

Profiting from Good Advice: Nonprofits Get Help from NJ CPA and Law Firms

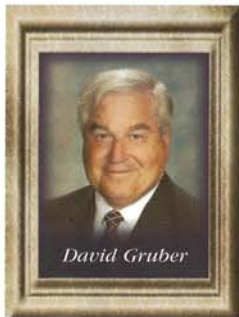
BY MILES Z. EPSTEIN
EDITOR, COMMERCE

THE ROLE OF NONPROFITS IN THE BUSINESS community is often discussed in non-financial terms, allowing their tax status to underestimate the importance of a good business plan. *COMMERCE* asked accounting firms and law firms to provide case studies that showcase how a problem was solved for one of their nonprofit clients in New Jersey. These are their stories.

Amper Politziner & Mattia, LLP

By David Gruber, Partner

My wife has always said, "It's not what you say, but how you say it that gets people's attention." Accountants sometimes have to have difficult discussions with our clients; our challenge is to do so in a way that helps the organization improve its position. Amper worked with an educational organization facing significant financial distress, having lost over \$1 million on \$3 million in revenue.



David Gruber

Financial accountability was out of control, and it was affecting their ability to raise funds. We had to level with them: without solid internal processes to manage finances and improve accountability, they'd be unable to demonstrate transparency to the public. The organization's bottom line, mission and future plans were all at stake. Amper suggested a number of changes, including the implementation of a monthly budget to actually review with each program manager. We also helped them imple-

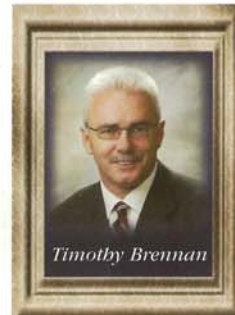
ment monthly cash projections to determine what bills could be paid and which ones, including payroll and payroll taxes, must be paid. After a few months with the new budget and projection system in place, accountability and operational stability were restored. Within a year, the organization's negative results were reversed, a small excess was earned and a financial disaster was avoided.

Bederson & Company LLP

By Timothy Brennan, CPA, MST

Frequently, we see smaller New Jersey not-for-profits relying on volunteers or part-time personnel to manage their finances; many of whom are unaware of their tax filing obligation to the IRS and New Jersey. Periodically we see a not-for-profit that has historically been under the filing threshold, but has exceeded these thresholds and failed to file a return. This usually results in an IRS delin-

Nonprofits are being asked to behave with accountability, more like corporations.*



Timothy Brennan

quency notice for failure to file a return or for filing an incomplete return. Many times, the Not-For-Profit entity has lost either its tax exempt status certificate or federal identification number, items that are needed to file a return. We have been successful in obtaining certificates of charity registration through the NJ Consumer Affairs Office as well

as identification numbers from the IRS. Bederson is well practiced in getting penalties for filing issues abated for first-time offenders. The IRS and the State of New Jersey are less likely, however, to abate penalties for habitual late or non-filers. We advise our not-for-profit clients of the steep federal penalties for either late or non-filing. We have seen federal penalties ranging from \$10,000 to \$15,000. Bederson strongly encourages all in the not-for-profit sector to be mindful of their filing obligations in order to avoid these penalties.

Buchanan Ingersoll & Rooney PC

By John Goldsmith, Shareholder

We represent a significant nonprofit visiting nurse association in the central part of the state, which had been operating out of a Victorian home for nearly 100 years. When the client outgrew its space and needed to expand, finding a site in New Jersey that was appropriately sized and priced for a nonprofit organization was difficult. In evaluating the options and determining whether our client could afford to purchase a larger site in our community, we identified a potential public user of a second

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