

# 2024 Not-for-Profit Industry Breakfast Seminar

April 25, 2024



# Latest Tax Developments for Not-for-Profits

April 25, 2024

Chris Pekula, Director, Tax Strategies, Not-for-Profit  
Tax Specialist, Kreischer Miller



# Employee Retention Credit Update

- **Important Dates**
  - **September 14, 2023**
    - IRS pauses process of new claims due to fraud concerns
  - **December 31, 2023**
    - Voluntary Disclosure Program:
      - IRS will allow organizations to give back 80% to avoid examination, penalties and accruing interest
  - **January 10, 2024**
    - IRS Commissioner announces conversion of return to digital to analysis
    - As of December 9, 2023, there are 1,057,000 unprocessed 941-X filings
- **Tax Relief for American Families and Workers Act of 2024**
  - Would set a hard date of January 1, 2024 for filing refund claims
  - As of February 14, 2024, Senate has not passed the bill

# Woke Endowment Security Tax Act of 2023 (WEST ACT)

- **December 12, 2023: Introduced by Tom Cotton (R-AR)**
  - Impose a one-time excise tax on “*Specified Applicable Educational Institutions*” (Approx. 10)
    - 6% of Aggregate FMV of EOY Assets
  - *Specified Applicable Educational Institution (defined):*
    - any non-religious educational institution that has at least \$12.2 billion in its endowment at the end of the preceding taxable year, and
    - any non-religious educational institution that has at least \$9 billion in its endowment and that operates a college on behalf of a State

# Political vs. Lobbying Activities (501C3 Org.)

- **Lobbying Activities**

- Definition:

*All activities intended to influence foreign, national, state, or local **legislation**. Such activities include direct lobbying (attempting to influence the legislators) and grassroots lobbying (attempting to influence legislation by influencing the general public).*

- How much can an organization do?

- Subjective Test: “No Substantial Part”
    - Objective Test: 501h Election

- Specific lobbying limits on total lobbying activities and grassroots lobbying activities

# Political vs. Lobbying Activities (501C3 Org.)

- **Political Activities**

- Definition:

*All activities that support or oppose candidates for elective federal, state, or local public office. It doesn't matter whether the candidate is elected. A candidate is one who offers himself or herself or is proposed by others for public office. Political campaign activity doesn't include any activity to encourage participation in the electoral process, such as voter registration or voter education, provided that the activity doesn't directly or indirectly support or oppose any candidate.*

- How much can an organization do?

- **NONE**

# 2024 IRS Program Letter (AKA Work Plan)

- *Written By:*
  - Edward Killen (TE/GE Commissioner)
  - Robert Choi: (TE/GE Deputy Commissioner)
- Outlines the goals of the IRS TE/GE group for 2024
  - “Bring about compliance that is more holistic, smarter, broader and stronger”
  - Service wide lens that supports “IRS Strategic Operating Plan”

# 2024 IRS Program Letter (AKA Work Plan)

- *Underreporting Examinations:*
  - Large Corporations, Partnerships
  - High Income and High Wealth Individuals
  - Employment Tax
  - Exempt Organizations
  - Estate and Gift Tax
  - Excise Tax
  - Clean Energy Initiatives, Efficient Home Energy, Clean Motor Vehicles



# 2024 IRS Program Letter (AKA Work Plan)

- **Priorities:**
  - *Better Taxpayer Experience*
    - *Dramatically improve services to help taxpayers meet their obligations and receive tax incentives for which they are eligible*
  - *Faster Issue Resolution*
    - *Quickly resolve taxpayer issues when they arise*

# 2024 IRS Program Letter (AKA Work Plan)

- **Priorities:**
  - *Smarter Enforcement*
    - *Expanded enforcement on taxpayers with complex tax filings and high-dollar noncompliance*
  - *Advanced Technology & Analytics*
    - *Deliver cutting-edge technology, data and analytics to operate more*
  - *Empowered Employees*
    - *Attract, retain, and empower a highly skilled, diverse workplace and develop a culture that delivers results for taxpayers*

# Contact the Presenter



## **Christopher M. Pekula, CPA**

DIRECTOR, TAX STRATEGIES, NOT-FOR-PROFIT TAX SPECIALIST,  
KREISCHER MILLER

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Chris is a Director in Kreischer Miller's Tax Strategies group and leads the firm's tax-exempt organization tax practice. Over the past 20 years, he has developed expertise in planning, organizing, administering, and supervising complex tax planning and compliance for various tax-exempt organizations. Chris oversees the tax preparation and technical accuracy of the tax positions taken by his tax-exempt organization clients. His client experience includes foundations, hospitals, museums, social, community development, social service organizations, cultural organizations, membership organizations, and various other charitable organizations.

# State Charitable Registration

What Not-for-Profits (and their CPAs) Need to Know

**HARBOR**  
COMPLIANCE®



**LABYRINTH, INC.**  
Nonprofit Compliance Experts

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# Agenda

- What Is State Charitable Registration?
- Where Should a Nonprofit Register?
- Why Should an Organization Register?
- What Should CPAs and Tax Professionals Know?
- Regulatory Trends and Updates for 2024
- How We Help

