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National Association Conference

Thursday, September 21, 2023



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Welcome



Economic Outlook: How Will Associations Respond?

Nat Bartholomew, Principal, CLA

Peter Holupchinski, Senior Wealth Advisor, CLA



Learning Objectives

- Identify what metrics drive investing decisions and how to find and evaluate the data in real time and still do your day job
- Recognize what the market has done and is currently doing, as well as what associations have done and are currently doing with their investment portfolios
- Recall new knowledge, financial modeling, and available foresight to invest based on risk aversion, time horizons, desire to diversify, and other investing concepts, practices, and opportunities



Agenda

- Backdrop for associations
- Looking backwards: COVID in retrospect
- Markets & economy—Where do things sit today?
- Plotting the path ahead



Backdrop for Associations



If You've Seen One Association ...

- Reserves
- Operational, ST, LT
- Restricted/designated/quasi
- ROI
- Risk / security = find your balance
- SRI and ESG
- Banking
- Debt

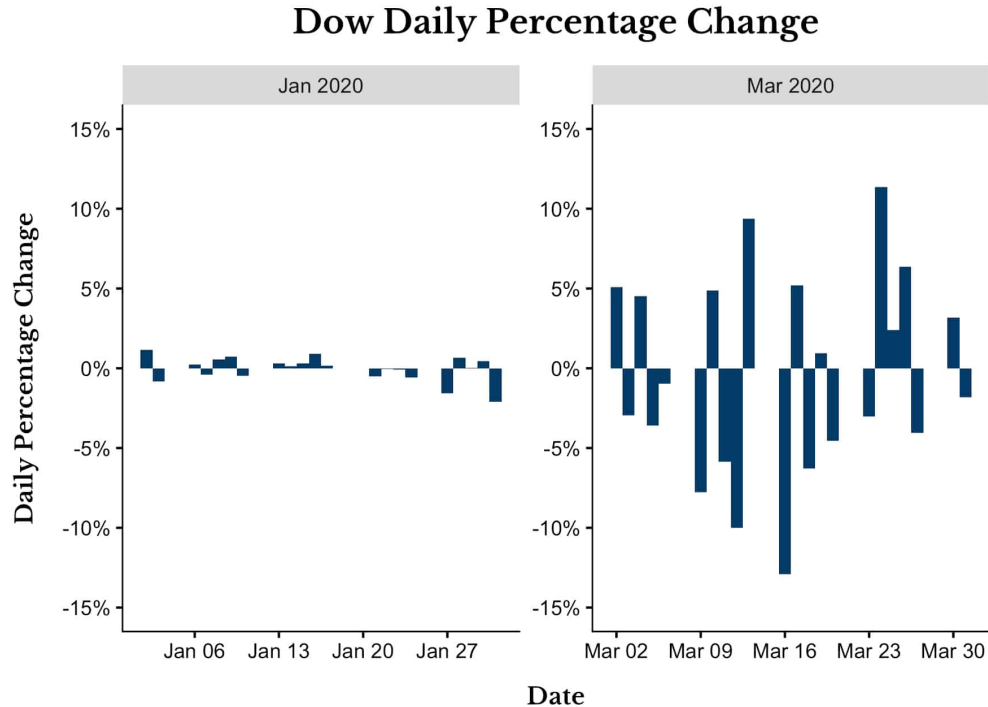
= Opportunity



Looking backwards: COVID in retrospect



Jan 2020 v. Mar 2020 –aka The Calm and The Storm

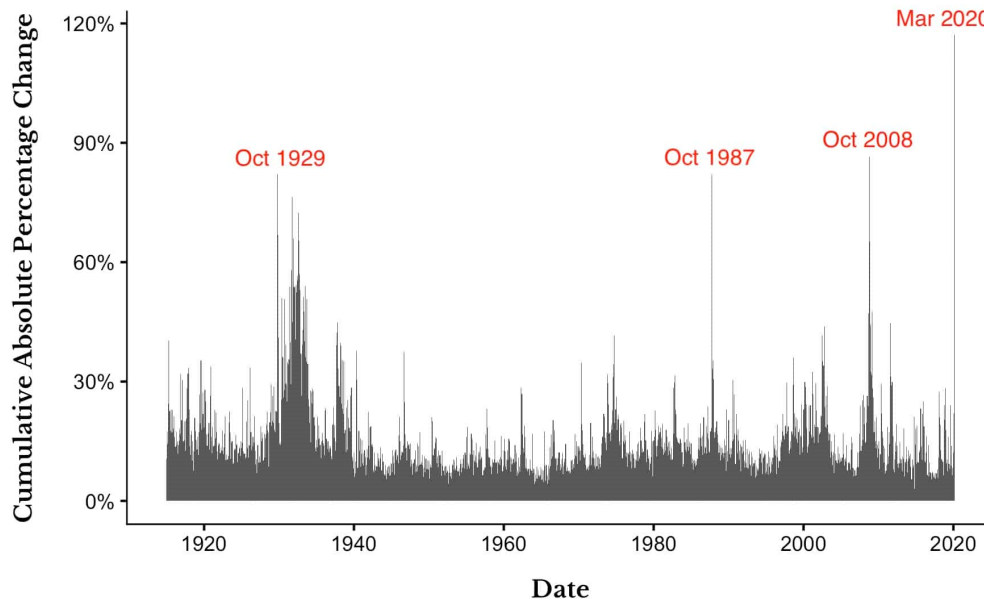


Source: Bloomberg (OfDollarsAndData.com)
Note: Dow price data does not include dividends.



March 2020: Most Volatile Month on Record

Dow Cumulative Absolute Percentage Change by Month



Source: Bloomberg (OfDollarsAndData.com)

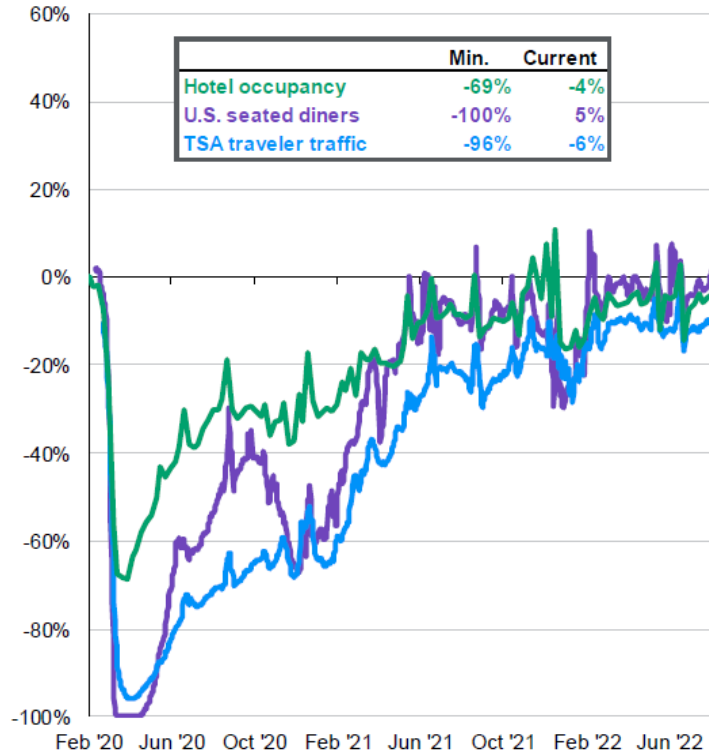
Note: Dow price data does not include dividends. The average cumulative absolute percentage change in a given month is 15.6%.



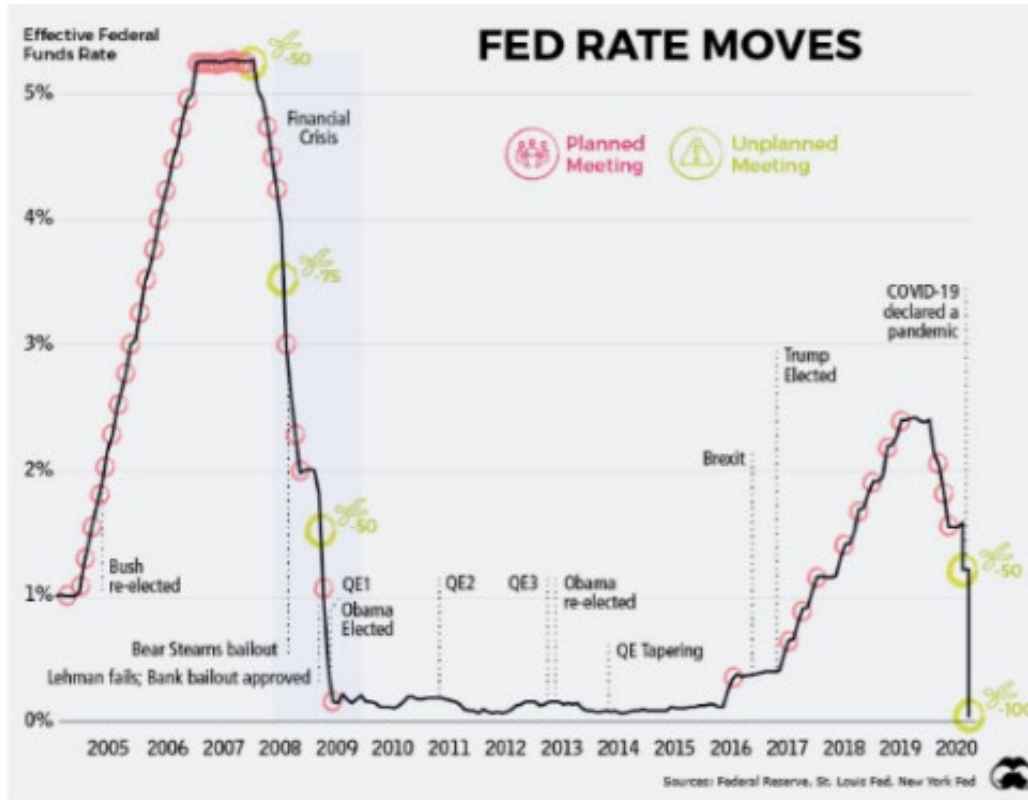
Drastic economic changes literally overnight— and back again...

High-frequency data

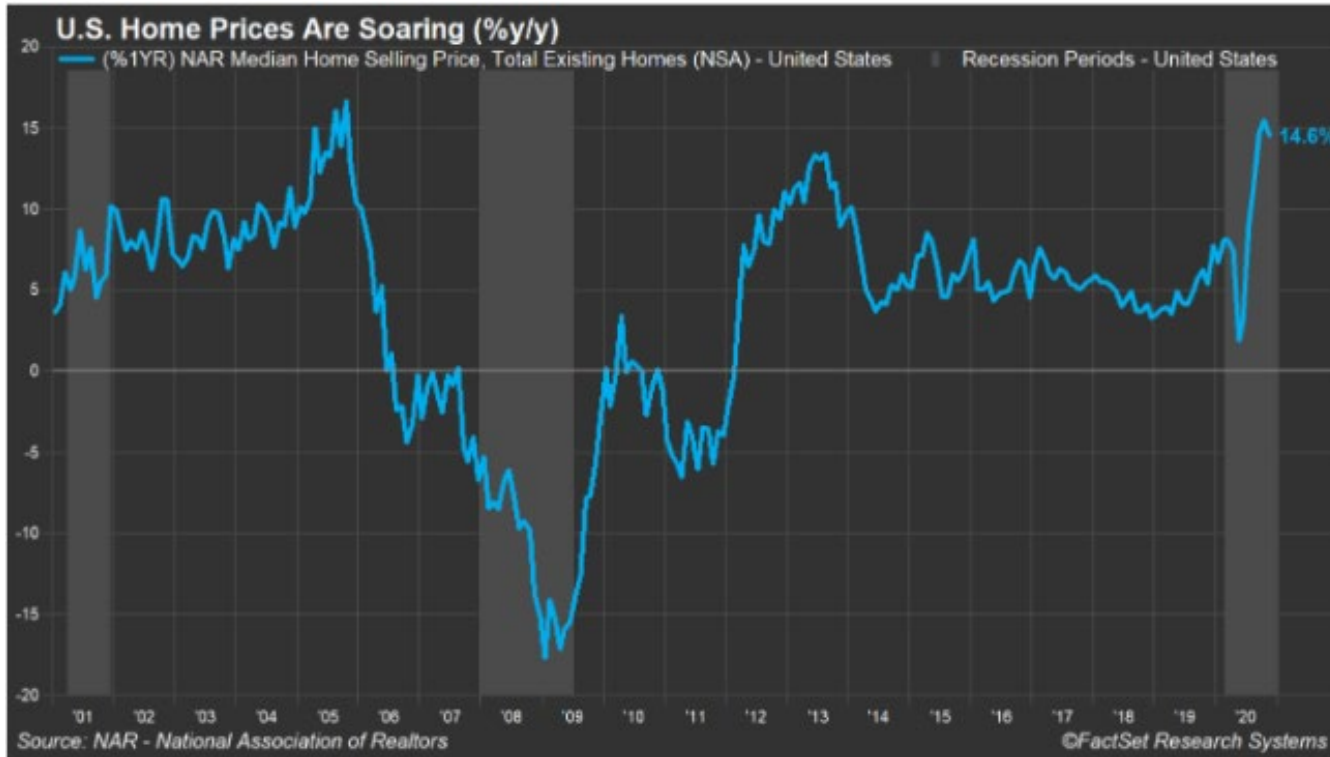
% change from comparable week in 2019



Interest Rates Went to Zero in a Hurry



And homes prices surged with record low rates



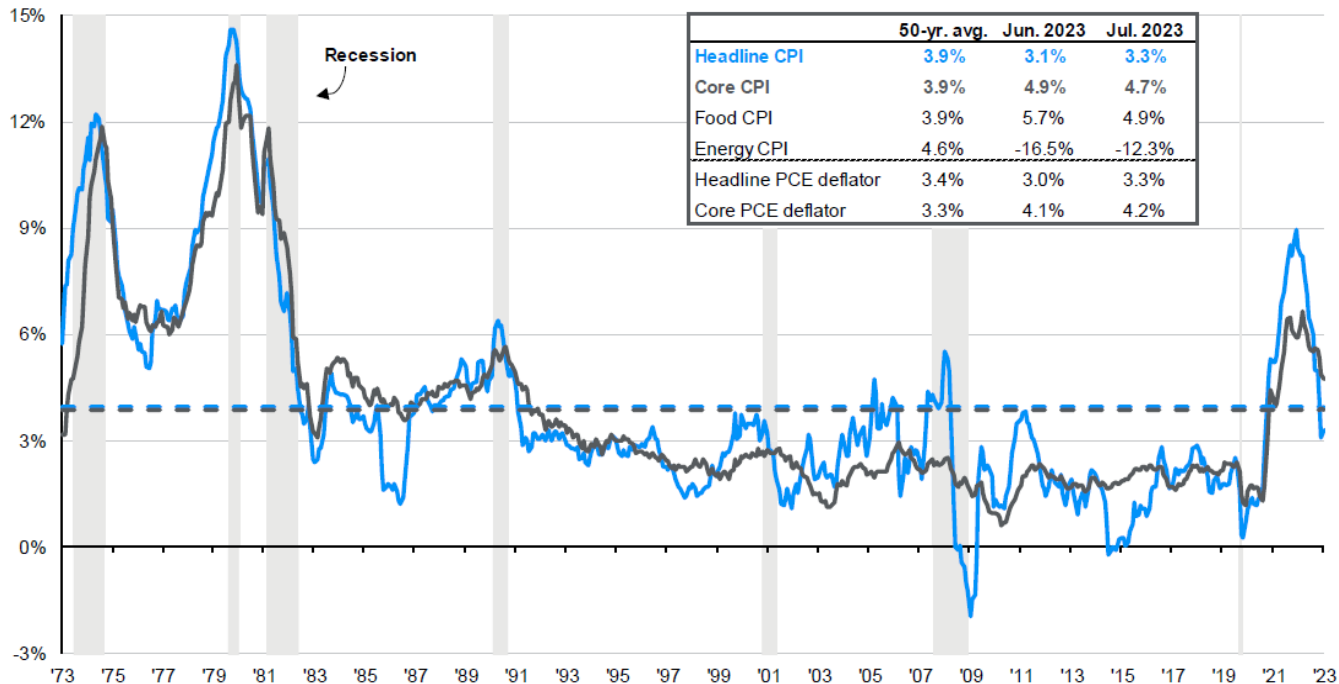
Markets & Economy: Where Do Things Sit Today?



Inflation Almost Back to Pre-COVID Levels

CPI and core CPI

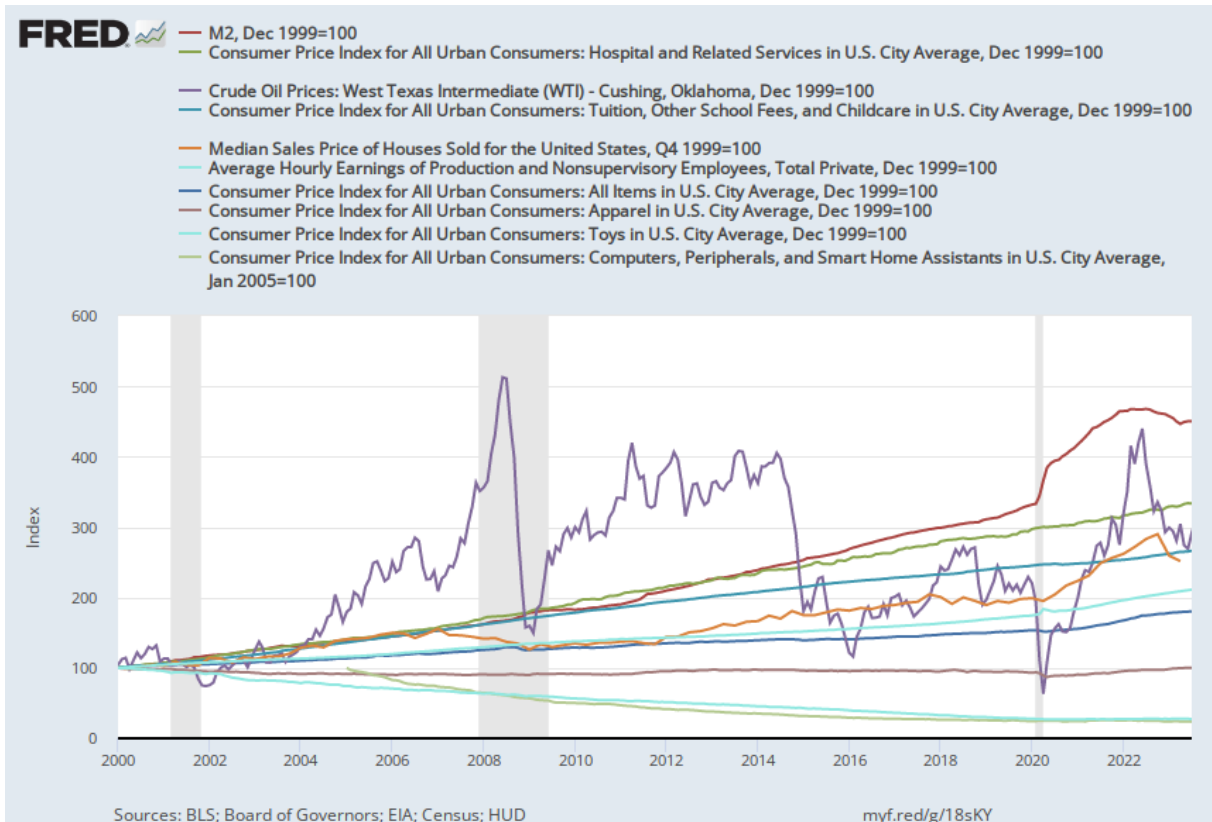
% change vs. prior year, seasonally adjusted



Source: FactSet, BLS, J.P. Morgan Asset Management. August 31, 2023

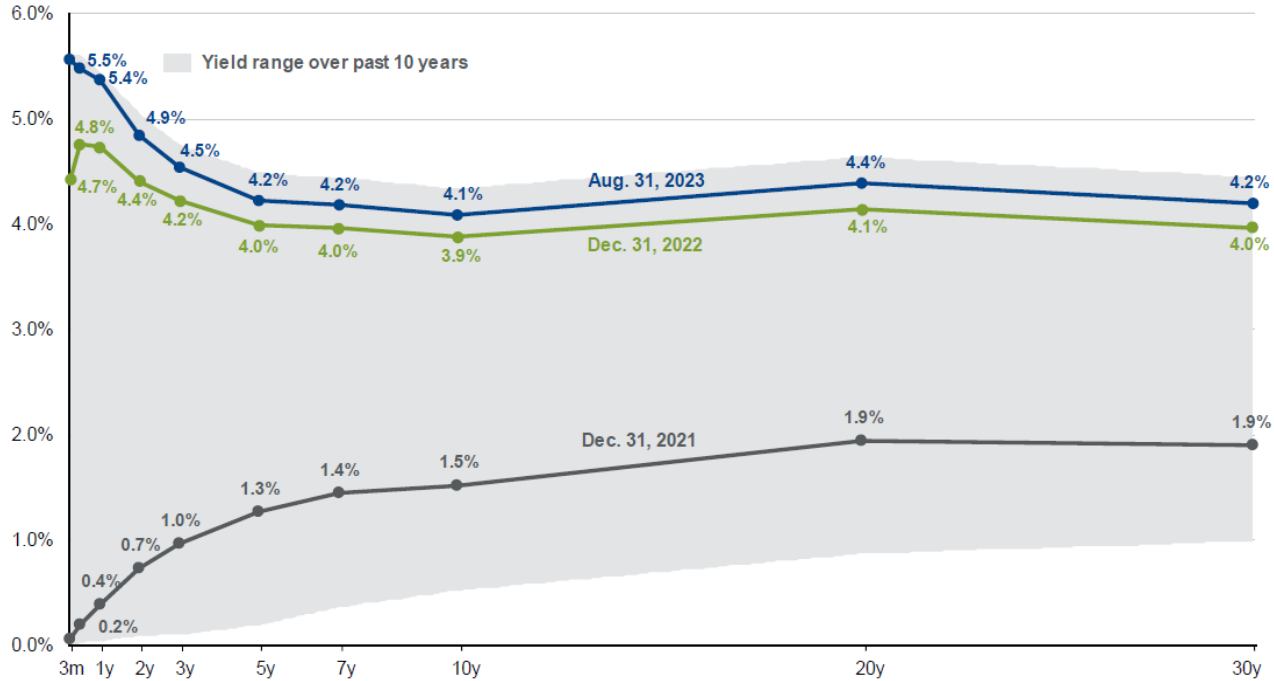


But actual inflation experienced has differed drastically by category



Current state of interest rates:

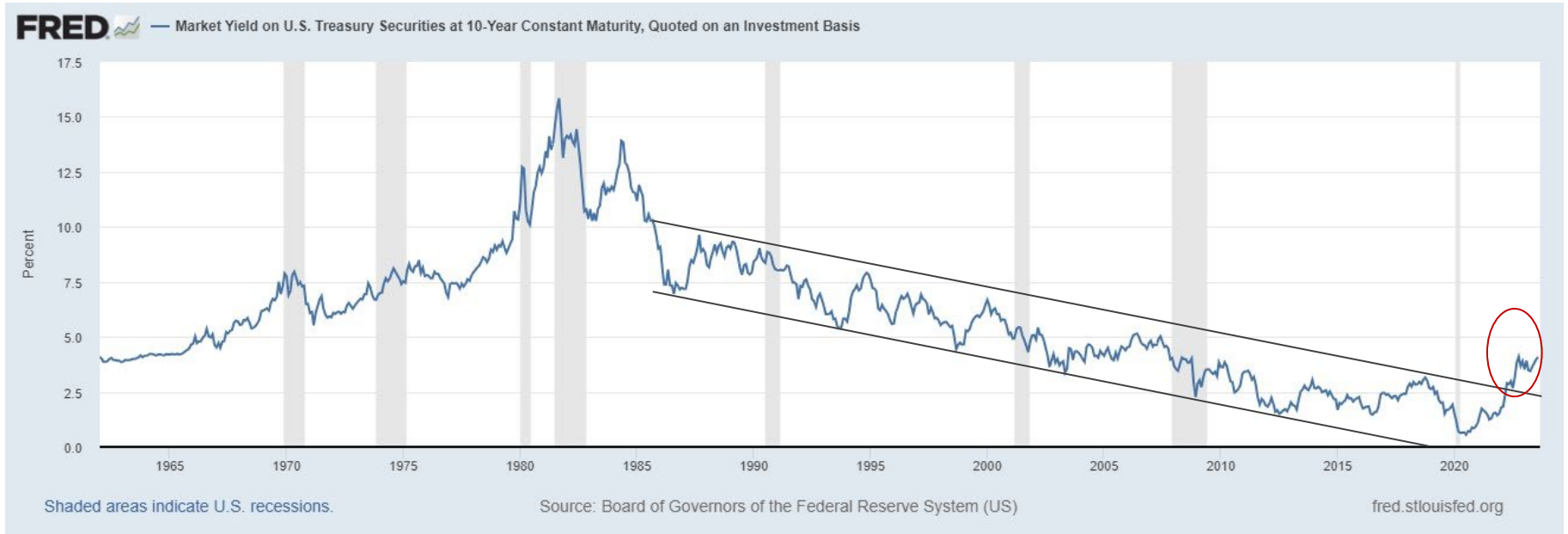
U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. August 31, 2023



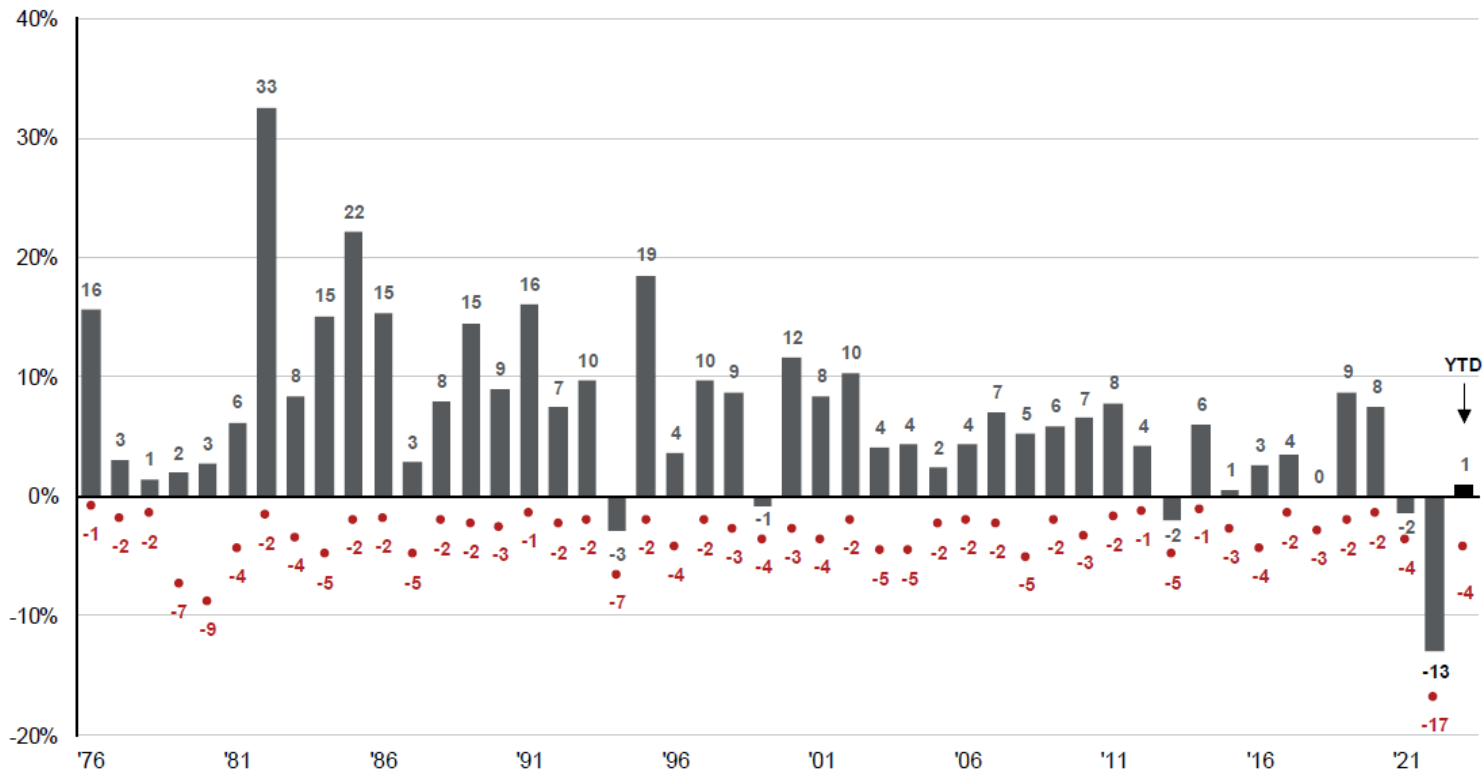
Treasury yields have broken a 40-year downtrend



