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Maximum Engagement

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# Maximum Engagement

C. David Gammel, FASAE, CAE  
Executive Director, Entomological Society of America



# Engagement: It's what we do!

- Definition: *Engagement is the result of a person investing time and/or money with the organization in exchange for value.*
- The value of engagement is defined by the person engaging with the organization.

# First Exercise

- Take 2 minutes to write down the first 3 engagement opportunities in your organization that come to mind.
- Share with you neighbor.

# The Art of Association Management

- Moving people effectively among all the offerings of the organization.
- Use increasing engagement as a strategy to drive growth.

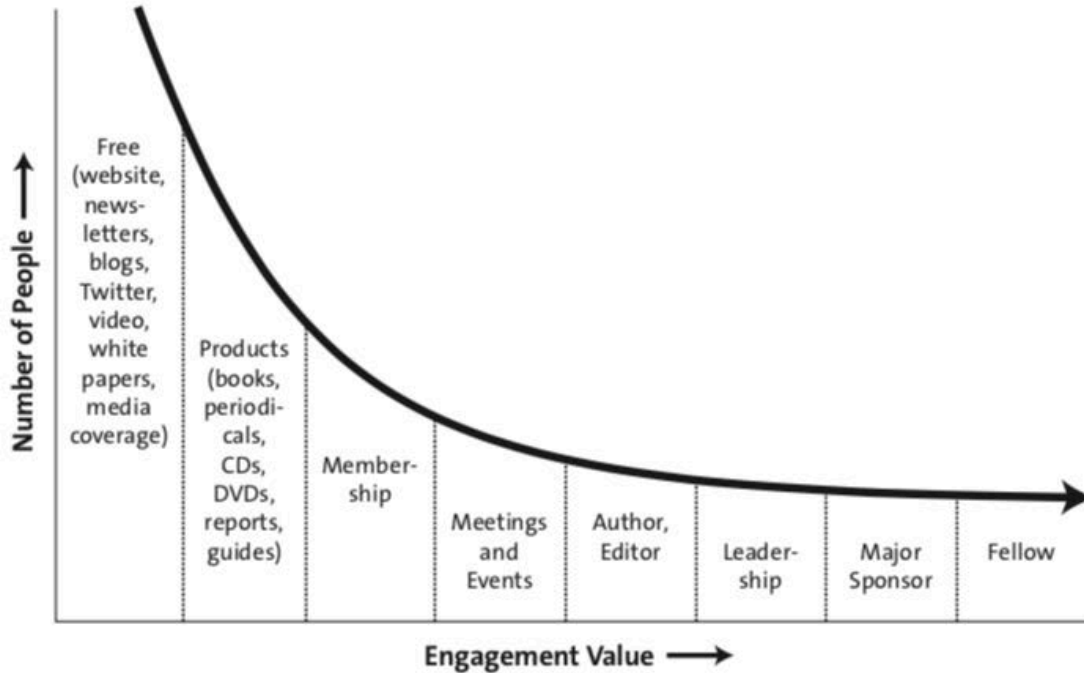
# ESA Growth 2011 - 2018

- Annual Meeting attendance up 37%.
- Membership at a 15-year highwater mark.
- Certification program doubled.
- Operating revenue up 15% (with one year up 100% compared to usual).
- For a mature association founded in 1889.

# What one thing did we do to achieve that growth?



# Engagement Acceleration Curve



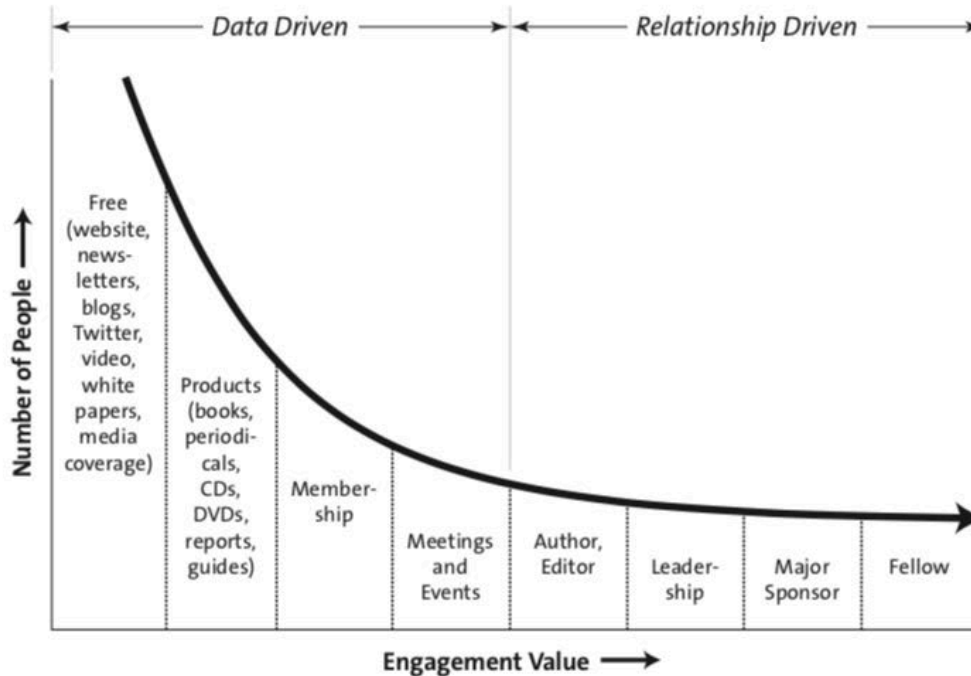
# Designing an Engagement Curve

- Entry points.
- Common/logical progression.
- Identify triggers or leading indicators.
- Analyze your data, look for patterns of acceleration or gaps.

