



**NONPROFIT:**  
*ACCOUNTING AND TAX UPDATE*

April 6, 2021



# SPEAKING WITH YOU TODAY

Moderator



**Donella Wilson**

Partner and Nonprofit Practice Leader  
*GHJ*

Panelist



**Lizbeth Nevarez**

Managing Director and Nonprofit Tax  
Practice Leader  
*GHJ*

Panelist



**Mark Kawauchi**

Managing Director  
*GHJ*

Panelist



**Yulia Murzaeva**

Senior Manager  
*GHJ*



May 18, 2021

# AGENDA

**WELCOME**

**CARES ACT AND AMERICAN RESCUE PLAN PROVISIONS**

**NEW ACCOUNTING STANDARDS**

**SINGLE AUDIT APPLICABILITY**

**TAX MATTERS**

**REVENUE RECOGNITION**

**INTERNAL CONTROLS AND CYBER SECURITY**

**WRAP UP**



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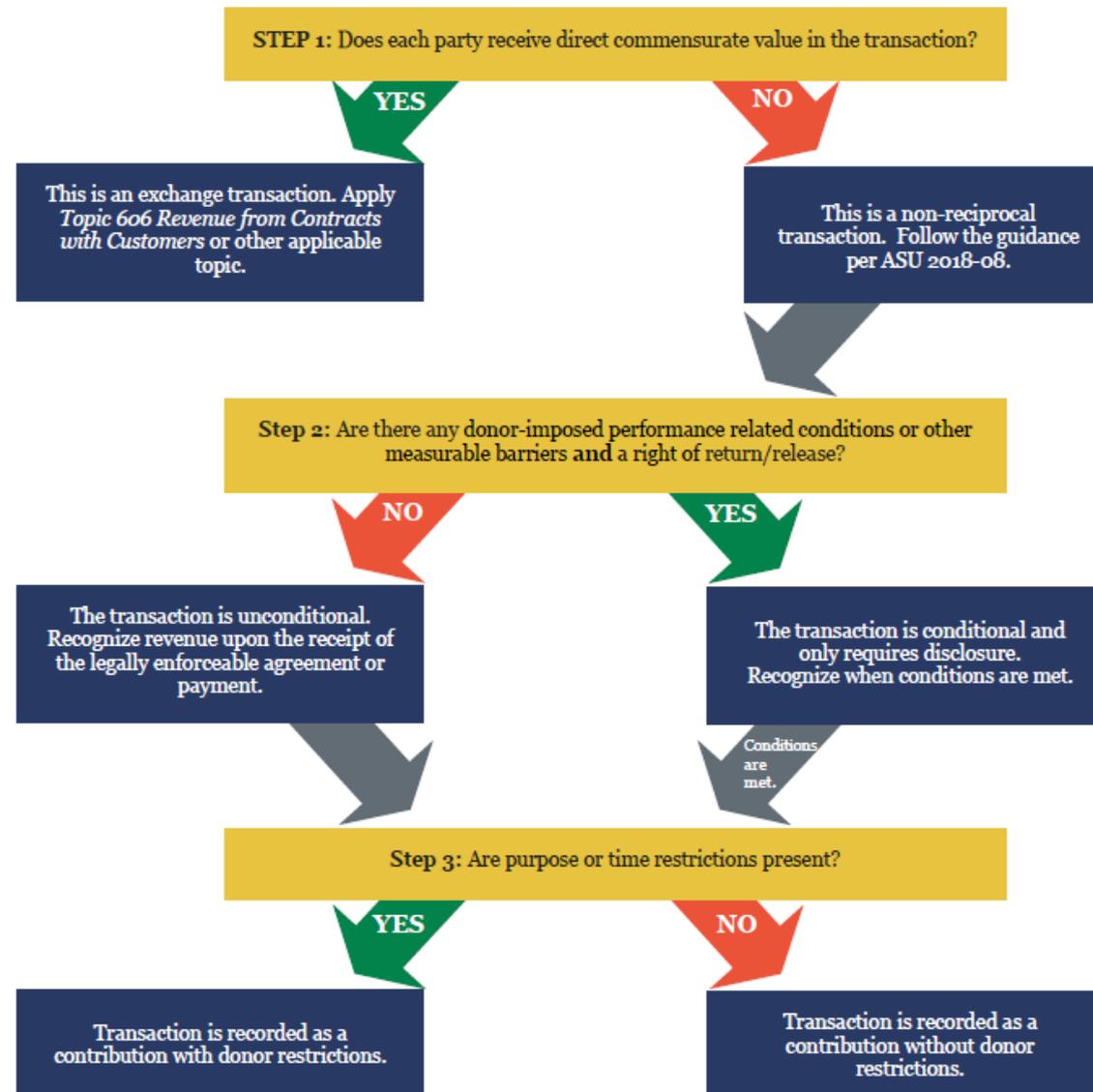
# EMPLOYEE RETENTION CREDIT: 2020 V. 2021