# What Is State Charitable Registration?

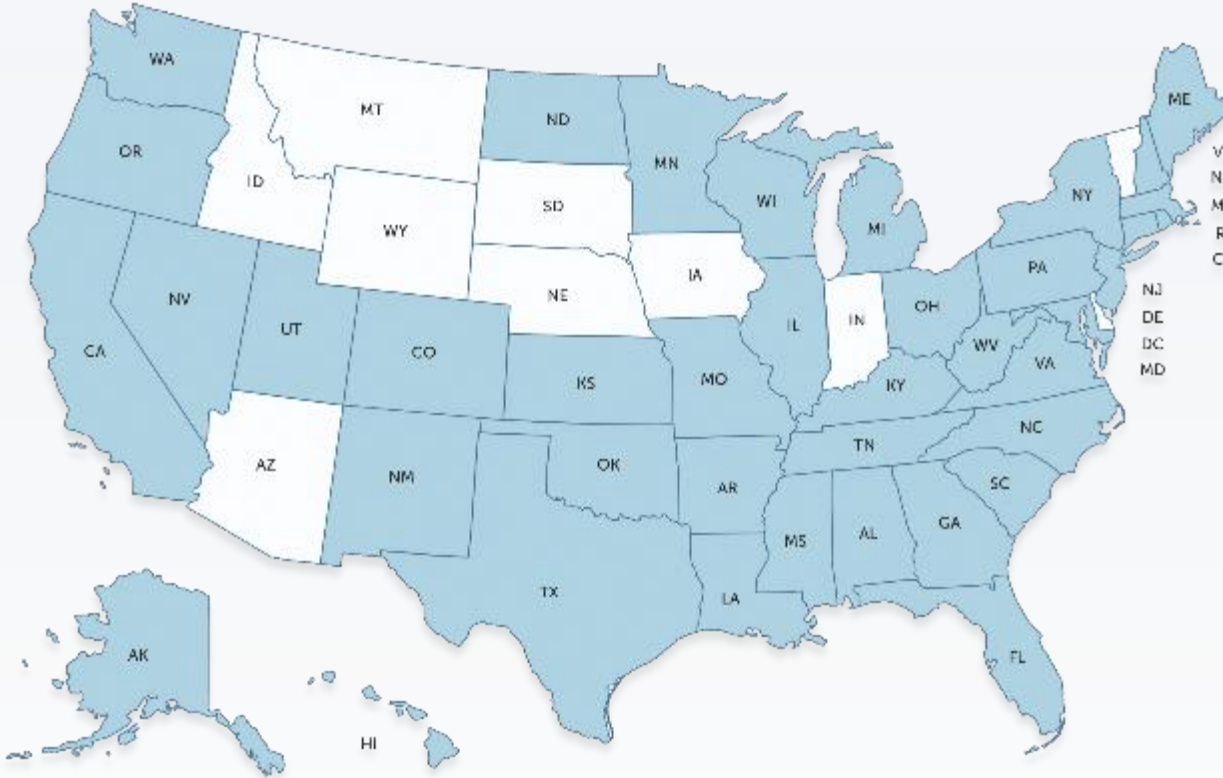
Charitable solicitation is primarily regulated at the state level. Generally, nonprofits must register with the charity official of up to 41 states before they solicit donations.



- This process is called **state charitable registration**.
- Additional registration and reporting requirements apply for nonprofits who use **commercial coventures** (aka do cause marketing), **fundraising counsel**, and **professional solicitors**.

# Where Should a Nonprofit Register to Solicit?

There are 41 states that require nonprofits to register prior to soliciting donations from their residents. States define solicitation broadly.



- Direct mail
- Fundraising by phone
- Website donate buttons and links
- Support options on social media pages
- In-person, hybrid and virtual events
- Donor meetings
- Applying for grants
- Collecting membership dues
- Crowdfunding
- Using fundraisers or engaging in coventures

Simply put, if an organization raises funds using any of these methods, consider registering to be compliant.

Note: Educational, healthcare, and religious institutions may still face broad registration requirements. It is a misconception that they are exempt in all states.

# Where Should a Nonprofit Register to Solicit?

There are two options for compliant fundraising:

## OPTION 1 - Register nationwide

- + Raise funds nationwide by any method without risk or restriction
- + Avoid potential fines and penalties
- + Mitigate potential risk of bad PR
- + Solicit new fundraising markets
- + Be listed on state websites where potential donors search before donating
- + Distinguish yourself as a best practice organization

## OPTION 2 - Register in some states, and forgo donations in all others

- + Less expensive option - most common for budgets below \$250k
- + Good for organizations that don't solicit online
- Means foregoing all donations in states where you don't register

## Which option is best?

Only you can decide what is best for your organization, but consider the value of being able to fundraise by any method in any state without risk or restriction.



# Why Should an Organization Register?

- First, registration is the law of the land.
- Beyond that, registration generally:
  - Enables the organization to solicit by any lawful means in that state.
  - Is good for the public:
    - Donors can readily research the groups asking for their support.
    - Legitimate organizations willingly register and foster a sector of transparency.
  - Is good for the nonprofit:
    - Board members uphold their duty of obedience to the organization.
    - Organizations show prospective donors that they follow requirements and are trustworthy.
  - Avoids adverse consequences. Failure to register can result in:
    - Penalties and fines.
    - Enforcement action including revocation of the right to solicit.
    - Reputational damage.