2022 was historic down year for bonds

Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

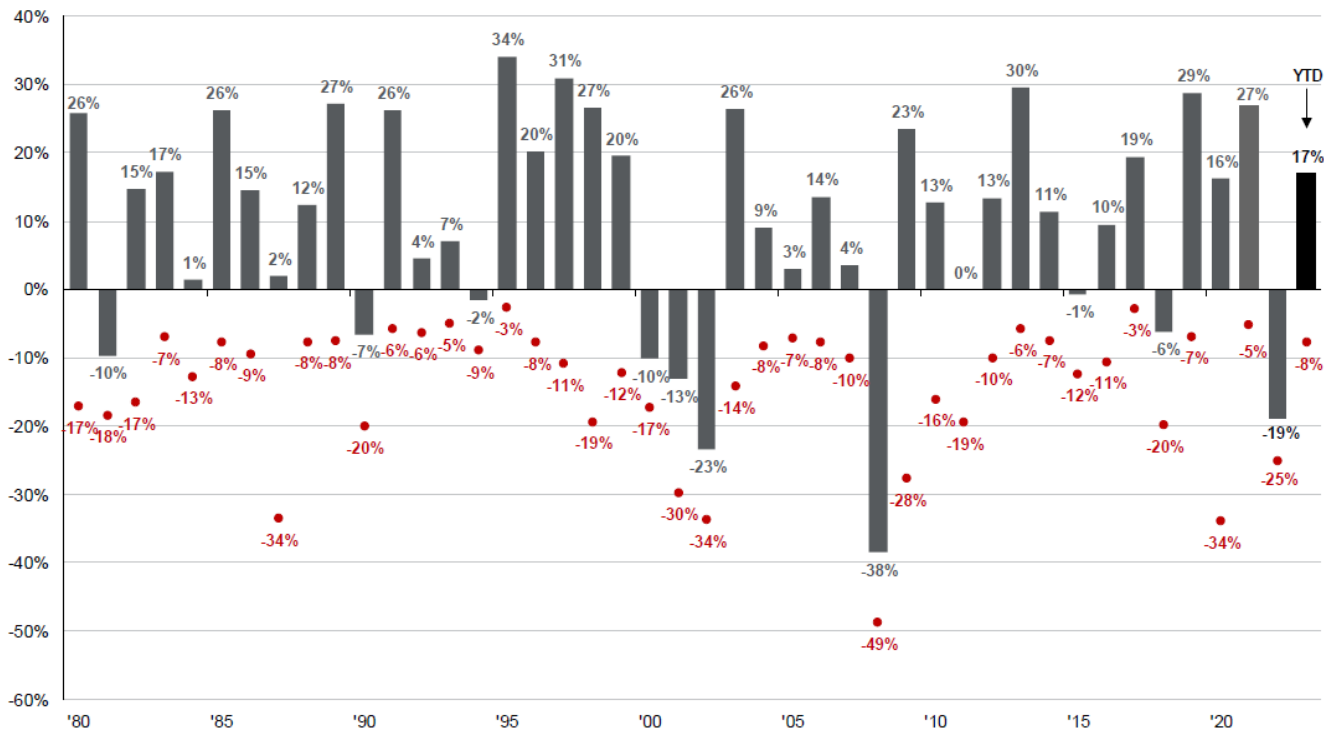
Despite average intra-year drops of 3.3%, annual returns positive in 42 of 47 years



U.S. stocks up in 2023 after worst year since '08

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.3%, annual returns were positive in 32 of 43 years



Source: FactSet, Standard & Poors, J.P. Morgan Asset Management. August 31, 2023



“Magnificent Seven” responsible for almost 75% of market gains

Name/Ticker	Index Weighting (%)	YTD Return (%)	YTD Contribution to Index Return (%)
Apple AAPL	6.05	43.01	2.27
Microsoft MSFT	5.34	37.66	1.83
Nvidia NVDA	1.68	178.11	1.75
Amazon.com AMZN	2.36	51.58	1.05
Meta Platforms META	1.16	131.40	0.96
Alphabet GOOGL	3.00	34.13	0.92
Tesla TSLA	1.26	95.69	0.86

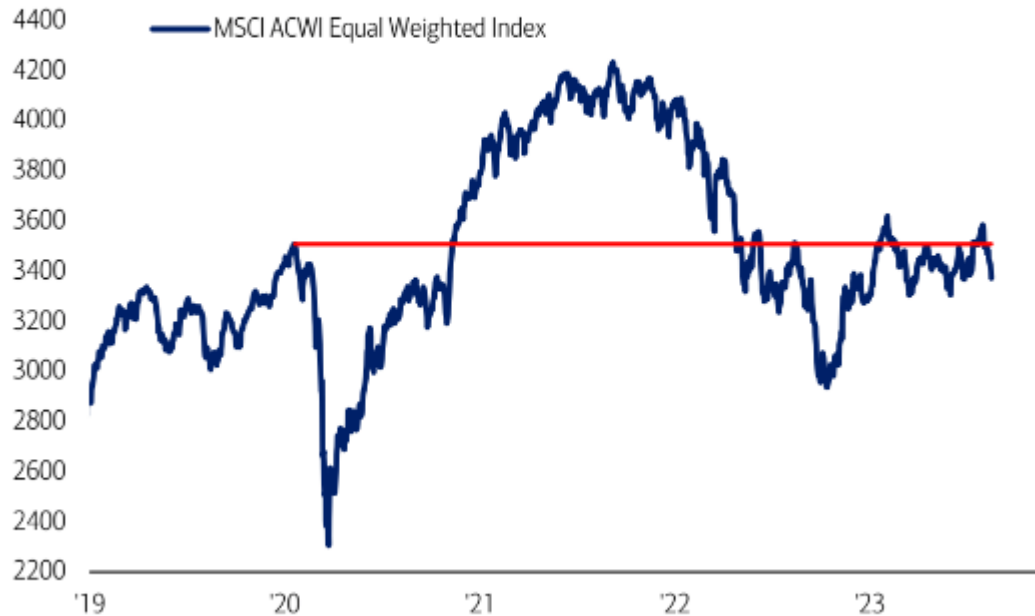
Source: Morningstar, June 26, 2023



But half of the stock market still lagging

Chart 8: 48% of global stocks below pre-COVID highs

MSCI ACWI Equal Weighted Index



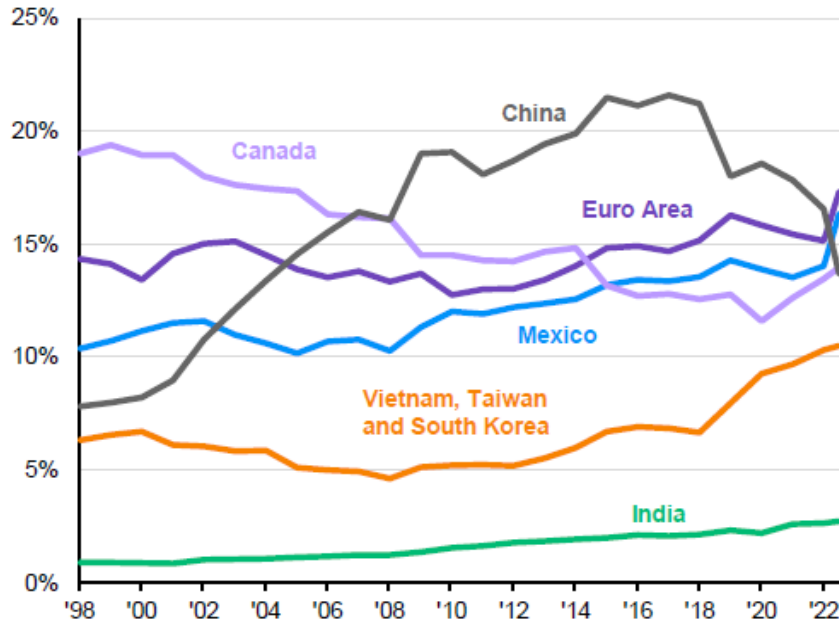
Source: BofA Global Investment Strategy, Bloomberg



Only constant in markets is change

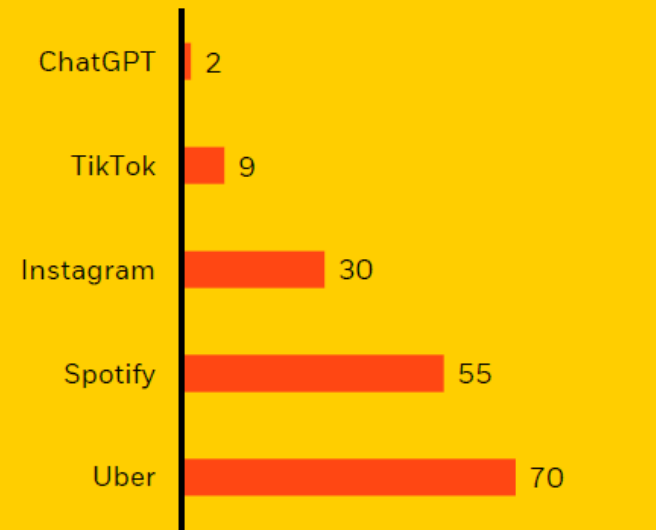
China is no longer the U.S.'s largest source of imports

% of U.S. goods imports, annual and YTD 2023



Source: FactSet, U.S. Census Bureau, J.P. Morgan Asset Management. August 31, 2023

Months it took to reach 100M users¹



Source: CBS News, BlackRock

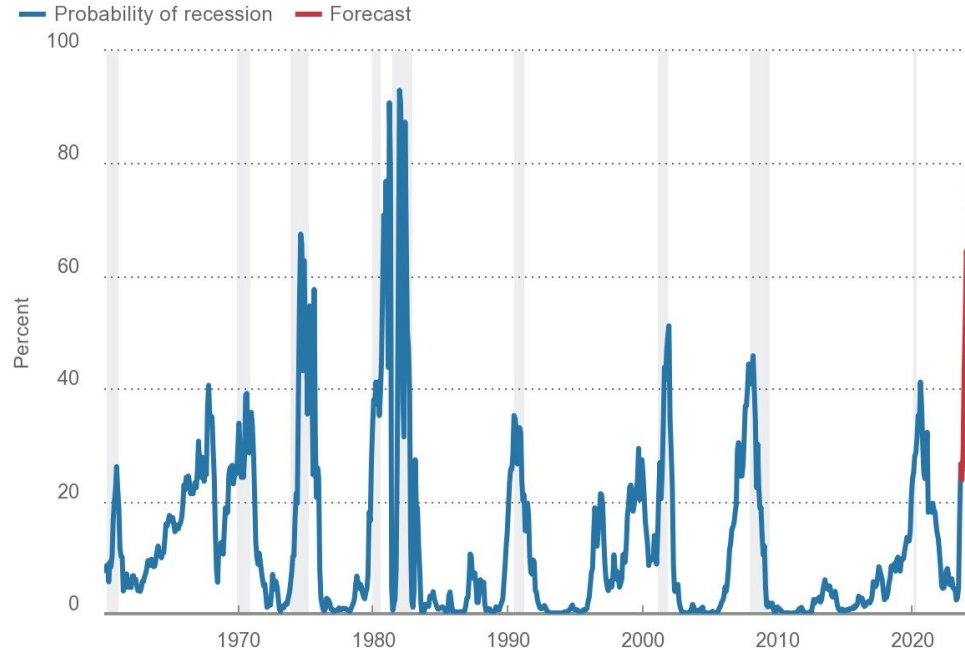


Plotting the path ahead



Historical recession indicator is flashing

Probability of Recession Calculated from the Yield Curve

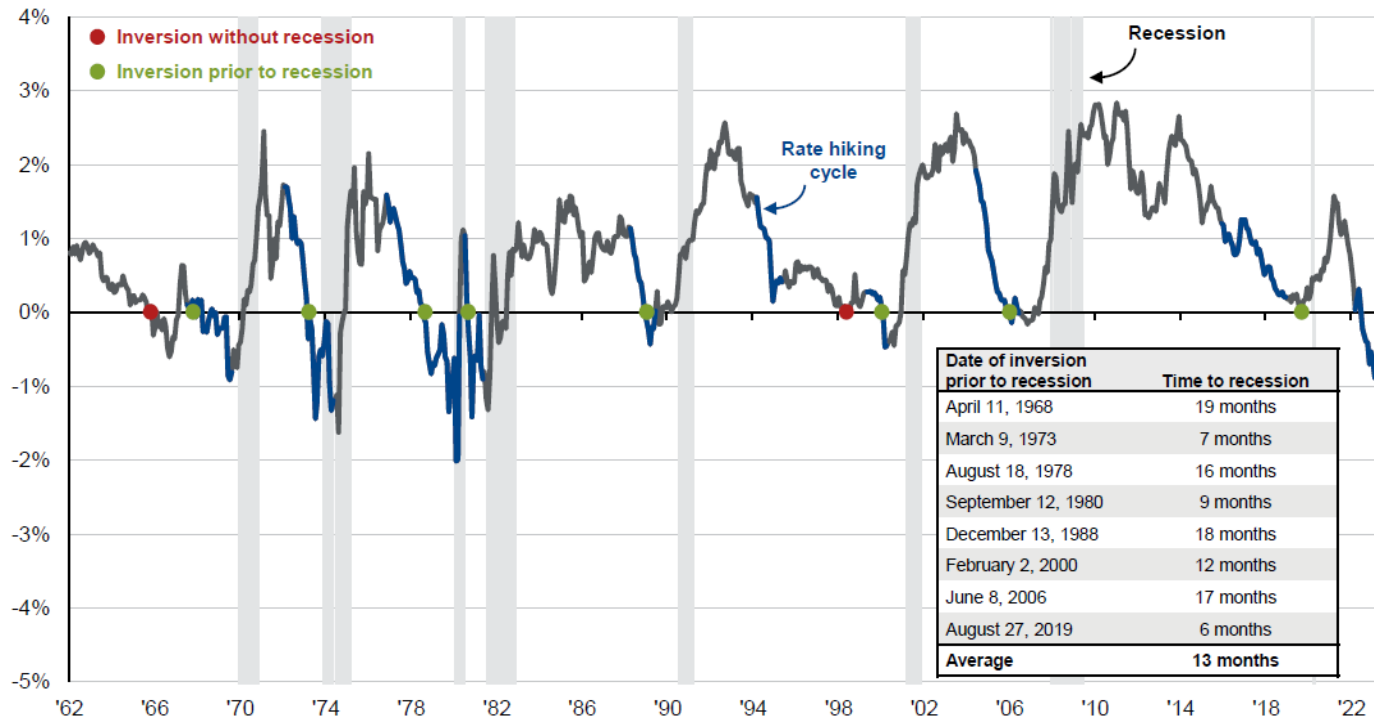


Source: Federal Reserve Board, Federal Reserve Bank of Cleveland, Haver Analytics. Note: Shaded bars indicate recessions.



Past inversions and time to recession

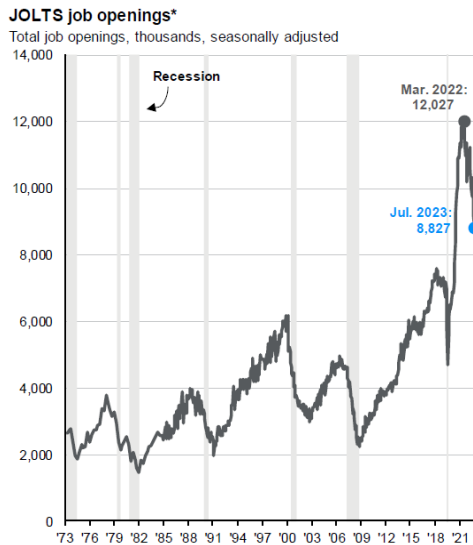
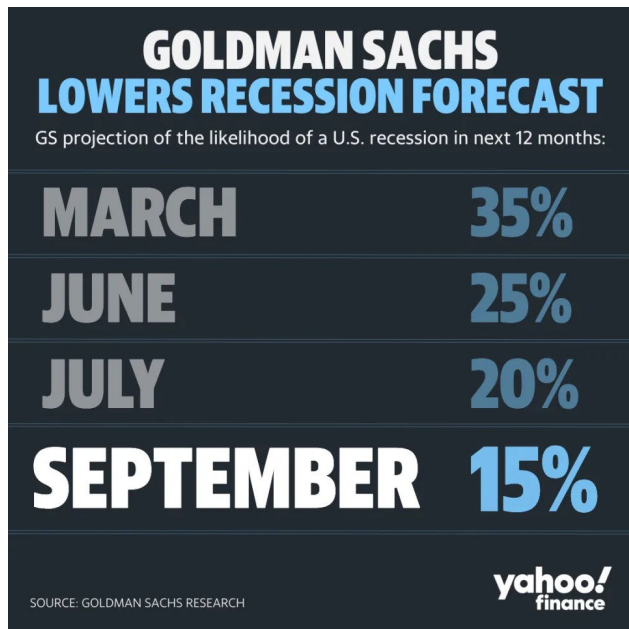
Difference between 10-year and 2-year U.S. Treasuries*



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. June 30, 2023

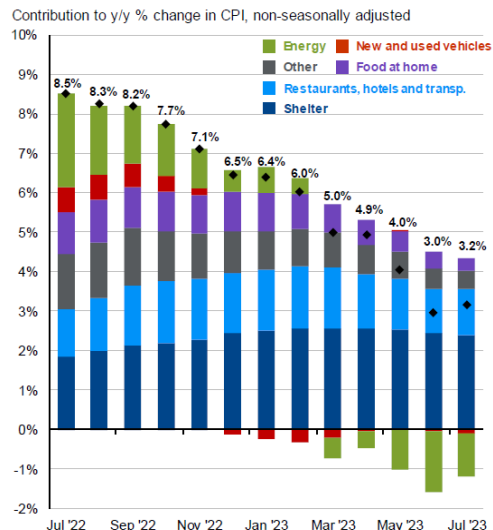


But some on Wall Street are not buying it...



Job openings down sharply from March 2022 highs

Inflation coming down to pre-COVID levels



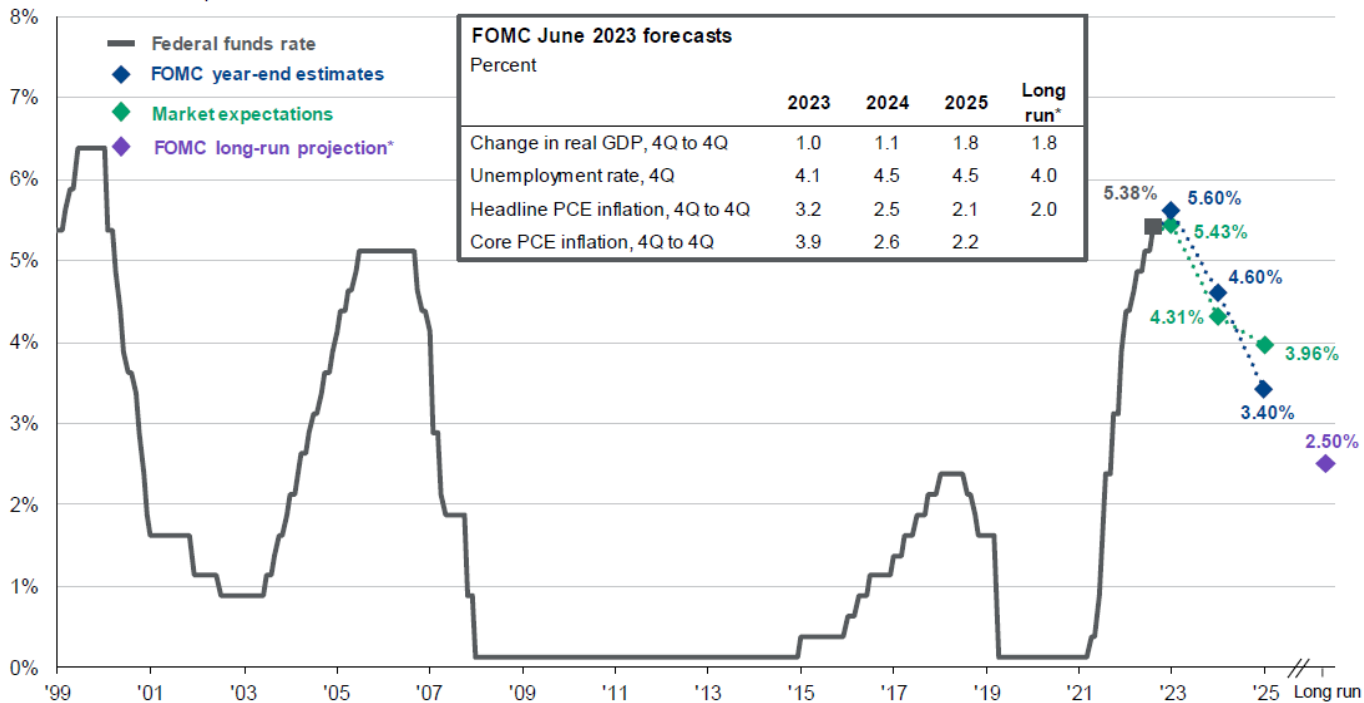
Source: U.S. Dept of Labor, Bureau of Labor Statistics, FactSet, J.P. Morgan Asset Management. August 31, 2023



The Fed and interest rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate

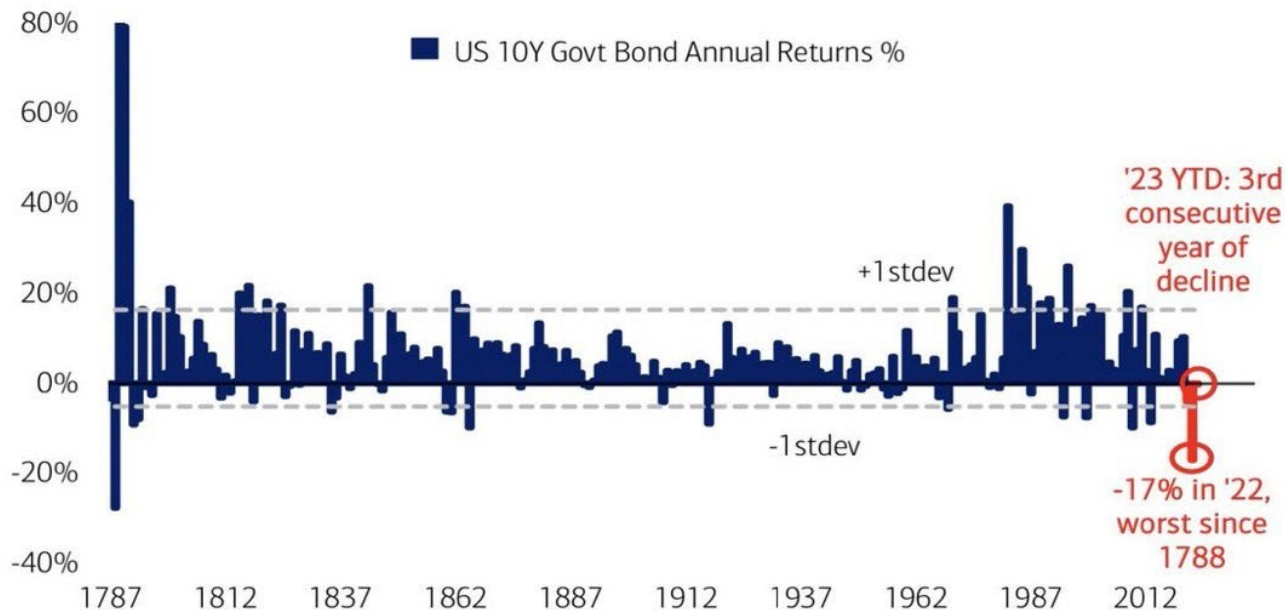


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. August 31, 2023



Unprecedented territory for bond returns

Chart 2: Never in the history of the US republic have US Treasury returns fallen 3 years in a row
US 10-year government bond annual returns %



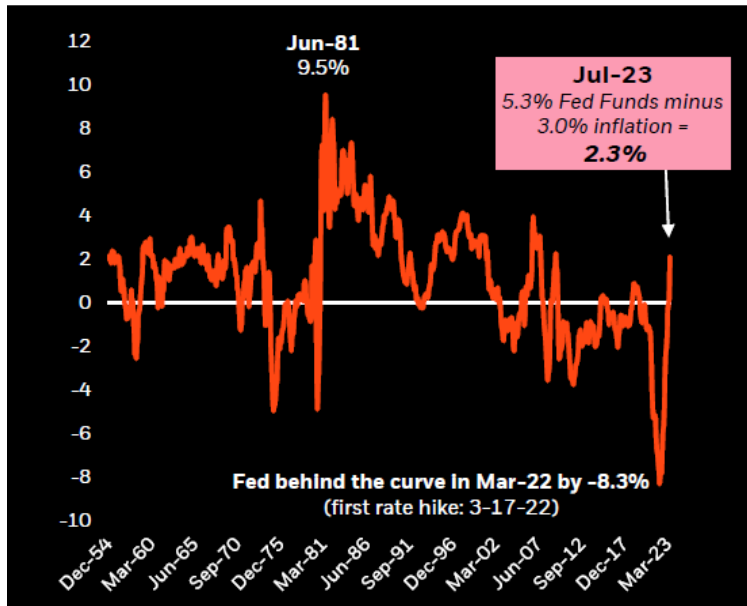
Source: BofA Global Investment Strategy, Bloomberg, Global Financial Data



Fed funds rate has surpassed inflation, which has historically benefited bonds

Effective fed funds rate minus inflation

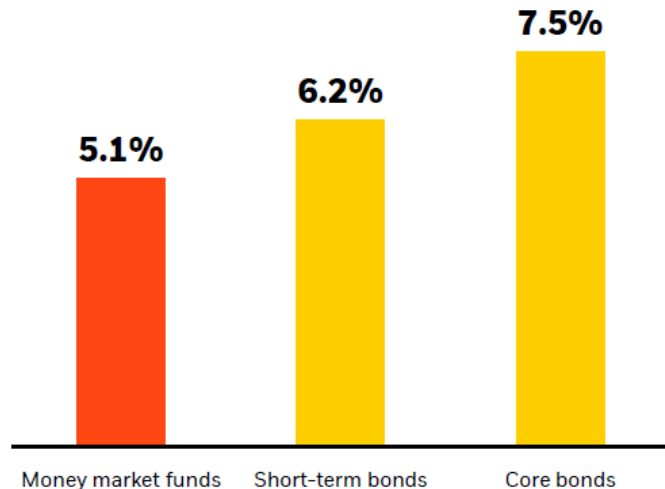
FFR & CPI since 1955



Source: Morningstar, Federal Reserve

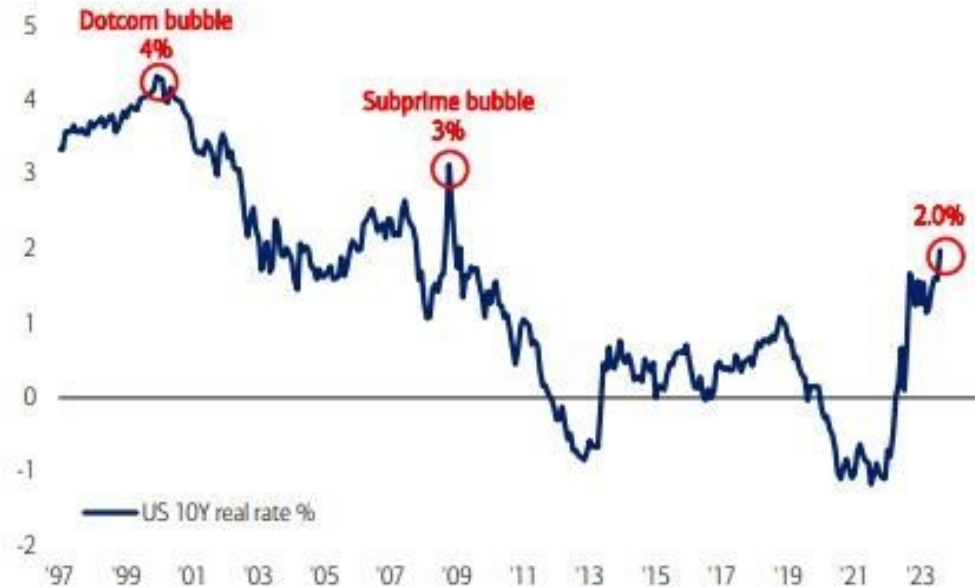
Bonds historically performed their best when the Fed funds rate was greater than inflation

Average returns, periods where FFR was greater than inflation, since 1955



There is finally a viable alternative to stocks

Chart 4: US 10Y real yield at 14-yr high = markets saying 'risk-off'...
US 10-year real yield (TIPS)



Source: BofA Global Investment Strategy, Bloomberg (GTII10 Govt)



Valuations stretched, but continue to look globally

International v. U.S. return cycles

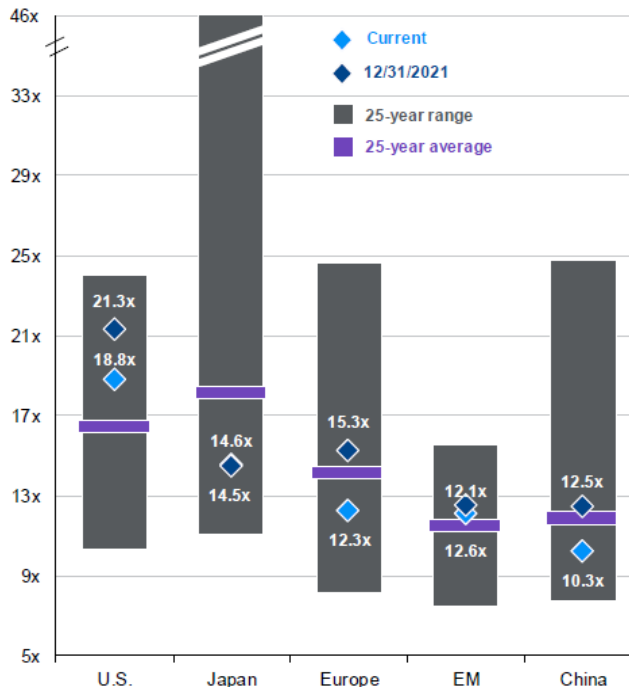
(cumulative returns, since 1971)