	2020	2021
Applicable Period	March 12, 2020 through December 31, 2020	January 1, 2021 through December 31, 2021
Eligible Quarter	Either: 1) business operations have been full or partially suspended during a quarter due to governmental orders related to COVID-19; or 2) Company experienced a substantial decline in gross receipts for the quarter	
Business Suspension Test	See IRS Notice 2021-20, Section III.D	
Gross Receipts Test	Decline of more than 50% for a 2020 quarter compared to the same quarter in 2019	Decline of more than 20% for a 2021 quarter compared to the same quarter in 2019
Gross Receipts – Safe Harbor	N/A	Employers can use the prior quarter gross receipts to determine eligibility
Gross Receipts – Aggregation	Aggregation rules apply when comparing 2020 and 2021 gross receipts to 2019	
Credit Amount	50% of qualified wages	70% of qualified wages
Qualified Wages – Business Suspension Test	Eligible wages paid during the period in which the business operations were fully or partially suspended	
Qualified Wages – Gross Receipts Test	Eligible wages paid during the eligible quarter	
Maximum Qualified Wages	\$10,000 per employee <b>per year</b>	\$10,000 per employee <b>per quarter</b>
Maximum Credit Amount	\$5,000 per employee <b>per year</b>	\$7,000 per employee <b>per quarter</b>
Full-Time Employee (FTE) Threshold to Determine Eligible Wages	2019 average FTEs of 100	2019 average FTEs of 500
Impact of FTE Threshold	<ul style="list-style-type: none"> <li>At or under FTE threshold: All wages paid during the qualified periods are qualified wages</li> <li>Over FTE threshold: Only wages paid during the qualifying periods to employees who are not working are qualified wages</li> </ul>	
FTE Aggregation	Entities that are aggregated for purposes of calculating gross receipts must also be aggregated to determine the average number of FTEs	
30-Day Wage Limitation if Over the FTE Threshold	Qualified wages cannot exceed what the employee would have been paid during an equivalent period during the 30 days immediately prior	N/A (Thus, bonuses, for example, may qualify)
Claim Advance Credit	Employers can reduce actual payroll tax deposits due by the expected credit amount	Employers with 500 or fewer FTEs may claim an advance credit based on 70% of the average quarterly wages paid in 2019