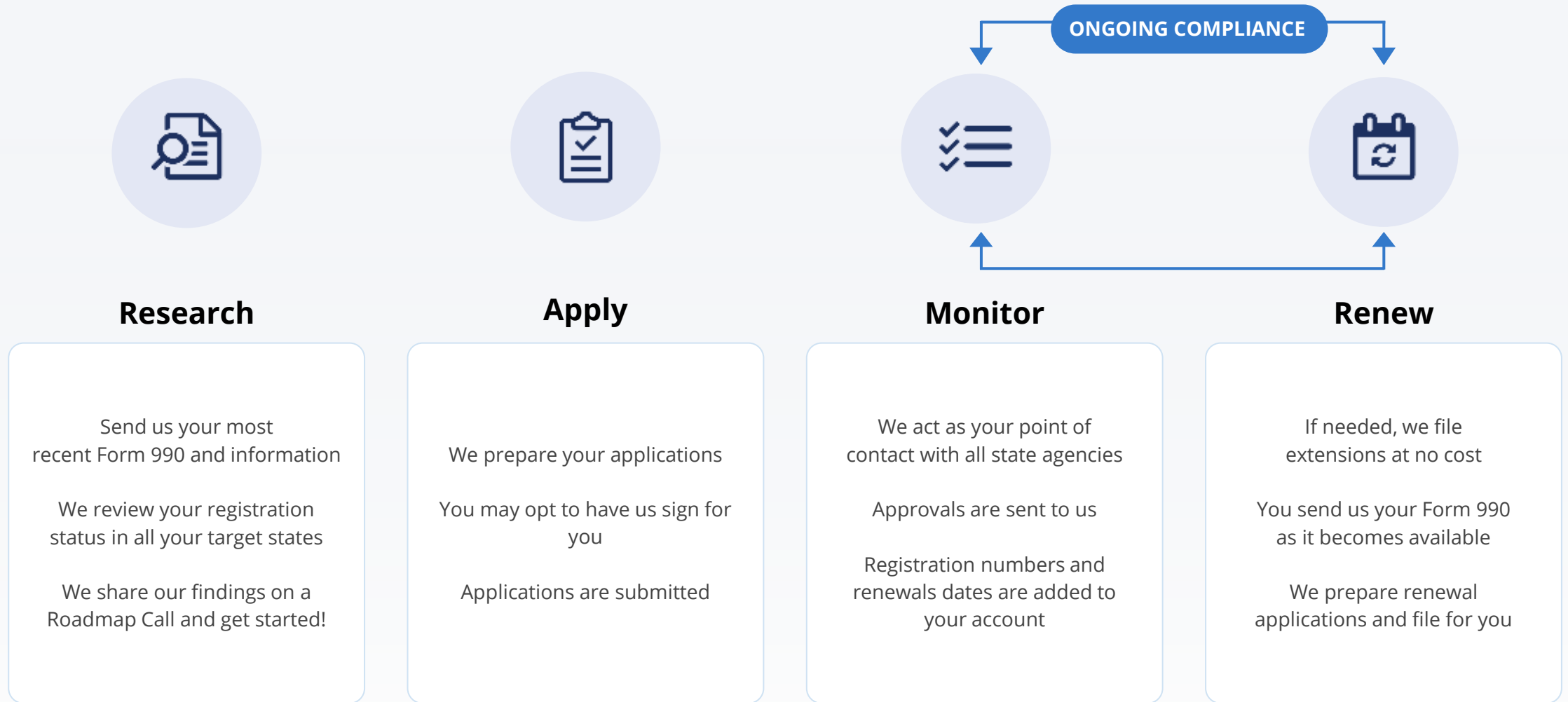
# What Should CPAs and Tax Professionals Know?

- Registration happens independently with each state.
- Registration and annual renewal happen successfully upon completion of Form 990 and applicable financial statements.
- State renewal deadlines typically fall on or in relation to the IRS Form 990 deadline.
  - Tax preparers should urge multistate clients to complete their 990 early.
- Audited and reviewed statements present a particular challenge.
  - Each state has different revenue thresholds for when an audit is needed.
  - States will generally not accept registration without the proper statements.
  - Auditors should understand how multistate requirements for an audit impact their client; not just requirements in the home state.

# Regulatory Trends and Updates for 2024

- State registration processes moving online
  - Theoretically easier but more time consuming for the preparer
  - Agencies have better data on registering (and non-compliant) organizations
- New requirements for charities raising money on crowdfunding platforms (e.g., Meta, GoFundMe)
  - Registration for charity + the platform (e.g. California)
  - Additional consent and disclosure requirements
- Increases in state thresholds for audited financial statements
  - Generally, the minimum threshold has gone up but not away

# One Charity Registration Process



Labyrinth Inc., now part of Harbor Compliance, provides services and software to help nonprofits manage compliance, including nationwide charitable registration and reporting.



Harbor Compliance and Labyrinth, Inc are not accounting or legal firms and do not provide tax, financial, or legal advice.

# Contact Us

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# IT Readiness – How Do You Stack Up?

*Sharing the Results from Our 2024  
IT Readiness Survey*

April 25, 2024

Sassan Hejazi, Director-in-Charge, Technology Solutions,  
Kreischer Miller



# IT Readiness Survey Background

- Given the importance of IT systems and capabilities for success, Kreischer Miller conducted a regional executive survey to assist clients with benchmarking their IT Planning efforts.
- Strategic drivers to get IT right in not-for-profits:
  - Recent events
    - Changes in work culture
  - Funding realities
    - Every dollar counts!
  - People factors
    - Help wanted!
  - Cyber concerns
    - Increased risks