Date range	International stocks	U.S. stocks
1971 to 1978	151.1	43.6
1979 to 1982	23.2	81.6
1983 to 1988	461.9	149.9
1989 to 2001	46.8	461.9
2002 to 2007	123.4	42.5
2008 to 2021	52.9	333.0
2022 to 5/31/23	-4.6	-10.6

Source: Morningstar, FactSet, MSCI, J.P. Morgan Asset Management. August 31, 2023

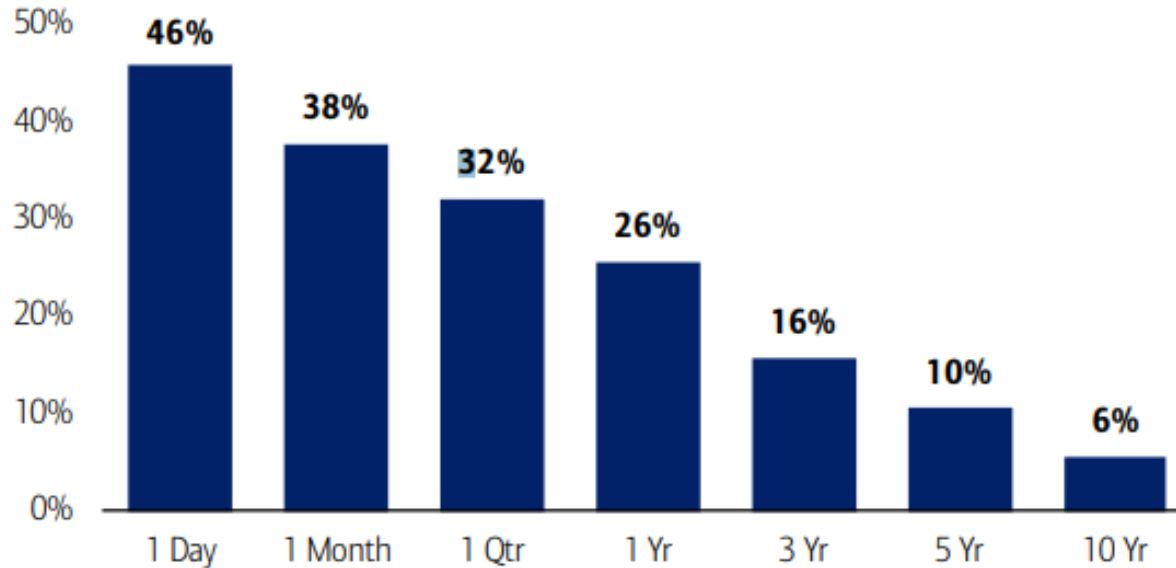
Global valuations

Current and 25-year next 12 months price-to-earnings ratio



As time horizons grow, equity losses plummet

■ Probability of negative returns, based on S&P 500 total returns from 1929-present



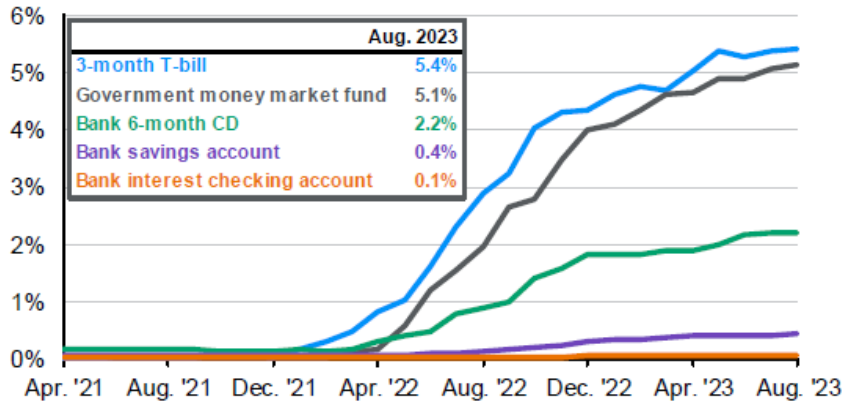
Source: S&P, Bloomberg, BofA US Equity & Quant Strategy



Cash is no longer “trash,” but be mindful of your time horizon

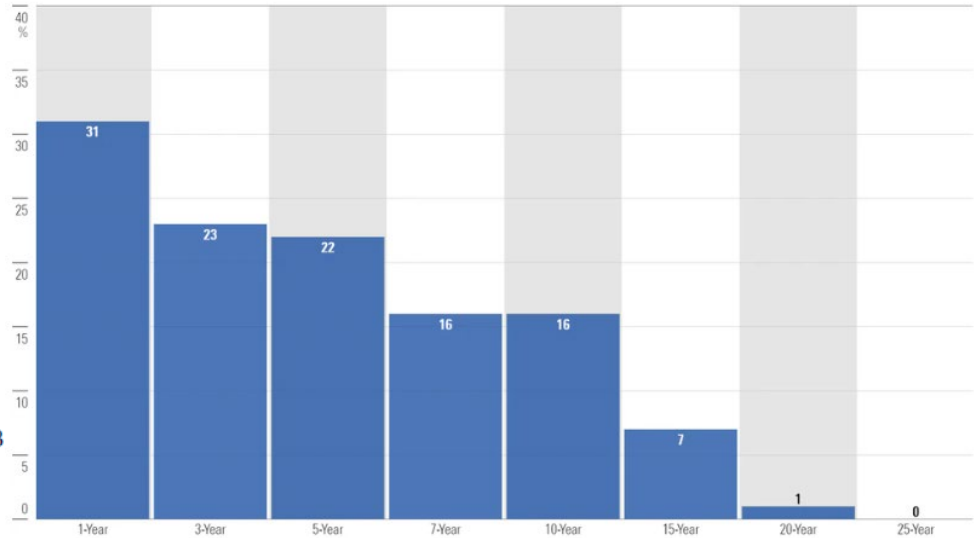
Important market interest rates

Monthly



Source: Bankrate, FDIC, J.P. Morgan Asset Management. August 31, 2023

Odds of Cash Outperforming Stocks (Total Returns, 1928-2022)



Source: Morningstar



Thank you!

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Employee Retention Credits: It's Not Too Late!

Melissa Struck, Principal, CPA



Learning Objectives

- Recall how to calculate your association's gross receipts by quarter and tie out to your Form 990 or determine if shut-down scenarios may be applicable to your association
- Identify deadlines for filing for these credits
- Select questions to ask providers when choosing who to work with when pursuing these credits



Employee Retention Credit Overview

	2020	2021
Covered dates (payroll paid during period)	3/13/20 – 12/31/20	1/1/21 – 9/30/21
Employer size-based restrictions*	Over 100 fulltime employees can only include paid but not working	Over 500 fulltime employees can only include paid but not working
Quarterly revenue decline vs. Same quarter 2019 OR	>50%	>20%
Partial or full government shut-down	Actual dates organization was shut-down by government order	
Maximum eligible wages + health care cost per employee	\$10,000/year	\$10,000/quarter
% wages + health care eligible for credit	50%	70%
Maximum annual credit/employee	\$5,000	\$21,000

*Fulltime employee measured by calendar 2019 according to ACA definition of fulltime employee (130 hrs+/mo = 1.0; < = 0.0)



Eligibility — Gross Receipts Reduction

2020 Credit

- Greater than 50% reduction in any quarter compared to the same quarter in 2019
- Continue to qualify until the quarter after gross receipts are back up to at least 80% of 2019
- ERC available for wages paid after March 12, 2020

2021 Credit

- Greater than 20% reduction in any quarter compared to the same quarter in 2019
- Can use prior quarter to qualify if the prior quarter met the above reduction
- ERC available for Q1, 2, and 3
- Recovery startup available Q3 and 4



Gross Receipts Reductions — Examples

	Q1	Q2	Q3	Q4	Total
2019	4,203,466.00	4,154,587.00	3,251,166.00	2,188,798.00	13,798,017.00
2020	2,994,368.00	1,523,448.00	2,343,642.00	2,339,155.00	9,200,613.00
	-29%	-63%	-28%	7%	-33%
		<i>Over 50% Reduction</i>	<i>Qualify until first quarter AFTER back up to 80%</i>		
2021	3,166,203.00	4,727,392.00	5,898,479.00		13,792,074.00
	-25%	14%	81%	-100%	0%
	<i>Over 20% Reduction</i>	<i>Qualify based on prior quarter</i>			
	<u>Fiscal Year End</u>	<u>Per Above</u>	<u>Per 990 (Box G Page 1)</u>	<u>Variance</u>	
	6/30/2020	9,957,780.00	9,957,780.00	-	

Follows 6033 of the Code — reconcile annually to Box G on 990 page 1

Can elect to exclude PPP forgiveness, shuttered venue grants and EIDL

- Revenue does not always = Gross Receipts.
- Fiscal year-ends need to analyze on calendar year, then adjust to fiscal to tie-out.



Gross Receipts From 990

IRS Notice 2021-20 clarified nonprofits follow 6033 of the Code, which is defined as Box G on page 1 of the 990

Form 990 Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations) ▶ Do not enter social security numbers on this form as it may be made public. ▶ Go to www.irs.gov/Form990 for instructions and the latest information.	OMB No. 1545-0047 2021 Open to Public Inspection
A For the 2021 calendar year, or tax year beginning _____, 2021, and ending _____, 20____		
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return	C Name of organization Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite City or town, state or province, country, and ZIP or foreign postal code	D Employer identification number E Telephone number G Gross receipts \$ _____



Gross Receipts From 990

Item G. Gross receipts

On Form 990, Part VIII, column A, add and (ii)), line 7b (both columns (i) and (ii)), line 10b, and line 12

Most common variance between revenues and gross receipts is proceeds on sales of investments. Should tie to audit cash flow too.

		(i) Real	(ii) Personal	
9	Total. Add lines 2a-2f			
3	Investment income (including dividends, interest, and other similar amounts)			
4	Income from investment of tax-exempt bond proceeds			
5	Royalties			
6a	Gross rents	6a		
b	Less: rental expenses	6b		
c	Rental income or (loss)	6c		
d	Net rental income or (loss)			
7a	Gross amount from sales of assets other than inventory	7a		
b	Less: cost or other basis and sales expenses	7b		
c	Gain or (loss)	7c		
d	Net gain or (loss)			
8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	8a		
b	Less: direct expenses	8b		
c	Net income or (loss) from fundraising events			
9a	Gross income from gaming activities. See Part IV, line 19	9a		
b	Less: direct expenses	9b		
c	Net income or (loss) from gaming activities			
10a	Gross sales of inventory, less returns and allowances	10a		
b	Less: cost of goods sold	10b		
c	Net income or (loss) from sales of inventory			
		Business Code		
11a				
b				
c				
d	All other revenue			
e	Total. Add lines 11a-11d			
12	Total revenue. See instructions			



Government Shut-down

Fully or partially suspended operations due to orders from an appropriate governmental authority limiting commerce, travel,
Or group meetings due to COVID-19

Comparable operations/ability to telework:

- Employer's telework capabilities
- Portability of employees' work — portable or otherwise adaptable to be performed from a remote location.
- Need for presence in employee's physical workspace.
- Transitioning to telework — is the adjustment period significant?



Government Shut-down

Partial Suspension Objective Test

- Gross receipts from that portion of the business operation is not less than 10% of the total gross receipts (both determined using the gross receipts of the same calendar quarter in 2019), or
- The hours of service performed by employees in that portion of the business is not less than 10% of the total number of hours of service performed by all employees in the employer's business (both determined using the number of hours of service performed by employees in the same calendar quarter in 2019).



Associations

- **Gross Receipts:**
 - Typically need to aggregate if related foundation; watch for investment proceeds on sales.
 - May need to adjust to accrual based on revenues earned (many book sponsorship cash basis, for example)
- **Shut-Down Order:**
 - If event was cancelled due to order in place when decision was made, but order expires before event, may be eligible for period of order.
 - Application of 10% safe harbor to show event was more than nominal is a bit gray; at a minimum show the “qualifying event” was >10% gross receipts in same quarter 2019.
 - If shifted to virtual, need to consider if activities were a full replacement.
- **PPP Overlap:**
 - 501c6 could not participate in PPP1 in 2020, and often don’t have grant-funded payroll, so 2020 ERC eligibility under shut-down will likely yield larger credits.



Claiming ERC — Timing And Financial Reporting

- Have 3 years from the date of the original filed 941 to claim the credit on an amended 941x
 - 2020 credits: last date to file: April 15, 2024
 - 2021 credits: last date to file: April 15, 2025
- Current IRS turnaround 9 – 12 months
- Reported as government grant — recognize when all conditions of such grant are fulfilled or there is reasonable assurance that they will be fulfilled (typically, when the 941x is filed)



Selecting A Professional To Help With ERC

- Consider the capacity and knowledge-base you have internally to:
 - Evaluate eligibility
 - Calculate the credits
 - Prepare the form 941x
 - Document the details in case of a future IRS audit



Selecting A Professional To Help With ERC

- If you seek a provider for support, ask the following questions:
 - Under what eligibility criteria are we eligible?
 - Does your firm follow the IRS notices for guidance or just the language in the CAA and ARPA legislation?
 - If providing estimated credits, do they properly account for restricted funding and PPP?
 - If we work with you, when do we sign the contract and lock in?
 - What is your fee structure and when will we have to pay it?
 - What are the deliverables from your work?
 - What is your firm's history working with organizations like us on tax credit programs?



Thank you!

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Demystifying the Digital Journey for Associations

Ben Aase, Principal, CLA

Troy Hollings, Digital Growth Director, CLA



Learning Objectives

At the end of the session, you will be able to:

- Identify effective methods you can use to chart a course for your association's digital transformation
- Recall strategies to overcome challenges related to system integration and data interoperability
- Recognize the importance of real-time data and its role in driving digital transformation within associations



Agenda

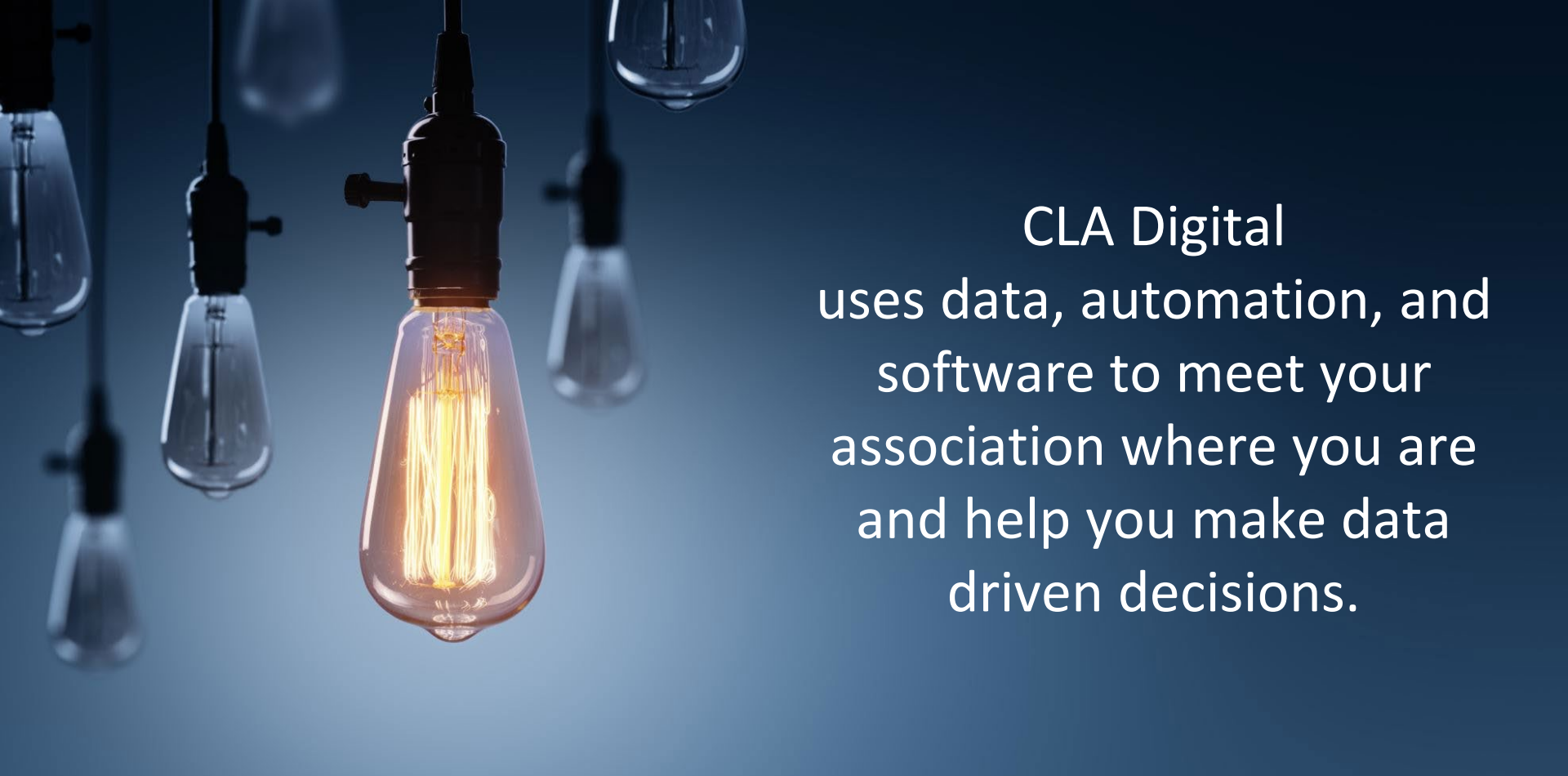
- Defining Our Terms
- The Mechanics of Your Digital Journey
- Q&A/Discussion



Defining our Terms

What is digital transformation?





CLA Digital
uses data, automation, and
software to meet your
association where you are
and help you make data
driven decisions.



CLA Digital Helps Our Clients in 3 Ways



Software integration

In-house products and solutions allow associations to leverage leading value.



Data modernization

Every association relies on data insights to make accurate informed decisions.

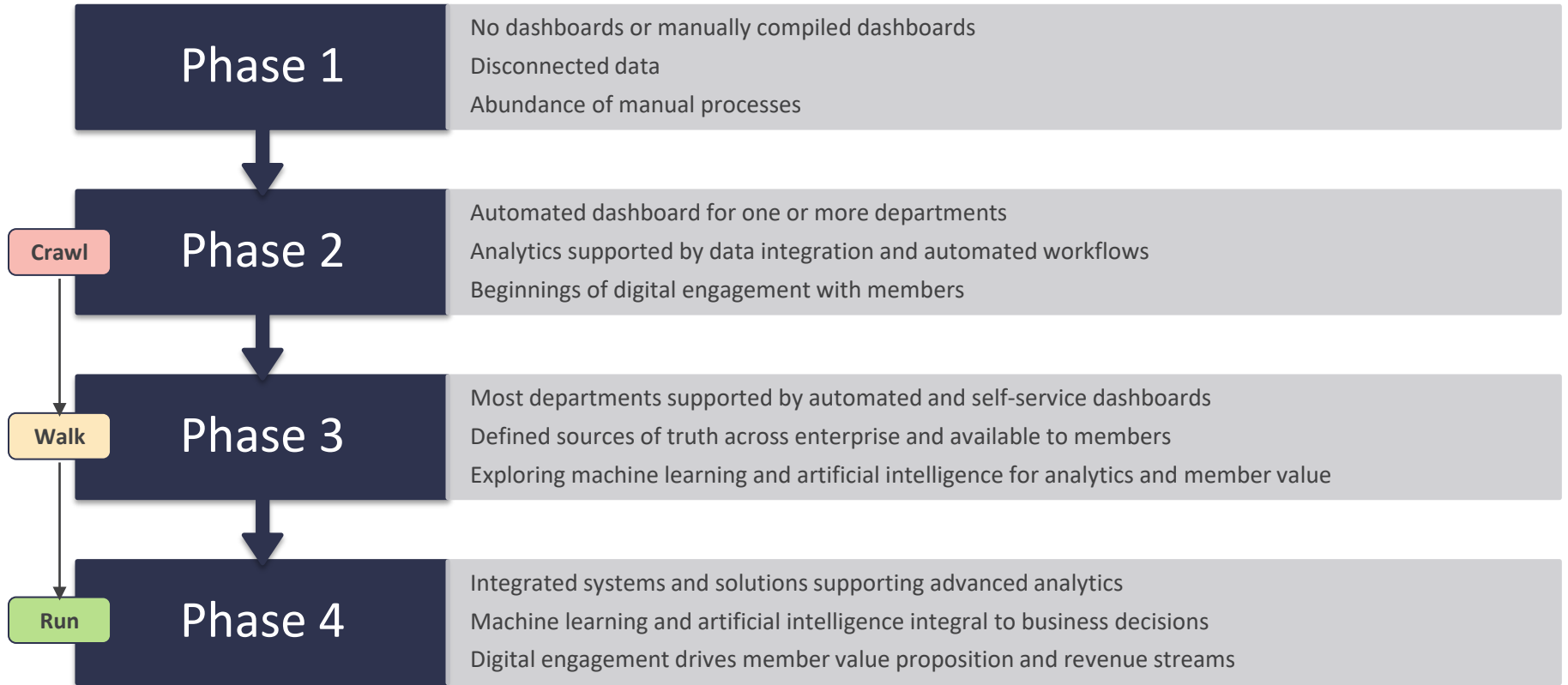


Automation development

Adding automation to key processes allows associations to scale efficiently.



Digital Lifecycle





Poll

What best describes where you are in your digital lifecycle?

Phase 1:
Multiple disconnected systems, lots of manual

Phase 3:
Integrated systems, automated dashboards, exploring AI/Machine Learning

Phase 2:
Some automated dashboards, exploring integrating systems and member engagement

Phase 4:
Advanced analytics and AI/ML integral to business decisions and member engagement

Mastering the Mechanics

Tips to chart a course for your digital transformation



Begin with why...



Why should your association invest in digital transformation?

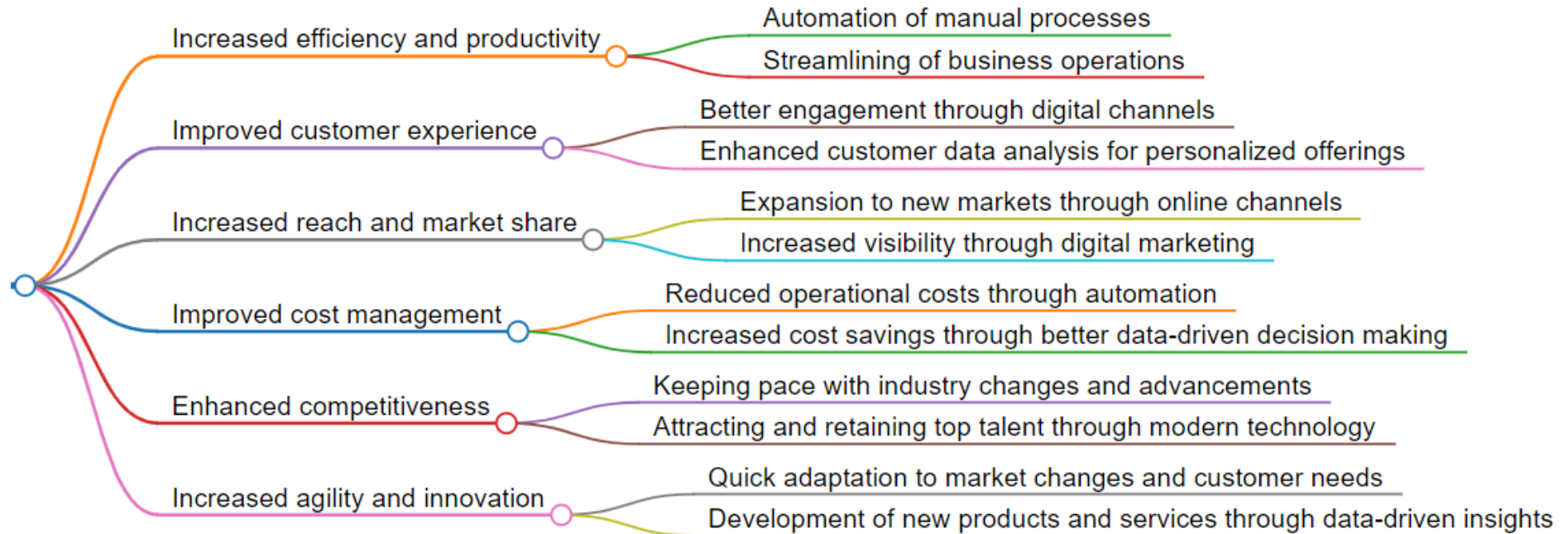


Best practices in developing a digital roadmap



Successfully managing change within your association

Chat GPT: *Why an association should invest in digital transformation*



Why Consider Investing in Digital?



- Reduce member churn
- Improve member experience
- Reduce costs
- Improve outcomes
- Lower risk
- Improve decision-making
- Reduce volatility
- Improve growth velocity

Develop the How...



Why should your association invest in digital transformation?



Best practices in developing a digital journey map



Successfully managing change within your organization



Poll

Does your association
have a digital roadmap
in place?

1

“What are you
talking about?”

10

“We’re a well-oiled
digital machine.”



Assess Where You are on Your Journey

Urgent And
Important

Important
Not Urgent

Urgent Not
Important

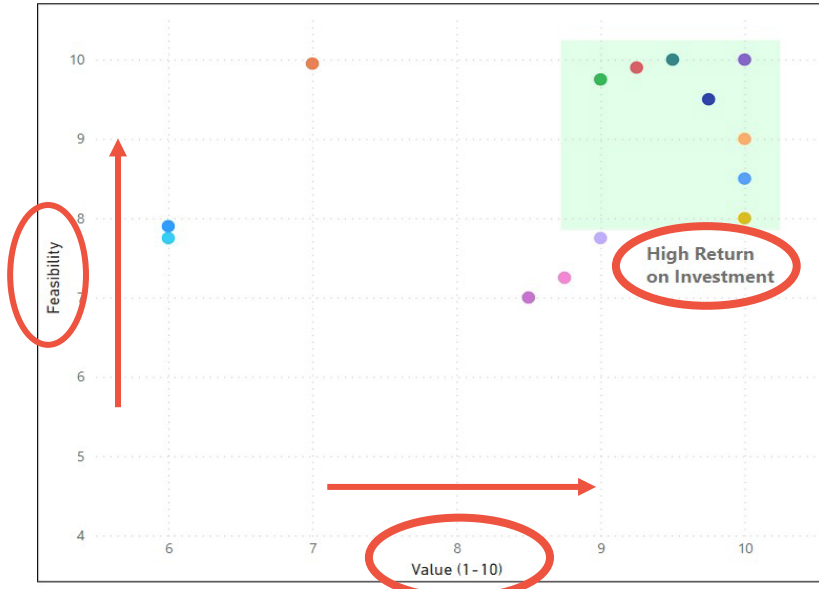
Not Doing
Ever

Start Anywhere.
Go Everywhere.



