



# Thank you for joining us!

The presentation will begin shortly.



accountingTODAY

**2024 Firms to Watch**

accountingTODAY

**2024 Regional Leaders**

# Nonprofit State of the Union 2025: Building a Future-Ready Nonprofit

*Tuesday, January 28, 2025*



CPAs & ADVISORS

# Presenters

*Meet the instructors*

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**Amy Boland**



**Alejandra Jensen**



**John Pace**



**Dick Locastro**



**Melissa Musser**



**John McIntosh**



**Christian Spencer**



**Katelyn Miller**



**Heather Broberg**



**Lisa Heller**



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# Housekeeping

## *Additional Information*

<b>Learning Objective</b> To provide practical ways nonprofits can reshape their operations to better respond to evolving economic, social, and technological changes.	<b>Instructional Delivery Methods</b> Group Internet-based
<b>Recommended CPE</b> 1.5 CPE Credits	<b>Recommended Fields of Study</b> Specialized Knowledge
<b>Prerequisites</b> None required	<b>Advance Preparation</b> None
<b>Program Level</b> Basic	<b>Course Registration Requirements</b> None
<b>Refund Policy</b> No fee is required to participate in this session.	<b>Cancellation Policy</b> In the event that the presentation is cancelled or rescheduled, participants will be contacted immediately with details.
<b>Complaint Resolution Policy</b> GRF CPAs & Advisors is committed to our participants' 100% satisfaction and will make every reasonable effort to resolve complaints as quickly as possible. Please contact <a href="mailto:nmcelveen@grfcpa.com">nmcelveen@grfcpa.com</a> with any concerns.	
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Talent, Clients,  
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**Audit & Advisory Firm Headquartered in Washington, DC Metro Region,  
servicing clients across the United States and worldwide**

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<b>Enterprise Risk Management</b>	<b>Internal Audit</b>
<b>Accounting Technology Solutions</b>	<b>Cybersecurity</b>

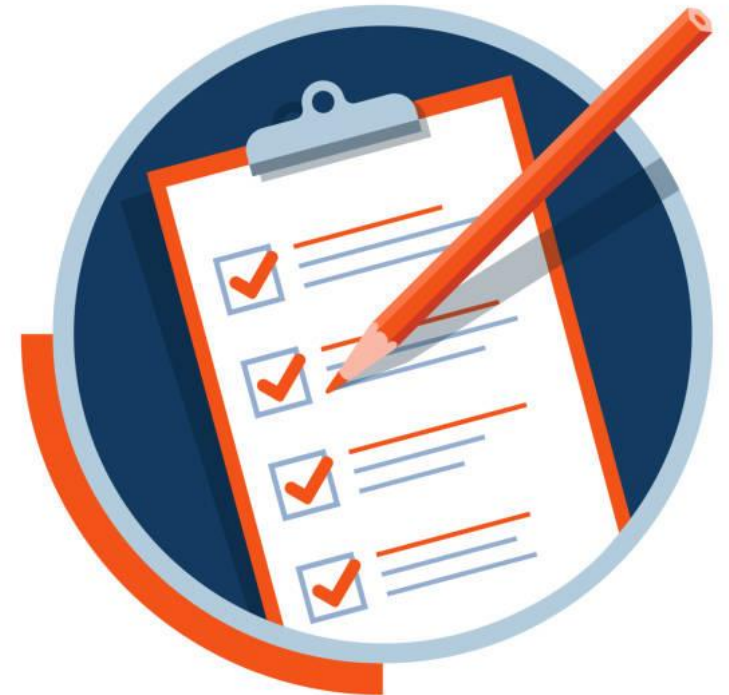


**CPAs & ADVISORS**

# Topics

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1. The 2025 outlook for nonprofits & associations
2. Audit & assurance update
3. Nonprofit tax update
4. Top risks for 2025
5. The best of accounting technology
6. Fireside chat with Karl Spanbauer, Capital Area Food Bank



# 2025 Outlook for Nonprofits and Associations

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*Christian Spencer*





# 2025 Outlook

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- To set the stage for 2025, we need to recap how 2024 fared:
  - 2024 ended with financial markets up double digits year over year (S&P up 23%, NASDAQ up 29%)
  - Consumer spending increased in 2024 driven by rising incomes and a strong job market.
  - Charitable giving was up just below 2% year over year according to Giving USA 2024 report- however when adjusted for inflation giving actually declined.