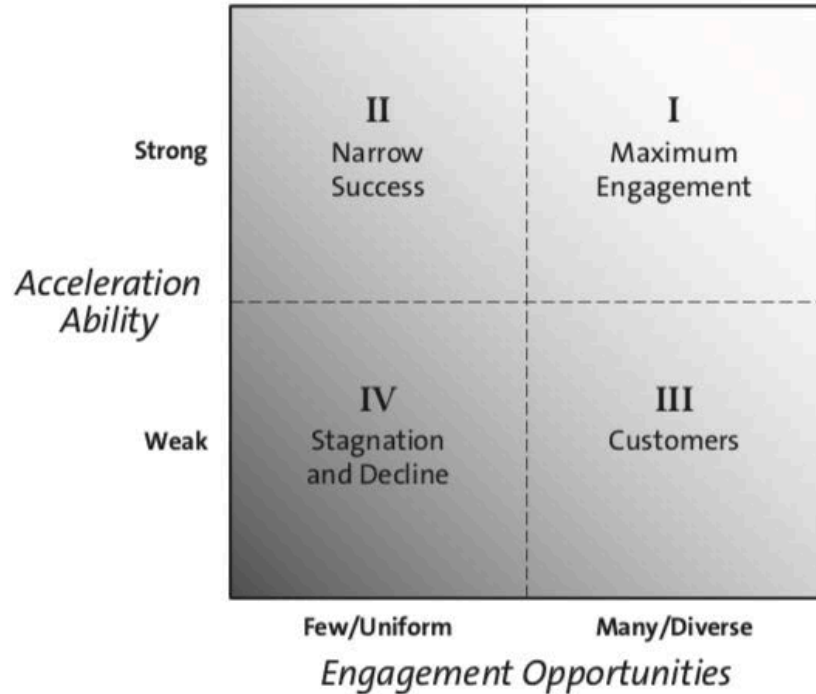
# Accelerating People Along the Engagement Curve

- Early in the curve:
  - Data driven
  - Personalization and customization.
  - Automated marketing.
- Later in the curve:
  - More bespoke
  - Relationship-based marketing
  - Customize the experience

# Data-driven vs. Relationship-driven



# Second Exercise: Where are you?



# ESA Case: Retention vs. Recruitment

- Developed a data model of Entomological Society of America membership based on 10 years of data.
- Student – Early Career – Full Member
- Bi-modal distribution based on generations but students have very high churn.

# ESA: Membership Churn

Year	Number Added	Number Dropped	Net Change
2008	1104	1101	+3
2009	1114	932	+182
2010	1303	1097	+206
2011	1268	1166	+102
2012	1453	1257	+196
2013	1610	1271	+339
2014	1600	1537	+63
2015	1713	1607	+106
2016	1076	1780	- 704
2017	1905	1283	+622
Average	1414.6	1303.1	+111.5

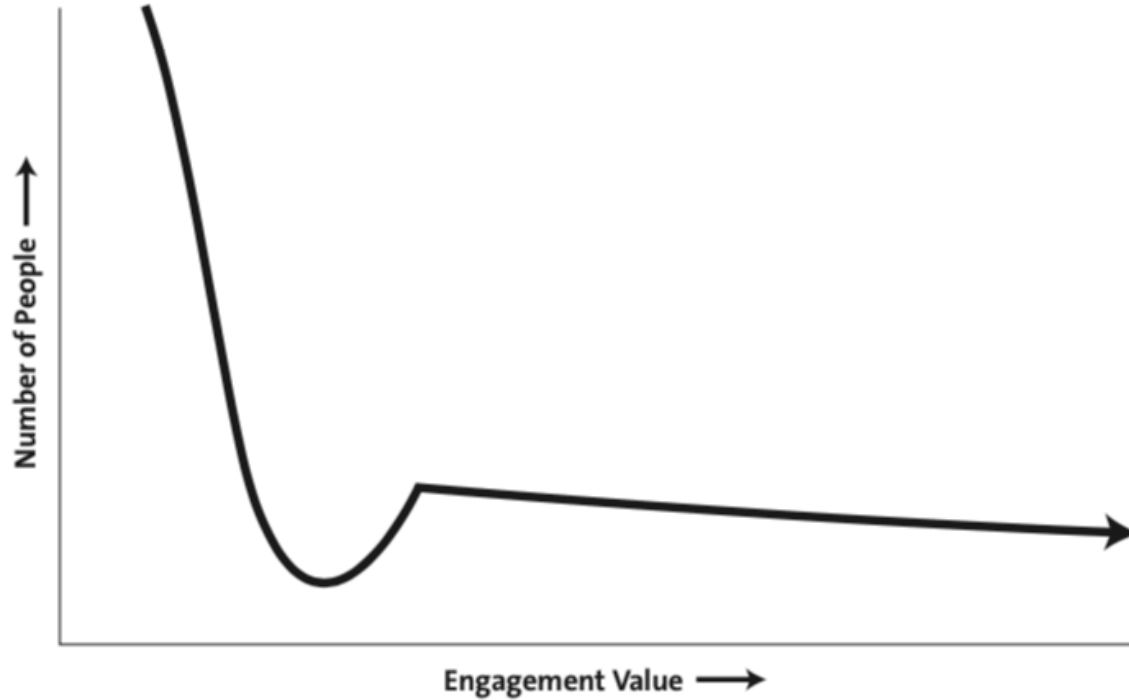
# ESA: Demographic Changes

Member Class	2007		2017	
	Female	Male	Female	Male
SM	557	609	1,180	769
ST	70	142	145	123
EP	32	41	378	306
M	636	2,798	945	2,547
Other*	68	444	74	431
Total	1,363	4,034	2,722	4,176

MemberClass	2007		2017	
	Majority	Non-Majority (%)	Majority	Non-Majority(%)
SM	748	287 (27.8%)	1,064	419 (28.3%)
EP	137	70 (33.8%)	397	172 (30.0%)
M	2,621	479 (15.5%)	2,440	653 (21.1%)
Total	4,107	866 (17.4%)	4,528	1,362 (23.1%)



# Retention vs. Recruitment



# ESA: Strategic Initiative on Retention

- About to launch a 3-year strategic initiative to strengthen retention among students and early career professionals with a particular focus on women and people of color.
- Membership **retention** is a **lagging** indicator of engagement.

# Third Exercise: Your Engagement Opportunity

- What is your biggest opportunity area for enhanced engagement?
- What can you do to connect people to it from earlier in the curve?
- How can you accelerate that progression?
- What should they go to next after that?

# Most Common Engagement Challenges

- No clear engagement progression path.
- Significant engagement gaps that are too far for most people to bridge on their own.
- Lack of engagement acceleration.
- Lack of resiliency when formerly productive engagement activities stop performing.

# Final Discussion and Questions

# Closing Thoughts

- Dig into your data and identify gaps or unusual patterns.
- Partner across your organization to move people more effectively among your many offerings.
- Think of something you can do this week, something to plan for next month, and a key opportunity to place into long-term planning.

