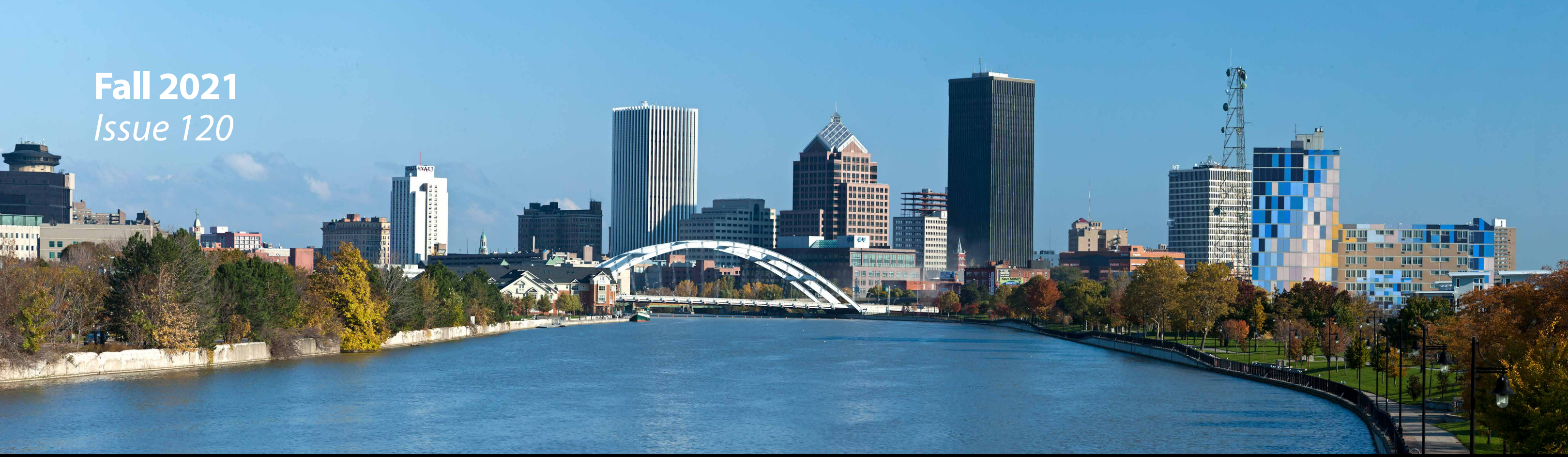
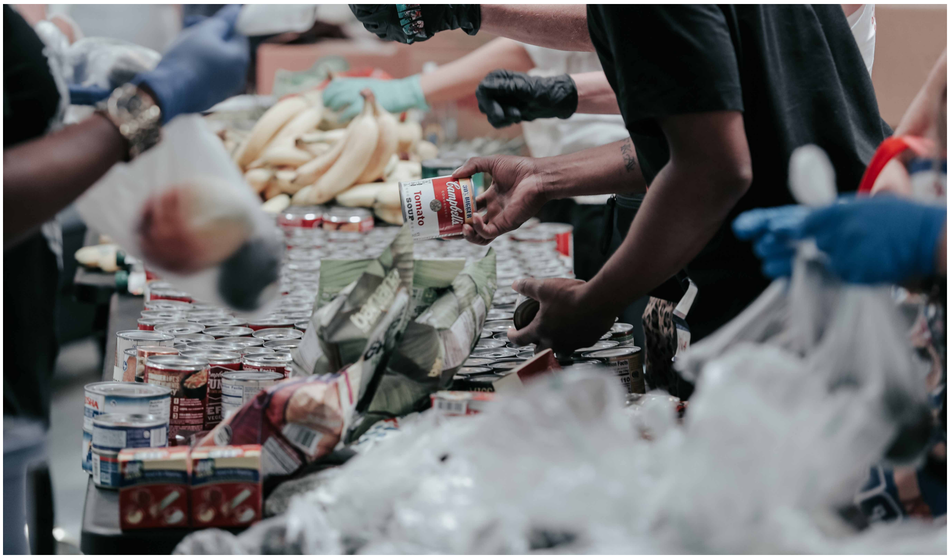
**Fall 2021**
*Issue 120*



# NON PROFIT GPS

HELPING TO KEEP YOU ON THE RIGHT ROAD

## Audit Threshold Change for New York Charities



One of the provisions of the 2013 New York State Nonprofit Revitalization Act becomes effective this year. The law states that organizations, with fiscal years ending on or after June 30, 2022, and total revenues greater than $1 million, will be required to submit audited financial statements with their New York State annual filing.

Charities with total revenues between $250,000 and $1 million will be required to submit a review report.

### Dashboard Reports

The National Council of Nonprofits has a section on its website called the "dashboards for nonprofits" with a variety of resources and examples, including dashboard tools.