# 2025 Outlook

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- To set the stage for 2025, we need to recap how 2024 fared:
  - Inflation rate in 2024 was 2.9% versus the targeted 2%, resulting in higher costs on consumer goods.
  - Fed rate cuts were not as frequent as originally anticipated
  - So, an overall mixed bag of outcomes in 2024 and with the balance of power fully shifting to Republicans as a result of the November elections – the one word that continues to be associated with 2025 is “uncertainty”



# 2025 Outlook

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- These socio-economic changes are largely out of an organization's control. In addition, without a crystal ball no one can fully predict the impact potential new tax laws, proposed tariffs or other initiatives pontificated by the new administration will have on nonprofits, but several core fundamental guiding principles remain important for organizations in 2025.



# 2025 Outlook

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- Donor/member engagement is more important now than ever. Continue to demonstrate your value proposition to your members and donors and keep them engaged. 8 in 10 nonprofits plan to have in-person events in 2025 to drive this need for continued connectivity home. While 1/3 plan to have hybrid event to ensure they cast a wide from around the country.
- Assess your organization's strategic risks and opportunities over the short term and long term and align your financial reserves accordingly. Have both a short-term reserve (3-6 months of cash on hand for immediate needs) and long-term reserve policy in place. Your investment policy should align with the reserve policy.





# 2025 Outlook

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- Invest in developing technology and seek to utilize the benefits of Artificial Intelligence (AI) where appropriate to help with productivity and engagement
- Invest in your staff, their training and create succession plans for key positions as 55% of baby boomers who turn 65 b/w 2024-2029 retire in the coming years. Baby boomers currently account for 10%- 15% of the workforce.



# 2025 Outlook

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- Nation-wide nonprofit organizations account for nearly 10% of private (nongovernmental) workforce jobs and will continue to play an important role in our society both from a economic as well as social perspective and while there is some element of uncertainty as we embark into 2025, we also believe that is accompanied by an opportunity for continue innovation, engagement and growth in the sector.



# Polling Question #1

*Are you still listening?*

*A. Yes*

*B. No*

# Tackling the new Uniform Guidance (Federal Financial Assistance)

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*John McIntosh*





# What is the Uniform Guidance (2 CFR Part 200)?

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- Regulations that provide a government-wide framework for grants management (2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- Applies to federal awards provided to non-federal entities
- To standardize how non-federal entities manage federal awards
- [ecfr.gov](https://www.ecfr.gov)



# What is changing?

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- On April 4, 2024, the OMB issued the revised OMB Guidance for Grants and Agreements
  - OMB Guidance for Federal Financial Assistance.
- Pre-publication version of final revisions can be found a CFO.gov
  - (google cfr200 2024 revisions)
- Key goals of the 2024 revision:
  - Increase Access to Funding
  - Improve Oversight and Accountability



# Effective Date of Revisions

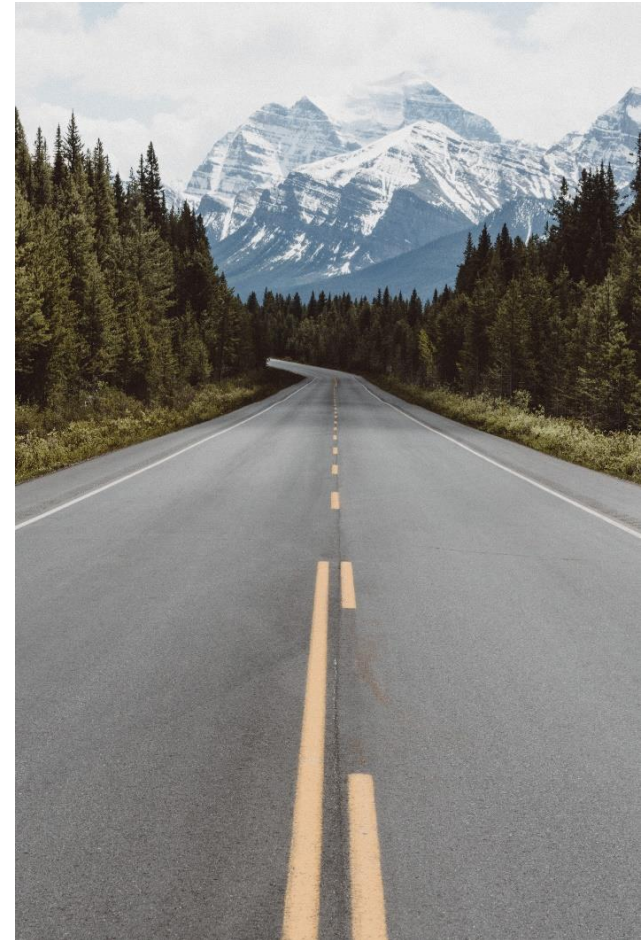
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- October 1, 2024
- Specifically for awards issued on or after that date
- Existing awards would require a modification from the donor to qualify for the revisions.
- Indicate applicability by award on your SEFA!