Sample Prioritization Matrix

Sample Use-Case Prioritization Matrix

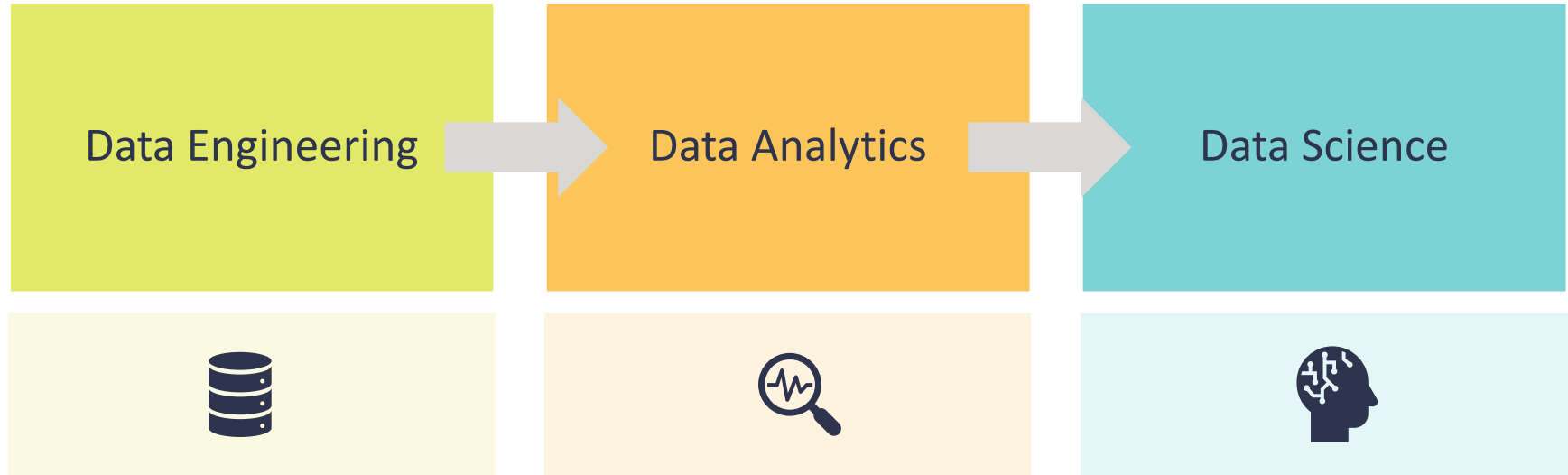


Total # of Use-Cases = 14

Use-Case Name/Description	Value	Feasibility
	6.00	10.00
Create Automated Workflows Implement Automated Workflows to bring Efficiencies and Automation to Database Management & Existing Business Processes	10.00	8.50
ERP Evaluation & Selection Conduct deep-dive evaluation of potential ERPs to explore possibility of replacing / consolidating disparate systems & Access DBs currently in place	10.00	10.00
ERP/CRM Optimization Leverage newly selected ERP/CRM to Further Host and Build Out Applications Pulling or Pushing Data to Support the Organization	10.00	9.00
Implement ERP Solution Implement & Customize Selected ERP Solution to Support / Facilitate Whitetails Unlimited's Business Processes	10.00	8.00
Consolidated BI / Reporting Development Develop Custom Dashboards/Reports/Insights to Serve the Needs of the Business and Enhance Speed to Information Baseline	9.75	9.50
KPI Identification Conduct an Exercise / Discovery Session(s) to Brainstorm, Identify and Prioritize KPIs Critical to the Success of the Business	9.50	10.00
KPI Consolidation	9.25	9.90
KPI Segmentation	9.00	9.75
Ticketing Solution Review, Evaluation & Selection Evaluate Potential Off-the-Shelf Solutions vs. Custom Application Build for a Digital Ticketing Solution	9.00	7.75
Integrate Digital Ticketing Solution w/ Existing Data Models & Reporting Infrastructure Incorporate Data From Digital Ticketing Solution Into Existing Data Models / Reporting Tools to Derive Insights & KPIs	8.75	7.25
Implement Digital Ticketing Solution Implement & Customize Selected Digital Ticketing Solution to Further Enhance Efficiency of Business Processes / Attendee Experience	8.50	7.00
Data Calendar	7.00	9.95
Ad-Hoc Reporting For data Not Available in the Defined Dashboards and Reports, an Ad-Hoc Reporting Structure Should be Developed and Implemented	6.00	7.90
Self-Service Analytics In Addition to Creating the Standardized Dashboards by Department, Individuals Desire the Capability to Analyze Data to Their Specifications, With the Ability to Generate Custom Reports and Dashboards from Pre-Curated Data	6.00	7.75



One Way to Think About Prioritizing



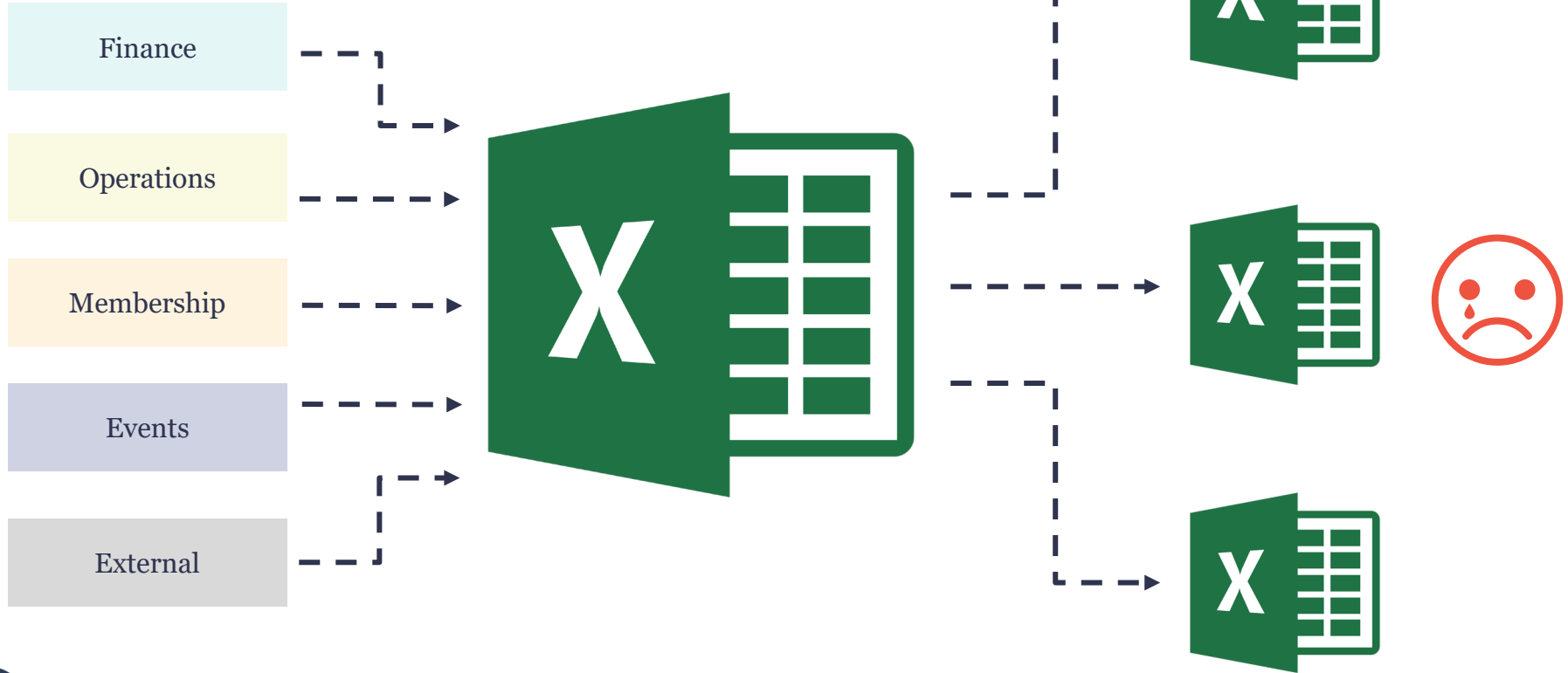


Data Engineering

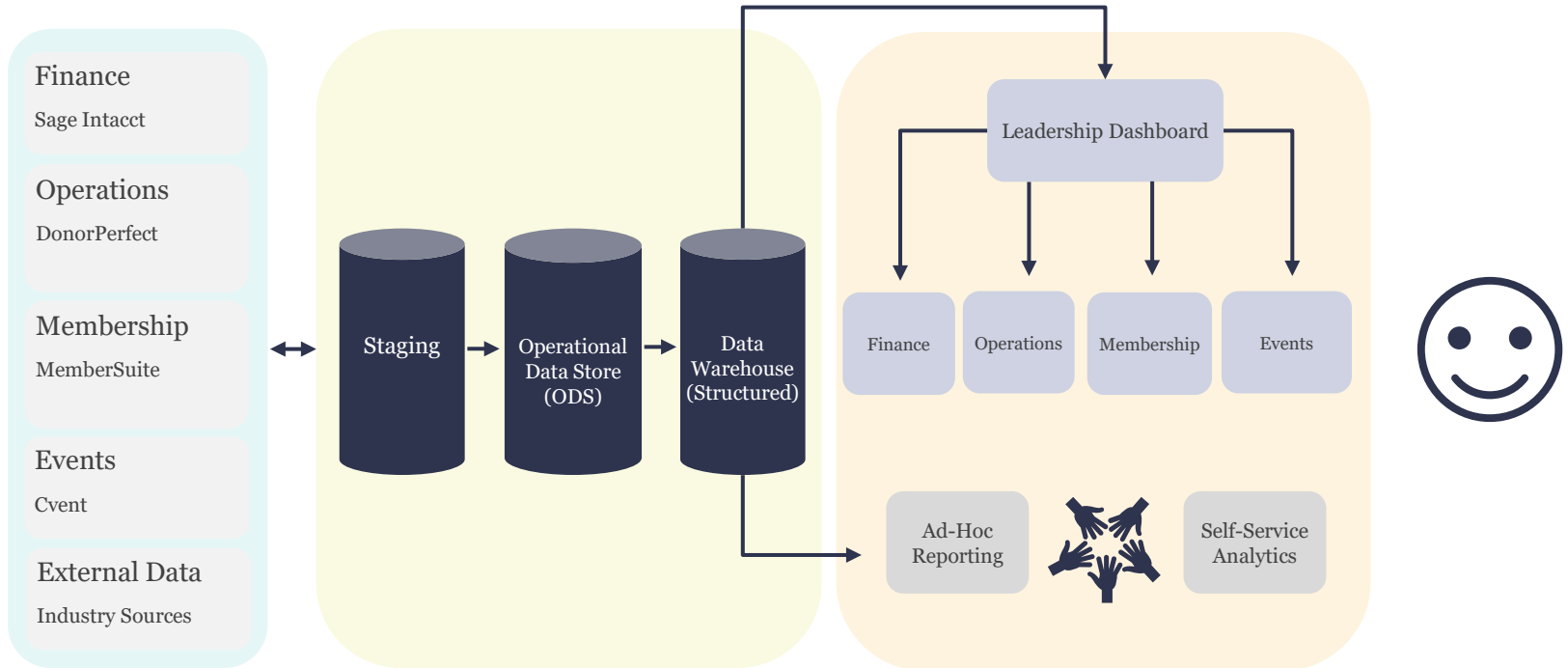
Building the Foundation



Sample Association Current State



Sample Future State Reporting + Analytics



Key Structures for Your Data Estate

Data Lake

- Centralized storage of data from multiple sources.
- Reflects how data exists in the source and is often transformed for use in solutions.
- Can host structured, semi-structured, and unstructured data.

Data Warehouse

- Centralized database showing accurate picture of key strategic metrics.
- Organized around facts described by dimensions.
- Hosts structured data.

Data Marts

- Designed for specific business use cases, such as a department's view of the organization.
- Host structured data.

Data Lakehouse

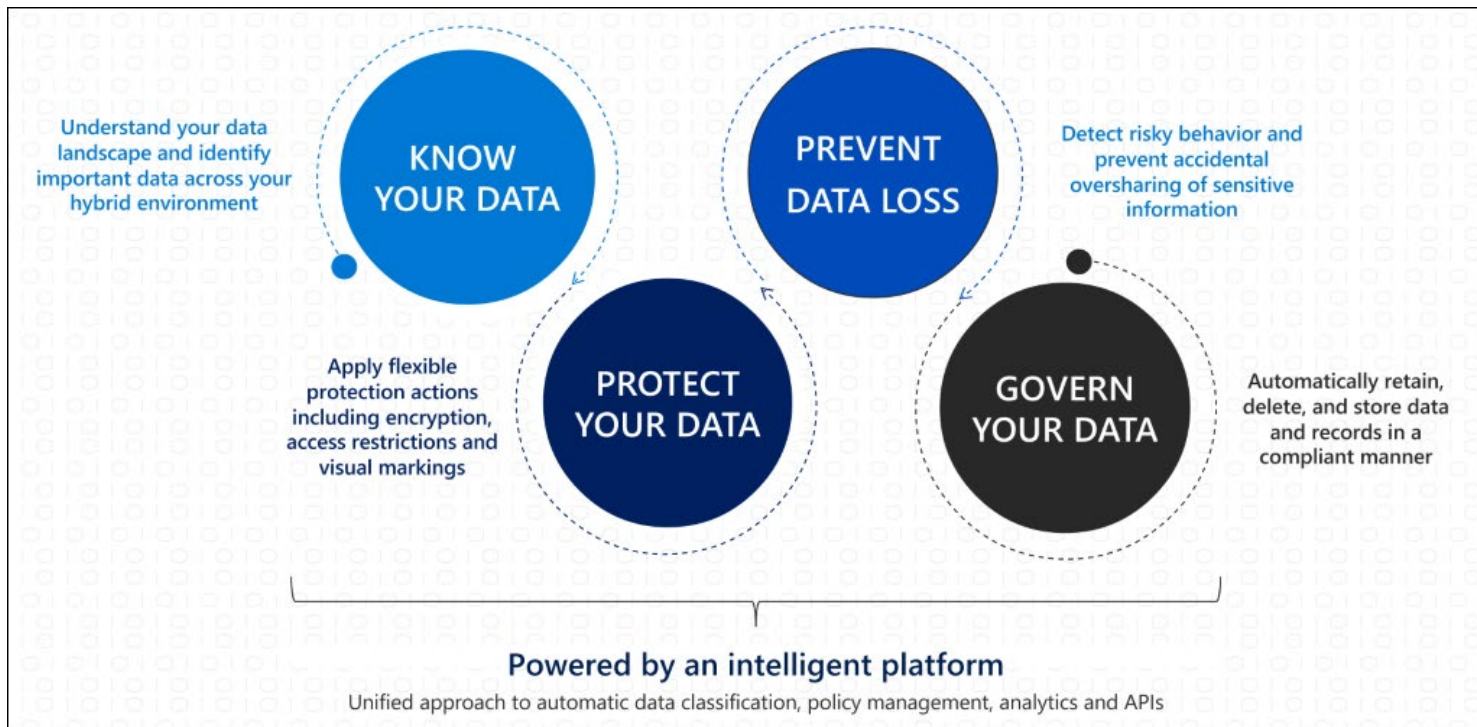
- Takes the best from data lakes & data warehouses.
- Better governance and support for machine learning and artificial intelligence.
- Can host structured, semi-structured, and unstructured data.



Governing Your Data Estate



Data Visibility & Protection



Understanding Data Quality



Reference Data

Standards Based, Mostly Static
Critical, Easy to Manage



Master Data

Member, Locations, Products
More Dynamic, Existing in Multiple Systems



Transactions

Orders, Invoices, Documents
Business System Managed Facts



Big Data

Volume, Variety, Velocity
Often Questionable Veracity

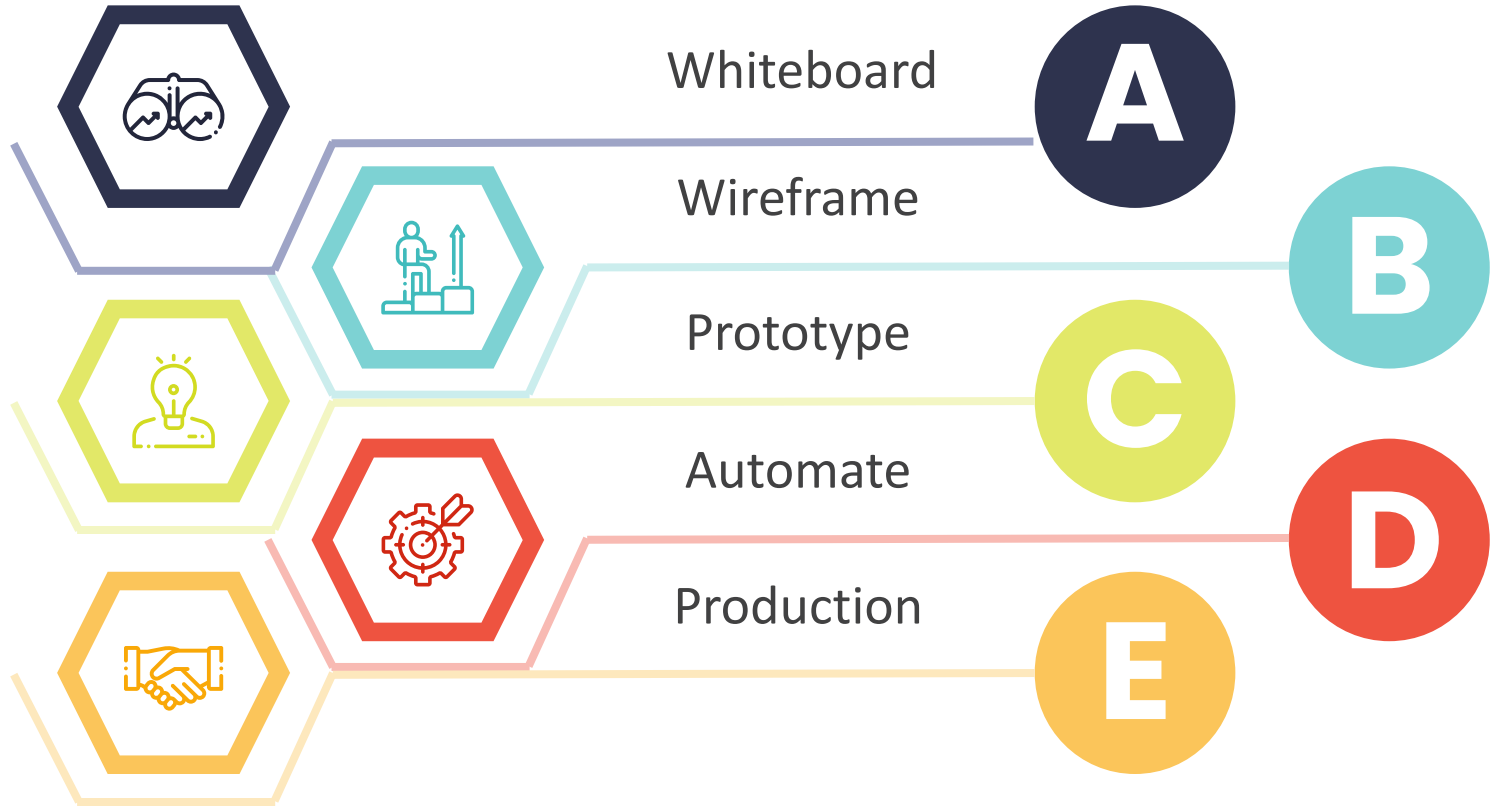


Data Analytics

The Next Level

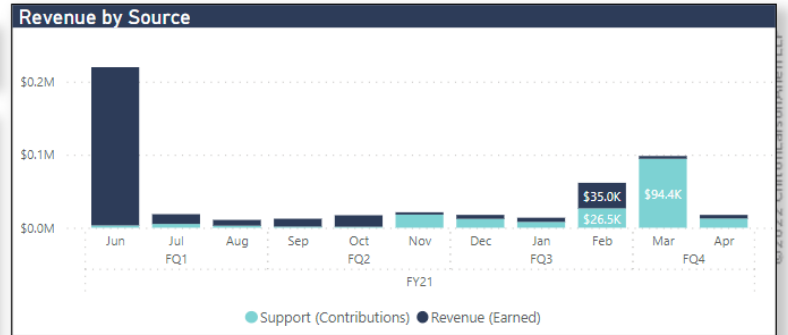
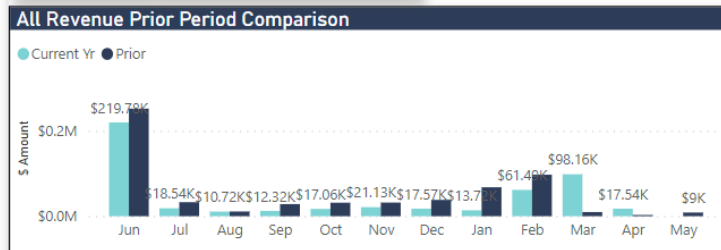


Solving for Lack of Real-Time Data: Dashboards



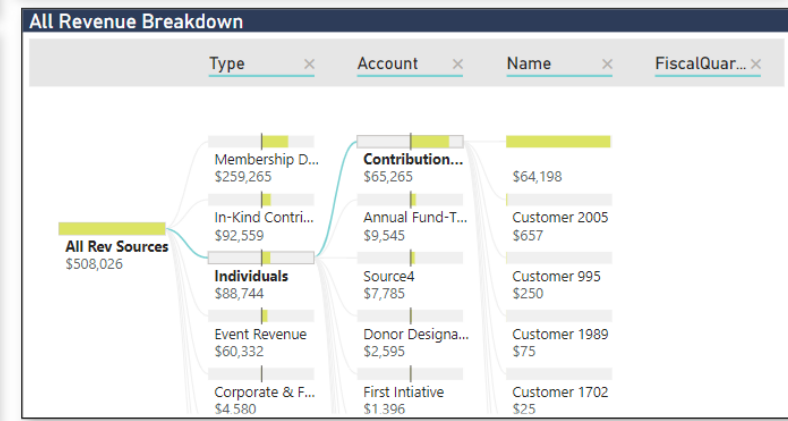
Example – Financial Dashboard

Fiscal Year: FY21
Fiscal Quarter: All
Fiscal Month: All
All Sources
Contributions
Earned Revenue



Revenue by Source for the period 06/2020-04/2021

Source	CY	PY	% Inc/(Dec)	Budget	Budget Var
Revenue (Earned)	\$322,133.89	\$455,759	-29%	\$559,750.00	-42%
Active Dues and Fees				\$152,250.00	-100%
Before Event RSVP Tickets	\$22,867.04	\$34,372	-33%	\$134,950.00	-83%
Individual Tickets-Gala		\$63,460	-100%	\$81,000.00	-100%
Sustainer Dues	\$74,355.00	\$75,110	-1%	\$75,850.00	-2%
Associate Location1	\$18,560.00	\$30,305	-39%	\$30,450.00	-39%
Silent Auction Income	\$10,350.00	\$14,911	-31%	\$25,000.00	-59%
Assoc. Location2 Dues	\$7,320.00	\$21,025	-65%	\$21,025.00	-65%
Ticket Raffle	\$10,900.00	\$3,480	213%	\$18,000.00	-39%
Location2-Course Fees	\$3,600.00	\$11,025	-67%	\$10,875.00	-67%
Location1 Assoc. Course Fees	\$2,675.00	\$7,435	-64%	\$7,875.00	-66%
Total	\$508,026.29	\$612,174	-17%	\$707,520.00	-28%





Data Science

The Final Frontier



What *if?*

- Personalization
- Predictive Analytics
- Automation
- Data-as-a-Service



Lead the Change...



Why should your association invest in digital transformation?



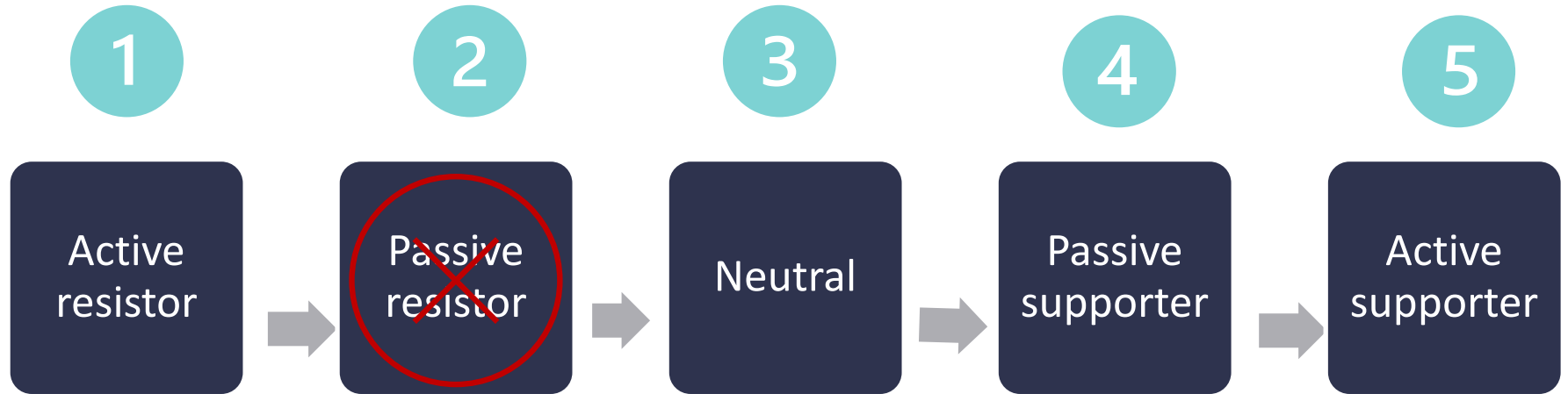
Best practices in developing a digital journey map



Successfully managing change within your organization



Support Continuum



Change Management Rule



"Digital transformation is less about technology, and more about people."

1. Bring everyone into the “why?”
2. Make communication the top priority
3. Chunk the project into manageable pieces
4. Celebrate every win with everyone

Have a Plan

Description		January	February	March	April	May	June	July	August	September	October	November	December
Design Optimization	KPI Identification & Consolidation												
	KPI Segmentation												
	BI Team Building / Training / Mentoring / Coaching												
Data Warehousing	Determine Infrastructure availability and licensing												
	Gather additional data warehousing requirements												
	Design data warehouse schema												
	Data warehouse build (Custom Tracker, QCube, Additional Applications)												
	Data warehouse testing												
	Data warehouse deployment												
Dashboarding and Reporting	Create Board, Executive, and Department-level wireframes												
	Create prototype dashboards from the wireframes at the Board, Executive, and Department-level												
	Create wireframes and prototypes of non-dashboard reports												
	Begin dashboard build-out												
	Begin report build-out												
	Create ad-hoc reporting structure with Service Level Agreements (SLA's)												
	Test and deploy dashboards												
Test and deploy reports													
User Enablement	User-acceptance testing												
	Begin end-user training												
	Create and execute bug-fix/feature request process												
	Create and execute maintenance procedures												
	Business and technical documentation												
Complete end-user training													
Project/Change Management	Create change management plan												
	Execute change management plan												
	Create project management plan												
	On-going project management activities												



Develop a Culture of Innovation

“The process of generating creative solutions to problems or opportunities that result in improved performance.”



Bringing it All Together



Key take aways



Define digital for your association



Assess where you are on your journey



Start with the why



Define end state success for each project or milestone



Embrace change and the support continuum



Develop a culture of innovation

Thank you!

Ben Aase
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Troy Hollings
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Break

10:30 to 10:45 a.m.



Expect the Unexpected: A Risk Management Story

Ben Aase, CLA

Frank Rudewicz, CLA

Gary LaBranche, RIMS



Learning Objectives

- Describe the components of a crisis management and communication plan
- List the benefits of having a crisis management and communication plan
- Identify crisis management and communication leading practices
-





- **World's leading association for risk management professionals**
- **Risk Managers from corporations, universities, government agencies, associations, hospitals, etc.**
- **200,000 Engage with RIMS Monthly**
 - **Members in 75+ Countries**
- **\$18M Annual Operating Budget**





ATLANTA 2023

RISKWORLD™

APRIL 30–MAY 3

10000+

Attendees

400+

Exhibitors

70+

Countries

300+

Speakers



Gary A. LaBranche, Chief Executive Officer, RIMS

- 41+ year association executive
- Certified Association Executive 1986
- ASAE Fellow 1995
- ASAE Key Award 2007
- TRENDS Assn Exec of the Year 2012
- Association Forum Shapiro Award 2019
- Served on 4 ASAE Boards, Chaired ASAE Business Services; V-Chair, ASAE.
- Member, US Chamber Association Committee of 100 (2004-present)
- 2008-09 Chair, US Chamber Institutes of Organization Management
- Author, chapter on complex associations in ASAE's **Professional Practices in Association Management**, 3rd & 4th ed.
- Author: **Association CEO Succession Toolkit**
- Consultant to 300+ associations



1.8 Million

- Conventions, Conferences And Trade Shows In The U.S. Annually

30%

- Host More Than 2,500 Attendees

- *(Merfest In North Carolina Arthur Drooker)*



SAFE, SECURE, & SUCCESSFUL





ATLANTA 2023

RISKWORLD™

APRIL 30–MAY 3

10000+

Attendees

400+

Exhibitors

70+

Countries

300+

Speakers



RISKWORLD 2023 CRISIS PLAN

- **72 page, “all-risks” written plan**
- **Command, control, coordination and communication**
- **Considerations: protests, medical emergencies, cyber attack, cell / digital interference, bomb threat, violence, pathogens, job actions, drone attacks, weather, etc.**
- **Elements: EOD dogs, on-site medics, social media monitoring, mag screening at some events, strict badging, IT analysis and monitoring, very close coordination with local law enforcement and public health agencies.**
- **Engaged outside security consultants**
- **Multiple in-person and online meeting with local law enforcement, GWCC personnel, RIMS board, staff & vendors.**
- **Primary “alerts” to be issued via the conference APP**



3 Million+ people attend events in Atlanta's Downtown each year with music concerts, sporting events and major conferences that can draw over 80,000 at one time.

Ambassador Force and Escort Service Ambassadors will provide an escort to visitors walking to destinations within the district. If you need an escort call the Field Office at 404.215.9600 or send a text to 404-732-4200 and give your name and location to the dispatcher and a member of the Ambassador Force will respond.

Georgia World Congress Center Emergency and Disaster Management:

- Georgia World Congress Center Authority's Department of Public Safety is active on campus 24-hours a day, seven days a week.
- 24/7 in-house Police Department and 911 center.
- A Visitor Information kiosk is located at the corner of Peachtree St. and Andrew Young International Blvd. It is in operation from 8:30am - 11:00pm.
- Building, parks, plazas and parking decks/lots are frequently patrolled and monitored.
- Cameras are viewed and recorded throughout the facility.
- There is an Emergency Operations Center on site that monitors major emergencies and provides overall incident command.
- Explosive detection K9 teams on staff.
- Live, severe weather tracking.
- Direct Radio contact with the City of Atlanta Police for coordination and communication.
- Georgia World Congress Center Department of Public Safety uses National Incident Management System (NIMS), the first-ever standardized approach to incident management and response.



SAFETY TIPS FOR RISKWORLD ATTENDEES

Should an emergency situation occur, RIMS will issue push notifications via the RISKWORLD App.

- Remove your RISKWORLD registration badge outside of the meeting site.
- Sharing your RISKWORLD conference badge is strictly prohibited. Additionally, sharing the badge weakens on-site security and prevents RIMS from reaching your emergency contact(s) if needed.
- If you lose your RISKWORLD badge, please notify a RIMS staff member immediately. Similarly, if you lose your hotel room key, please notify your hotel's staff as soon as possible.
- RIMS provides shuttle service to and from hotels to the convention center, as well as to the Opening Reception. Please consider RISKWORLD shuttle service right before, during, and right after RISKWORLD activities at the convention center. Consider ride share services for late night and early morning events and meetings.
- It is mandatory that attendees enter and exit from the Georgia World Congress Center's main lobby at 285 Andrew Young International Blvd (except in an emergency).
- When walking, stick to well-lit, busy areas. Don't be distracted with your cell phone.
- Do not display hotel guestroom keys in public.
- It is highly recommended for guests to use the main entrance of their hotels.
- Do not give money to panhandlers. In fact, monetary solicitation is illegal in Atlanta's downtown convention area.
- If you see something, say something. Notify RIMS staff or Georgia World Congress Center staff if you see something out-of-the-ordinary. Dial 911 for emergency assistance or the City of Atlanta Police at 404-614-6544 or fire at 404-546-7000.