# Economic Outlook & Sentiment

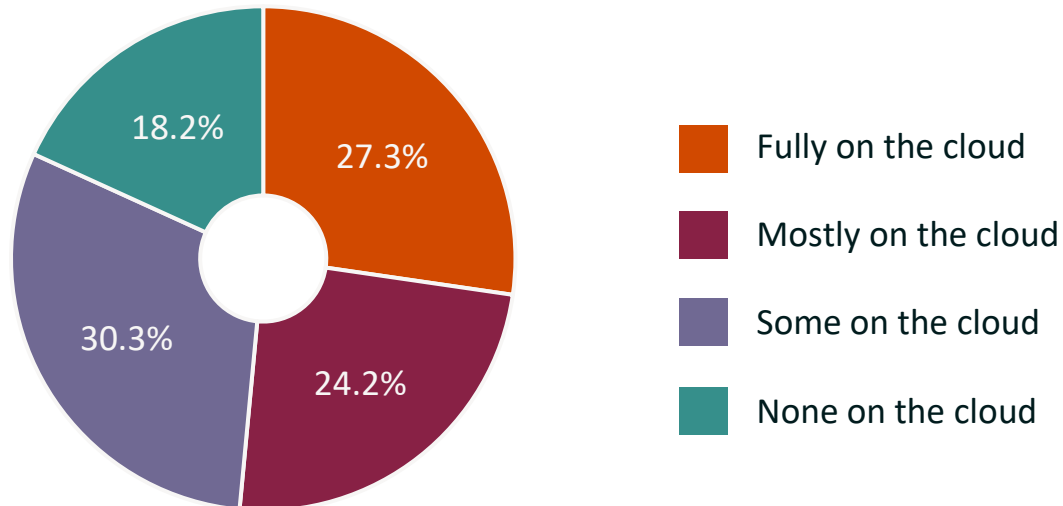
Respondents have generally expressed the following cautiously optimistic sentiments regarding their economic outlook:

- Expect moderate to same level of hiring as 2023
- Expect moderate level of new initiatives, not planning any major expansions
- Expect moderate levels of new market entries, also anticipate some level of industry changes
- Believe they are somewhat ready for what's to come



# Cloud Adoption

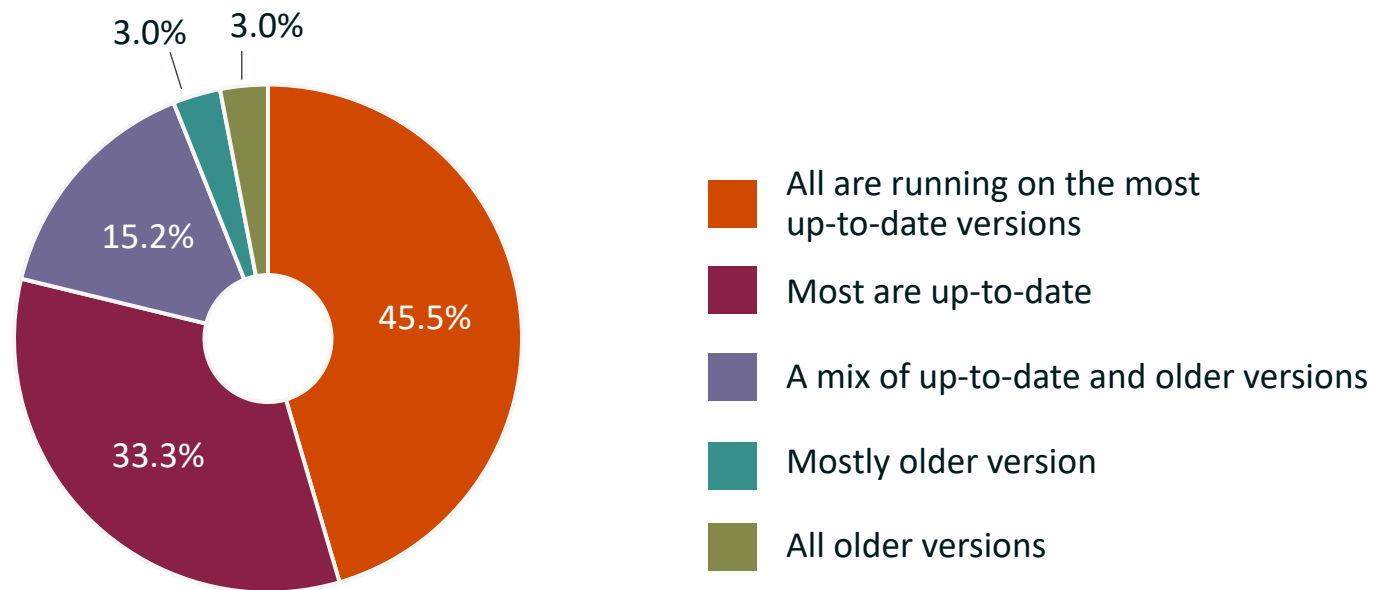
To what extent are your key applications (e.g., fund accounting, CRM/donor management) currently cloud-based?



**NFP Implications:** Leveraging cloud computing, where it makes sense, is a strategic imperative, as it could provide significant strategic advantages to organizations when properly selected and deployed.

# Accounting & ERP Systems

How many of your accounting and operational/ERP systems are running on the most up-to-date versions?



## NFP Implications:

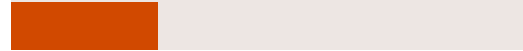
Companies relying on older applications for their processes are at increased risk of system and cyber related issues.

# Application Integration

To what extent are your key applications integrated with one another?



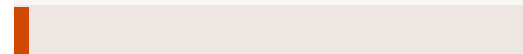
**30.3%** are **fully** integrated.