# Notable Revisions

- **Equipment**
  - Increased threshold from \$5,000 to \$10,000
  - Provides a distinction between equipment and supplies
- **Modified Total Direct Costs Subaward Exclusions**
  - Increased definitional threshold for up to \$50,000 (previously \$25,000) of each subaward
- **200.414 Indirect (F&A) costs**
  - Increased De minimis indirect rate from 10% to 15%
  - Cannot elect De minimis if a NICRA is in place!
  - NICRAs must be accepted by all federal agencies





# Notable Revisions, Cont'd.

- **Prior written approval (prior approval)**
  - Removal of nine categories
- **Audit Requirements**
  - Increased Single Audit and Major Program threshold from \$750,000 to \$1,000,000
  - Cognizant agency can authorize extension to 9-month deadline
  - Effective for fiscal years beginning on or after October 1, 2024 (i.e., the first fiscal year would be September 30, 2025, but only for the audit requirements)



# Federal Financial Assistance (Uniform Guidance) Resource Center



CPAs & ADVISORS



HOW CAN WE HELP?

SEARCH

About Services Software Solutions Industries Careers Contact **Resources**

## Overview

Webinars, podcasts, articles, and blog posts keep you up to date

## Articles

Read articles written by our team of subject matter experts

## Blog

Insights from the team on the GRF blog

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Learn how GRF's work impacts our clients

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Watch recordings of our popular monthly webinars

## Accounting Technology Digital Content Library

Resources to help your organization with accounting technology selection

## Federal Financial Assistance (Uniform Guidance) Resource Center

Resource Center for Federal Grant Guidance



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# Resources



Understanding 2024 OMB 2 CFR 200 Uniform Guidance Changes

[WATCH NOW](#)

[VIEW SLIDE DECK](#)



OMB Releases Pre-Publication of Final Guidance on Federal Financial Assistance

[READ NOW](#)



Understanding Reasonable Cybersecurity Measures under New Federal Guidelines for Uniform Guidance

[READ NOW](#)

### Preparing for the changes to Uniform Guidance (Federal Financial Assistance)

**ORGANIZE** Organize Schedule of Expenditures of Federal Awards (SEFA) and indicate if each grant is subject to the 2024 revisions.

**REVIEW** Consult with your auditor to verify when the Subpart F Audit Requirement revisions will be subject to your organization.

**GET THE CHECKLIST**

**PREPARE**

- Understand what will change about the funding agency's pre-award risk evaluation process related to IT and cybersecurity
- Perform a baseline assessment or benchmark against relevant frameworks
- Assess annual IT/Cybersecurity costs and develop a reasonable allocation methodology

Apply new rate of up to 15% (up from 10%) for de minimis. Contact agencies that have historically required lower rate to verify NICRA rate will be accepted.

**APPLY**

**UPDATE**

- Update federal compliance policies and procedures
- Equipment
- Modified total direct costs
- Conflict of interest
- Fixed cost subawards
- Procurement
- Financial reporting
- Subrecipient and contractor determinations

[GET THE CHECKLIST](#)