MAY 3, 2023

12:37 P.M.

ATLANTA, GEORGIA





AMY ST. PIERRE
1984 – 2023

Photo Taken from the New York Post



RISKWORLD 2023 ACTIVE SHOOTER INCIDENT





KEY TAKEAWAYS:

1. **City-Wide Conferences Must Have a City-Wide Crisis Plan**
2. **Crisis Plans Must Be Simple, Digital, Shareable and Quick to Implement**
3. **Training, drills and desktop exercises to build rapid response activation**
4. **Enhance communication with housing and shuttle partners, also hotels**
5. **Relationships with Law Enforcement Are Vital to Facilitate a Response**
6. **Rapid and Accurate Communication is Critical**
 - **Informing Attendees (New Cell Phone and Credentialing Requirements)**
 - **Assessing In-Session Notification and Digital Signage Capabilities**
 - **Use video, social media, etc. to control the message and status updates**
 - **Enhancing Staff Communications – Practice, Practice, Practice**
 - **Demanding More From Hotel Partners**
 - **Management of RIMS Communications Tools**





Maximize new technology to deliver emergency information

...but don't neglect old technology



...and be inclusive.



BIGGER QUESTIONS

- **What if the shooting took place the opening morning of RISKWORLD?**
- **When would RIMS resume its conference post-incident?**
- **What if the incident happened in the city but further away?**
- **How does RIMS transfer these crisis risks?**
 - **Business Interruption Insurance**
 - **Event Cancellation Insurance**
 - **General Liability Insurance**
 - **Contracts (speakers/hotels/partners/center)**
 - **Cyber Insurance**



1. BUILDING A RISK-AWARE STAFF

- **Security Training**
- **De-escalation Training**
- **CPR Training**
- **Walk-Throughs**
- **Social Media Training/Monitoring**

Crisis Plan

- **Contact Information**
- **Emergency Contacts**
- **Staff Arrivals/Departures**
- **Hotels**
- **Convention Center Contacts**
- **Center Floor Plans**
- **Hotel Map**



2. LEVERAGE PARTNERSHIPS

- **VENUES**
- **CONVENTION & VISITORS BUREAUS**
- **HOTELS**
- **PRIVATE SECURITY CONSULTANTS**
- **LOCAL LAW ENFORCEMENT**
- **OTHER EVENT PARTNERS**



3. TRANSPARENCY & COMMUNICATION



A CALL TO ACTION:

- Associations must dramatically strengthen event safety & security.
- Venues and destinations must elevate their safety & security plans and preparations.
- The association and hospitality community must collaborate to comprehensively enhance attendee safety and security



ASIS, RIMS, ASAE COLLABORATION



Potential Costs Associated with Active Shooter Incidents

- 1. Human Cost:** physical and emotional harm; medical and psychiatric care; hostage ransom
- 2. Legal and Liability:** Liability claims, legal fees, settlements, damages
- 3. Business Disruption:** facility closings, loss of productivity/financial
- 4. Security Measures:** security personnel, surveillance systems, security assessments, upgrading infrastructure
- 5. Reputation Damage:** negative media coverage/public perception
- 6. Employee Attrition:** recruiting and training new staff
- 7. Crisis Management and Post Event Counseling**



In 2024, RIMS' Event Budget for Crisis Prevention & Response will likely double from 2023:

External Costs:

- Crisis planning specialist
- Insurance coverage as needed
- Additional messaging services for employees and attendees
- Upgrading local security personnel at events

Internal Staff Costs:

- Expand relationships with local authorities
- Expand scenario planning and training
- Create a dedicated cloud-based Resource Center with crisis response information
- Increased collaboration with housing, shuttle, and meeting facilities



RIMS RESOURCES...

RIMS Risk Management Magazine Articles:

- In the Event of an Emergency
- Changing the Game: How Dynamic Risk Strategies are Elevating Event Security
- Insurance Coverage for Active Shooter Risk
- How to Respond to an Active Shooter
- Insurance Considerations for Shooting Incidents



RIMS Executive Reports:

- Active Shooter Preparedness for Your Organization report

RIMScast (Podcast):

- Active Shooter Preparedness and Insurance with Paul Marshall



WWW.RIMS.ORG/ACTIVESHOOTER



Thank you!

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Lunch

11:50 a.m. to 12:30 p.m.



Embrace the Change

Tara Frazer, Change Management Director, CLA



Learning Objectives

- Recall how to assess the human impact of change on yourself and others
- Identify ways to overcome obstacles or resistance to change
- Explain behaviors most associated with productive change orientation





**TIME
FOR
CHANGE**







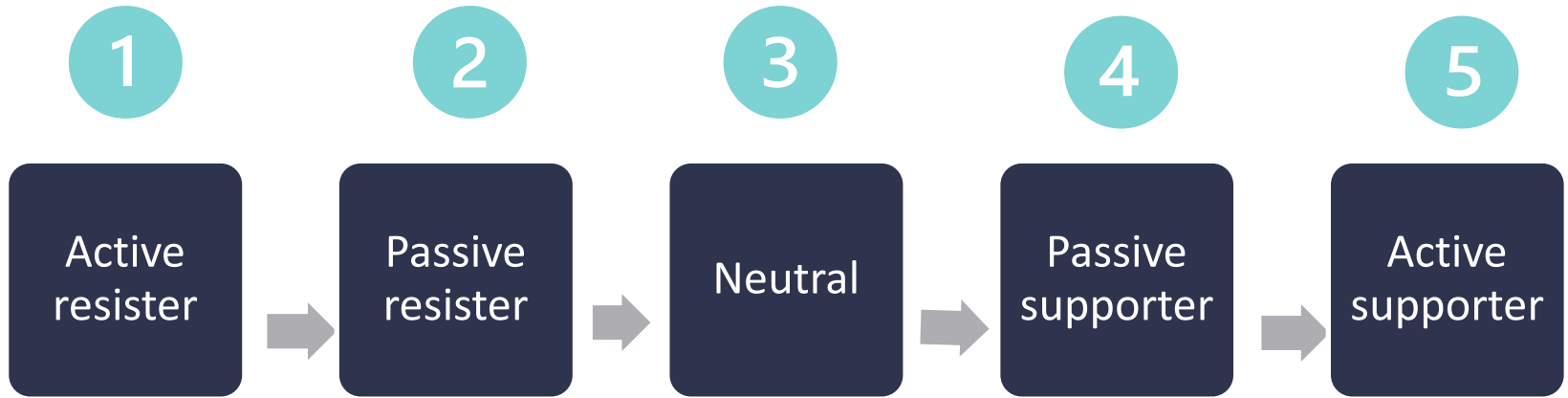




The Human Impact of Change



Change Behaviors



Change Management is:

Preparing, equipping, and supporting family members through strategic change

Using an **integrated approach and tools**

To energize **networks and teams of people**

In order to create **value and benefits**

Change Management Overview

Objectives

- Engage with, energize and motivate business leaders to lead
- Enable change mindset and behaviors throughout the business
- Provide **customized communications** for each stakeholder group describing a unified future-state vision, a WIIFM for each group, and anticipated changes
- **Equip the business** to operate in the future-state through coaching, learning and tools development
- **Maximize adoption** of new services, behaviours, processes, tools and structures

Framework

Stakeholder Engagement

The targeted, appropriate **involvement of all stakeholders** and feedback gathering to enable buy-in and ownership

Communications

Provide **timely, consistent messages** to impacted family members across the firm

Training

Equip family members with the right skills, behaviors, and capabilities to perform their jobs and new ways of thinking

Adoption

Making sure the **business is prepared** to own and accept the challenge – organizationally, behaviorally, functionally



Foundations of Change Success

Promote understanding and use of the tool

From system features and new processes, mindsets or behaviors, reinforce training and adoption of the new way. Politely address workarounds if you see them, and guide toward the new process.

Foster two-way communication

Liaising between their team and the project, share project milestones and information while raising up user feedback, wins, risks and opportunities to inform go-forward support.

Support project success

From setting a positive tone and dispelling misinformation, to regular participation and insight-sharing during change agent meetings, lean into progress and problem-solving for the greater CLA good.



Change Agent Network Roles

Role	Actions for Adoption
Executive Sponsor	<ul style="list-style-type: none"> • Has authority and influence to endorse the change and mitigate barriers • Is the face/voice of the project to the organization • Garners support and accountability from leaders in their organization • Works closely with CM and the business to foster readiness and adoption planning • Celebrate milestones and successes along the way • Sets expectations and drives accountability with the project’s change agents
Advocate	<ul style="list-style-type: none"> • Has authority and influence to endorse the change within their area • Supports change champions • Consistently cascades communications with clear calls to action • Celebrates successes • Reinforces expectations and accountability • Is knowledgeable about tool but an expert on related business processes and impacts • Is a champion escalation point for feedback or unresolved issues
Champion	<ul style="list-style-type: none"> • Lead by example and with forward-thinking enthusiasm for the change. • Provides hands-on, frontline user change support – troubleshoots, answers questions, reinforces advocate communications, voices user feedback • Is knowledgeable about business process and impacts but a “go-to” expert on the tool • Helps to identify and prepare others for specific impacts of the change on teams, roles and/or processes



A person wearing a dark suit jacket and a light blue shirt cuff is shown from the chest down. Their right hand is raised, with the index finger pointing directly at a large, semi-transparent grey button with rounded corners. The button contains the word "BUY" in white, bold, uppercase letters. The background is solid black.

BUY

A person wearing a dark suit jacket and a light blue shirt cuff is shown from the chest down. Their right hand is raised, with the index finger pointing directly at a large, semi-transparent grey button with rounded corners. The button contains the word "SELL" in white, bold, uppercase letters. The background is solid black.

SELL

Post Go Live Support

- The hypercare period ensures a seamless adoption of a new system.
- The transition to a new system can bring change management challenges and a steep learning curve for the organization.
- Therefore, it's imperative to focus on a seamless transition that sets up the organization with the speed of adoption and realize the solution's benefits



Support Model Tiers

Hypercare

- Begins immediately after a go-live and should last about 3-6 weeks, depending on the end-user base
- Project team is mainly responsible for support and other modifications
- Formal issue reporting process is used and technical issues logged in the help desk

Hypercare to Steady State Support Transition

- A standard process is used to facilitate transition from hypercare to business as usual (BAU)
- A set of criteria is used to assess readiness from move to steady state support

Steady State Support

- Following the hypercare period, functionality support is transferred to BAU support
- Help desk process and associated steady state support tools are used to log and manage issues



Change Management Takeaways

Human Impact

- Fear of the unknown
- Lack of Understanding
- Perceived Threat to job security
- Comfort with status quo

Change Resistance

- Create an effective change team
- Plan for the change impacts
- Foundation of Change Success

Support the Change

- Create a post support model
- Lessons learned
- Celebrate milestones and successes along the way



Thank you!

Tara Frazer
Change Management Director
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Nonprofit Tax Update: What's New for 2023?

Melissa Struck, Principal, CLA



Learning Objectives

- Recall current tax developments
- Identify tax opportunities and risks that may affect your organization
- Identify tax opportunities for your association



Priority Guidance Plan Topics

Allocation of indirect expenses in computing unrelated business income

- IRC Section 512

509(a)(3) Supporting Organizations

- Pending final regulations
- Proposed regulations issued in February of 2016

Group exemptions

- Initial guidance released in 1980 in Rev. Proc. 80-27
 - Notice 2020-36 suggested proposed updates
 - No group exemption applications being accepted



Compliance Initiatives



Worker misclassification and W-2/1099 matches



Retirement plans of small exempt organizations



Retirement plans and worker misclassification



990-N filings



Excess compensation excise tax



Tax exempt bonds

Recent IRS Audit Activity

Audits are back

Auditors are
coming in person

Increased IRS
funding =
more audits



Exemption Issues

In determining whether you comply as an organization described in Section 501(c)(3), it is necessary to review your internal controls. Therefore, please provide responses to the following questionnaire and mail them by the stated due date in an electronic format.

1. Describe your internal control structure.

Does your organization:

2. Use an annual budget or financial plan?
3. Analyze budget variances and report to the Board?
4. Provide monthly income statements to the Board?
5. Provide monthly balance sheets to the Board?
6. Require Board approval of non-budgeted expenses?
7. Require Board approval of checking account signatory's?
8. Use accounting procedure and policy manuals?
9. Require internal audits or performance reviews?
10. Use computer access passwords or security checks?
11. Require multiple signatures and dollar limits for checks?
12. Require independent (external) financial audits?
13. Provide cash payments for expenses or disbursements?
14. Reconcile all bank accounts on a monthly basis?
15. Deposit all receipts in a financial institution?
16. Provide lock and key security for unused checks and drafts?
17. Perform periodic checks for compliance with Federal, State, and local laws, regulations and legal requirements?
18. Restrict access to accounting files and records?
19. Follow record retention and file purge procedures?



Revenue and Expense Deep Dive

We have completed our review of the financial data you submitted. We sampled the revenue and expense items for further review as noted below.

A. Revenue Accounts:

Attached is a sample of the revenue accounts that were reviewed. Please provide the following information for greater clarity.

1. Source documents.
2. A detailed explanation for the source of revenue.
3. Explain what "BFET" and "Muckleshoot" means.
4. Provide any contracts that were entered for the sources of revenue identified, i.e. "Van Rental."

B. Expense Accounts:

Attached is a sample of the expense accounts that were sampled. Please provide the following information for greater clarity.

1. An explanation describing the business nature of the expense.
2. Source documents supporting the expense: i.e. invoices, receipts, contracts, cancelled checks.
3. Explain what "NICMERE," "NARCH-AIWRE" and "NACTEP" mean.
4. It was observed that there were expenses related to a "boat." Please fully explain your ownership in a boat and its purpose.



Employee / Independent Contractor

F. Information Returns:

During our review, we identified several individuals who were issued both Forms W-2 and 1099. See attachment. To clarify the nature and proper worker classification, please provide the following:

1. A detailed explanation why both information returns were issued.
2. Detailed job description(s) for classification as an employee and an independent contractor.

B. Invalid TIN:

In our review of the Form 1099 information, our records indicate that two individuals were identified as having invalid taxpayer identification numbers, social security numbers (“SSN”) in these instances. They are as follows:

- George Janice Marie
- Kelly Norton

To clarify the correct SSN, please provide the following:

1. Forms W-9 for each individual.

C. State if you were contacted by the IRS with respect to this discrepancy and if so, what actions did you take to remedy the issue?



Employee / Independent Contractor

A. Worker Clarification:

In our review of the Forms 1099, we sampled 25 workers for the 2018 and 2019 years, which are listed in the schedule below. To clarify the accuracy of the worker classification as independent contractors, please provide the following:

1. Detailed description of the duties performed.
2. State if there are other workers who conduct similar duties but who are issued a Form W-2.
3. Describe how it was determined that the workers were properly classified as independent contractors.



Political Activities

In determining whether you comply as an organization described in Section 501(c)(3), it is necessary to review and clarify your activities with respect to legislative and political activities. Therefore, please provide responses to the following questionnaire and mail them by the stated due date in an electronic format.

LEGISLATIVE:

1. Do you urge either the public or your members to contact lawmakers regarding proposing, supporting or opposing specific legislation?
2. Do you make direct appeals to lawmakers concerning specific legislation, either in person or by letter?
3. Do you donate to or support other organizations, groups, or committees whose primary purpose is to engage in legislative or lobbying activities?
4. Do you provide information to the public or to your members concerning legislative issues?
5. Do you employ/contract with a professional lobbyist?

POLITICAL:

1. Do you make donations to political campaigns or endorse political candidates?
 2. Do you have a political action committee (PAC)?
 3. Do you donate to any PAC funds?
 4. Do you collect political campaign donations from your members or the public and remit them to a PAC?
 5. Do you permit candidates to use your facilities, computers, employees, mailing or membership lists?
 6. Do you provide non-partisan information about candidates to any persons or groups?
 7. Do you conduct voter registration drives or promote voter participation in elections?
 8. Do you allow political intervention, in that do you permit employees to disseminate information using company computers to email staff members and students encouraging or discouraging them to vote for particular candidates running for public office?
-



Recap



Compliance Initiatives & Priority Guidance Plan in audits



What puts you on the radar?



Importance of having a pulse on overall compliance



Regardless of where the audit starts....it will likely hit all these topics

Thank you!

Melissa Struck
Principal – Assurance
630-368-3654
melissa.struck@claconnect.com



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Cybersecurity Updates for Nonprofits

Randall Romes, Principal, CLA



Learning Objectives

- Describe common cybersecurity attacks
- List some cybersecurity leading practices
- Identify areas of opportunities in your own organization to proactively mitigate risk and protect data



Cyber Security Services at CLA

Information Security offered as specialized service offering for over 25 years

- Penetration Testing and Vulnerability Assessment
 - Black Box, Red Team, and Collaborative Assessments
- IT/Cyber security risk assessments
- IT audit and compliance (HIPAA, GLBA/FFIEC, NIST, CMMC, CIS, etc.)
- Outsourced Information Security Advisory
- PCI-DSS Readiness and Compliance Assessments (PCI-DSS)
- Incident response and forensics
- Independent security consulting
- Remediation assistance
- Internal audit support



C:\whoami
> m0th_man

- “Professional Student”
- Science Teacher / Self Taught Computer Guy
- IT Consultant - Project Manager → IT Staff/Help Desk → Hacker
- Assistant Scout Master (Boy Scouts)
- Boys Scouts Motto: ***Be Prepared***





Sun Tzu: *“Know Your Enemy”*

The Current Threat Landscape



Raise Your Hand if You Work for a Tech Company

- Security Cameras
- Motion Sensors
- Logistics Tracking
- Print Vendors
- Smart TV Displays
- HVAC
- Digital Assistance
- Cloud Applications & Analytics
- Bio-Medical Care & Monitoring
- **“Presence”**



- Security cameras
- Garage door
- Home thermostat
- Cable TV remote
- Smart TV
- Sleep number bed
- Roomba

“Hey Siri, what’s my balance?”

Apple Watch or FitBit

“Presence”

Are You Prepared?



Cybercrime and Black-Market Economies

- Black market economy to support cyber fraud
 - Business models and specialization
 - Underground Marketplace (The Dark Web)
- Most common cyber fraud scenarios we see affecting our clients
 - Theft of information
 - Log-in Credentials
 - ePHI, PII, PFI, account profiles, etc.
 - Credit card information
 - Ransomware and interference w/ operations

➤ To the Hackers, we all look the same...

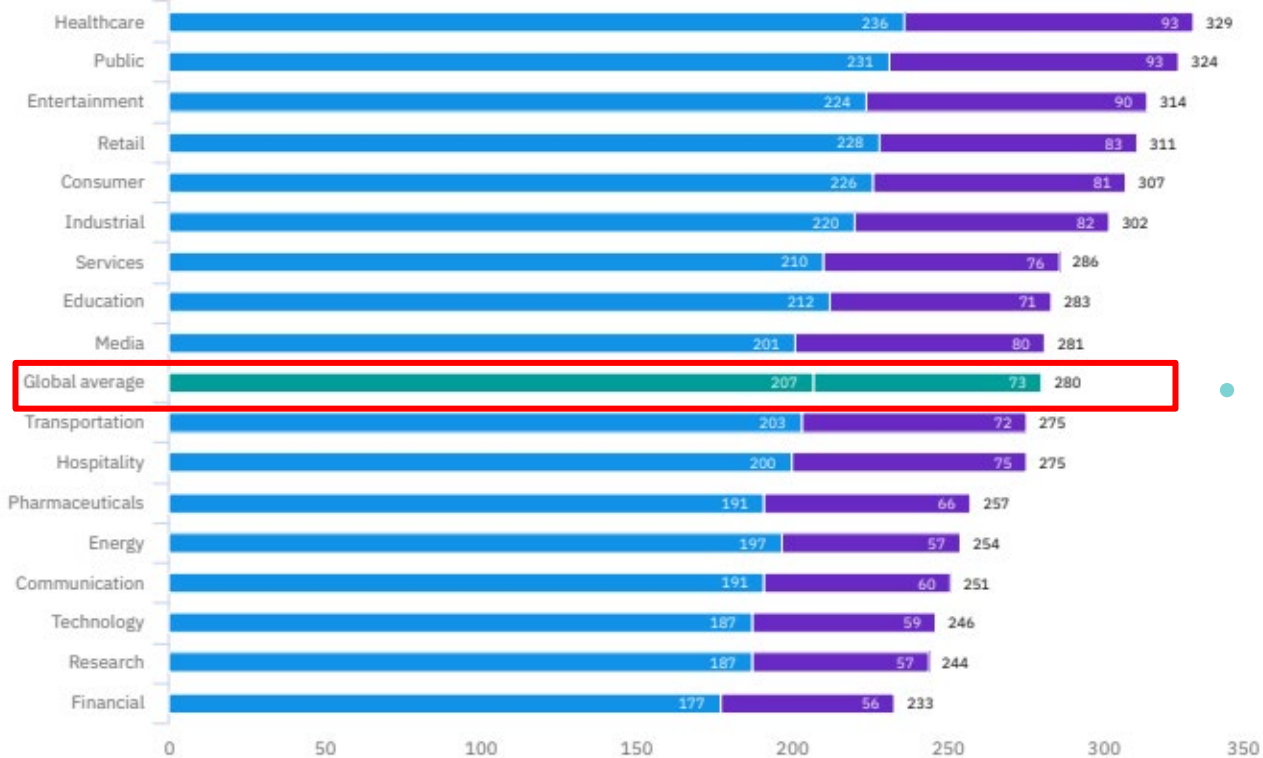


They will hit you with any or all of the following:

1. Email Spear Phishing Attacks
2. Password Guessing and Business Email Account Takeovers
3. Payment and Funds Disbursement Transfer Fraud
4. Data exfiltration
5. Ransomware
6. Extortion to avoid breach disclosure



Average Days to Identify and Contain a Data Breach



- Global average is 280 days
 - 207 days to identify a breach
 - 73 days to contain the attack

Source: IBM Security Cost of a Data Breach Report 2021



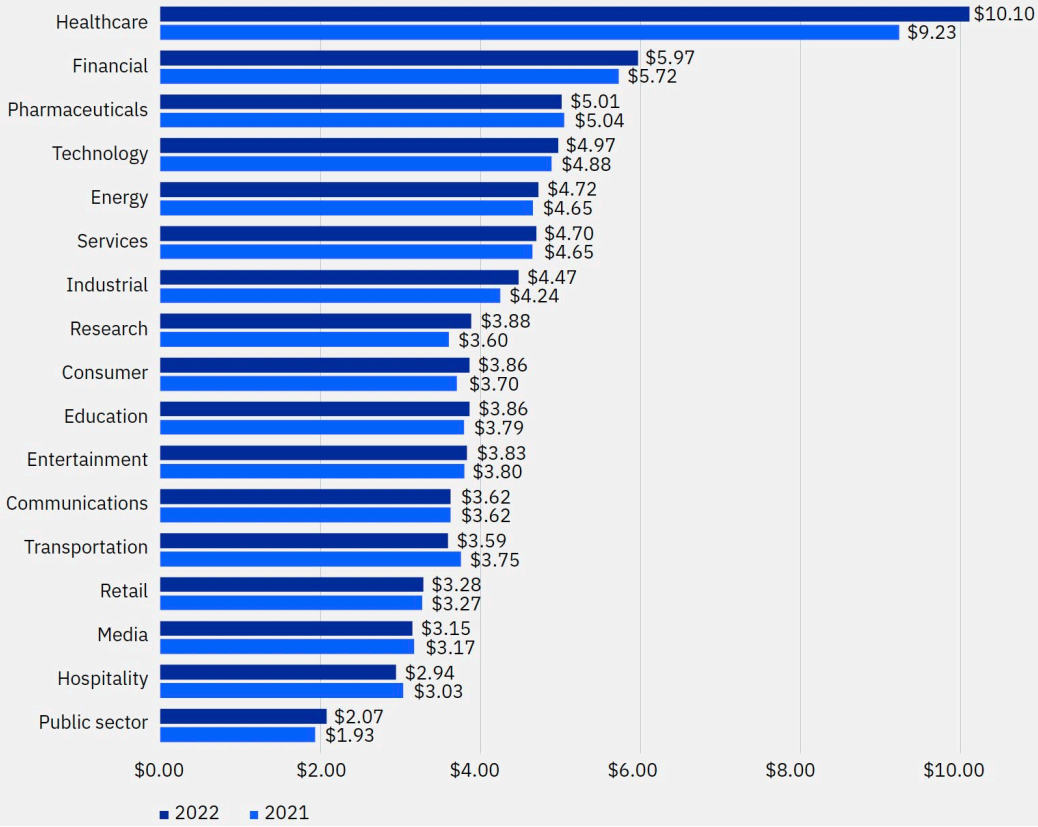
Behind the statistics

- **207 Days - What are they doing while they are inside???**
 - Create numerous back doors
 - Learn everything about your institution
 - Find your crown jewels and take them
 - Disable backups and security systems
 - Monetize their access for as long as they can...

- Public portrayal of ransomware creates a **false sense of security**
 - Ransomware is usually coupled with other acts – Ransomware is simply the most visible part of the attack – it is usually “the last act”
 - Current ransomware attacks are coupled with data exfiltration
 - Resuming operations is just the first step
 - Legal and business ramifications of a data breach can persist



Average cost of a data breach by industry



2022 IBM Data Breach Study:

What does a breach cost?

Source: IBM Security Cost of a Data Breach Report 2022





Email Spear Phishing

The Root Cause For More Than 85% of Breaches



Microsoft 2022 Digital Defense Report - Attackers are Targeting Selective Businesses

Business email
compromise (BEC)
selected for higher
payouts

Attackers are
targeting Critical
Infrastructure -
Ransomware

Nation States see
Critical Infrastructure
attacks as acceptable



Microsoft 2022 Digital Defense Report – Give Me Your Creds

- Microsoft 365 credentials remain one of the most highly sought after account types for attackers
- Once compromised attackers can log in to corporate-tied computer systems

1hr 12 m

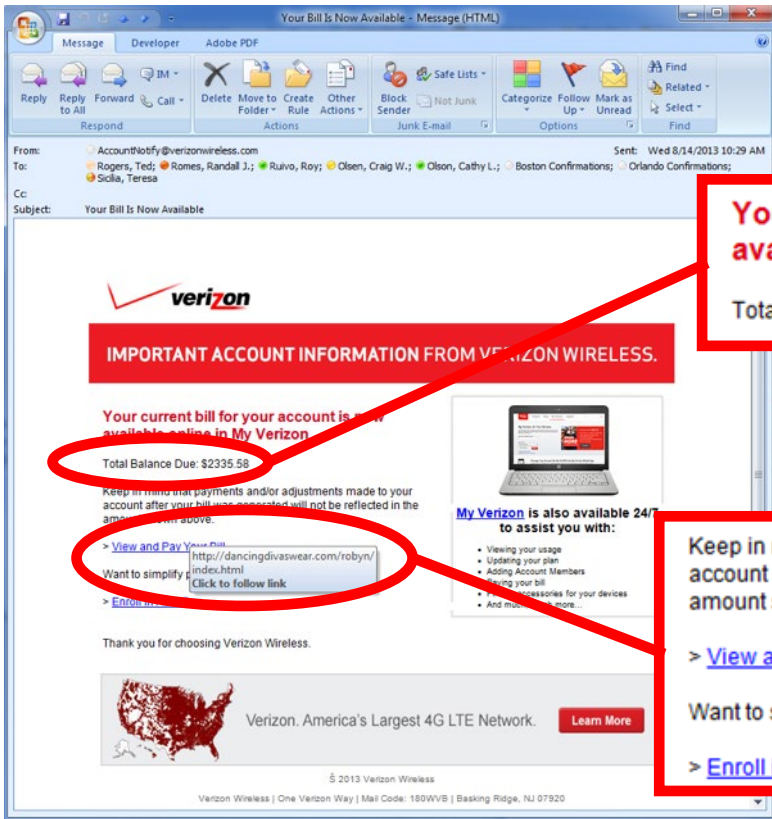
The median time it takes for an attacker to access your private data if you fall victim to a phishing email

1hr 42 m

The median time for an attacker to begin moving laterally within your corporate network once a device is compromised



Spear Phishing



Your current bill for your account is now available online in My Verizon

Total Balance Due: \$2335.58

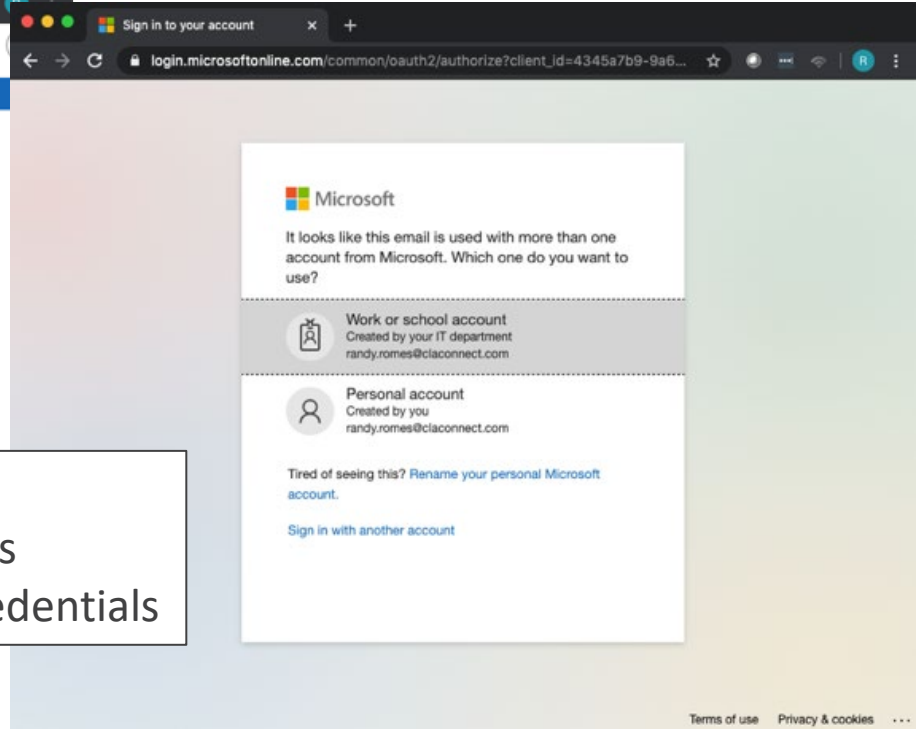
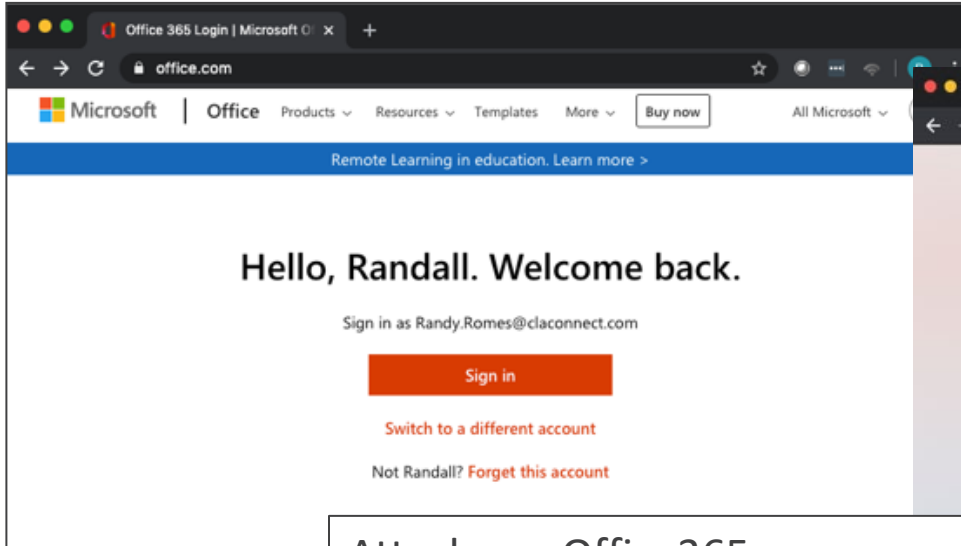
Keep in mind that payments and/or adjustments made to your account after your bill was generated will not be reflected in the amount shown above.

