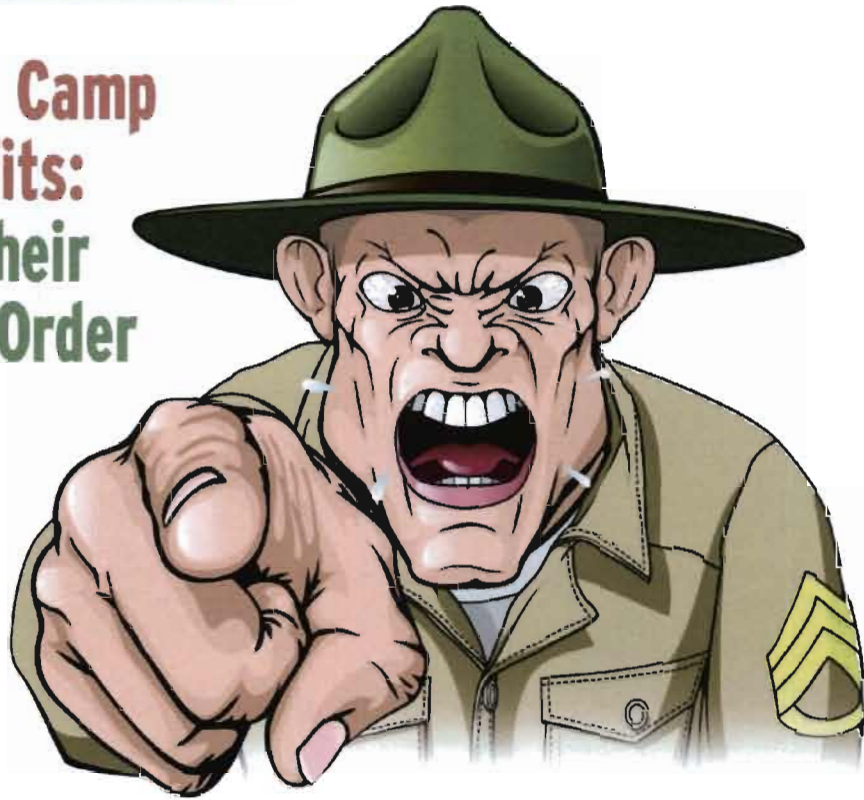


Business Boot Camp for Nonprofits: CPAs Get Their Financials in Order

Best practices are just as important for nonprofits, as real-time financial data and sound economic principles are required to achieve a healthy bottom line.



COMPILED BY MILES Z. EPSTEIN
EDITOR, COMMERCE

WITH INCREASED IRS SCRUTINY OF NON-profit organizations, accurate financials are an essential business requirement for these complicated entities, which require highly regulated business practices. Here are some New Jersey success stories, where top CPA firms were able to whip a nonprofit into good financial shape. Welcome to our business boot camp for nonprofits.



Bederson & Company LLP
*By Jonathan Colgary, CPA, MBA,
Manager, Accounting and Auditing*

Our not-for-profit client receives contributions from various donors, primarily in check form. Some contributions are restricted for specific purposes. Others are unrestricted and are occasionally designated by the board of directors for specific purposes. Our client maintains its books and records in accordance with generally accepted accounting principles (GAAP).

We discovered that our client was recording contributions that were board-restricted as restricted revenue. Additionally, some donor-restricted contributions were recorded as unrestricted revenue. We discussed with our client's accounting department that under GAAP, restricted revenue is determined by donor intentions, not the board of directors.

Our firm recommended that our client make photocopies of each check received and staple any correspondence included with the check to a copy of that check. A control sheet should be attached to the copy of the check in which the following must be listed: donor's name, contribution amount, any noted restrictions and the general ledger account of where to post the contribution. The control sheet must be reviewed and approved before the contribution is recorded in the accounting system. Our recommendations helped our not-for-profit client to correctly record restricted contributions and avoid the ramifications of GAAP non-compliance.



EisnerAmper LLP
*By Richard Coben, CPA,
Partner*

Upon being engaged as independent auditors for a nonprofit organization, we discovered the organization had not properly distinguished between individuals who were employees vs. those who were actually independent contractors. As a result, the organization had inadvertently failed to withhold and transmit to tax authorities the proper amount of employee payroll taxes as well as withhold/remit proper amounts to their retirement plans.

This situation is not unique, nor was the organization the first to encounter the situation of not properly dis-

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