**66.7%** are **partially** integrated.



**3.0%** are **not** integrated.



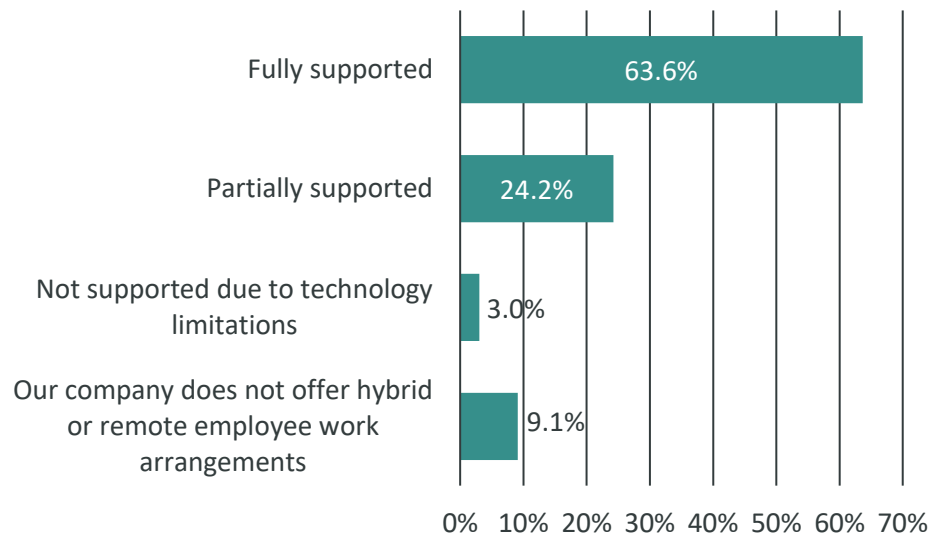
## NFP Implications:

Using Excel and double, triple entry of same data, are clear warning signs of underlying system capability issues!

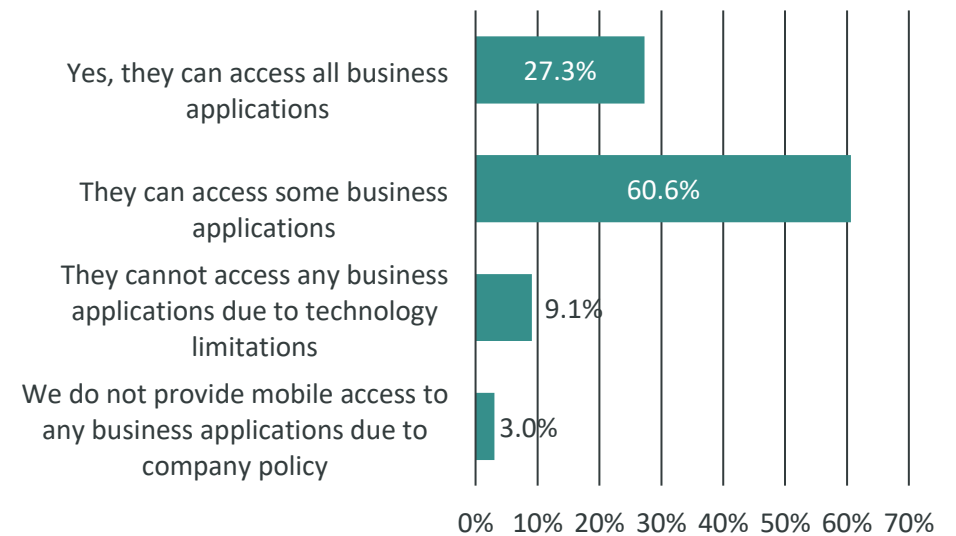


# System Access

To what extent do your IT systems support hybrid or remote employee work arrangements?

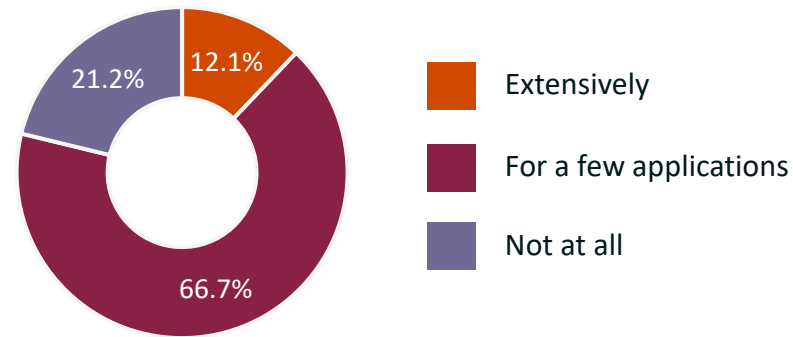


Can your employees access applications from anywhere using their mobile devices?

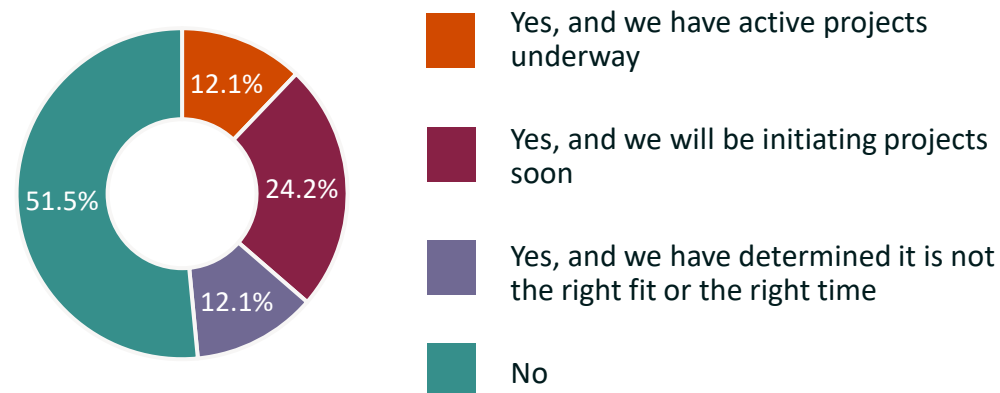


# Emerging Technologies

To what extent are you utilizing digital workflows and process automation tools for internal process needs?



Has your organization evaluated emerging AI technologies?