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# NONPROFIT REVENUE RECOGNITION FRAMEWORK



# ASC 606: 5-STEP RECOGNITION MODEL



**STEP 1**

- Identify the Contract with a Customer



**STEP 2**

- Identify Performance Obligations



**STEP 3**

- Determine Transaction Price



**STEP 4**

- Allocate the Transaction Price to Performance Obligations

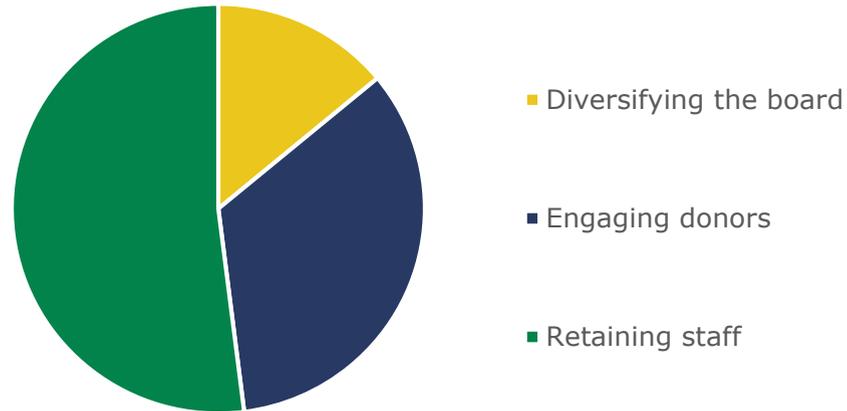


**STEP 5**

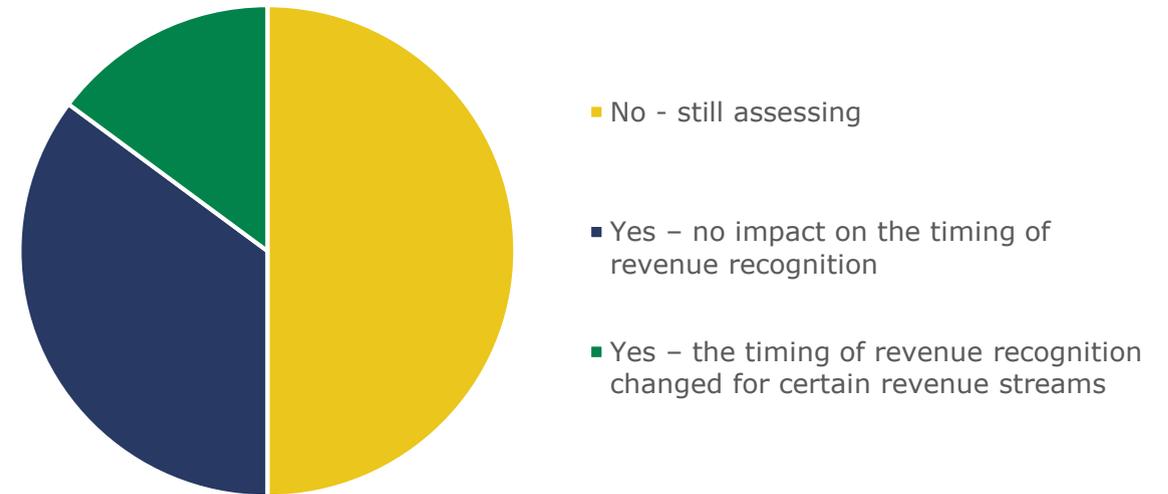
- Recognize Revenue When or as Each Performance Obligation is Satisfied

# POLLING QUESTIONS

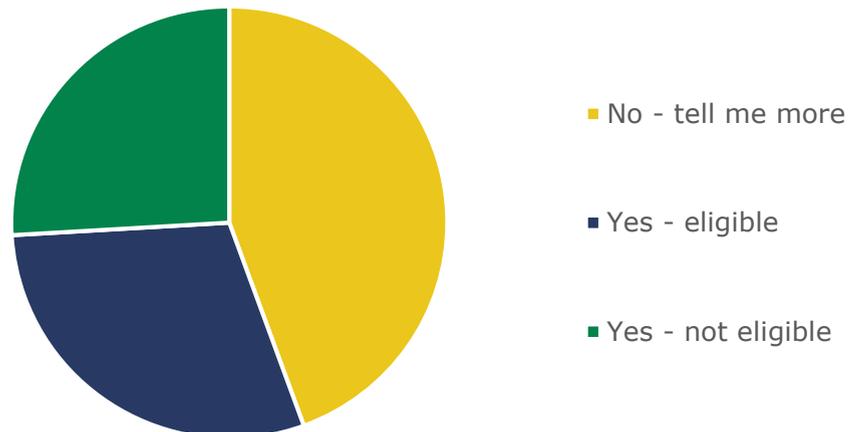
What is your organization's top priority in 2021?