> [View and Pay Your Bill](http://dancingdivaswear.com/robby/index.html)
http://dancingdivaswear.com/robby/index.html
Click to follow link

> [Enroll in Auto Pay](#)



Credential Harvesting and Password Guessing:



Attacks on Office365

- Password guessing attacks
- Phishing that harvests credentials



Business Email Compromise

- Fraudsters impersonate employees, service providers, or vendors via email in an attempt to...



Fw: Commission Payment



o Dwayne Pearse <dwayne@vendor.com>

To: o Brian Johnson



[Download All](#)

[Preview All](#)

This message is high priority.

EXTERNAL

We have an update in receiving payments, Via ACH. Kindly advice how we effect this change immediately.

Dwayne Pearse
dwayne@vendor.com
549-555-2232

From: Dwayne Pearse <dwayne@vendor.com>
Sent: Thursday, December 12, 2019 2:15 PM
To: William Bergson <william@vendor.com>; Barb Rogers <barbara@vendor.com>
Subject: FW: Commission Payment

From: Brian Johnson <bjohnson@company.com>
Date: Thursday, December 12, 2019 at 2:14 PM
To: Dwayne <dwayne@vendor.com>, William Bergson <william@vendor.com>
Subject: Commission Payment

Good afternoon,

Attached is the backup for commissions paid from the company.

Brian Johnson
Accounts Payable Supervisor
bjohnson@company.com



Business Email Compromise - Examples

- RECENT EXAMPLES
- Finance person's email account is compromised....
 - Finance person phished
 - ...buy a bunch of gift cards...
 - IT staff "investigated..."
 - IT staff "shut it down"
 - We are good (right?)
- Issues
 - Retention time and data storage limits
 - Email hardening controls not implemented
 - IT is not equipped to perform incident response



Does Your Organization Already Use a Phishing Service?

- “We already use _____”
 - “IT tests our people every _____”
 - “Click through rate is _____”
 - “Failures are required to take training...”
 - “We report results to the board quarterly...”
- These are important...
- These services are best categorized as training and training effectiveness measurement tools.
- They are NOT penetration testing...
- **There is a “so what factor” that you may be missing...**





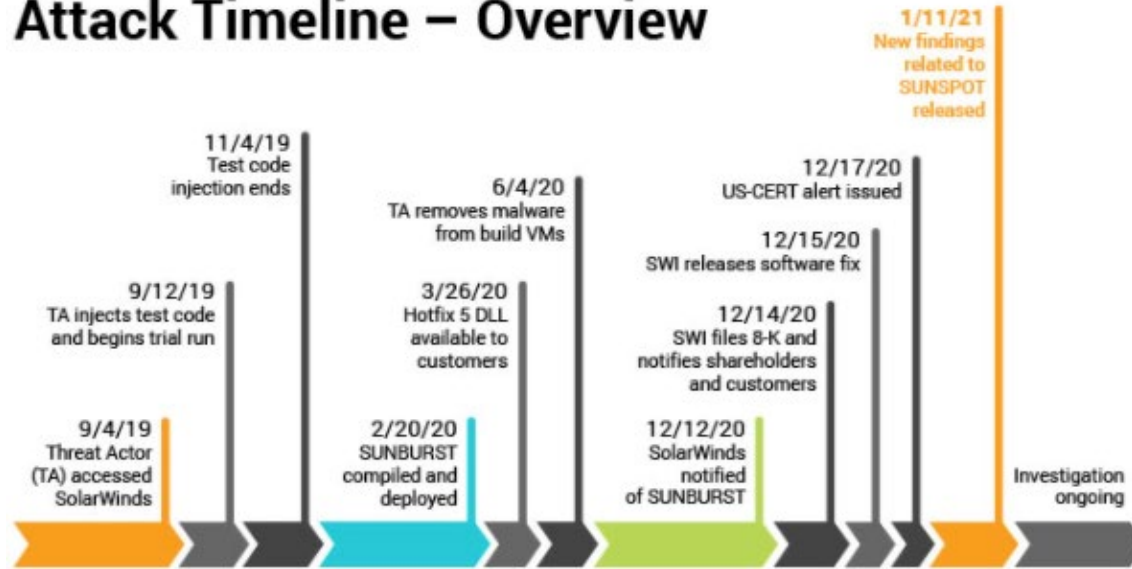
Attacking the Supply Chain Enterprise Software

SolarWinds Orion

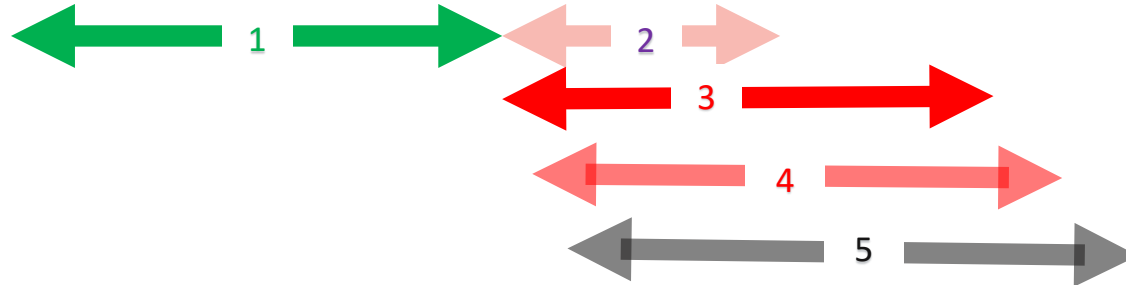


Timeline of Events

Attack Timeline – Overview



All events, dates, and times approximate and subject to change, pending completed investigation.



Take-Aways and To-Dos (ie. on the fly IR)

1. Do we use SolarWinds Orion?
 - If **NO** → Go to 6
 - If YES → What version?
2. Is our version the affected version (see SW advisory)?
 - If **NO** → Go to 6
 - If YES → Continue
3. Have we created a timeline of potential exposure?
4. What logs do we have and how far back in time do they go?
5. What Indicators of Compromise (IOC's) have we searched for?
 - What resources/references have we used to identify known and potential IOC's?
 - Use 3 and 4 to search for IOC's
6. Do we have any third-party service providers with trusted access?
 - Who has remote access into our environment?
 - Who do we push our data out to?
 - Are there any persistent open connections to or from third parties?
7. Repeat 1-5 for those identified in 6



Software Vendor/Supply Chain Risk Management

- All software products have bugs/vulnerabilities
 - Key questions:
 - What does this software application have access to?
 - What user account/privileges are given to it?
 - What is the software vendor doing to provide us a level of comfort that they have done their due diligence?
 - What do we need to do for our due diligence?
 - What impact does this software have on the institution...
 - If it is hacked/breached?
 - If it is down for... 2 hours? 2 days? 2 weeks? 2 months?

Pick your hosted software vendor:

1. MoveIT
2. Kronos
3. Solarwinds
4. MS Exchange
5. _____



Take-Aways and To-Dos (i.e., IR)

- Have a plan
 - Incident Response Play Book(s)
 - Disaster Recovery Plan and Procedures
 - Business Continuity Plan supported by Business Impact Analysis
- Know how the vendors fit into and support the plan
 - Service provider responsibility matrix
- Practice the plan
 - Tabletop exercises
 - Live exercises
 - Regularly review and update the Plan(s)






The Supply Chain Exposing Us Embedded / Open-source Software

Log4j and Other Imbedded Software Components



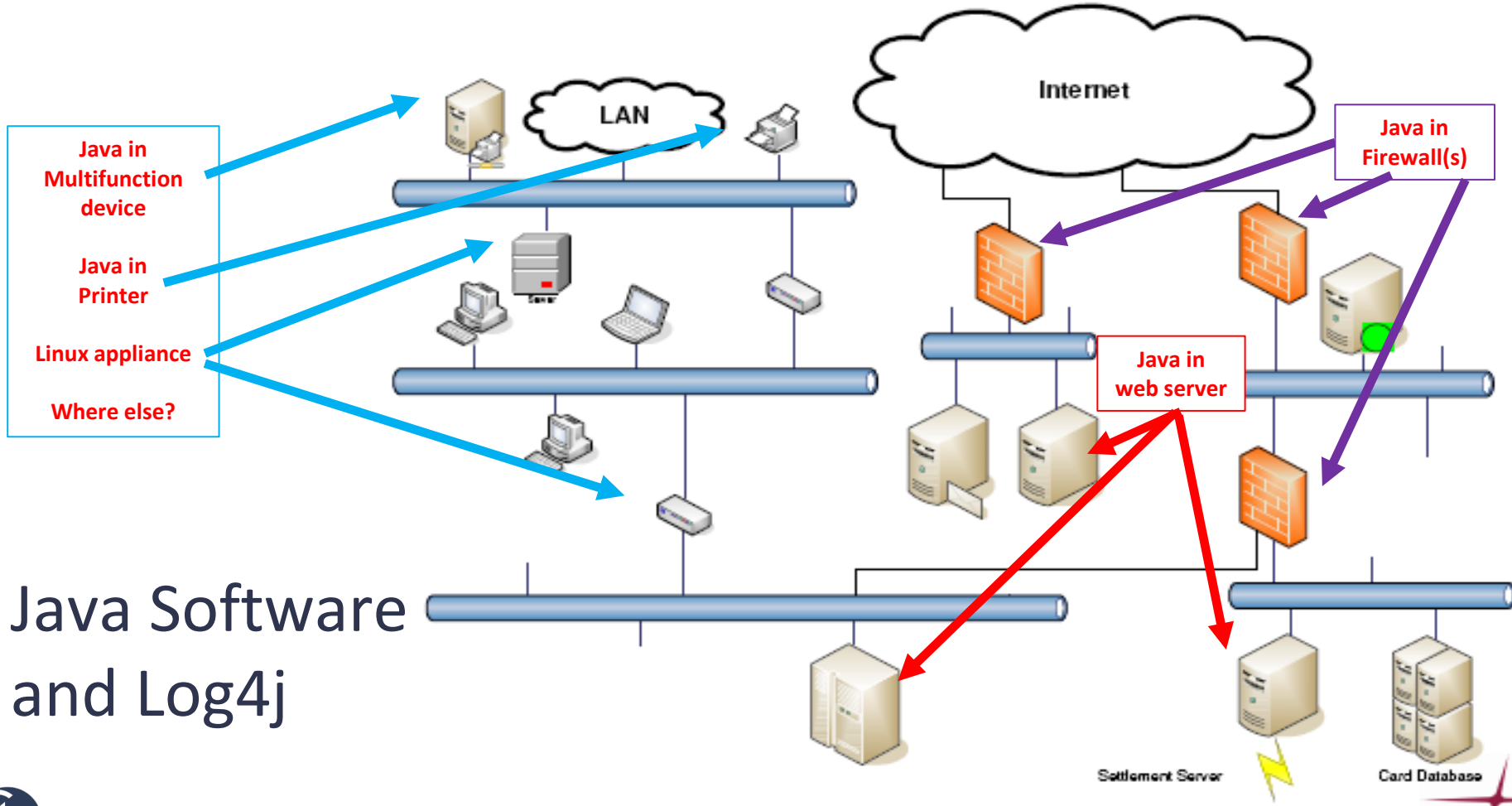
Software Vendor/Supply Chain Risk Management

Recent Significant Issues:

- Common software components with exploitable vulnerabilities.
- Recent examples include
 - “**Log4j**” Java vulnerabilities... 
 - **Pkexec** - CVE-2021-4034 (PwnKit)
 - **Python** – CVE-2007-4559
 - September 2022
 - 15-Year-Old Python Flaw Slithers into software worldwide
 - An unpatched flaw in more than 350,000 unique open source repositories leaves software applications vulnerable to exploit.

Google:
Log4j vulnerabilities





Java Software and Log4j



Software Vendor/Supply Chain Risk Management

- Inventory
- Controlled use of Administrative Access
- Secure Standard Builds
- Vulnerability Management
- Logging, Monitoring and Alerting





Interference With Operations and Extortion

Ransomware is not going away...

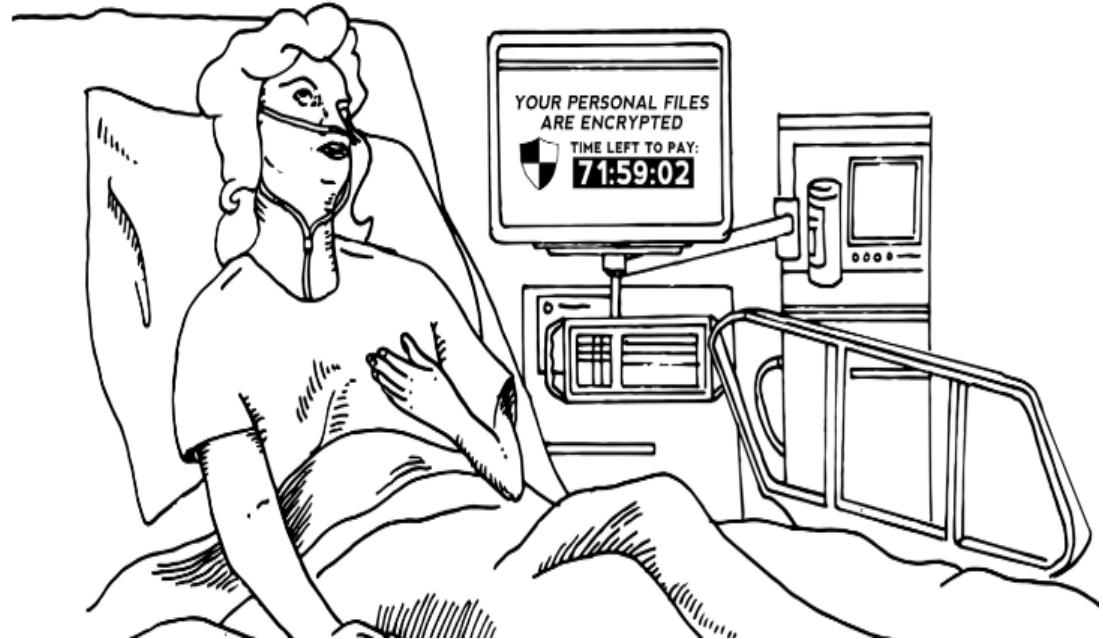


Ransomware

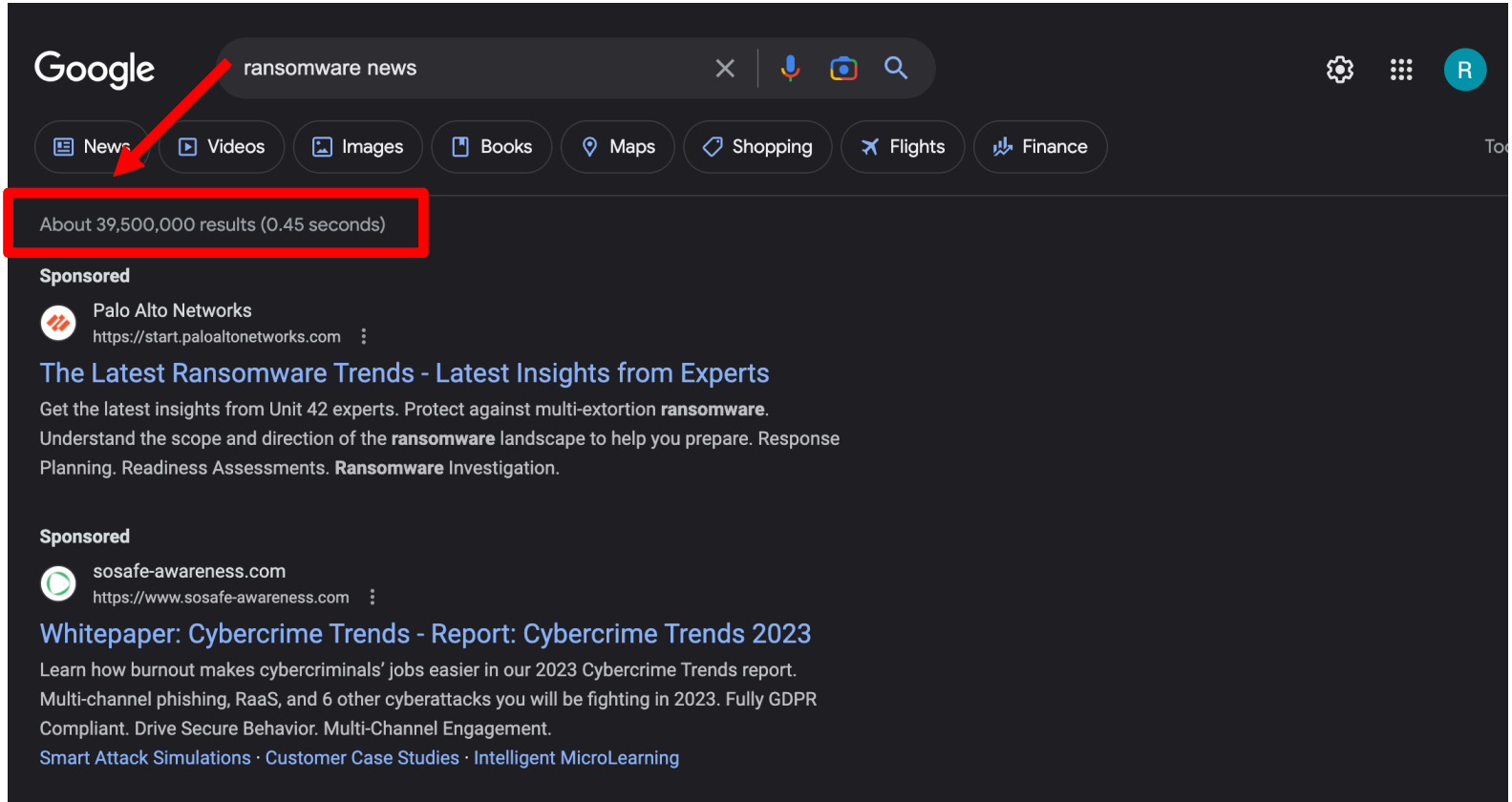
Ransomware bursts on the scene more than eight years ago...

Hospital ransomware: A chilling wake-up call



Hollywood Presbyterian was forced to pay up, just like everyone else.



Ransomware



The image shows a Google search interface with the search term "ransomware news". A red arrow points to the search bar, and another red arrow points to the "News" filter button. Below the search bar, a red box highlights the search results count: "About 39,500,000 results (0.45 seconds)". The search results include two sponsored links:

- Sponsored**
 Palo Alto Networks
<https://start.paloaltonetworks.com>
The Latest Ransomware Trends - Latest Insights from Experts
Get the latest insights from Unit 42 experts. Protect against multi-extortion **ransomware**. Understand the scope and direction of the **ransomware** landscape to help you prepare. Response Planning. Readiness Assessments. **Ransomware** Investigation.
- Sponsored**
 sosafe-awareness.com
<https://www.sosafe-awareness.com>
Whitepaper: Cybercrime Trends - Report: Cybercrime Trends 2023
Learn how burnout makes cybercriminals' jobs easier in our 2023 Cybercrime Trends report. Multi-channel phishing, RaaS, and 6 other cyberattacks you will be fighting in 2023. Fully GDPR Compliant. Drive Secure Behavior. Multi-Channel Engagement.
[Smart Attack Simulations](#) · [Customer Case Studies](#) · [Intelligent MicroLearning](#)



Ransomware Attacks Continue to Evolve

- Earliest versions attack consumer availability
- 2nd generation attacked business availability & confidentiality
- Latest versions
 - Successful against all operating systems
 - Search for and encrypt back ups first
 - **FINISH with threat of data disclosure (DR is not enough...)**
- **If you have not tested your susceptibility to Ransomware...???**
- **If you have not tested your recovery capabilities, from bare metal up...???**



Ransomware





Standards Based Operations

“People, Rules, and Tools”



Reliance - It Starts with Policies and Standards

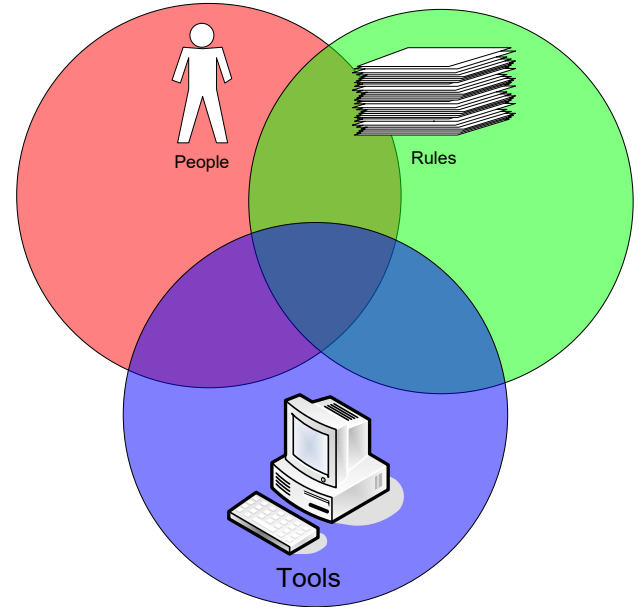
➤ Security is not a product

➤ People, Rules and Tools

- What do we expect to occur?
- How do we conduct business?
- Who is responsible for what?

➤ Standards based operations from a governance or compliance framework:

- GLBA, FFIEC, (State Laws?) ----- *Regulatory*
- PCI – DSS, CMMC ----- *Contractual*
- CIS Critical Controls, NIST ----- *Operational standards*





Basic

- 1 Inventory and Control of Hardware Assets
- 2 Inventory and Control of Software Assets
- 3 Continuous Vulnerability Management
- 4 Controlled Use of Administrative Privileges
- 5 Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations and Servers
- 6 Maintenance, Monitoring and Analysis of Audit Logs

Foundational

- 7 Email and Web Browser Protections
- 8 Malware Defenses
- 9 Limitation and Control of Network Ports, Protocols, and Services
- 10 Data Recovery Capabilities
- 11 Secure Configuration for Network Devices, such as Firewalls, Routers and Switches
- 12 Boundary Defense
- 13 Data Protection
- 14 Controlled Access Based on the Need to Know
- 15 Wireless Access Control
- 16 Account Monitoring and Control

<https://www.cisecurity.org/controls/>

Organizational

- 17 Implement a Security Awareness and Training Program
- 18 Application Software Security
- 19 Incident Response and Management
- 20 Penetration Tests and Red Team Exercises

Standards Based
IT and Cyber
Operations



CIS Benchmarks

Checklists and How-to guides for just about everything

- Operating Systems
- Server Software
- Network Devices
- Cloud Implementations
- Etc.

Operating Systems	Server Software	Cloud Providers	Mobile Devices	Network Devices	Desktop Software	Multi Function Print Devl...
Currently showing ALL Technologies. Use the buttons above to filter the list.						
Cloud Providers		Alibaba Cloud Expand to see related content ↓				Download CIS Benchmark →
Operating Systems		Aliyun Linux Expand to see related content ↓				Download CIS Benchmark → Build Kit also available
Operating Systems		Amazon Linux Expand to see related content ↓				Download CIS Benchmark → CIS Hardened Image and Build Kit also available
Cloud Providers		Amazon Web Services Expand to see related content ↓				Download CIS Benchmark →
Server Software		Apache Cassandra Expand to see related content ↓				Download CIS Benchmark →



Secure Office 365

NOT fully secure by default

- Needs to be secured:
 - Enable/Turn On security features
 - Harden (email) security
 - Fine tune logging, monitoring and alerting
 - Enforce retention periods
- Security configurations need to be periodically assessed.
- **Logging is based on license level.**

Microsoft Ignite

Join us November 2-4, 2021 for our digital experience, including the latest product demos, Q&A with Microsoft experts, technical deep-dives, and more. All skill levels welcome!

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Microsoft | Docs | Documentation | Learn | Q&A | Code Samples

Microsoft 365 | Solutions and architecture | Apps and services | Training | Resources

Microsoft 365 / Microsoft 365 admin center help / Secure your organization / Top 10 ways to secure your data

Top 10 ways to secure Microsoft 365 for business plans

10/05/2021 • 14 minutes to read

If you are a small or medium-size organization using one of Microsoft's business plans and your type of organization is targeted by cyber criminals and hackers, use the guidance in this article to increase the security of your organization. This guidance helps your organization achieve the goals described in the Harvard Kennedy School Cybersecurity Campaign Handbook.

Microsoft recommends that you complete the tasks listed in the following table that apply to your service plan.

