



# NON PROFIT GPS



HELPING TO KEEP YOU ON THE RIGHT ROAD

## Pandemic-related Information for Nonprofits



There have been several recent articles about resources for nonprofit organizations affected by the pandemic. Here are a few highlights to keep in mind.

### Some of the key points include:

- If you received a PPP loan, your next objective is to apply for forgiveness. However, there are still several unanswered questions about forgiveness, so the current wisdom is to wait until later in the year to complete the forgiveness documents.
- The expansion of the forgiveness timeframe from 8 weeks to 24 weeks means many nonprofits will be able to receive full forgiveness with payroll only.

### There are resources to help understand, calculate, and document forgiveness:

- SBA and the Treasury provided questions and answers on PPP loans (<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>) and additional questions on PPP Loan forgiveness (<https://www.sba.gov/sites/default/files/2020-08/Final%20PPP%20FAQs%20%28August%2011%2C%202020%29-508.pdf>).
- The AICPA developed a forgiveness tool <https://www.pppforgivenessstool.com/>.
- SBA's questions and answers section about loan forgiveness reductions give examples of the impact of salary and hourly wage reductions on the amount that can be forgiven.

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# Pandemic-related Information for Nonprofits

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- Recent updates to the forgiveness questions describe how a lender will be able to confirm the amount of any EIDL loan advance (notice advances are not repayable but do offset PPP forgivable loans). Also, there is guidance for lenders on how to handle any remaining PPP loans that are not forgivable. These amounts generally get rolled into two-year or five-year loans.

## There have also been some other useful insights and recommendations based on the uncertainty created by the pandemic:

- For example, how do you report the PPP loan in your internal financial statements, or your year-end financial statements if you have a fiscal year-end? Assuming the forgiveness has not been approved, the options for reporting are to treat the amount as a loan or as a “conditional contribution.” Treating it as a conditional contribution means we expect it to be forgiven, but not all of the criteria for forgiveness have been met at the time of the financial statement. Therefore, the amount is recorded as a liability. Conditional contributions seems to be the preferred method.
- Expenses that are paid for with PPP funds cannot also be charged to grants. This means that if you have federal or other governmental reimbursement of expenses for your programs, you cannot claim reimbursement for payroll or other amounts paid for with PPP funds that are forgiven. This may add some accounting complexity.
- Another recommendation is to prepare budgets at different levels of activity based on the likely scenarios for your organization. For example, will you be open and operating, will you be operating virtually, or will there be a blend? Prepare budgets under each of these scenarios.
- There is also a suggestion to have a response prepared in case anyone questions why you took PPP funding. Some organizations were criticized for doing that and it seems wise to be prepared with an explanation.
- You may have heard of an issue that is raised when somebody lives in one state, and works for an organization in another state. They are generally

considered employees in the state in which they are working. What happens when they start working from home? New York says that they would still be New York workers, even if they operated from home outside New York.

Nonprofit and business workers talk about **meeting fatigue**, so thought leaders in this area confirm best practices include fewer meetings that are long, or large, or back-to-back.

- Microsoft Teams observed that with normal meetings there is always a little break between them. Virtual meetings should do the same. Best practices are to keep meetings short and small with breaks between meetings.
- There were actually more one-to-one meetings. They facilitate mentoring and improve efficiency because project objectives can be discussed and made clearer.
- There also needs to be a proper balance between work/ time flexibility, and the need to collaborate among team members.

## About the Protecting Nonprofits from Catastrophic Cash Flow Strain Act:

- This legislation was signed into law in August. It clarifies that self-funding or self-insuring unemployment by nonprofit organizations does not mean they must reimburse their state for 100% and then wait for reimbursement for 50% (which will be paid by the federal government under the CARES Act).



## NY “Stop Hacks and Improve Electronic Data Security” SHIELD Law; a Brief Overview

This law, which became effective March 2020, imposes penalties when organizations fail to notify affected parties of a breach.

The law defines breach as “unauthorized access” and also defines private information to include Social Security, credit card, and drivers’ license numbers, as well as bank account and other financial account information.

There is an exception for when information is inadvertently disclosed, for example to the wrong employee. You need to document that the disclosure is not likely to result in misuse and maintain that documentation for five years.

Penalties, payable to the Attorney General, doubled under this law to \$20 per failed notification of a breach, with a maximum of \$250,000.

### Minimize the possibility of a breach with the following:

- Train employees on data security;
- Create policies and procedures to destroy private information promptly after it is no longer necessary, and
- Obtain an understanding with any vendors that have access to private information about their security procedures.

## Updates to Uniform Guidance Issued

Updates to Uniform Guidance were published August 13 and are effective November 12, 2020. However, some limited exceptions are effective immediately.

One important area is Section G, for those with procurement policies, which confirms increased thresholds. Micro purchases are increased to \$10,000 and the simplified acquisition threshold now includes purchases between \$10,000 and \$250,000. You must comply with your own policy, so if your policy reflects prior lower thresholds, you will need to follow them.

Another important change is the availability of the 10% de minimus indirect cost rate. Previously it was not available if you had an approved indirect cost rate. Now it is available to all organizations that do not have a current approved indirect or provisional cost rate.

**Observation:** Although the 10% de minimus rate is easier to adopt, it is not applied to all of your direct costs. You may not be reimbursed for all of your indirect costs and several definitions are updated such as period of performance. There are revisions to pass-through entity requirements as well. Contact us with questions.

## Best Practices for Remote Work

### Risks Associated with Remote Work

- Cyber criminals are highly paid, full-time, IT experts that work long hours to steal money from each of us.
- COVID-19 has slowed many of us down, but cyber attacks are up—so be aware.
- When our offices moved to our homes, some of the security we had with the office no longer exists.
- Your office may have been monitored by a professional IT company. Is your home computer monitored in the same way?

### Best Practices for Home Office Security

- If possible, use company equipment that has antivirus, a spam filter, a DNS filter (Internet Domain Site Filtering), and a Windows 10 firewall.
- Do not share your work computer with family members or others.
- Require operating system and security applications to be updated automatically.
- Set your computers to automatically lock in five minutes or less when not in use.
- Require multifactor authentication to login to company data.
- Consider having emails scanned automatically to reduce the possibility of malware.
- Use a virtual personal network (VPN) to improve security and privacy.
- Employees should receive training in security practices for home based workers.
- Files should be stored in a central area. Cloud storage adds an additional layer of protection.
- Use strong passwords or a password keeper (like keypass or lastpass), and don’t use the same password for everything.

### Best Practices for Home Office Efficiency

- Consider implementing Microsoft 365, starting with Teams. Discounted pricing and training are available from [techsoup.org](https://techsoup.org)
- Collaborate with coworkers regularly with zoom, teams, or another platform.
- Consider brief start of day planning meetings, team member meetings, and one on one mentoring/client meetings as required



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This Month's WebStar Winner Is:

**Nonprofit Technology  
Education Network, NTEN,**  
nten.org

The Nonprofit Technology Education Network, NTEN, provides training and resources for nonprofit IT professionals, including workshops and coaching for major projects. Their objective is to elevate the skill of these individuals and advance the use of technology by nonprofits.

They have a newsletter called *Connect* and online guides on topics such as cybersecurity for nonprofits, and cloud computing for nonprofits. Their 990 states that their nonprofit technology conference is attended by approximately 2,000 people.