## NFP Implications:

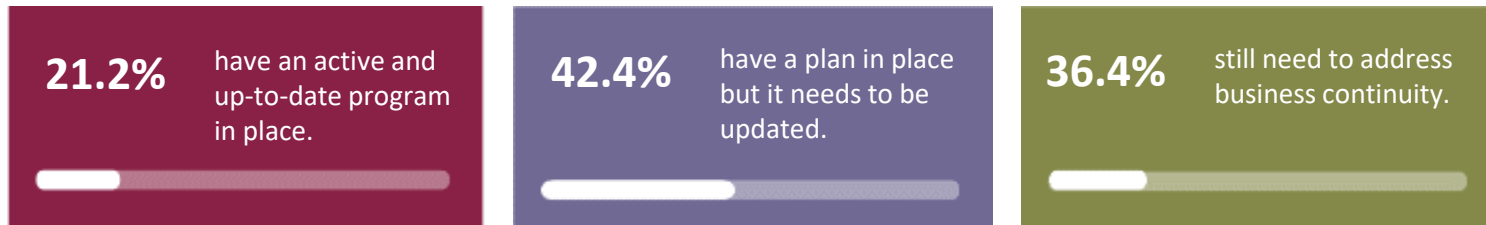
Process automation tools have matured significantly over the past few years whereas AI tools and companies are in infancy stages and as such a culture of “experimentation” is recommended to ensure proper solution approaches are being selected.

# Cyber Readiness

Does your organization have an ongoing cyber security program in place?



Does your organization have an updated business continuity plan in place?

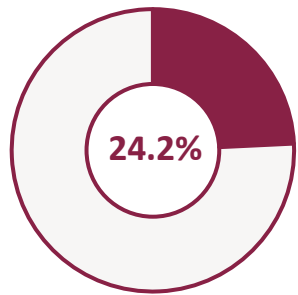


## NFP Implications:

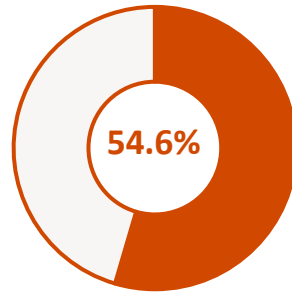
Cyber readiness becomes an even more important capability as companies pursue an increased digital transformation journey. Organizations that do not have any programs in place constitute a major risk segment within the regional ecosystem.

# IT Planning Practices

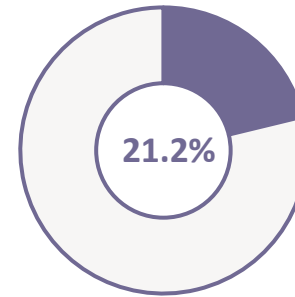
Do you utilize an IT planning and budgeting process?



Yes, we have a formal planning process.



Yes, we have an informal planning process.



No, we plan as needed.

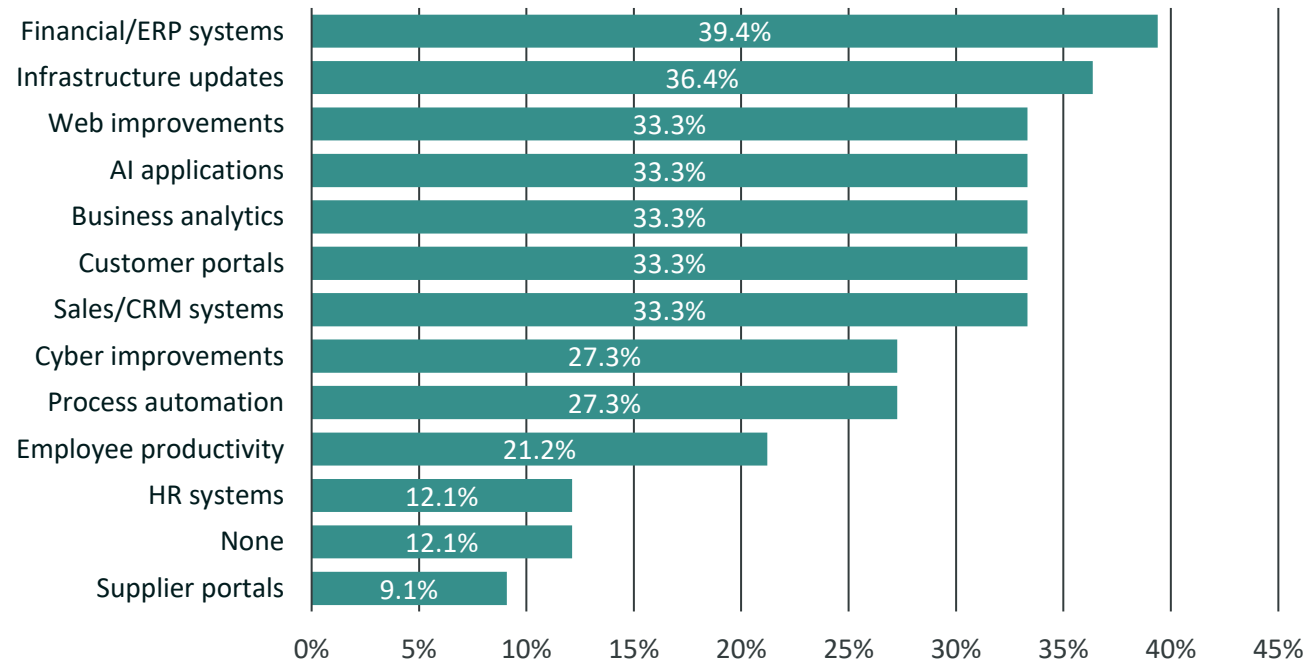
## NFP Implications:

Industry experts agree that having a more formalized IT planning approach linked with business objectives tends to maximize benefits in the long run.



# Major IT Initiatives

Which major IT-enabled initiatives are you planning in 2024?