Number	Task	Microsoft 365 Business Standard	Microsoft 365 Business Premium
1	Set up multi-factor authentication	✓	✓
2	Train your users	✓	✓
3	Use dedicated admin accounts	✓	✓
4	Raise the level of protection against malware in mail	✓	✓
5	Protect against ransomware	✓	✓
6	Stop auto-forwarding for email	✓	✓
7	Use Office Message Encryption	✓	✓
8	Protect your email from phishing attacks	✓	✓
9	Protect against malicious attachments and files with Safe Attachments	✓	✓
10	Protect against phishing attacks with Safe Links	✓	✓



Operational Discipline

- Disciplined change management
- Consistent exception control and documentation
 - Should include risk evaluation and acceptance of risk
 - Risk mitigation strategies
 - Expiration and re-analysis of risk acceptance



Passwords

- Old Rules (NIST – 2005?)
 - Length (8+ characters)
 - Complexity (Aa4@)
 - Forced expiration (every_____)
- “New Guidance” (NIST – 2018?)
 - Looooooooong Passwords
 - Don’t enforce complexity
 - **No expiration**
 - MFA and password tools

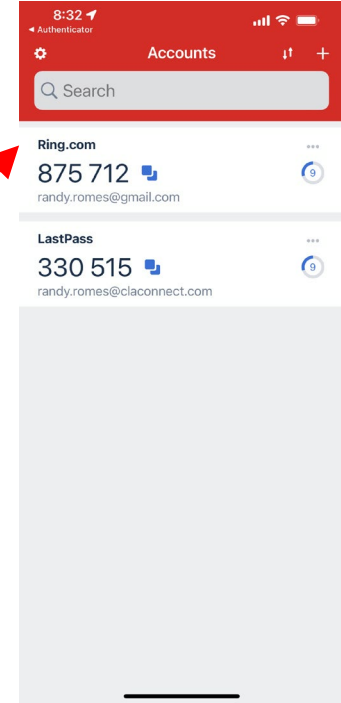
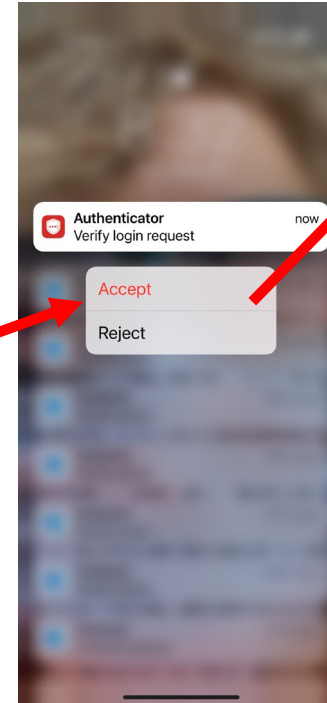
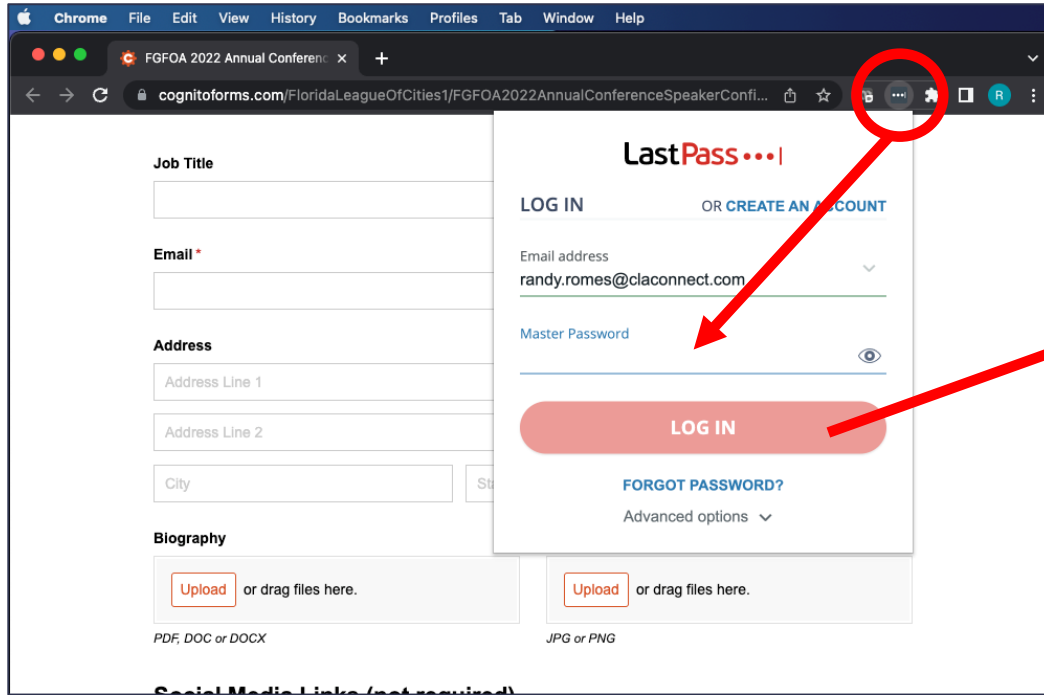
Password Audit	Total
Number of passwords audited	855
Passwords cracked	794
Passwords that were all letters	63
Passwords that were all numbers	5
Passwords that were an English word	20
Passwords that were a word with numbers appended to it	200
Passwords that were the same as the username	6
Passwords that do not meet Windows complexity	584

*Over 20 years of password audit data...
If your organization has more than 80 people...*



Password Strategies:

➤ Password tools: MFA and Password Managers are needed



Password Strategies:

- Multi-factor authentication on ALL external systems
- Password management tools
- **Pass Phrases – Loooooong natural language**

Password21 <----- **Unforgiveable!**

Summer21 <----- **Terrible**

*N*78fm/1* <----- **Painful**

Wallet Painting lamp <-- **GOOD**

The Packers always beat the Bears! ← BEST

- Audit your passwords



Disaster Recovery & Business Continuity

- Inventory of assets and results of risk assessment are crucial
 - Hardware and software
 - Critical data elements (“the crown jewels”)
 - Data Retention policies and standards
 - Where is the data (if we know where it is, we know where to apply controls)
 - Critical business processes
- **Business impact analysis** with definition of recovery point objectives
 - This is another name for a specialized type of risk assessment
 - Defines priority for restoration
- Disaster Recovery is periodically practiced
 - Need to make sure it works the way you expect
 - IT needs to PRACTICE – prove they can restore in the heat of the moment



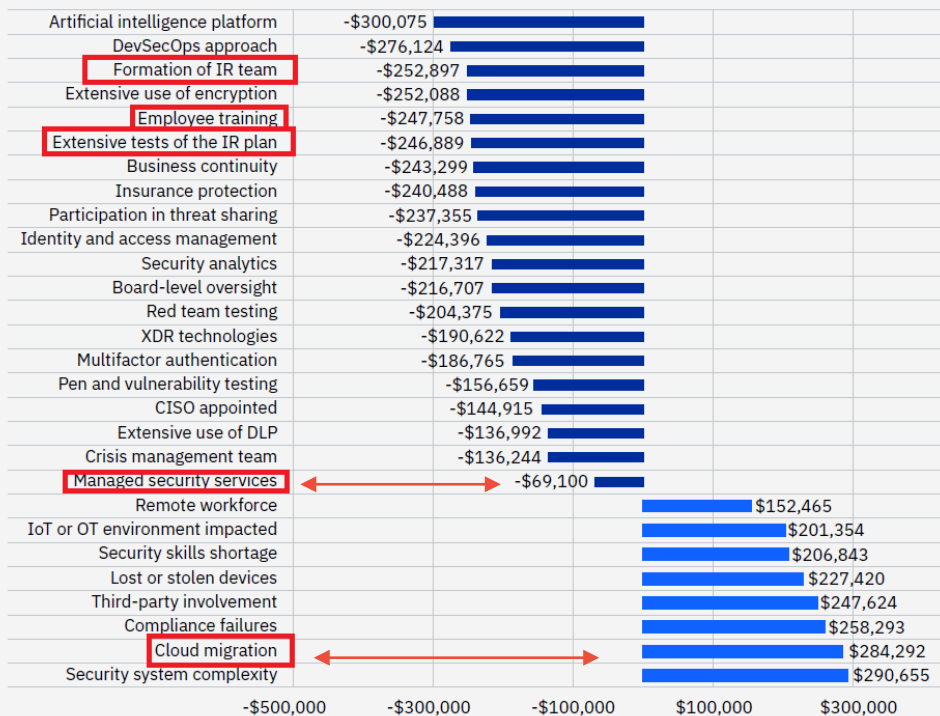
Practice the Plan

- Tabletop exercises- simulations where participants walk through the incident and response procedures
- Two types of tabletop exercises
 - Technical
 - Management
 - Both types should be conducted annually
- Spear phishing tests and other social engineering tests
- Red team penetration testing



Incident Response Preparedness- Cost Savings

Impact of key factors on the average total cost of a data breach



The impact of 28 factors on the average cost of a data breach

\$5.97 Million – The average cost of a health care data breach in the US



Measured in USD

Source: IBM Security Cost of a Data Breach Report 2022





Boy Scouts Motto: Be Prepared...

Prepare

Operate

Test

- Standards Based Operations and Exception Management
Daily Operational DNA
- Regular/periodic risk assessment:
Daily Business as Usual
- Monitor and fine tune:
Continuous improvement
- **Practice and Test**
 - Audit your operations controls (against a framework)
 - Review Office 365 (O365) security (periodically)
 - Schedule IR Tabletop and Disaster Recovery exercises
 - Test new systems and after significant change
- *Governance - PROVE IT*



Thank you!

Randy Romes, CISSP, CRISC, CISA, MCP, PCI-QSA
Principal – Cybersecurity
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Randy.Romes@claconnect.com



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We'll get you there.

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Break

2:15 – 2:30 p.m.

System Selection and Automation: Improving Client Engagement for Your Association

Andy Harleman, Digital Growth Director, CLA

Bart Hawley, Director, CLA



Learning Objectives

- Recognize tools and technologies available to improve client experience
- Recall how to apply KPIs and other assessment instruments throughout a digital or automation transformation to help meet association goals and benchmarks
- Identify opportunities for key stakeholder engagement using visibility as a guide



CLA Digital



Data



Automation

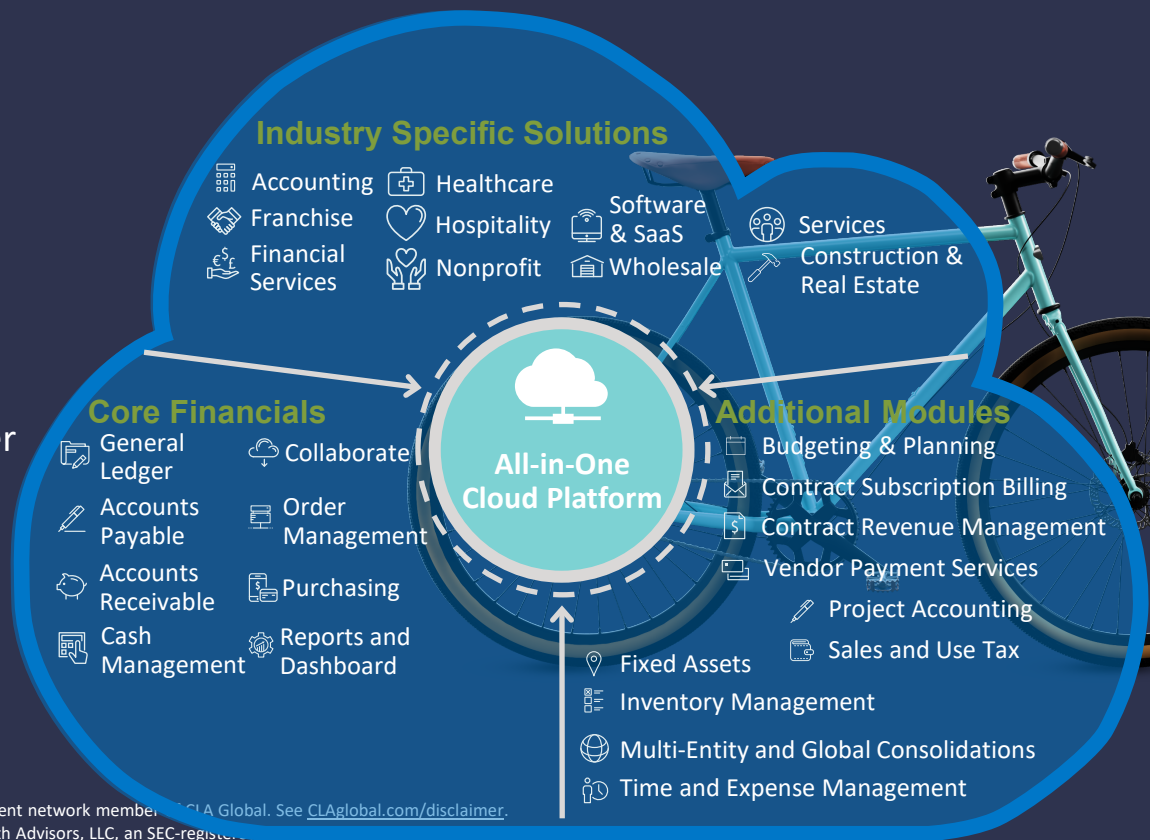


Software



Powerful 'born in the cloud' financial management system

- Native Cloud from the 1st line of code
- Deep multi-dimensional accounting & automation for efficient financial operations
- Sophisticated visibility for real-time decision making
- Best of breed, easy integration to other solutions
- Fresh & modern user interface
- Designed for CFOs and professional finance teams looking for a powerful solution



Choose Best-in-Class



“Postmodern ERP represents a fundamental shift away from a single vendor megasuite” - Gartner



Partnering for Success

AP Workflow



AP Payments



AP Purchasing



AR Automation



Budgeting & Planning



Inventory Management



Time, Expense, Travel, Attendance



Document Management



Donor / Grants Management



EDI



Close Management



Fixed Asset & Leasing



HCM & Payroll



Commission & Incentive Compensation



Manufacturing



Payment Processing



Project Management



Field Service Management



AI / Analytics / Reporting



Restaurant Management



Association Management



Checks & Supplies



Spend / Cash Management



Tax Management



CRM



Tools



Wealth & Asset Management



Professional Services Automation



400+ Partners

75% of our customers integrate with 2+ partners

Value of the Intacct Implementation

- ✓ Deep industry specialization
- ✓ Understanding your requirements
- ✓ Share best practices in process automation
- ✓ Assist in establishing the structure
- ✓ Configure Intacct to best fit your needs
- ✓ Automate consolidations & allocations
- ✓ Financial & operational reporting
- ✓ Dedicated training and support resources
- ✓ Both accounting professionals and Sage Intacct application consultants and senior consultants



Identifying Need for SOS Projects

- How to determine when system optimization or selection is appropriate
 - System Selection
 - System Optimization
 - Implementation Project Management



Are you hearing these questions...

How can we better manage inventory?

Can we automate workflows and approvals?

Why are our financial reports late every month?

Do we have the right software?

How can we go paperless?

Are we being as efficient as we can?

Should we be tracking so much in Excel?

Why are our managers tracking information outside the system?

Why does it take so long to get the reports I request?



Common Issues Encountered

- Manual AP process
- Large GL structure
- Staff lack skill set
- Manual reporting
- Lengthy close process
- Numerous excel sheets
- Not using GL Modules
- Reports not meaningful
- Reports full of jargon
- Complicated accruals
- Unreconciled systems
- Department disconnect



System Optimization Components



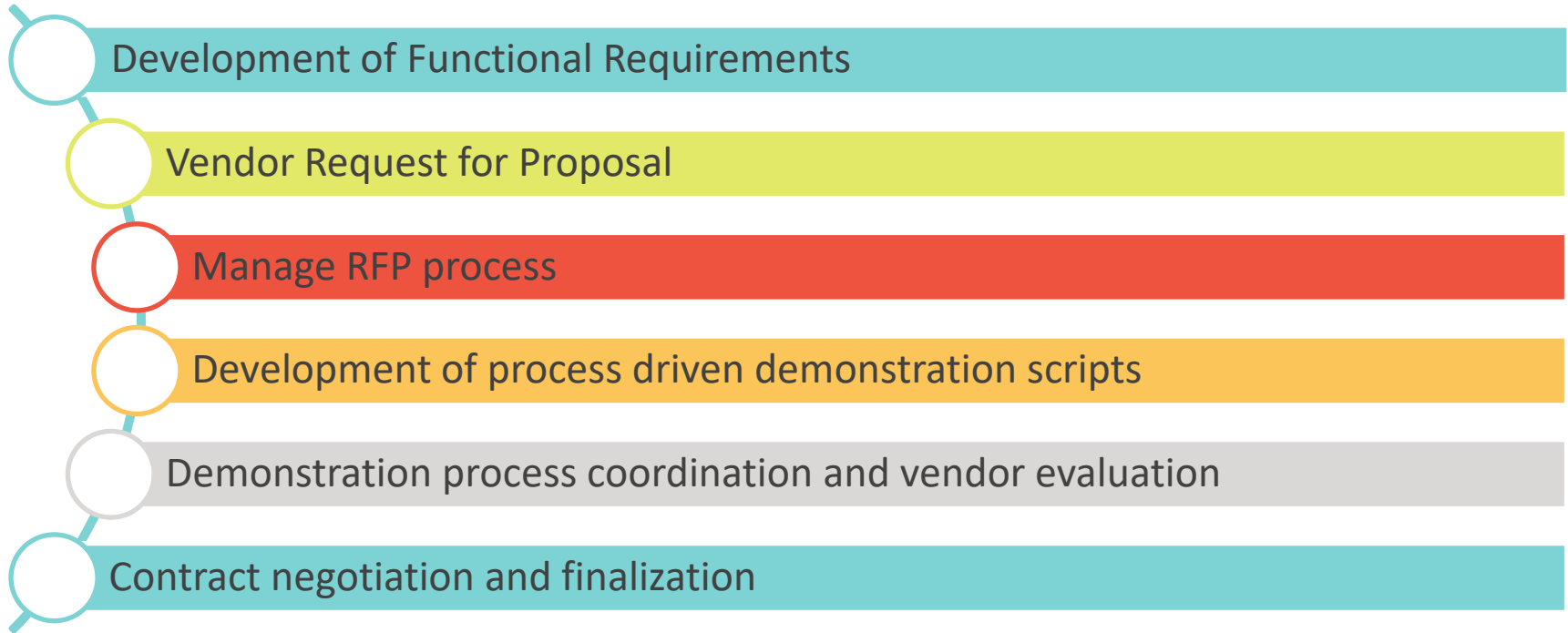
Process walkthroughs

Development of Functional Requirements

Current state assessment and gap analysis



System Selection Components



Assessing SOS need

What are the primary pain points?

Is reporting accurate and timely?

Are workflows and approvals manual?

Are significant workarounds or spreadsheets required to accommodate system limitations?

What operational areas will be included in the assessment?

What systems are used and how well are they supporting the operation?

What would you like to accomplish through this process?

Is there interest in updating or optimizing any of the current systems (ERP, CRM, HRIS, etc.)?

Is there interest in exploring potential replacement solutions (ERP, CRM, HRIS, etc.)?

What is the timeframe in which would like to accomplish this project?

Will workshops be conducted onsite or virtual?

What is your budget?





SOS Process



Workshop Steps

Pre-Interview Questionnaires

- Distribute questionnaires to all participants
- Questionnaires should be returned for review prior to workshop sessions

Workshop Sessions

- Workshops are held in group settings
- Workshops should be 1.5 – 2 hours each.
- Generally, you will have 6 – 8 separate workshop sessions
- Additional workshops or individual interviews, as necessary



Workshop Etiquette and Process

- Brief summary of overall project process and timeline
- Goals for the workshop sessions
 - Gain an understanding of the organizational functional requirements
- Workshops should be casual, so participants feel comfortable contributing
- Ask group to describe the specific process from end-to-end
 - Encourage participation
 - Encourage dreaming big –
 - If you could have anything you want, what would that system look like?
- Listen more/Talk less
 - Provide ideas on best practices or functionality the client may not be aware exists.



Functional Requirements

Functional Requirements	Priority
Ability to support advanced warehouse management	R - Required
Ability to track inventory levels of items	S - Show Stopper
Ability to conduct/manage physical inventory	D - Desired
Ability to manually adjust quantity on hand	D - Desired
Capability to reserve inventory	R - Required
Capability to conduct/manage cycle counts	R - Required
Capability to conduct/manage full counts	S - Show Stopper
Capability to generate tags used in inventory counts and tracking of tags	R - Required

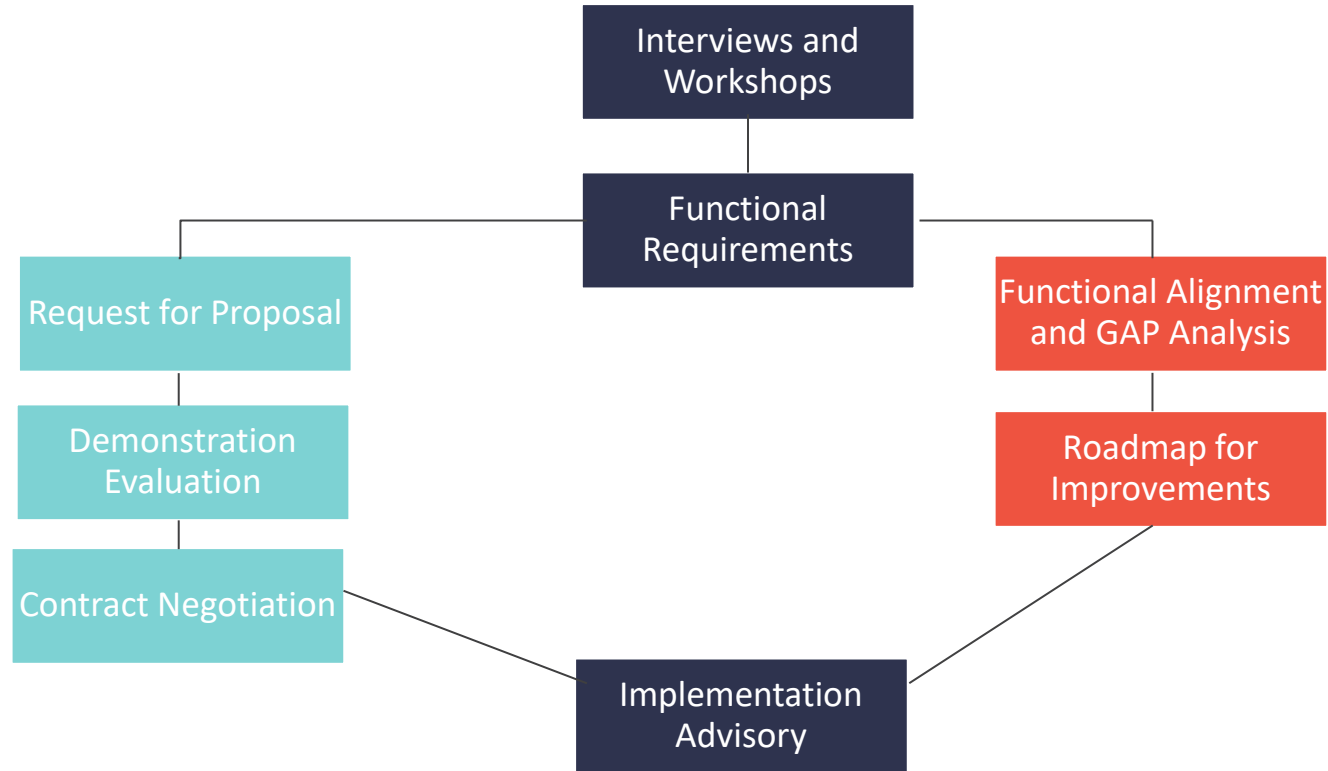




System Optimization vs. System Selection



System Selection vs. Optimization Components





System Optimization Process



Functional Requirements

Functional Requirements	Priority	Current System Capability
Ability to support advanced warehouse management	R - Required	Available
Ability to track inventory levels of items	S - Show Stopper	Not-Available
Ability to conduct/manage physical inventory	D - Desired	API Integrated Application
Ability to manually adjust quantity on hand	D - Desired	Available
Capability to reserve inventory	R - Required	Available
Capability to conduct/manage cycle counts	R - Required	Custom Enhancement
Capability to conduct/manage full counts	S - Show Stopper	Available
Capability to generate tags used in inventory counts and tracking of tags	R - Required	Stand Alone Application

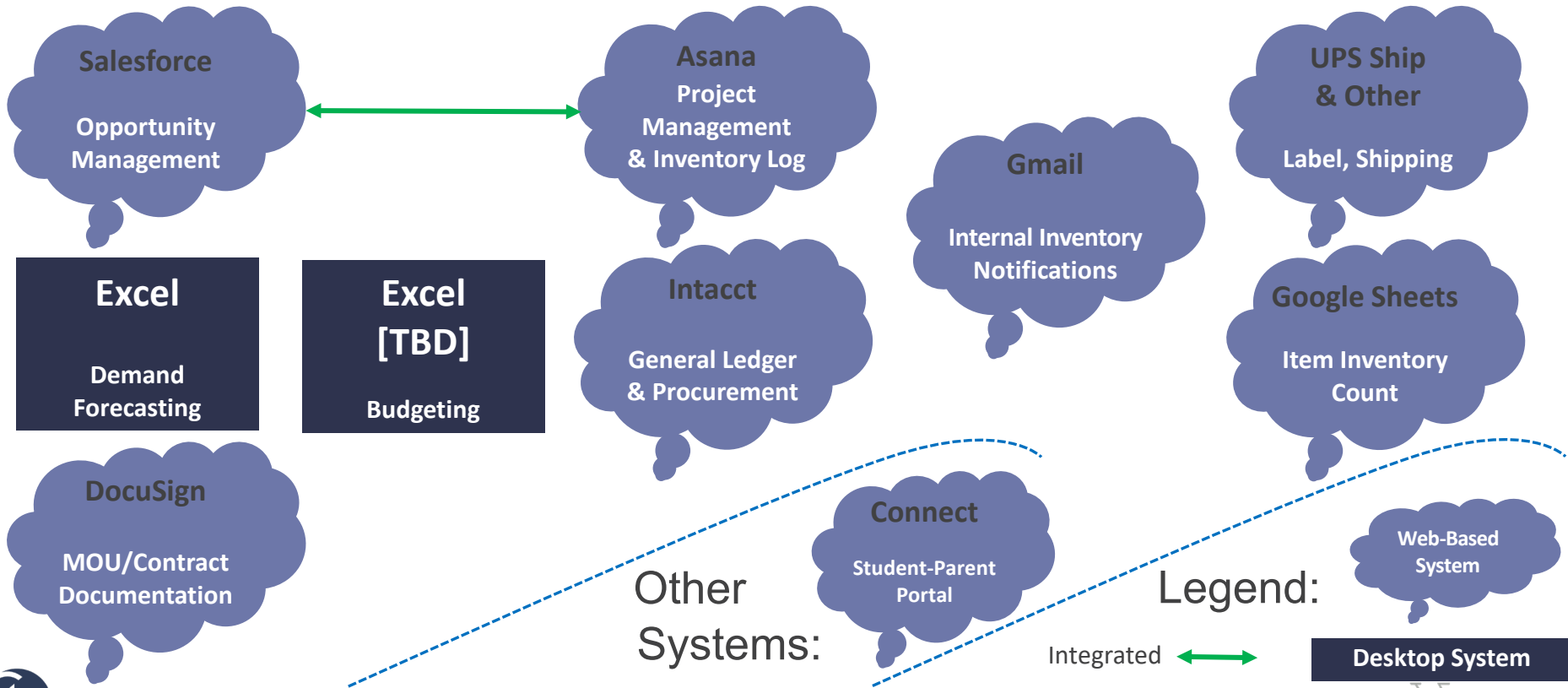


Functional Alignment and GAP Analysis

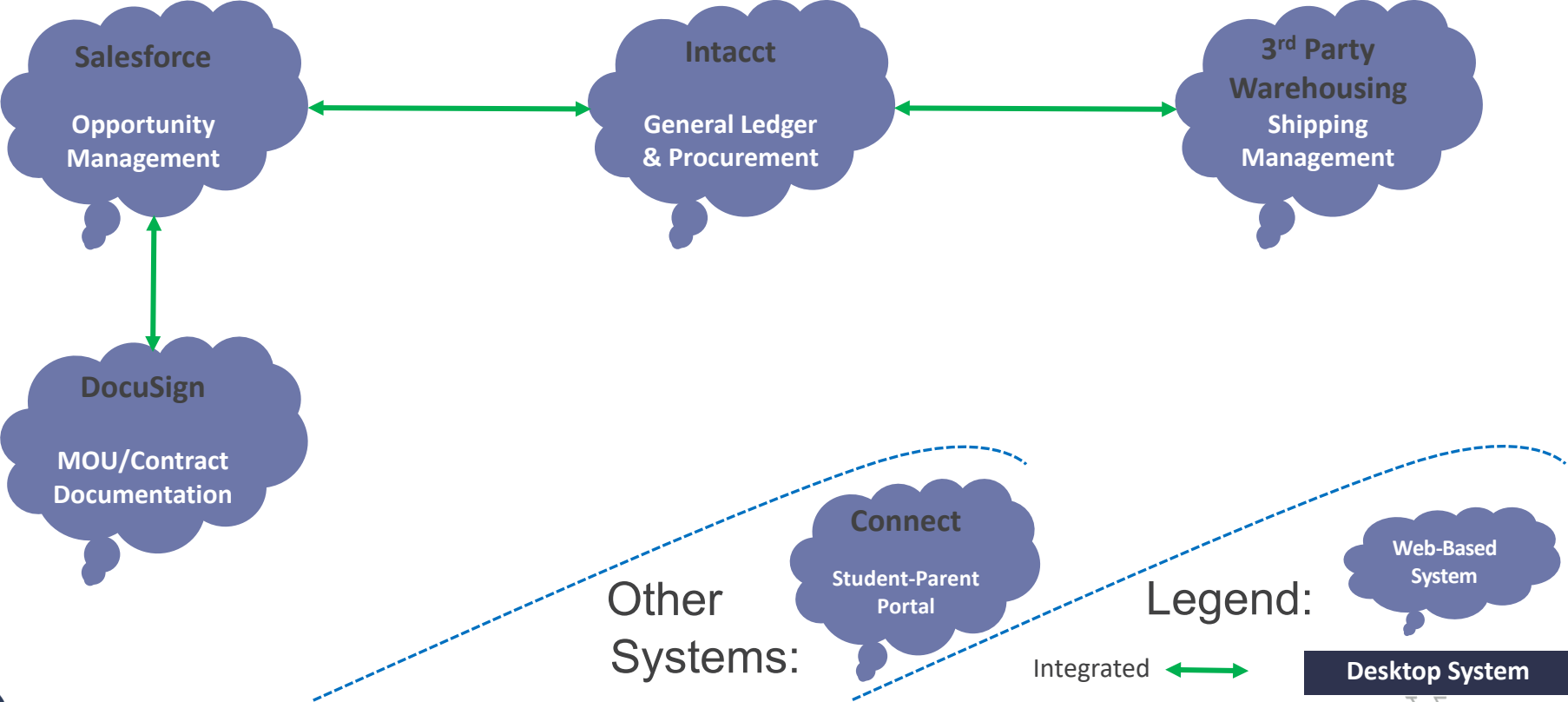
Functional Requirement	Current Capability	Details
Item History Reporting – Details of shipments by item, transaction, or details item orders by quantity and price.	Available	Intacct native reporting requires user seat access, or customization to allow SF users to view the same.
Stock Alerts – Trigger or warning on low-stock inventory items required for reorder, with capability to create purchase order.	Available, per replenishment snapshot, and Order Entry dialog box indication.	Replenishment report, and inventory totals popup/dialog while processing Order Entry transactions provide quantities available.
Bar Code Integration – Scan of UPC for update to inventory receipt or shipment transaction, with label printing.	Available, per third-party scanner for association to Intacct transactions.	For scanner integration with third-party solutions; triggers label printing when processing Purchasing transactions, such as receipts.
Delivery Management – Functionality to manage distribution and delivery process, with routing and dispatch procedures.	Available from third-party, or Salesforce add-on.	Dependance on third-party solution, with advantage of using Intacct’s shipping dates for purchasing and order entry transactions.
Order & Inventory Visibility – Real time view of sales, inventory availability, and history of customer.	Available. Integration with Salesforce allows limited visibility of items.	Intacct native reporting requires user seat access, or customization to allow SF users to view the same.