# Thank You!

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**Tax Reform and Sales Tax Nexus:  
Implications for Membership Organizations**

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# Learning Objectives

- Identify Tax Law changes that will affect nonprofit organizations, including executive compensation, unrelated business income tax, higher education endowment income, taxation of fringe benefits, event tickets, and tax-exempt bonds.
- Describe the changes that will affect employers, including new tax credits, treatment of achievement awards, employee meals, tuition benefits, and the repeal of the Affordable Care Act's individual mandate.
- Discern how the *Wayfair* case will affect nonprofit organizations.

# What happened?

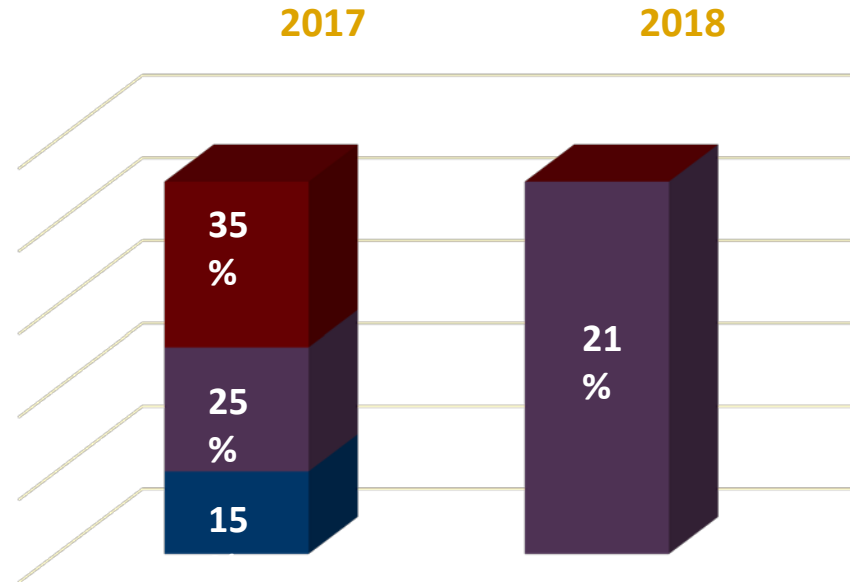


<https://www.congress.gov/bill/115th-congress/house-bill/1/text>

# Provisions That Affect Nonprofits:

## UBI Tax Rate

### Tax Brackets



# Provisions That Affect Nonprofits:

“Siloing” of UBI by Activity, IRS Notice 2018-67

Rental  
Income  
from  
Personal  
Property  
(Sch C)

Rental  
Income  
from Debt-  
Financed  
Property  
(Sch E)

UBI from  
Controlled  
Sub (Sch F)

Website  
Ads  
(Sch I)

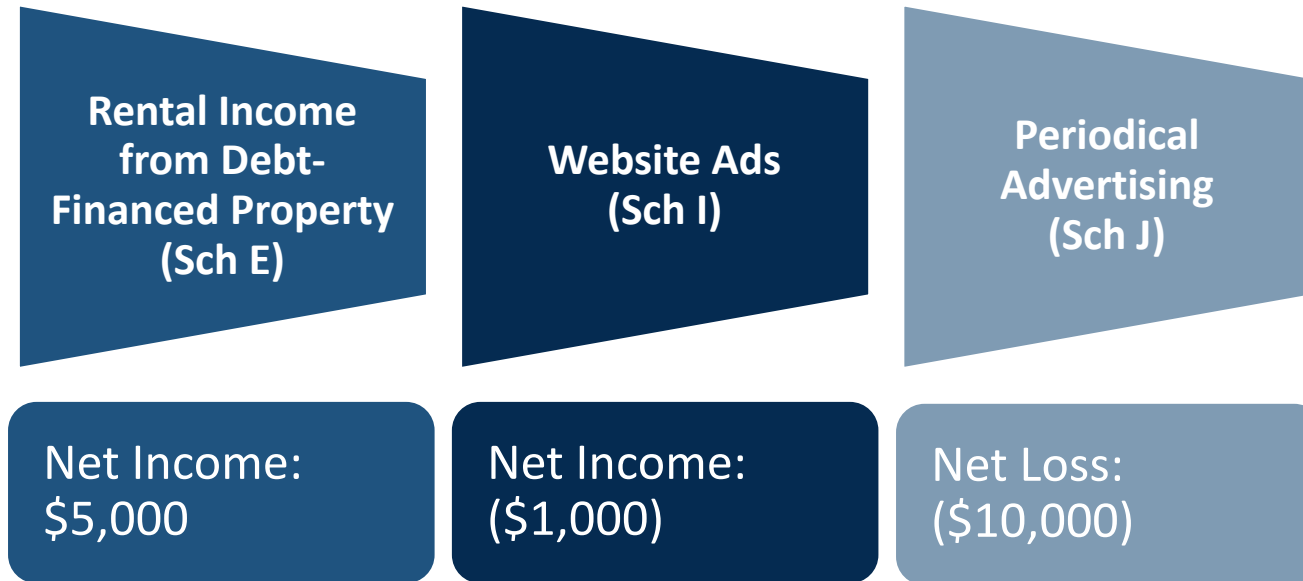
Periodical  
Advertising  
(Sch J)

UBI from K-  
1

What is the UBTI in 2017? In 2018?

# Provisions That Affect Nonprofits:

“Siloing” of UBI by Activity, IRS Notice 2018-67



What is the UBTI in 2017? In 2018?

# Provisions That Affect Nonprofits:

## “Siloing” of UBI by Activity

2017

2018

2019

2020

Rent \$5,000  
Web Ads (\$1,000)  
Periodical (\$10,000)

Rent \$5,000  
Web Ads (\$1,000)  
Periodical (\$10,000)

Rent \$8,000  
Web Ads (\$1,000)  
Periodical \$10,000

Rent (\$5,000)  
Web Ads (\$2,000)  
Job Board \$8,000

Tax: \$0  
NOL: \$6,000

Tax: \$0  
2017 NOL: \$1,000  
Web Ad NOL: \$1,000  
Periodical NOL: \$10,000

Tax: \$1,680  
2017 NOL: 0  
Web Ad NOL: \$2,000  
Periodical NOL: \$2,000

Tax: \$1,470  
Rent NOL: \$5,000  
Web Ad NOL: \$4,000  
Periodical NOL: \$2,000

# Provisions That Affect Nonprofits:

## “Siloing” of UBI by Activity

Planning Consideration: Create a for-profit subsidiary to hold unrelated business activities