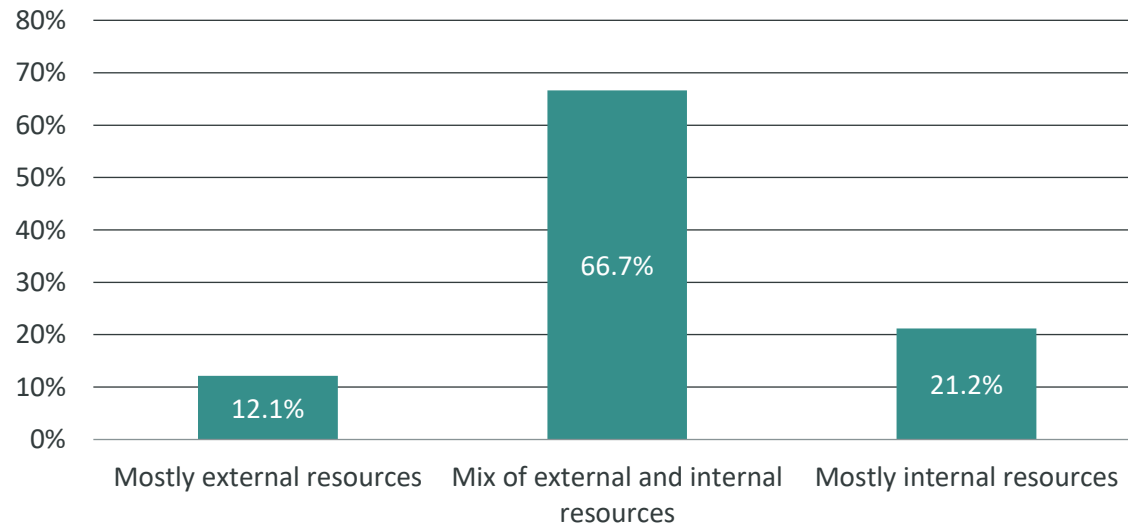


## NFP Implications:

Not-for-profit executives should ensure all such initiatives are synchronized across their organization as much as possible as many organizations run the risk of silo-oriented solutions, resulting in downstream operational issues.

# IT Resource Arrangements

How do you plan to address your organization's IT-related needs in 2024?



# IT Enablement Rewards

- Operational Agility – Ability to adjust to changing conditions in a rapid response manner.
- Lowered Transaction Costs – Tightly integrated systems offer increased process efficiencies.
- Improved Decision Making – Data becomes more of a digital asset; easier to slice and dice/dashboards.
- Increased Loyalty – Constituents across generations find ways suitable for them to communicate with the organization.
- Increased Scalability – Organization can easily add or remove users and new services/markets.
- Improved Cyber Resiliency – Reducing risks through leveraging cloud provider security expertise.

# Focus on **Workspace** Instead of **Workplace**

- Increased **employee expectations** around pervasive connectivity.
- Millennial hires are changing the landscape, they are the first **digital natives**.
- Work is becoming **non-linear**, employees are working on multiple teams and projects at the same time.
- Technology has resulted in **streamlining processes** and will continue further by use of AI tools.
- Heavier focus is being placed on employee experience to **attract and retain talent**.

# The Changing Face of Collaboration

- Workers are part of **more collaborative teams** and their workloads have increased significantly in the past few years.
- Collaborations occur **across organizational boundaries** and time zones, allowing employees to get the work done on their schedule while staying connected and deeply involved.
- Workforce is increasingly **diverse**, representing five generations and their habits and expectations at the same time.
- Ensuring effective collaborations is **key for success**.

# Concluding Comments

- Digital transformation efforts frequently fail to achieve promised results due to user adoption and change management challenges:
  - A **People-Process-Technology** Integrated approach is recommended to ensure success!
- KM offers an exciting range of services to assist:
  - IT Roadmap Evaluation & Development Services
  - Microsoft Dynamics Cloud Business Solutions
  - Cyber Readiness & Risk Mitigation
- **Arrange a Complimentary Consultation Session to learn more.**

# Contact the Presenter



**Sassan S. Hejazi, Ph.D.**

DIRECTOR-IN-CHARGE, TECHNOLOGY SOLUTIONS, KREISCHER MILLER

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Sassan is the Director-in-Charge of Kreischer Miller's Technology Solutions group. Sassan has worked with numerous organizations in the areas of planning for strategic IT initiatives, designing financial/ERP and business performance management solutions, and providing IT management, cyber, and information security advisory services. Sassan's consulting focus ensures clients select, design, deploy, and manage IT-enabled business technology solutions that are most suitable to satisfy their strategic objectives.

# Rebranding – What is it, Why is it Important & How Do You Know When it's Time to Rebrand?

April 25, 2024

Melanie Vivian, Director, Marketing, Kreischer Miller

Anna Jungclaus, Chief Financial Officer, Equal Measure





# Agenda

1. What do we mean by “brand?”
2. How to know when it’s time for a rebrand
3. Identifying your goals and objectives
4. Potential roadblocks to be aware of
5. Key success measurements



# What is a Brand?

**A brand is a person's gut feeling about a product, service, or company**

- A brand goes beyond a company's logo and its products/services
- It also includes:
  - Your company's strategy
  - Your customer service and communication
  - Your people
  - Your environment

# Two Main Brand Elements

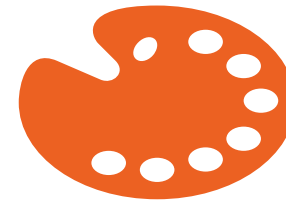
## **Positioning & Messaging**

How we talk about ourselves



## **Visual Identity**

What we look like





MENU

OUR STORY

## BUILD STRONGER COMMUNITIES.

There is no place-based systems change without racial equity.