As Is Systems Map



Proposed To Be Systems Map



Timeline to Address Key Themes

Key Themes	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Procure additional user licenses to accommodate system recommendations						
System selection for integrated warehouse management solution						

See attached file for complete list of all recommendations





System Selection Process



Functional Requirements

Functional Requirements	Priority
Ability to track costs and revenue for individual events	R - Required
Capability to separate P&L for individual restricted funds	S - Show Stopper
Ability to manage and automate Annual Financial Disclosures	D - Desired
Ability to file Annual Financial Disclosures electronically	D - Desired
Ability to handle advanced allocations (assign salaries and other expenses)	R - Required
Ability to store statistical information in the GL (such as head count, number of clients) in order to support dashboard reports	R - Required
Ability to drill down from high level information to details	S - Show Stopper
Ability to track costs and revenue for individual events	R - Required



RFP Narrative

- Functional requirements document is sent along with an RFP narrative document to the initial group of vendors for response.
 - Project overview and timeline
 - Organizational Profile
 - Proposal Instructions
 - Vendor Information
 - Estimated Pricing



Vendor Response Analysis

- Vendor Response Analysis
 - Assist with selecting the short-list of vendors to present demonstrations
 - The vendors prepare responses to the functional requirements and RFP narrative documents reflecting their ability to meet the requirements of the RFP
 - Compile responses into one document for comparison purposes
 - 5 Year Total Cost of Ownership estimate
 - The vendors provide high level pricing estimates based on the information provided in the RFP

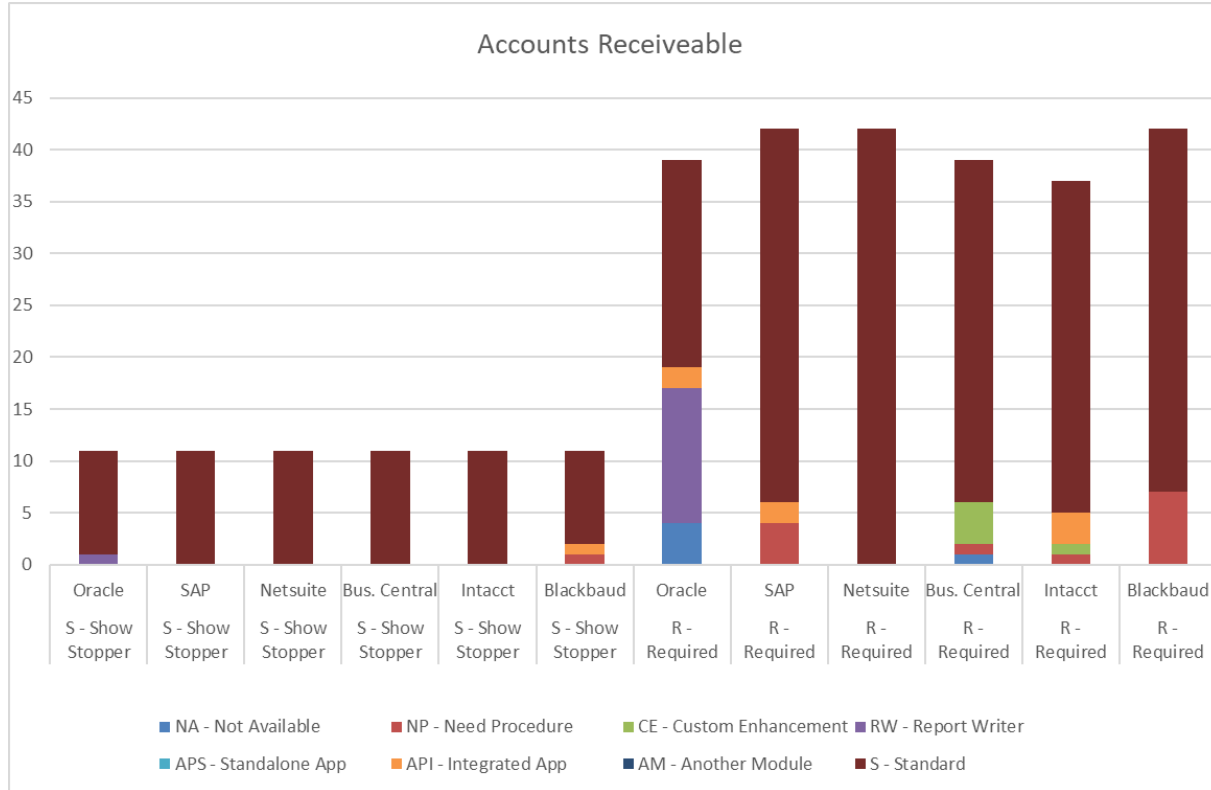


Functional Requirements

Functional Requirements	Priority	Vendor 1 Response	Vendor 2 Response
Ability to track costs and revenue for individual events	R - Required	S - Standard	S - Standard
Capability to separate P&L for individual restricted funds	S - Show Stopper	S - Standard	NP - Need Procedure
Ability to manage and automate Annual Financial Disclosures	D - Desired	API – Integrated App	CE - Custom Enhancement
Ability to file Annual Financial Disclosures electronically	D - Desired	NA – Not Available	API - Integrated App
Ability to handle advanced allocations (assign salaries and other expenses)	R - Required	S - Standard	S - Standard
Ability to store statistical information in the GL (such as head count, number of clients) in order to support dashboard reports	R - Required	API – Integrated App	S - Standard
Ability to drill down from high level information to details	S - Show Stopper	S - Standard	APS - Standalone App
Ability to track costs and revenue for individual events	R - Required	S - Standard	S - Standard



Vendor Response Analysis



RFP Response – Estimated Pricing

	SAP BYD	Netsuite	MS Business Central	Intacct	Acumatica
Year 1					
Accounting	\$31,000.00	\$46,655.00	\$85,988.00	\$49,117.00	\$67,550.00
Optional - Additional modules	\$0.00				
Implementation	\$75,000.00	\$85,000.00	\$95,000.00	\$64,464.00	\$90,000.00
Year 1 Total	\$106,000.00	\$131,655.00	\$180,988.00	\$113,581.00	\$157,550.00
Year 2	\$31,000.00	\$46,655.00	\$85,988.00	\$49,117.00	\$67,550.00
Year 3	\$31,000.00	\$46,655.00	\$85,988.00	\$49,117.00	\$67,550.00
Year 4	\$31,000.00	\$46,655.00	\$85,988.00	\$49,117.00	\$67,550.00
Year 5	\$31,000.00	\$46,655.00	\$85,988.00	\$49,117.00	\$67,550.00
5 Year TCO	\$230,000.00	\$318,275.00	\$524,940.00	\$310,049.00	\$427,750.00



Vendor RFP Analysis

- Based on the RFP analysis, a short-list of vendors are invited to do demonstrations
 - Short-list should be limited to 3 – 4 vendors
- Preparation of demonstration scripts
 - Process driven scripts outlining the process from end-to-end
 - Provides an apples-to-apples comparison
 - All vendors follow the same script
 - No demoing just the bells and whistles



Process Driven Demo Scripts

Demonstration Script

Multi-Company and Multi-Currency

Client has several foreign programs and subsidiaries. Each subsidiary would have its own currency and may have its own chart of accounts. Client and remote staff would need to be able to process various transactions throughout the accounting system accounts payable (AP), general ledger (GL), contracts, and etc. for these subsidiaries, and would need to generate multiple reports. The accounting system needs to be configured to handle multiple subsidiaries, currencies, and remote processing.

- Functionality to be demonstrated
 - How a subsidiary/company is added to the system
 - How multiple currencies are added to the system
 - When and how the currencies are updated
 - The inter-company relations and how they are created
 - Automated currency revaluations
 - Automatic inter-company entries (due to and due from entries)
 - Voucher processing: enter an AP transaction from all the departments
 - Enter invoices, expense report and process payments in multiple currencies
 - Apply invoices and expenses to project codes/cost centers
 - When a duplicate transaction is entered an alert will pop up asking for confirmation
 - Same invoice number and/or same amount processed under a vendor, which includes transactions processed



Demonstration Evaluation

Vendor:

Respondent:

Selection Team: For each requirement category please rank based on the scale below. Also, enter comments, concerns or clarifications in the Notes column.

4 - Meets Requirement

3 - Partially Meets Requirement

2 - Requires Work Around

1 - Does Not Meet Requirement

Req Cat.	Requirement / Step / Task / Flow	Impctc	Score (1 - 4)	Notes / Comments
	Enterprise Reporting and Budgeting			
	Demonstrate ability to control access at location level.			
	Demonstrate ability to control access based on employee location or employee status			
	Demonstrate ability to set up multiple approval levels.			
	Ability to update forecast using the current year actuals.			
	Ability for GAs to create multiple “what if scenarios,” and route to PMs for approvals. This forecast should be able to be pulled into organization forecast.			
	Ability to create detailed, line-item grant reports for different reporting periods, and across fiscal periods. Report would include all actual and budgeted expenses. Can modify a grant budget for an extension.			
	Ability to create a cash flow budget/forecast, using history and assumptions from cash receipts journals by customer types, AR invoice day’s outstanding, current PO’s and invoices, obligations, and noncash adjustments.			
	Ability to prepare a standard set of reports with charts and graphs for reporting to the BOD; can readily modify these reports.			
	Total Score			



Contract Negotiation and Final Selection

- Review of implementation service scope
- Review of pricing and incentives
- Advocate for better pricing
 - Lower first year cost
 - Locked in renewal rates
 - Cap on subsequent year increases
 - Discounted implementation services





How We Can Help



Thank you!

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Audit and Accounting Update

Melissa Struck, Principal, CLA

Learning Objectives

- Outline new and current accounting guidance affecting associations
- Identify upcoming audit and accounting standards
- Recognize important items to consider for your next audit



Upcoming Accounting and Auditing Standards

ASU 2016-13 Current Expected Credit Losses (CECL)

- Effective for years beginning after 12/15/22
 - (12/31/23; 6/30/24)

SAS 145, Understanding the Entity and its Environment and Assessing the Risk of Material Misstatement



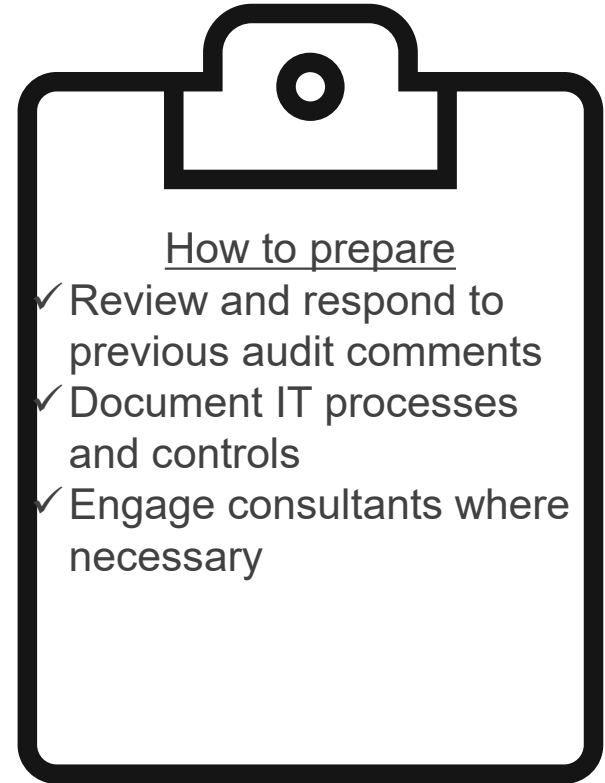
Changes to Audits in 2023 – SAS 145

- What Changed?
- Standards modernized for evolving business environment
- Effective 12/31/23 year ends
- New Requirements
 - Enhanced risk assessments and understating of accounting estimates
 - Deeper understanding of IT:
 - More inquires of IT group
 - Additional request for data



Changes in Audits in 2023 – Continued

- Audit impact
 - Additional time on internal control evaluations
 - Increase in use of IT specialists
 - Greater chance of internal comments
 - More impact on complex IT systems



Who These Changes Will Affect Most

Entities subject to risks arising from the use of IT will be affected.

Examples

- ✂ Applications are interfaced
- 🔌 Automatic initiation of transactions
- 📊 Complex calculations underlying automated entries
- 🔍 Customized systems with access to source code or databases
- 🌐 IT applications that interact with vendors or external parties through the internet

- Auditors may need to use IT specialists more frequently to identify, assess, and respond to these risks.
- **Most impact will be felt in audits that use IT specialists for the first time.**



IT Specialist Considerations

Access/modifications to source code (interfaces or application)

Implementation or migration to new financial system

Cybersecurity incident affecting a financial system

Use of complex calculations and transactions

Complex IT environment



Deeper Understanding of IT

Program
change
management

Network
security and
user access

Application
security and
user access

Infrastructure
security

Backup and
recovery

Cybersecurity



We're Here for You



Find additional resources
and learn about upcoming
events at CLAconnect.com.



Thank you!

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Break

3:35 to 3:50 p.m.

Looking to the Future: How Associations Can use Digital to Drive Growth

Ben Aase, Principal, CLA

Troy Hollings, Digital Growth Director, CLA



Learning Objectives

At the end of the session, you will be able to:

- Recognize shifts in the digital landscape
- Identify opportunities for innovation
- Discuss effective strategies



What is Digital?

CLA Digital uses data, automation, and software to meet associations where they are and help them make data driven decisions.

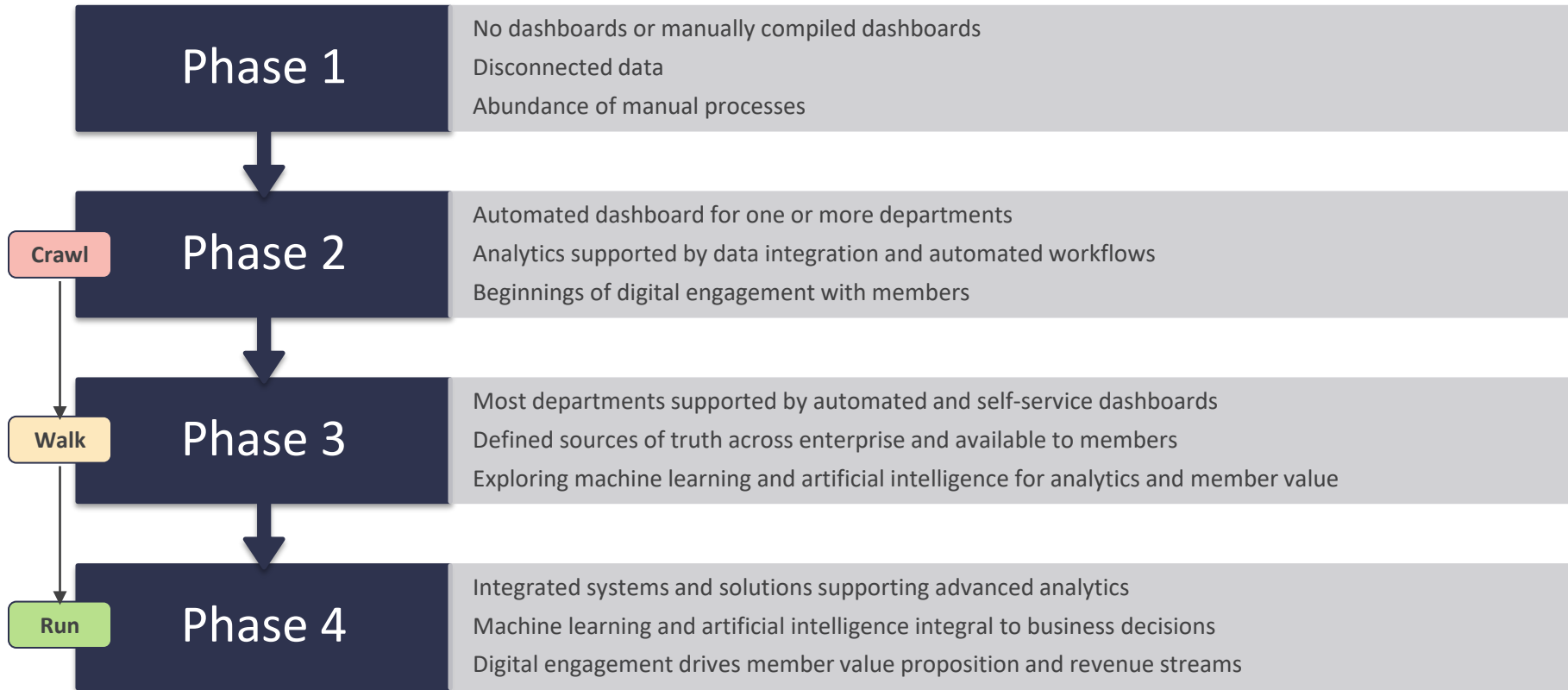




Review: Morning Session



Digital Lifecycle



The Vision

DATA



SORTED



ARRANGED



PRESENTED VISUALLY



EXPLAINED WITH A STORY



The Challenge

Many associations struggle to access and organize the information they need to make timely decisions.

Software Sprawl

Best in breed software, mountains of data, how to take advantage?

Pressure to do more with less

Short staffed, budget constrained, need “good enough” solution

Competition for resources and talent makes digital capability a cost of entry

Everything is Manual

Multiple disparate systems, murky process, requires “reinventing the wheel” every time anyone needs data

Seemingly endless cycle of manual reporting exhausts staff

Lack of Clarity About What Data Matters

Translating the vision of your strategic plan into simple, measurable, and consistent KPI's.





What's on the Horizon?



Themes

What we see in the next 2-5 years

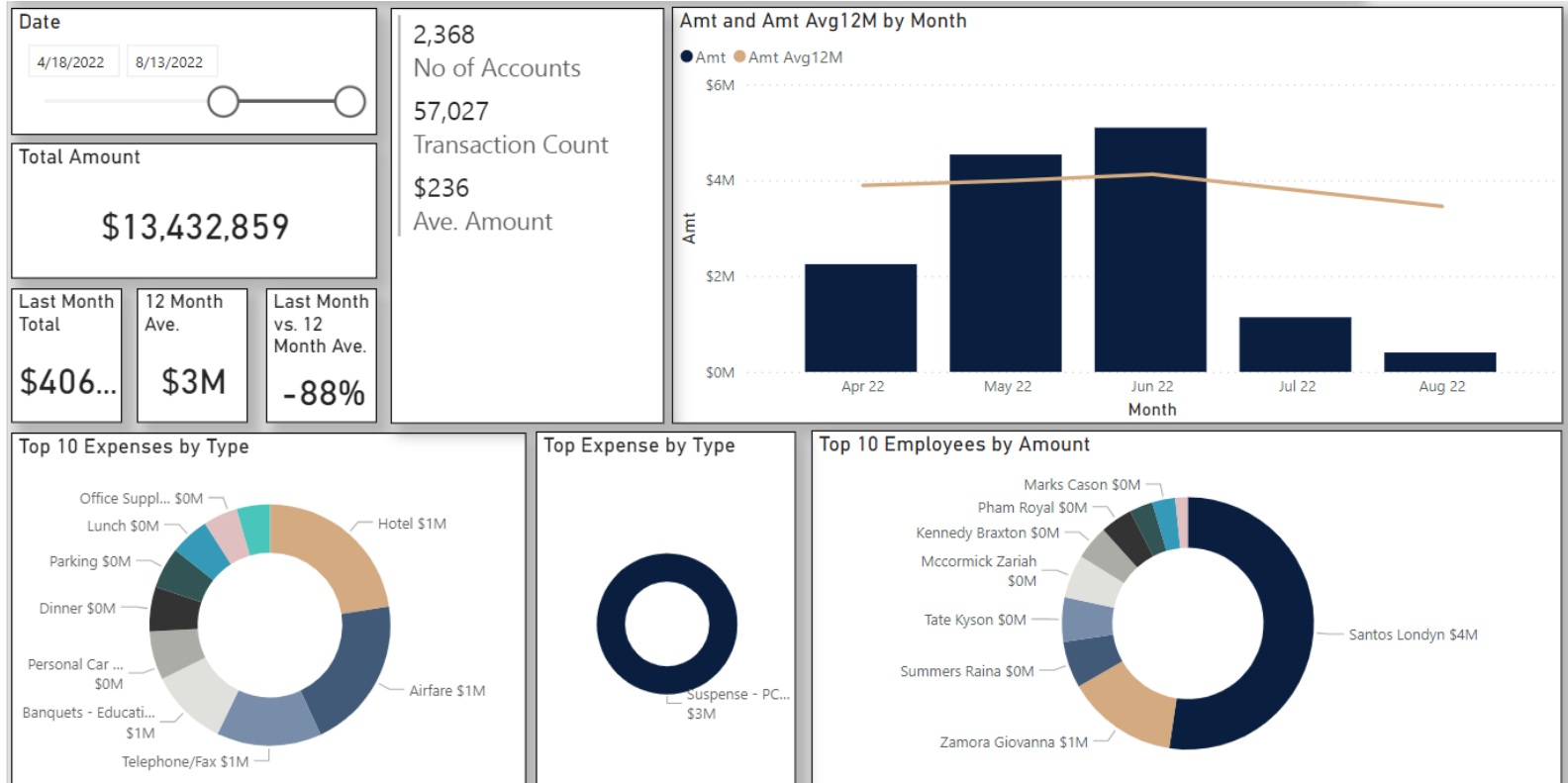
A move from primarily “Ad Hoc” reporting to primarily “Automated” reporting.

The democratization of “Low Code” AI models in existing tools

Proliferation of Large Language Models and “AI as a Co-Pilot”



Ad Hoc to Automated



Democratization of Low Code AI Models

- Share Power BI AI models



AI as a Co-Pilot

- Share Code Interpreter Demo





Potential Challenges



Challenges

Areas of Consideration



Lack of data
standardization – data
engineering work likely



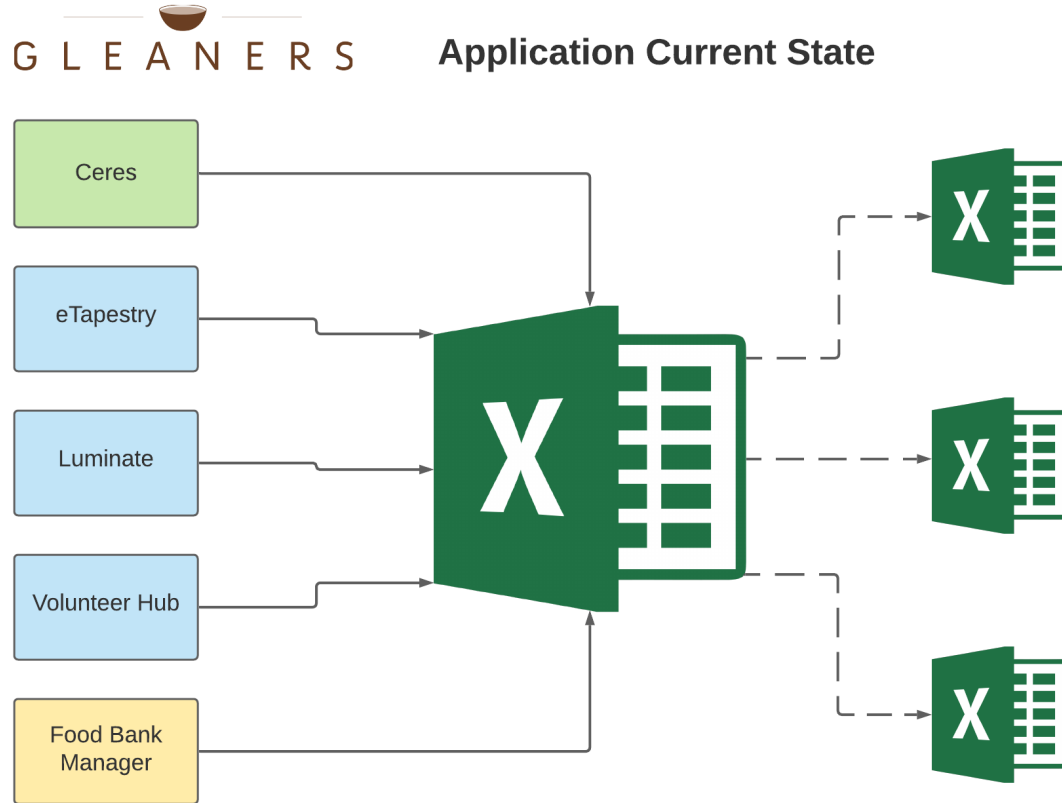
Embedding AI in an
existing process



Security and data
access considerations

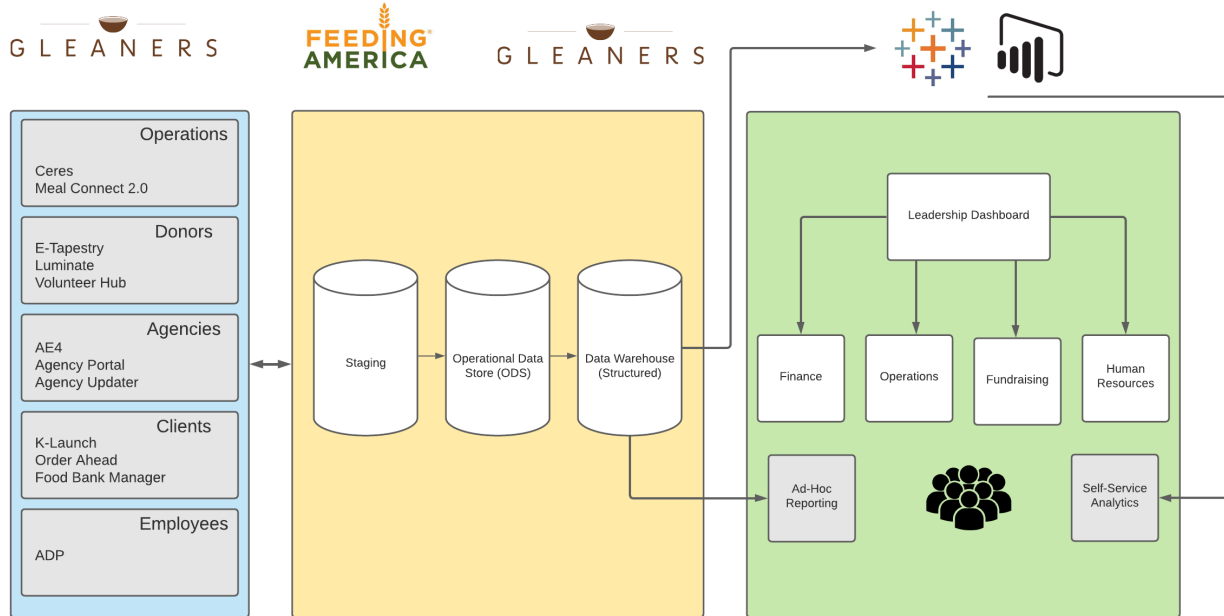


Challenge 1 | Data Engineering



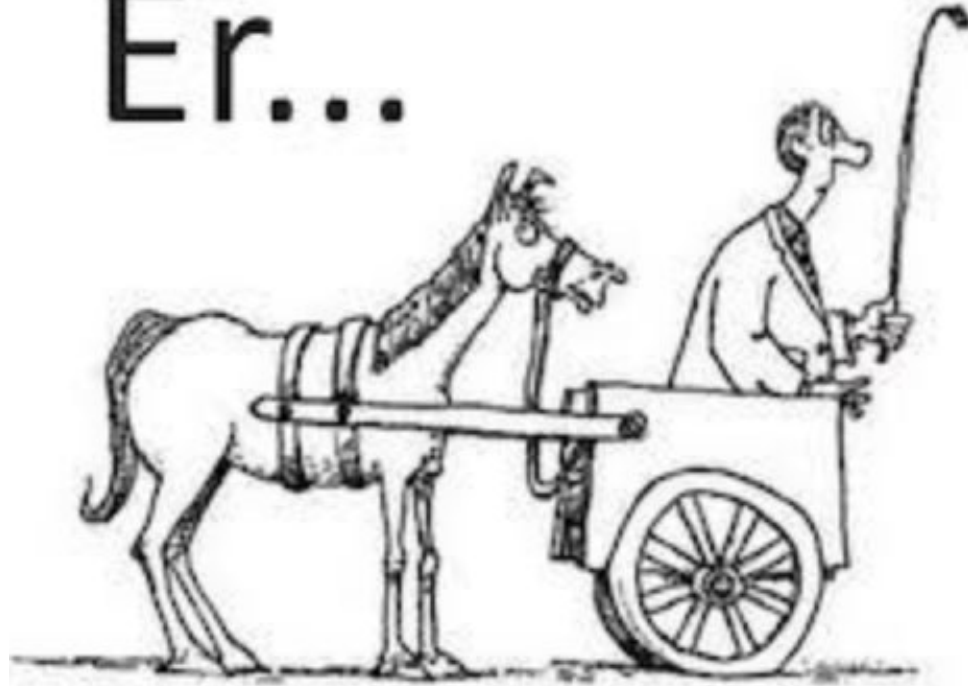
Challenge 1: Data Engineering

Gleaners Future State Application/Data Environment



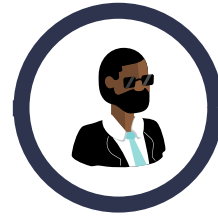
Challenge 2: Embedding AI in an Existing Process

Er...



Challenge 3 | Security

How to manage security and permissions



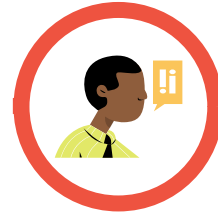
Data Governance



Use Row Level Security



Transparency – “Showing their Work”



Ethical Concerns

Thank you!

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Closing, Looking Forward, and Conference Takeaways



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Reception

Please join us!