## Polling Question #2

*Are you still listening?*

*A. Yes*

*B. No*



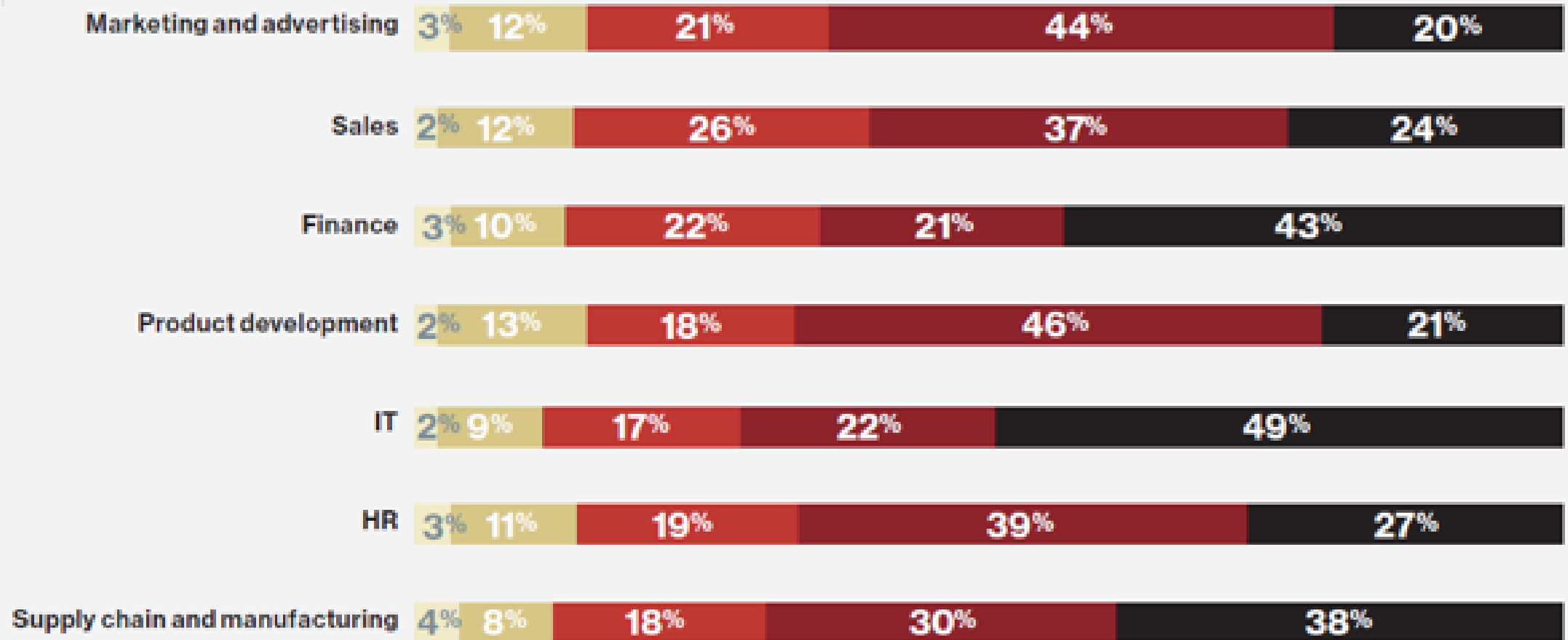
# Leveraging AI and Data Analytics in the Audit

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*Alejandra Jensen*



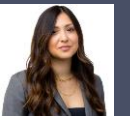
## 2025 forecast for AI adoption by function




# Platform Capabilities

- Data Match
  - Build simple logic to vouch and trace to source data
- Financial Statement Validation
  - Ensure mathematical accuracy and consistency
- Data Extract
  - Pull key data from PDF invoices, contracts, and leases
- Trulli (Gen AI chatbot)

TRULLION




# Data Match - Example



**TRULLION**

## Audit Workflow



From

March

To

February

Reporting currency

United States Dollar (USD)

### Revenue Details

Date	Revenue	Customer	Value	PO number
Feb 01	\$28,800	Cyberdyne	\$2,400	71879
Mar 01	\$25,000	Black Mesa	\$2,083	65534
Apr 01	\$120,000	Blue Cat Hotel	\$10,000	55155
Apr 15	\$140,000	Burns Industries	\$11,667	9698
May 01	\$16,000	Rack N Sack	\$1,334	6582
Jun 15	\$140,000	Delos, Inc.	\$11,667	32530
Jul 01	\$25,000	Duke	\$2,083	58632
Aug 01	\$80,000	E Corp	\$6,667	4258
Sep 01	\$72,000	Chi-Chi's	\$6,000	35125
Sep 15	\$66,000	Witmark	\$5,500	65890
Oct 01	\$32,000	Nedick's	\$2,667	12487
Nov 01	\$112,000	Value Giant	\$9,334	24326