We help organizations assess how racial equity and strategy are prioritized in their work—strengthening how our partners evaluate, design, and communicate about the social justice they seek locally and nationally.

Our expertise is fortified by decades of experience, allowing us to convene community stakeholders and expose the root causes of inequities. With racial equity as our North Star, we amplify the voices of Black, Indigenous, and Latine communities so our clients can better serve communities.

**WE SHARPEN OUR FOCUS TO MEASURE WHAT MATTERS. THAT'S HOW WE SECURE LASTING, STRUCTURAL CHANGE FOR OUR CLIENTS.**

We inspire action, challenging clients to design more just systems.

### OUR COMMITMENT TO RACIAL EQUITY

We invite you to learn more about our ongoing commitment to racial equity as we work to shift power and uplift communities of color.

[LEARN MORE »](#)





## Knowledge to Inspire Action: Connecting the field with our understanding of the complexity of systems & intersectionality of structural racism







# Kreischer Miller

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EQUAL  
MEASURE

FINDING  
PROMISE  
FUELING  
CHANGE



HMN

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# Contact the Presenter



**Melanie L. Vivian**

DIRECTOR, MARKETING, KREISCHER MILLER

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Melanie has over 25 years of marketing and communications experience in the professional services and financial services industries. As Kreischer Miller's Director of Marketing she is responsible for leading all marketing and communications activities for the firm, including strategy and planning, brand awareness, positioning and messaging, content marketing and thought leadership, digital marketing, and advertising.

Melanie is focused on increasing the awareness of Kreischer Miller's brand in the marketplace across all channels as well as ensuring that clients are familiar with all of the firm's capabilities and how Kreischer Miller can help them improve their businesses. She also trains team members on the firm's positioning and messaging to foster more productive conversations with clients and prospective clients.



# Contact the Presenter



**Anna Jungclaus**

CHIEF FINANCIAL OFFICER, EQUAL MEASURE

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Anna has a background as a CPA in both the for-profit and nonprofit worlds. She has more than 25 years of experience in auditing, finance, and treasury aspects of accounting.

As part of Equal Measure's executive team, Anna has been integral to Equal Measure's strategic planning and forecasting, using her financial skills to inform organizational strategy regarding the maintenance of fiscal health within the organization. She also maintains successful fiscal partnerships in the Philadelphia area. Other responsibilities include management of Equal Measure's financial and human resource systems (payroll, benefits, tax filings, etc.) and of a growing finance, administrative, and IT team. Included within these areas are: planning and managing the annual audit, communicating key financial information to the Board, and overseeing internal accounting systems as well as all client financial reporting and billing.

*Roundtable*

# Succession Planning – The Devil is in the Details!

April 25, 2024

Elizabeth Pilacik, Director, Audit & Accounting and Not-for-Profit Industry Group Leader, Kreischer Miller

Katie Galaska, Director, Audit & Accounting, Kreischer Miller



# Session #1 Questions

1. How would you rate your organization's succession plan readiness?
  - A. Do you have a written succession plan or policy?
  - B. If yes, when was the last time it was updated?
  - C. Do your key employees have an employment agreement with a required notice period?
2. Which employees are included in your succession plans (just the CEO, CEO/CFO, entire executive team)?
  - A. Is the job description for those employees up to date?
3. Do you have a succession plan for your board of directors?

# Session #2 Questions

1. If your succession plan is internal:
  - A. Have you begun training those individuals for success in the future?
  - B. Are those individuals aware of their leadership potential?
2. What tools are you using to determine someone's potential for succession?
3. Do you have an emergency succession plan (for an unplanned exit)?
4. Are your employees cross trained to minimize disruption?

# Session #3 Questions

1. How would you rate your board on their understanding of your programs?
2. Does your board have strong financial oversight of the organization?
3. Would your organization consider a merger as part of its succession planning?
4. Has your organization (or a former organization) experienced a transition during your tenure? What were some of the issues that you experienced?

# Contact the Moderators



## **Elizabeth F. Pilacik, CPA**

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Elizabeth is a Director in Kreischer Miller's Audit & Accounting group. Elizabeth has more than 23 years of experience in all phases of client service. Her experience in auditing and business advisory consulting includes serving a wide variety of not-for-profit and tax-exempt organizations, including social service organizations, health and welfare agencies, cultural organizations, membership associations, continuing care retirement communities, educational institutions, public foundations, and private foundations. Elizabeth is experienced in performing audits in accordance with certain federal, state, and local requirements, as well as engagements requiring certain compliance and programmatic reporting. She works with clients on accounting for endowments, contributions, and government funding; evaluating internal control procedures; and implementing various recommendations for improved policies and increased efficiencies.

# Contact the Moderators



**Katie O. Galaska, CPA**

DIRECTOR, AUDIT & ACCOUNTING, KREISCHER MILLER

[kgalaska@kmco.com](mailto:kgalaska@kmco.com)

Katie is a Director in Kreischer Miller's Audit & Accounting group. Katie is passionate about education and relationship building when working with both her clients and Kreischer Miller team members.

Katie has a wide range of experience providing audit, accounting and business advisory services to a variety of businesses, including in the not-for profit, governmental, and manufacturing industries. She also educates not-for-profit organizations on the auditing and reporting requirements under Uniform Guidance (single audits). Katie works with clients on implementing various recommendations for improved policies and increased efficiencies as well as evaluating internal control procedures.





# About Kreischer Miller

Kreischer Miller is an advisory, audit and accounting, and tax firm serving the Greater Philadelphia and Lehigh Valley areas. We take an advisory approach in everything we do, working diligently to understand what your business needs to move ahead and providing the tools and guidance to help you get there.



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