
- Files need to be stored in a central area. Iconic IT recommends the cloud.
- Make sure you have strong passwords or a password keeper, and don't use the same password for everything.

A central organization would need to be affiliated with the subordinates, and they would have to be under the central organization's general supervision or control.

The central organization and all of the subordinates would have to be the same type of nonprofit organization. For example, all charities or all business leagues.

All subordinate organizations would have to use a uniform governing instrument.

Non-charitable nonprofits would also be required to have the same NTEE code. Those are codes describing the general nature of the organization (such as business promotion, or real estate organizations). This requirement does not apply to charities.

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For charities, only those which are publicly supported would qualify for group exemption. Additionally, certain organizations would not qualify, including those organized in a foreign country, type III supporting organizations, nonprofit health insurance issuers, and organizations that have had their exemption automatically revoked.

We recently reported that IRS is no longer sending out notifications regarding annual group updates. Nonprofit organizations need to send their annual notifications with any updates to IRS at least 30 days before their fiscal year-end (currently the requirement is 90 days before).

A few years ago, the IRS indicated they were going to eliminate group rulings, but it didn't happen. These changes will likely put this into place. We'll keep you updated.

Governmental Audit Quality Center Update

We are members of the AICPA's Governmental Audit Quality Center (GAQC). GAQC provides a variety of resources including a recent annual update. Here are a few interesting points from that update:

- PPP loans are not subject to Uniform Guidance but EIDL loans are.
- The 2020 compliance supplement will be out shortly. It includes some new programs and continuing programs with significant changes. Part 6 of the new Compliance Supplement covers internal controls and now there is an appendix II with sample controls.
- GAQC presenters reiterated that some controls are entity wide controls (such as your system of information and communication) and therefore don't need to be documented program by program.
- The GAQC has a table summarizing all pertinent extensions of due dates. Please let us know if you have questions about the many due dates. Single audits are not included in the table, but extensions can be requested. Be sure to document your request.
- Finally, the presenters commented on conditional contributions. If it is unclear from the donor's wording whether a contribution is conditional, assume it is conditional.

Sales Tax for Charities

The New York State Department of Taxation publication 843 covers sales tax for nonprofit organizations, including charities. It provides guidance on registration, exempt purchases, and sales. The guidance for sales is below.

The following sales of tangible personal property and services, food and drink, admission charges, and hotel occupancy made by religious, charitable, educational, and other organizations are subject to sales tax:

- Retail sales of tangible personal property made by any shop or store operated by an exempt organization;
- Sales of food or drink in or by a restaurant, tavern, or other establishment operated by an exempt organization (except sales exempt under section 1105(d)(ii) of the Tax Law; see Certain sales by a restaurant, tavern or other establishment are tax exempt, on page 23);
- Sales of the service of providing parking, garaging or storing for motor vehicles (other than a garage which is part of the premises occupied solely as a private one or two-family dwelling);
- Certain admission charges;
- Leases or rentals of tangible personal property;
- Sales of certain utility services;
- Sales of services to real property;
- Sales of tangible personal property made by remote means, such as by telephone, mail order (including email), over the Internet, or by similar methods, provided the exempt organization makes such sales with a degree of regularity, frequency, and continuity; and
- Certain sales made at traditional and remote auctions.





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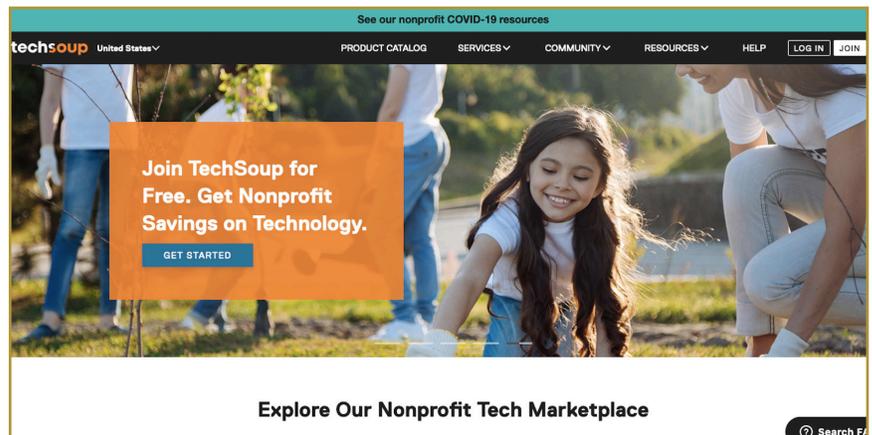
HEVERON & COMPANY
WEBSTAR

This Month's WebStar Winner Is:

Tech Soup,
TechSoup.org

We would like to tip our hat to techsoup.org for all of the technology resources and products they provide to nonprofit organizations; and for stepping up to provide accompanying implementation training.

As we all know, implementing new technology can be a confusing task so TechSoup helps out with affordable guidance. Thank you!



You can find their resources for nonprofit organizations during COVID-19 here: <https://page.techsoup.org/covid-19-resources>

Their mission clearly states their perspective on technology: *TechSoup's mission is to build a dynamic bridge that enables civil society organizations and social change agents around the world to gain effective access to the resources they need to design and implement technology solutions for a more equitable planet.*