Has your organization implemented the new revenue recognition standard governing contracts with customers?



Did your organization assess its eligibility for the Employee Retention Credit?



# ADDITIONAL CONTENT

**GHJ**&



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# ADDITIONAL RESOURCES

- [WEBINAR RECORDING: GHJ and Seiler LLP Discuss California Residency](#)
- [Special Issues for Employees](#)
- [GAQC Summary of COVID-19-Related Deadline Extensions](#)
- [Accounting for Grants and Contributions](#)



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# SPEAKER BIOS



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## DONELLA WILSON PARTNER

**Donella Wilson**, CPA, leads GHJ's Nonprofit Practice and is also President and Chief Philanthropy Officer of GHJ Foundation, GHJ's vehicle for purposeful and proactive giving to the community.

A leader in both the nonprofit and accounting communities, Donella was recognized as a 2018 "Women Executive of the Year" and a 2017-2020 "Most Influential Women in Accounting" by the *Los Angeles Business Journal*. In 2018 she was also awarded the "Soroptimist Award" by Soroptimist International of Los Angeles. In 2017, Donella was also the recipient of a CalCPA "Women to Watch" Award, as well as the Trailblazer Award for her charitable activities. That year she was also honored as a Southern California Leadership Network (SCLN) "30-in-30," a year-long celebration honoring 30 outstanding SCLN alumni throughout 2017.

Committed to ending homelessness for women, Donella served on the Board of Directors of the Downtown Women's Center for 13 years. She is a member of Southern California Grantmakers Audit Committee as well as Southern California Grantmakers Corporate Leadership Council. Additionally, Donella is a member of the California Society of CPAs and the American Institute of Certified Public Accountants.

Donella obtained a Bachelor of Commerce degree from the University of Cape Town, South Africa and further obtained post-graduate diplomas in accounting and taxation. Prior to joining GHJ in 2000, Donella worked as a qualified South African chartered accountant for an international accounting firm in Cape Town.

Donella enjoys volunteer work, travel and outdoor adventure, with reading and hiking being her favorite past-times.



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### RELATED INDUSTRIES AND SERVICES

- Audit and Assurance
- Board Governance
- Nonprofit Practice Leader
- Public Charities and Private Foundations



# MARK KAWAUCHI

## MANAGING DIRECTOR

**Mark Kawauchi**, CPA, is a managing director within GHJ's Nonprofit Practice. Mark has more than 30 years of public accounting experience and is dedicated to GHJ's nonprofit clients with a specialty in healthcare. In addition to performing audits and reviews, Mark enjoys being a business advisor to his clients and providing them with personalized service to help them meet their goals.

Prior to joining GHJ in 2017, Mark worked at a Big Four firm for nearly 19 years. While at his prior firm, Mark served clients in both the nonprofit and healthcare (including several biomedical research institutes) industries. Clients served include smaller nonprofit organizations to larger SEC healthcare clients. He also served as an instructor for many of his prior firm's technical training sessions that included topics such as Uniform Grant Guidance - Single Audits, Yellow Book, the nonprofit industry and the healthcare industry. Prior to working at a Big Four firm, Mark worked for another regional CPA firm that specializes in the nonprofit industry.

He is also a member of the Los Angeles Area Chamber of Commerce Health Care Committee, the Healthcare Financial Management Association, the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants and Southern California Grantmakers. Mark also serves on the planning committee for the California Society of CPAs' Annual Not-for-Profit Organizations Conference.

Mark is a member of the Salvation Army USA Western Territory, Territorial Audit Advisory Committee. The purpose of this committee is to assist the Board of Directors of the Salvation Army USA Western Territory in fulfilling its oversight responsibilities related to financial reporting, including the quality and integrity of the organization's financial statements and disclosures, internal control over financial reporting process, legal and regulatory requirements.

He graduated from California State University, Long Beach with a Bachelor of Science in Business Administration, emphasis in Accounting. He holds CPA certification in the states of California and Arizona.