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**INSIDE THIS ISSUE:**



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What is the benefit of a nonprofit dashboard? First, it puts the occupational therapist on an equal footing with the banker when it comes to understanding key financial metrics of the organization. A well-crafted dashboard uses graphs, charts, comparisons, and other techniques to make key financial and other indicators clearly visible.

It also saves time for all directors by allowing them to quickly focus on the most meaningful metrics.

By using comparative information it is easy to see trends and progress towards goals, not just financial goals, but also service, user satisfaction, and even governance goals. Board members have greater confidence and ask better questions when they understand the organization.

Let's say you have specific goals, but don't know what to track to see if you are progressing towards them. CompassPoint's library of sample dashboard indicators—five pages with scores of criteria to measure can be helpful. This resource can also be found on the National Council of Nonprofits resource page mentioned above.

Another one of their resources is called "Show Me Your Nonprofit Dashboard" and it has several great examples categorized by the types of things you may want to measure.

Before starting, you have to identify what to report. That requires thought and input from staff, board members, and possibly from outsiders as well.

Once you select objectives, you need to identify your key performance indicators. For example, cash flow for the most recent month, the prior month, and in the same month a year ago would provide insightful information about cash balance trends; or listing first-time donors or grantors could help you track progress in expanding sources of support.

Focus on what you are trying to accomplish. Improving your cash flow, expanding your sources of support, expanding your client services, or improving your operating efficiency might all be important objectives to track.

The dashboard report should also be concise, with one or two pages maximum. You should set a time to reevaluate your key performance indicators to make sure they are the right ones.

Some organizations add emphasis by coloring results green, yellow, or red to indicate a sense of concern.

A well designed dashboard will show trends and progress (or lack of it) toward your important goals.

## Highlights of Laws and Regulations for Charities

We have previously acknowledged Independent Sector, a coalition of nonprofits, foundations and corporate giving programs, for the valuable resources on their website; and we just found a new resource they provide: *State Laws for Charitable Organizations*.

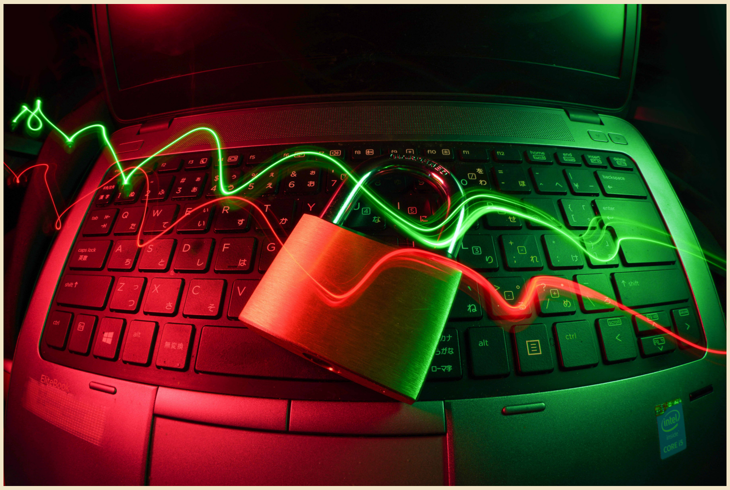
If you are based in New York, look at the New York version. It has a very concise overview about the governing law for corporations and associations, and information about officers, directors, and their meetings. One section talks about duties and indemnification for directors, and another section makes reference to charitable solicitation requirements and whistle-blower protection. The last section highlights tax exemptions.

This is a quick, easy read with very useful information. If you are curious about another state's requirements, find highlights for that state on the website *https://independentsector.org/resource/statelaws/* or type "independent sector state laws for charitable organizations" into your web browser.

### Brief Updates

- CFDA (Catalog of Federal Domestic Assistance) numbers quietly disappeared and were replaced with Assistance Living Numbers.
- Let your search engine track down "Why Unrestricted Funds Matter"—a great article on the benefits of unrestricted funds.
- Update your "responsible person" information with IRS if their database does not have current contact information. The solution is simple, go to *IRS.gov* and complete form *8822-B Change of Address or Responsible Party*. For more information see *IR-2021-161*, 7/30, 2021.
- The New York Attorney General's Charities Bureau has suspended collection of donor information on schedule B of form 990 and 990 EZ. Annual filings with New York will no longer require information identifying donors.

## Defending Against Cyber Crime



Cybersecurity continues to be a hot topic. CNN recently reported that, in 2020, ransom payments were up more than 400% over the prior year.

The news report shared insights, as well as cautions, for organizations that may become victims of cyber crime to keep in mind.

If you are victim of a cyber attack, there is probably someone with extensive IT training, state-of-the-art "burglary tools", and a very strong commitment to making money from you. Without professionals on your side, it's not a fair fight!

An outside monitoring company can provide guidance to reduce the likelihood of a successful cyber attack, and also to educate you and your staff about what to do and what to avoid.