Cyberdyne - Invoice
+

### Invoice

**Bill To:**  
Mikrotech, Inc.  
280 Hazelwood Avenue  
Thor, IA 50591

**Invoice #** 71879  
**Date** Feb 01  
**Due Date** Feb 15

**From:**  
Cyberdyne  
4701 Elm Drive  
Garden City, NY 11530

SERVICES	MONTH	SUBTOTAL
Monthly payment	March	\$2,000.00

Subtotal	\$2,000.00
Tax	20%
<b>Total</b>	<b>\$2,400.00</b>



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# Data Extract

## Extract

- Dates  Monetary
- Non-monetary quantities
- Location  Organization
- Custom

## Financial

### 1. Payment Stream

\$ 5,990.00

### 2. Payment Stream

\$ 6,169.70

### 3. Payment Stream

\$ 6,349.40

as set forth below. Additional Rent for any partial month shall

Rate Per Rentable Sq. Ft.	Yearly Rate	Monthly Installment
\$ 1.00	\$ 5,990.00	\$ 499.17
\$ 1.03	\$ 6,169.70	\$ 514.14
\$ 1.06	\$ 6,349.40	\$ 529.12
\$ 1.09	\$ 6,529.10	\$ 544.09
\$ 1.12	\$ 6,708.80	\$ 559.07

Real Estate Taxes (defined below) have been abated with respect to the Property, and if and when such abatement expires or is otherwise terminated, Landlord shall invoice, as additional Rent and in addition to the amounts set forth above, a proportionate share (which the parties agree shall be 3/11ths) of the amount of property taxes arising during the Term. Real Estate Taxes shall mean all taxes, levies, assessments of every kind and nature, ordinary or extraordinary, imposed, levied, assessed or imposed by any governmental authority with respect to the Property or its operations, or the rents therefrom, including all of Landlord's expenses, including but not limited to the cost of Landlord in any effort to minimize Real Estate Taxes approved by the Board.

Landlord shall, applying for the benefit of any tax abatement program available to the Property or by any other means or procedures appropriate under no circumstances shall Landlord have any obligation to obtain or maintain the





# Trulli

In summary, the Form 10-K for Apple Inc. for the fiscal year ended September 28, 2024, provides a detailed account of the company's financial status, operational achievements, and future risks. It emphasizes the company's global operational footprint, the inherent risks associated with its business, and its commitment to transparency and regulatory compliance.



Sources

Jan 14, 2025 16:04

Save



Delete



what fluctuations were significant to Apple's 10-k from 2024 to 2023

The significant fluctuations highlighted in Apple Inc.'s Form 10-K for the fiscal year ended September 28, 2024, compared to the previous fiscal year (2023), include:

- 1. Net Sales Performance:** Apple reported a total net sales increase of 2% in 2024, amounting to \$391,035 million, up from \$383,285 million in 2023. This change reflects a modest growth in sales despite various challenges.
- 2. Product Segment Performance:**
  - **iPhone:** Net sales were relatively flat in 2024 compared to 2023, indicating a stabilization in this segment.
  - **Mac:** Net sales increased by 2% in 2024, primarily due to higher sales of laptops, showing a positive trend in this product category.
  - **iPad:** Net sales decreased by 6% in 2024, mainly due to lower sales of iPad Pro and the entry-level iPad models, although partially offset by higher sales of iPad Air.
  - **Wearables, Home and Accessories:** This segment saw a 7% decrease in net sales in 2024, indicating a downturn in this product category.
  - **Services:** Net sales in the services segment increased by 13% in 2024, driven primarily by higher sales from advertising, the App Store, and cloud services, showcasing strong growth in this area.
- 3. Operating Expenses:** Selling, general, and administrative expenses increased by \$1.2 billion in 2024 compared to 2023, reflecting higher operational costs.

Guidelines

File Management Data

Search by name

APPLE 10-Q4-202...