- Activity-by-activity reporting is not required on Form 1120
- Creates additional filings and organizational complexity
- May create UBI issues if the nonprofit parent receives certain income from its taxable sub
  - ◇ Interest
  - ◇ Annuities
  - ◇ Royalties
  - ◇ Rent

# Provisions That Affect Nonprofits: UBI on Fringe Benefits



Employers could deduct qualified transportation fringe benefits from taxable income

**AND**



Employees could exclude qualified transportation fringe benefits from taxable compensation



# Provisions That Affect Nonprofits: UBI on Fringe Benefits



Employers can deduct qualified transportation fringe benefits from taxable income

OR



Employees can exclude qualified transportation fringe benefits from taxable compensation

# Provisions That Affect Nonprofits: UBI on Fringe Benefits

Van pools and similar transportation in a commuter highway vehicle

Transit passes

Free parking in employer lot or commuter lot if paid for by employer

Parking reimbursements for employer lot or commuter lot

Bicycle commuting reimbursement

On-premise gym, pool, tennis court, golf course, or other athletic facility

# Provisions That Affect Nonprofits: UBI on Fringe Benefits

In 2018, employer provides \$3,000 of MONTHLY transportation fringe benefits to employees and incurs \$10,000 of expense operating an on-premise gym

## For-Profit Employer

\$50,000 Net Income

\$46,000 Disallowed Benefits

\$96,000 Taxable Income

## For Nonprofit Employer

\$0 Unrelated Business Income

\$46,000 Disallowed Benefits

\$46,000 Taxable Income

# Provisions That Affect Nonprofits: UBI on Fringe Benefits

In 2018, employer provides \$3,000 of MONTHLY transportation fringe benefits to employees and incurs \$10,000 of expense operating an on-premise gym

## Quarterly Estimates

Jan, Feb, Mar \$2,415  
Apr, May, Jun \$2,415  
Jul, Aug, Sep \$2,415  
Oct, Nov, Dec \$2,415

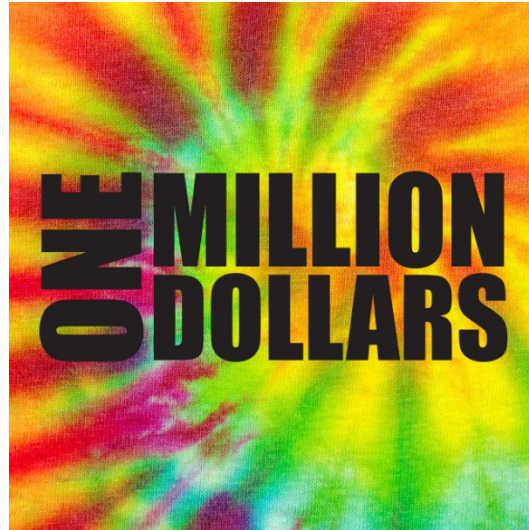
## Due Dates

April 15  
June 15  
September 15  
December 15

# Provisions That Affect Nonprofits: UBI on Excessive Compensation

21% excise tax applied to compensation in excess of \$1M paid to covered employees:

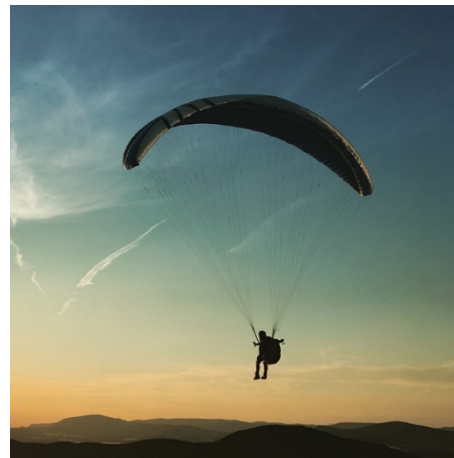
- CEO
- CFO
- Next Hi-3
- Prior covered employees
- Excludes licensed medical professionals



# Provisions That Affect Nonprofits: UBI on Excessive Compensation

21% excise tax applied to parachute payments in excess of three times the individual's average salary for the previous five years:

- Employees paid over \$120,000
- 5% owners
- Excludes:
  - Amounts paid to 403(b)(3) or 457(b)
  - Licensed medical professionals



# Ready for Some Good News?

## Rev. Proc. 2018-38

- Tax-exempt organizations (other than 501(c)(3)) no longer have to file Schedule B
- Effective for tax years ending on or after December 31, 2018
- Must continue to collect records of the names and addresses of donors and make it available to the IRS upon request
- Has become politically controversial

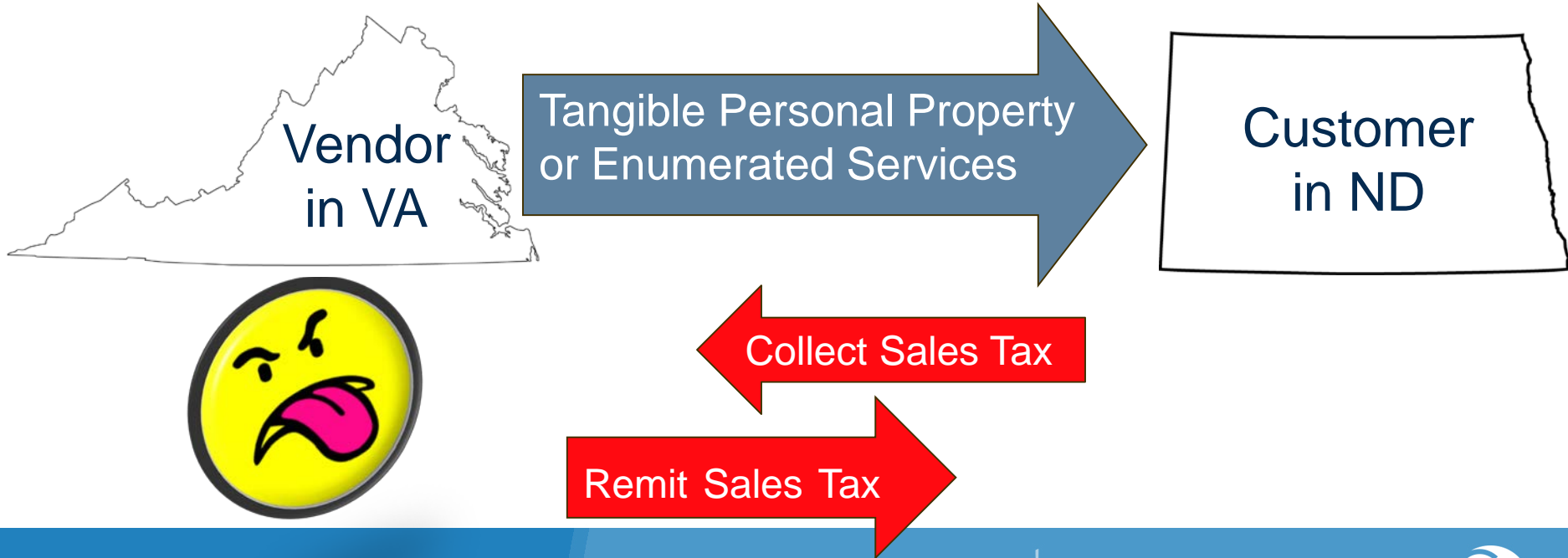
# The *Wayfair* Decision and Its Effect for Nonprofits