For example, consider all of the free resources from firms like www.iconicit.com.

Cyber insurance is also becoming very common and provides more than just insurance. You have access to a team of IT/cyber security specialists, attorneys, and negotiators who can deal with the cyber criminals to reduce payouts and help you regain access to your data. Although, CNN points out that information about these policies is accessible to cyber criminals so they know your coverage and what your limits are. This could lead to demands for more money.

They report negotiations usually happen quickly, using chat tools. In addition to threatening you with loss of access to your important data, criminals will often threaten to publish confidential information.

CNN recommends keeping software up-to-date, using multi-factor authentication, firewalls, and monitoring your network to catch unauthorized Internet traffic.

The National Council on Nonprofits reiterates this risk of cyber attacks and makes regular recommendations. Recent ideas included limiting employee access to important information, based on what they need to do their jobs. This can reduce the amount of data accessed if there is a breach and improve efficiency, because when there are fewer options to navigate, it is easier for people to do their jobs.

They also point out that your website needs ongoing updates to be secure. Websites are built on Content Management Systems, and they typically have additional plug-ins or modules to provide additional functionality. You (or your webmaster) need to make security updates required by these systems. You can, and should, receive notification whenever new updates are released.

How do the banks stay safe? What are their secrets? In a recent *Rochester Business Journal* article, several local bank security specialists weighed in with their strategies. Their key points are the things discussed here, like software updates, strong passwords, two-factor authentication, and educating their staff and customers about cyber security, especially helping them recognize phishing attempts.

They enhance these basic strategies with encryption, regular phishing tests for their employees, and behavior analytics. This includes items such as requiring additional verification when a new device accesses a customer's account. They also look for unusual scenarios, like logging into an account from New York in the morning, and from California later on that same morning.

## Update on the Employee Retention Tax Credit

*Our summer newsletter discussed the Employee Retention Tax Credit.*

The American Rescue Plan Act of 2021 included changes to this credit for the third and fourth quarters of 2021, and recently IRS' notice 2021-49 provided additional information about these changes. (CAUTION: The economic stimulus package may eliminate this credit for the fourth quarter of 2021.)

This credit, which can total $7,000 per employee per quarter (70% of up to $10,000 in wages per employee), can be claimed by businesses and nonprofits that experience a 20% or greater revenue decrease between corresponding quarters in 2019-2021. Revenue Procedure 2021-33 clarifies that PPP loan forgiveness can be excluded from the calculation of gross receipts. Shuttered Venue Operators Grants and Restaurant Revitalization Grants are also excluded in determining whether there was a gross receipts reduction.

Wages claimed for PPP forgiveness do not also qualify for this credit.

Employers with under 500 employees can amend their 941 forms or file form 7200 to claim a refund. *https://www.irs.gov/pub/irs-pdf/f7200.pdf*

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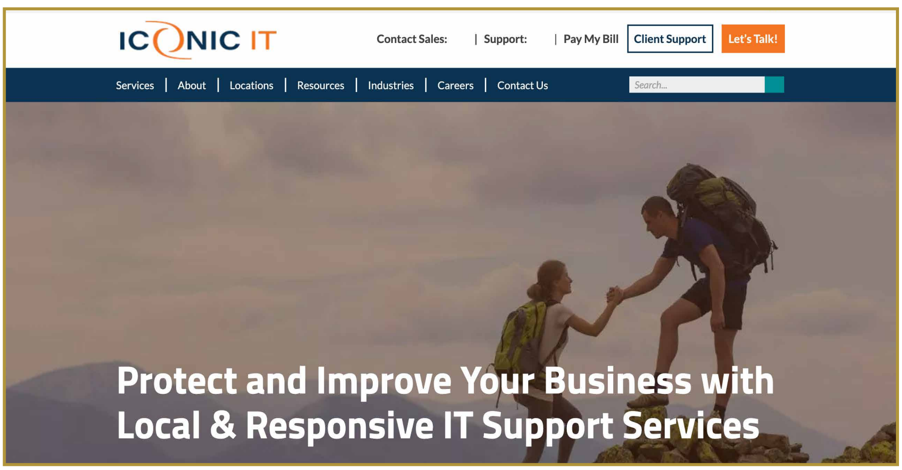


## This Month's WebStar Winner Is:

**ICONIC IT,**
an award-winning Managed IT Service Provider

**www.iconicit.com** is a commercial IT support organization operating in several states.

We are acknowledging them because of all their free, on-demand webinars about cybersecurity and other subjects, including these favorites: *Critical Risks Nonprofits Are Facing in 2021* and *Tips to Mitigate*. Also, their blog with topics like *Data Breach Prevention* and *Why Do Hackers Target Nonprofits?* is a terrific resource.

*(Full disclosure; they provide our IT support.)*

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**WEBSTAR**