Mark is married and has two boys. He enjoys coaching both of his sons' basketball teams and traveling anywhere tropical with his family.



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### RELATED INDUSTRIES AND SERVICES

- Arts and Culture
- Audit and Assurance
- Clinics and Healthcare
- Internal Audits
- Nonprofit Audits
- Nonprofits
- Private Foundations



## LIZBETH NEVAREZ MANAGING DIRECTOR

**Lizbeth Nevarez**, CPA, has more than 10 years of public accounting experience providing tax and consulting services and is GHJ's Nonprofit Tax Practice Leader. She is also Secretary for GHJ Foundation, GHJ's vehicle for purposeful and proactive giving to the community. Additionally, Lizbeth co-leads GHJ's Women's Empowerment Cohort, which is part of GHJ's DEI initiative.

Lizbeth is a frequent guest speaker on nonprofit tax issues. She has completed the Riordan Leadership Institute's Board service program through the Los Angeles Junior Chamber of Commerce. The program's mission is to develop and cultivate business professionals for lifelong service in the nonprofit community. She has also taught courses on Form 900 basics and private foundations through CalCPA.

Lizbeth currently serves on the Board of Executive Service Corps (ESC), a leading nonprofit provider of high-impact, affordable management development services to other nonprofits in Southern California.

In 2019 and 2020, Lizbeth was recognized as "Most Influential Minority CPA" by the *Los Angeles Business Journal* for her contributions to the community and accounting industry.

Lizbeth joined GHJ in 2008, after graduating California State University, Northridge where she received a Bachelor of Science degree in Accounting.

Lizbeth is a mother to two young boys and enjoys spending time with family and going on family trips her free time.



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### RELATED INDUSTRIES AND SERVICES

- Nonprofit Tax
- Nonprofits and Private Foundations
- Tax Compliance and Consulting



# YULIA MURZAEVA

## SENIOR MANAGER

**Yulia Murzaeva**, CPA, CIA, has more than nine years of public accounting experience providing audit, accounting and internal controls consulting services to clients. She is a senior manager within GHJ's Nonprofit Practice and focuses on serving complex governmentally funded social service organizations and healthcare clients. As part of her focus on nonprofit organizations, Yulia obtained a Not-for-Profit Certificate II from the American Institute of Certified Public Accountants. She also leads GHJ's annual technical update training for the Nonprofit Niche and Single Audits performed under the Uniform Guidance and Yellow Book.

Additionally, Yulia is a member of the American Institute of Certified Public Accountants, the California and North Dakota Societies of Certified Public Accountants, the Institute of Internal Auditors and Southern California Grantmakers. Yulia volunteers with Women Helping Youth, an organization of women who have come together to improve the lives of underserved youth in Los Angeles through thoughtful, targeted, collective giving.

Prior to joining GHJ in 2017, she worked at a North Dakota CPA firm in its audit and assurance practice and managed services to clients in nonprofit, construction, manufacturing, trucking and employee benefit plan industries.

Yulia graduated from Minnesota State University, Moorhead, where she received a Bachelor of Science in Accounting.

Yulia is married and has two daughters. She enjoys spending time with family and reading science fiction novels.



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### RELATED INDUSTRIES AND SERVICES

- Audit and Assurance
- Education
- Healthcare
- Internal Audit
- Nonprofits
- Private Foundations
- Social Services
- Single Audit