- *South Dakota v. Wayfair, et. al.* is a 5-4 U.S. Supreme Court decision issued on June 21, 2018. The Court overturned the physical presence requirement for sales and use tax collection obligation from *Quill Corp. v. North Dakota* (1992).
- States now have the **possibility** of enforcing a sales tax collection requirement (nexus) over remote sellers.



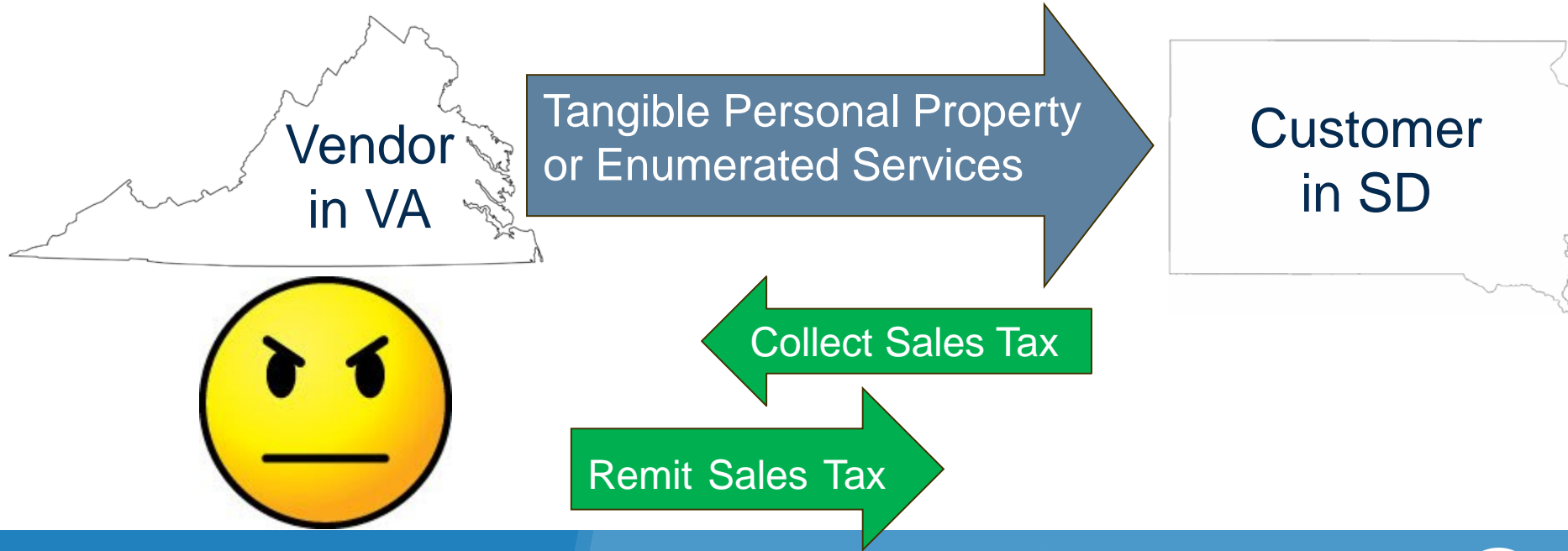
# The *Wayfair* Decision and Its Effect for Nonprofits

QUILL (1992): Physical Presence



# The *Wayfair* Decision and Its Effect for Nonprofits

*Wayfair* (2018): Economic Presence



# The *Wayfair* Decision and Its Effect for Nonprofits

- Each state must pass its own legislation.
- The laws may still be challenged in court. All that has been resolved is that the “physical presence” standard has been eliminated.
- South Dakota model seemed to please the Supreme Court:
  - Applies only to sellers with
    - ◇ Over \$100,000 in sales within the state, or
    - ◇ More than 200 different transactions within the state
  - Prospective, not retroactive, enforcement
  - Participation in the Streamlined Sales and Use Tax Agreement
    - ◇ Single state level administration
    - ◇ Uniform definitions, simplified structure
    - ◇ State pays for software, audit immunity for users

# The *Wayfair* Decision and Its Effect for Nonprofits

Examples of enumerated services:

- Installation, repair, inspection, or maintenance of tangible personal property
- Services to real property
- Business services such as advertising, lobbying, security, consulting, public relations, computer services, and staffing services
- Personal services such as yoga, cosmetology, tanning, and dry cleaning
- Professional services such as legal, accounting, architectural, and medical

## Next Steps

Identify each UBI Stream

Segregate Expenses

Track NOLs Separately

Quantify Transportation Fringe Benefits

Make Quarterly Estimates Using EFTPS

Determine Interstate Sales of Tangible Goods and  
Enumerated Services

Meet with CLA Tax Advisor

# Wayfair Checklist

Study historical nexus

Quantify PAST exposure

Voluntary Disclosure Agreements

Analyze current thresholds

Compliance services

Audits and Appeals

Refunds

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# Thank you!

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# Association CONFERENCE

**Finance Function Dysfunction: Assessing and  
Improving Financial Operations**

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# Learning Objectives

1. Identify key symptoms of a faltering finance function
2. Understand ways you might approach doing something like this at your organization
3. Learn how this approach helped a local organization increase its efficiency and effectiveness

# Introductions

## Around the Room

- Roles
- Size of organizations
- What are you hoping to learn?

# Do You Have These Questions ...

Do we have the right staff?

Do we have the right accounting software?

**Are we processing efficiently and effectively?**

How do we go paperless?

**Why are our financial reports late every month?**

Why does our staff not trust financial information?

Why are our managers tracking information outside of the finance department?

**Does everyone have high staff turnover in the finance department?**

Why is it so hard to change our reports?