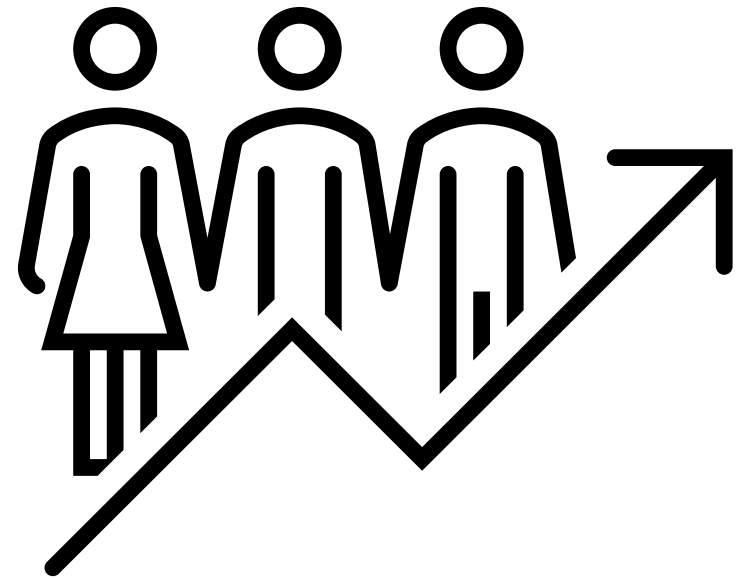
Personal



# Data Analytics

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- Ratio Analysis – assess the nonprofit’s financial health and operational efficiency
- Trend Analysis - Analyze financial and operational trends over time to detect unusual fluctuations,
- Comparative Analysis – benchmarking against similar organization’s
- Sampling - use data analytics to select representative samples rather than relying on judgment-based selections



# AI Gone Rogue

AI should be the  
start not the  
end result



# ChatGPT



# Polling Question #3

*Are you still listening?*

*A. Yes*

*B. No*



# Nonprofit Tax Updates

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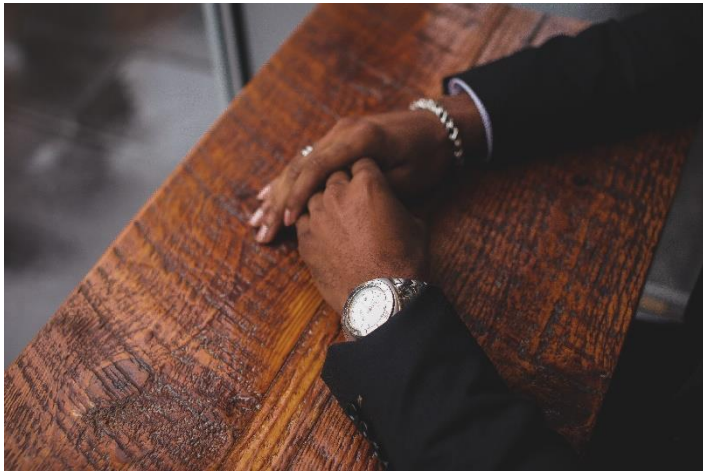
*Lisa Heller and Katelyn Miller*





# Non-Profit Tax Update

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- State compliance reminders
  - Look out for a future webinar on this topic!
  - DC exemption renewal (5 year)
- CTA / Beneficial Ownership Information Reporting
  - Currently no filing requirement for exempt organizations
- Elective Pay for Clean Energy Tax Credits
- IRS Direct Pay now allowed for businesses (including EOs)



# Anticipated Non-Profit Tax Developments

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- Many changes since January 20!
- IRS 2024-2025 Priority Guidance Plan –
  - DAF regulations
  - Group exemption letter guidance
  - UBTI regulations on expense allocations and NOL carrybacks



# Anticipated Non-Profit Tax Developments

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- Proposed legislation –
  - Revisions to section 4968 endowment tax
  - Require gain recognition on transfer of appreciated property to section 501(c)(4), (5), or (6) and section 527 political orgs
  - Revocation of tax exemption for terrorist supporting organizations
  - Expand foreign grant reporting on Form 990
  - Above the line charitable contribution deduction





# Top Risks for 2025

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*Melissa Musser*



# 2025 Top Risks

for Nonprofits  
and Associations

1

## Legislation and Policy Change

- ✓ Monitor and plan for various scenarios
  - ✓ Strengthen Enterprise Risk Management programs
- 

2

## Cybersecurity

- ✓ Assess and remediate cybersecurity vulnerabilities
  - ✓ Strengthen policies and conduct audits
- 

3

## Significant Operation Disruption

- ✓ Assess most significant risks
- ✓ Update BCP/DR and conduct simulated exercises





# Polling Question #4

*Are you still listening?*

*A. Yes*

*B. No*

*John Pace and Heather Broberg*

# The Best of Accounting Technology:

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Leveraging the Right Technologies to Meet Future Demands







Alejandra Jensen



Karl Spanbauer

# Fireside Chat

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*With Capital Area Food Bank*



# Polling Question #5

Are you still listening?

- A. *Yes*
- B. *No*
- C. *It's complicated*



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# Questions?

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