# ABOUT GHJ

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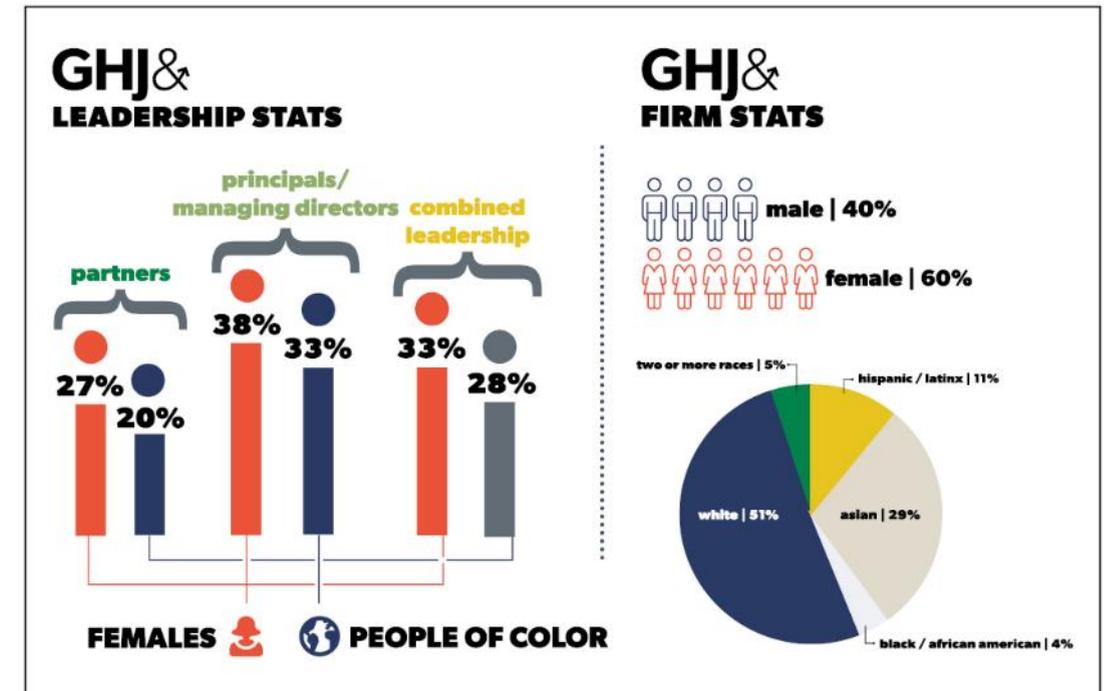


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# COMMITMENT TO DIVERSITY, EQUITY AND INCLUSION

GHJ's diversity, equity and inclusion (DEI) efforts are **woven into the fabric of GHJ's strategy, execution and talent efforts** every day:

- **BIPOC Cohort**
- **Women's Empowerment Cohort**
- **Unconscious bias training**
- **Non-traditional recruiting methods** and talent pipelines, such as GHJ's partnership with **The Mom Project**
- Ongoing **audits of our policies and procedures** to optimize diversity outcomes
- Support an **anytime/anywhere work culture** and **flexible** work environment



**GHJ strongly believes in providing equal opportunities for minorities and women and having a culturally enriching and diverse environment.**

# COMMITMENT TO OUR COMMUNITY

## GHJ FOUNDATION

A vehicle for purposeful and proactive giving to GHJ's extended "family" – our community

### 2020 GRANTEES INCLUDE:

- 9 Dots
- Covenant House California
- EdBoost Education Corporation
- Food Forward, Inc.
- Food on Foot, Inc LA
- human-I-T
- Los Angeles Boys & Girls Club
- Los Angeles Center for Law and Justice
- Los Angeles Youth Network dba Youth Emerging Stronger
- National Society of Black Certified Public Accountants
- Our Children LA
- Pet Adoption Fund
- Project Angel Food
- School on Wheels
- World Central Kitchen

## COMMUNITY SERVICE

In addition to firm-organized volunteer efforts, GHJ employees give back through board and committee service:

- A Place Called Home
- Autism Society of Los Angeles
- Downtown Women's Center
- Executive Service Corps
- Salvation Army USA Western Territory
- Southern California Grantmakers
- Step Up on Second
- Synergy Academies
- Ventura County Community Foundation
- Women Helping Youth

## GHJ FOUNDATION LEADERSHIP



**DONELLA WILSON**  
President and  
Chief Philanthropy Officer



**TOM BARRY**  
Treasurer



**LIZBETH NEVAREZ**  
Secretary



**MARI-ANNE KEHLER**  
Strategist



**DERRICK COLEMAN**  
Catalyst