Is Excel the right tool to track information and prepare reports?

# What Have You Done to Try and Remedy?

- Process mapping
- Department restructure
- Outsource specific pieces
- Change/add systems
- Training
- Others?

# What We Have Learned....

Often the “issues” raised are symptoms of deeper dysfunction. The dysfunction often stems from a combination of **structure**, **process**, and **systems**. Addressing one component alone may not remedy the problem for good.

# Example – 5 “Why” Questions

## Initial Issue Raised

We can't seem to get timely financials; the data is old so nobody uses it.

## Symptom

Month-end close process isn't completed until the 25th so financials are delayed.

## Symptom

Credit card expenses hold up the close process as we are tracking down receipts.

## Symptom

Staff with lots of expenses aren't in the office which delays receipt submission.

## Root Cause

Process and systems for credit card expenses ultimately delay reporting.

# CLA Approach to Finance Department Assessments

## Structure

- Critically review roles and responsibilities, job descriptions and skill set needed, staff capacity and workload, reporting structure, team culture, and other structural components.

## Process

- Walk through all core finance processes to identify bottlenecks, opportunities for automation, spots with likely errors, controls concerns, and redundancy. This includes everything from entering an invoice to budgeting and reporting.

## Systems

- Seek to understand the key components of the core finance systems, how the systems are structured, where the general ledger is and is not integrated with other systems, and where the organization isn't using systems, but could to help automate or streamline.



# Important Things to Consider

- Engage all finance and related staff in the process
- Frame the discussions as a way for everyone to help shape the future of the finance function; not as an “audit” or restructuring.
- Gain insight from users of the financial outputs too
- Once you identify opportunities for improvement, go the next step and develop an actionable, yet realistic plan to implement the changes.

# Case Study

National Association with a very local approach to accounting and finance



# Background and Situation

- Grown from \$25M to \$45M in last 10 years
- Located in mid-size city in the Midwest
- Turnover in clerk and staff-level roles; challenges to recruit
- Using a custom-built general ledger system that was integrated with the custom-built AMS developed by a small, local provider
- Reports and analysis inadequate to support the size or complexity of the organization

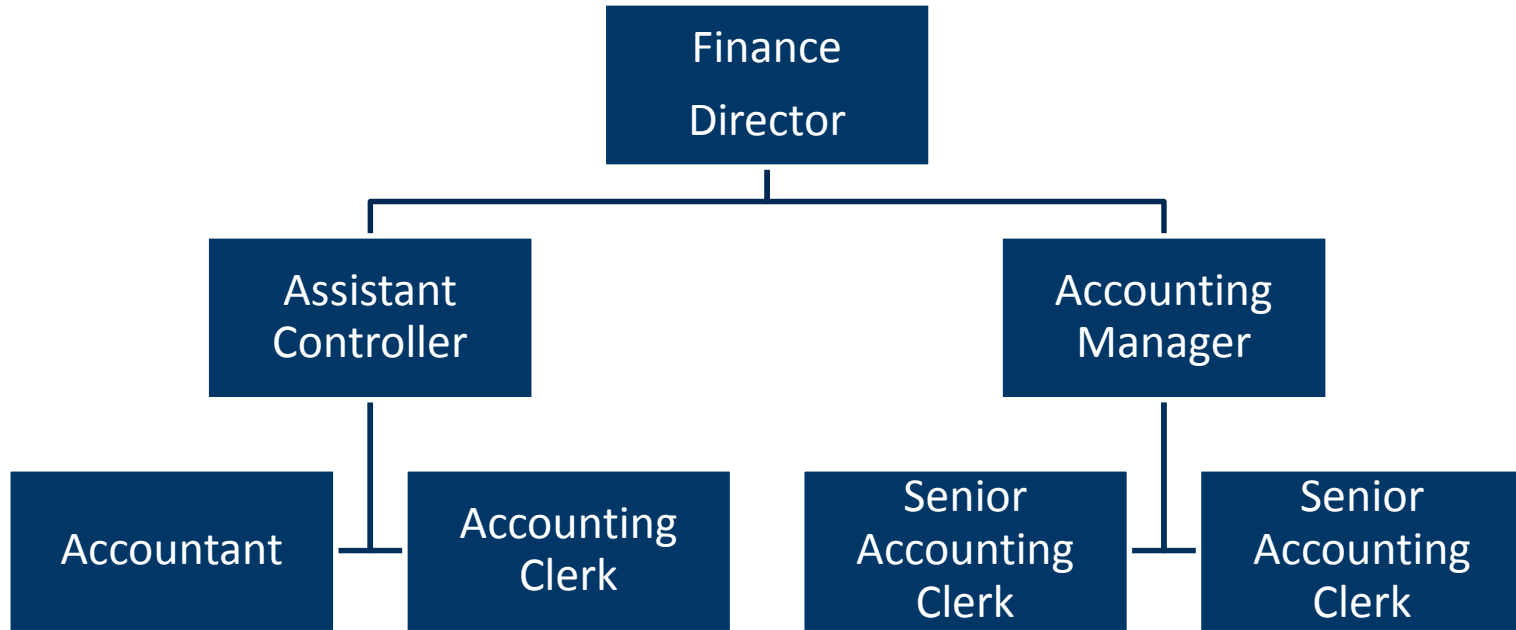
# Known Challenges

- Initial conversation about pain points highlighted:
  - Overworked staff due to turnover
  - Acknowledgement that general ledger system isn't ideal, but optimism that continued adjustment and development could meet business needs
  - Paper-based processes increasingly challenging as there are now staff located in multiple offices
  - Management doesn't trust the financials as the numbers always seem to be changing and never match the budget

# Approach

- Kickoff meeting with full finance team (5 FTE) about the purpose and process.
- Review documents including org chart, chart of accounts, management and board financials, policies and procedures.
- Individual interviews with all finance staff, CEO, COO, and directors leading HR, IT, and each major business line.
- Reviewed exit interview notes from recently departed employees.
- Summarize key findings and discuss with leadership.
- Co-create an action plan.

# Existing Finance Org Structure



# What We Learned

- Org structure heavily weighted towards transactional staff and lacking financial/analytical skillset. Roles and responsibilities were misaligned due to personality conflicts and accommodations.
- General ledger system required great duplication, tracking in Excel, and weekly reconciliations. It also didn't have the ability to track and report in meaningful ways.
- Accounts payable and related processes for purchase orders, approval, coding, and check processing was both duplicative and ineffective.
- Technology has been met with resistance as prior attempts to automate had failed due to lack of capacity and appropriate skillset leading the implementation.
- Budgets were largely ignored, despite the lengthy process to create them, as they were created so early in the year that they weren't meaningful or accurate.

