

# Foundation Trends in 2017

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# About CliftonLarsonAllen

- A professional services firm with three distinct business lines
  - Wealth Advisory
  - Outsourcing
  - Audit, Tax, and Consulting
- More than 5,000 employees
- Offices coast to coast
- Over 60 years of experience serving more than 6,000 nonprofit clients



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# Speaker Introductions

- **Karen Gries**

Karen is a principal with CLA providing tax compliance and consulting services to exempt organizations. Karen clients include a variety of tax-exempt organizations, including foundations, colleges and universities, and health care organizations. Karen frequently speaks on exempt organization tax issues for the AICPA, state societies of CPAs, CASE, and several nonprofit legal and tax conferences.

- **Jennifer Tingley**

Jen leads CLA's national foundation practice. Jen has more than 17 years of experience serving nonprofit organizations including foundations, private schools and social service organizations. She has worked with a variety of entities from start-up organizations to very large organizations with complex investment portfolios, multi-entity structures, planned giving and significant endowment and donor fund balances. Jen's work with nonprofits includes internal controls, restructuring, and risk management.



# Learning Objective

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

- Explain and recognize certain transactions foundations are dealing with and what the financial and tax implications are.



# What is Trending

- Fiscal agencies or intermediary relationships
- Programmatic, mission and equity impact investing
- International activities
- Compensation due diligence
- Regulatory scrutiny
- Financial reporting model changes

# Agency and Intermediary Considerations

Does your Organization allow?

Oversight on the intent and use of funds

Contribution/Grant Expense

vs. Asset/Liability

Tax reporting implications



# Impact Investing

Investing in innovative companies to have a direct impact on communities, and produce a financial return on investment.





# International Activity



# International Activity

Payments to nonresidents

Visa considerations

Treaty considerations

Grant-making

Due diligence

Equivalency determinations

Expenditure responsibility

Activities overseas



# Compensation Scrutiny

Continued scrutiny of  
compensation

IRS and State level inquiries

Benchmarking and proper  
documentation of the overall  
process is required

Failure to fully document = risk

Process applies regardless of  
compensation level



# Regulatory Scrutiny

IRS examinations

State activities

- State income tax/UBI

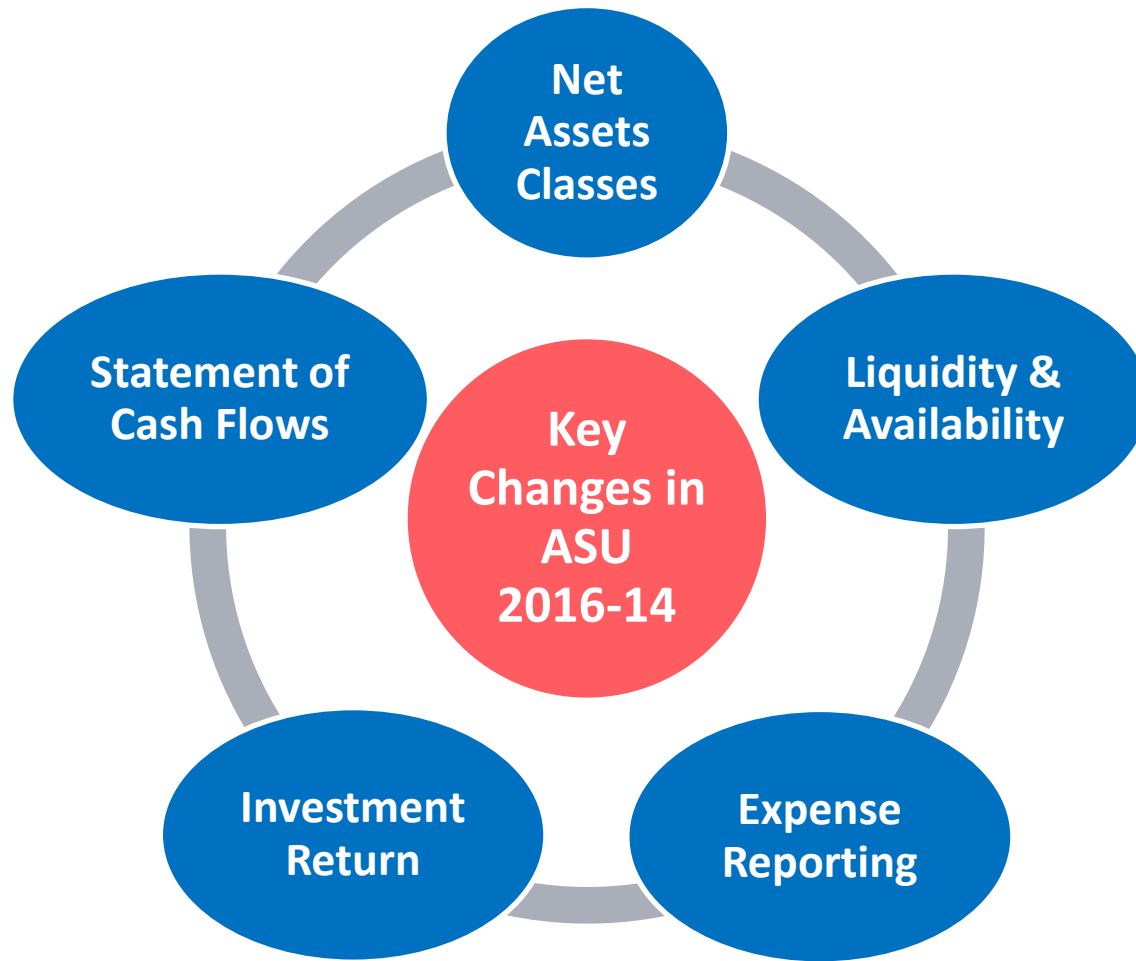
- Sales and use tax

- State charitable solicitation compliance

- Unclaimed property



# ASU 2016-14 Changes



# Implementation – Overall

- Read the ASU
- Identify the individuals who will lead the implementation of the ASU
- Ensure all individuals attend training to understand the changes required by the ASU
- Discuss the impact of the new changes on audit timing and planning with your auditors
- Make a practice run by recasting your last audited FS and notes
- Decide: early adopt, wait, or two-stage?



# Early Adoption

- Early adoption permitted, but must apply the regular transition provisions
- Example of early adoption:
  - Choose to early adopt in CY 2016
  - Must apply all provisions to CY 2016 financials
  - NFP presents comparative financials for CY 2015; must apply all provisions to the CY 2015 financials, except NFP can choose not to present –
    - ◇ Analysis of expenses by nature and function, and/or
    - ◇ Disclosures around liquidity and availability of resources



# Download FASB ASU 2016-14 Nonprofit Financial Reporting Checklist

<http://www.claconnect.com/resources/articles/download-fasb-asu-201614-nonprofit-financial-reporting-checklist>





# Questions?



# MARK YOUR CALENDAR!!



**CLA'S 2018 NATIONAL FOUNDATION CONFERENCE  
NASHVILLE, TENNESSEE  
APRIL 22-25  
HILTON DOWNTOWN NASHVILLE**



# Thank you!

Jennifer Tingley, CPA, Principal  
[jennifer.tingley@CLAconnect.com](mailto:jennifer.tingley@CLAconnect.com)  
612-376-4773

Karen A. Gries, CPA Principal  
[karen.gries@CLAconnect.com](mailto:karen.gries@CLAconnect.com)  
612-373-1408

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