# Recommendations

## Key Recommendations

Restructure accounting department to more clearly defined roles and alignment of necessary skills and responsibilities.

Consider eliminating the PO process, or only requiring PO at a certain threshold. Add a bill-pay system to automate approval and payment and reduce paper processes.

Transition to a new general ledger system and consider hiring an interim project manager to implement the new general ledger system.

Overhaul the budget process to start later in the year (and have board approval via a November conference call vs. August meeting) and have the new planning manager lead it.

## Results/Impact

Create a CFO position and realign department to include both finance and accounting. Reduce headcount of transactional work and add capacity at more senior level.

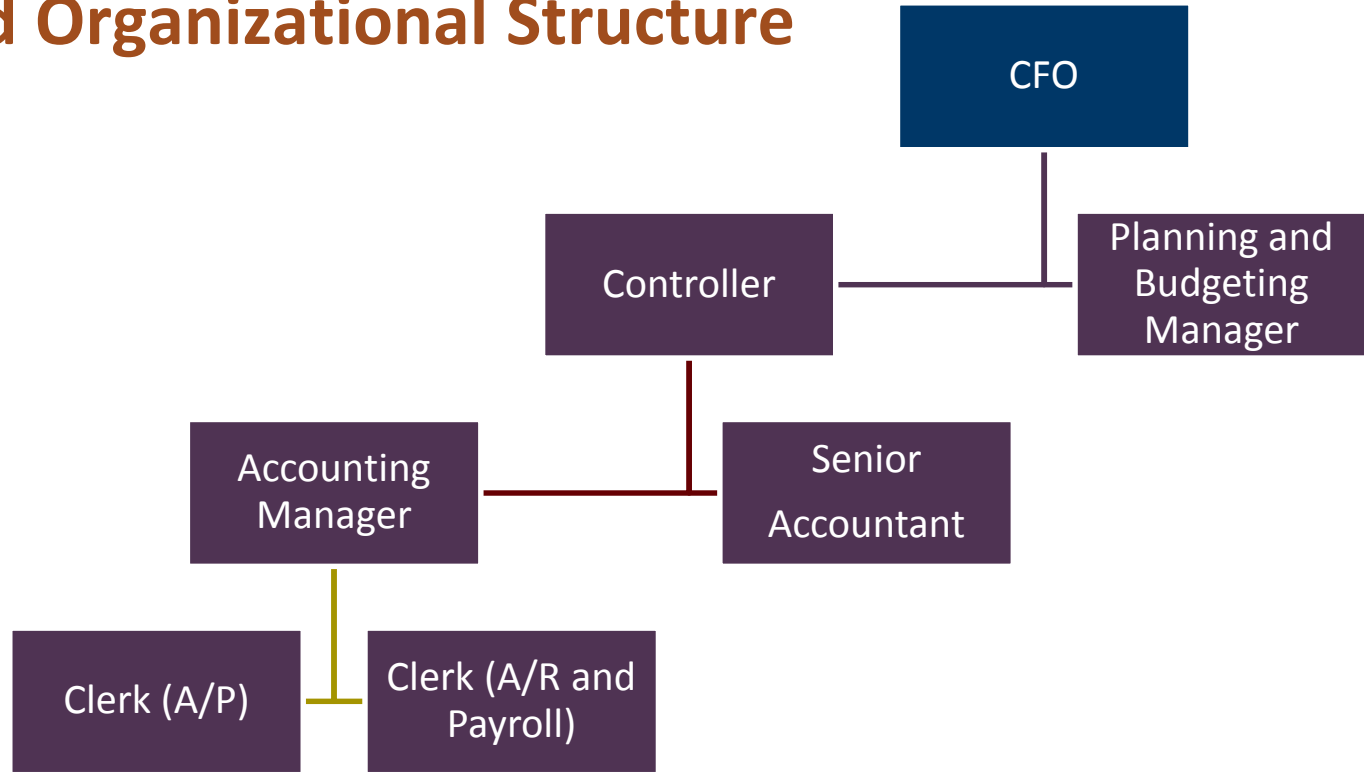
Reduce the amount of time associated with creation and tracking of purchase orders. Encourages the development of department controls for expense management.

The current and proposed finance team structures are at capacity with ongoing work; hiring temporary support may speed the implementation and adoption process.

Meaningful budgets owned by department leaders and useful in monthly analysis.



# Proposed Organizational Structure



# Road-Map

## ROAD MAP - ASSOCIATION EXAMPLE

Change/Initiative	Key Step	2017						2018						
		July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
1. Quick Wins	1A. Eliminate or reduce use of Purchase Orders													
	1B. Move to dual-mail opening at front desk with electronic log													
	ESTIMATED INCREMENTAL EXPENSE	\$						-	\$					-
2. Team Realignment	2A. Finalize new structure and transition plan													
	2B. Transition (timing dependent on method selected)													
	2C. Ideal timeline- new team structure in place													
	ESTIMATED INCREMENTAL EXPENSE	\$						50,000	\$					40,000
3. Technology and Automation	3A. Conduct a limited scope software selection process for GL and bill-pay													
	3B. Select new software and customize/train													
	3C. Redesign chart of accounts to allow for tracking by product line													
	3D. General ledger system and bill-pay go-live													
	ESTIMATED INCREMENTAL EXPENSE	\$						15,000	\$					35,000
4. Budget and Reporting	4A. Adjust monthly department reports to reflect all revenues and expenses													
	4B. Redesign annual budgeting process with buy-in from directors													
	4C. Launch annual budget process; goal to have budget ready by October													
	ESTIMATED INCREMENTAL EXPENSE	\$						-	\$					-
<b>TOTAL ESTIMATED INCREMENTAL EXPENSE</b>		<b>\$</b>						<b>65,000</b>	<b>\$</b>					<b>75,000</b>

# Thank you!

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Future Staffing Models and  
the Bottom Line on Talent

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# Watching the Future of Work is Exhausting!

“Get the **right people on the bus**, the wrong **people off the bus**, and the **right people in the right seats.**”

-Jim Collins  
Good to Great

# This is Now Your Bus

# And You Need People Who Can Manage This!



# Tell us About Your Organization: Size, Staffing Structure, and Concerns

# A Sample Situation

- Small, fewer resources, no dedicated HR Manager
- Rising costs of recruitment
- Rising costs of benefits
- High turnover
- Outsourced in areas
- Suburban location
- Aging membership demographics



# We Make our Membership Money \$80 at a Time

# Average Tenure Since 2010 is 33 months

Employee	Hire Date	End Date	Length Service	Length in Months	Reason	(Based on 13 FTE pre-2103, then 14 FTE, 2017 became
Comms Assoc	11/1/2010	11/30/2012	2 years	24	resigned	7.69%
Admin	6/3/1985	1/4/2013	27 years		terminated	42.86%
Exec Dir	1/31/2007	1/28/2013	6 years	72	forced resignation	
Comms Assoc	8/15/2011	1/30/2013	1 year, 5 mo	17	resigned	
Comms Mgr	7/8/2013	7/26/2013	3 weeks		resigned	
Mem Assoc	12/19/2011	9/17/2013	1 year, 9 mo	21	resigned	
Dev Assoc	2/11/2010	11/14/2013	3 years, 9 mo	45	resigned	
Comms Mgr	9/18/2013	9/3/2014	1 year	12	terminated	14.29%
Acct Mgr	2/16/2010	10/15/2014	4 years, 8 mo	56	resigned	
Dev Mgr	1/14/2013	3/6/2015	2 years, 10 months	34	retirement	35.71%
Acct Mgr	1/7/2015	3/21/2015	2.5 mo	2	terminated	
Comms Coord	2/13/2013	7/16/2015	2 years, 5 months	29	resigned	
Exec Asst	9/25/2009	8/17/2015	5 years, 11 mo	71	terminated	
Mem Coord	5/23/2012	10/9/2015	3 years, 4 months	40	mutual resignation*	
Dev Assoc	7/15/2015	4/15/2016	9 mo	9	resigned	28.57%
Mem Mgr	3/23/2009	4/29/2016	7 years, 1 mo	85	resigned	
Mem Assoc	1/25/2011	8/15/2016	2 years, 11 mo	35	resigned	
Dev Mgr	3/6/2014	12/22/2016	2 years, 9 months	33	resigned	
Acct Mgr	7/13/2015	1/6/2017	1 year, 6 months	18	resigned	26.67%
Dev Assoc	5/2/2016	1/27/2017	7 months	7	resigned	
Comms Assoc	9/21/2015	9/20/2017	2 years	24	resigned	
Board & Exec Asst	1/4/2016	11/30/2017	1 year, 11 months	23	Terminated	

Turnover is above the reported averages

Published by Nonprofit HR

**What is  
driving your  
turnover?**

**Do we need a  
new model?**

## 2017 Nonprofit Employment Practices Survey - Nonprofit HR

# Cost of Turnover

While we can put a price on the cost of turnover – for most nonprofits it about delay of services and thus credibility and relevancy to membership

# What Are The Options?

- Continue with full time employees
- Outsource to specialized companies
- Build a network of specialists for 'Project Swarms'
  - Freelance, contingent worker, consultants, outworker, gig worker



# The Environment

- People
- Technology
- Choices

# The Environment

- July 2018 unemployment down to 3.9 percent
- Employment in professional and business services increased by 51,000 in July and has risen by 518,000 over the year
- Number of workers leaving their jobs on their own in May 2018 was 2.4% of employment - highest since April 2001

# The Environment

- In fact, between 2008 and 2017 the unemployment rate never dipped below 4.0%
- People now have choices.
- The number of workers leaving jobs on their own in May was at 2.4% of employment, the highest since April 2001

NATIONAL UNEMPLOYMENT RATES | 2008 - 2018

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2018	4.1	4.1	4.1	3.9	3.8	4.0	3.9					
2017	4.8	4.7	4.5	4.4	4.3	4.4	4.3	4.4	4.2	4.1	4.1	4.1
2016	4.9	4.9	5.0	5.0	4.7	4.9	4.9	4.9	5.0	4.9	4.6	4.7
2015	5.7	5.5	5.5	5.4	5.5	5.3	5.3	5.1	5.1	5.0	5.0	5.0
2014	6.6	6.7	6.7	6.3	6.3	6.1	6.2	6.1	5.9	5.8	5.8	5.6
2013	7.9	7.7	7.5	7.5	7.5	7.5	7.3	7.2	7.2	7.2	7.0	6.7
2012	8.3	8.3	8.2	8.1	8.2	8.2	8.2	8.1	7.8	7.9	7.8	7.8
2011	9.0	8.9	8.8	9.0	9.1	9.2	9.1	9.1	9.1	9.0	8.6	8.5
2010	9.7	9.7	9.7	9.9	9.7	9.5	9.5	9.6	9.6	9.6	9.8	9.4
2009	7.6	8.1	8.5	8.9	9.4	9.5	9.4	9.7	9.8	10.2	10.0	10.0
2008	4.9	4.8	5.1	5.0	5.5	5.6	5.8	6.2	6.2	6.6	6.8	7.2

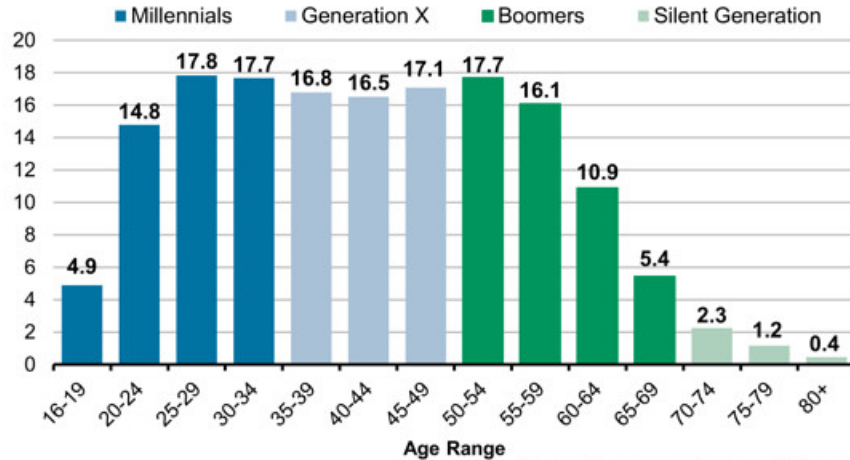
Source: Bureau of Labor Statistics

National Council of State Legislatures

# Changing Workforce Rules – Rise of the Digital Natives

## The Workforce in 2015

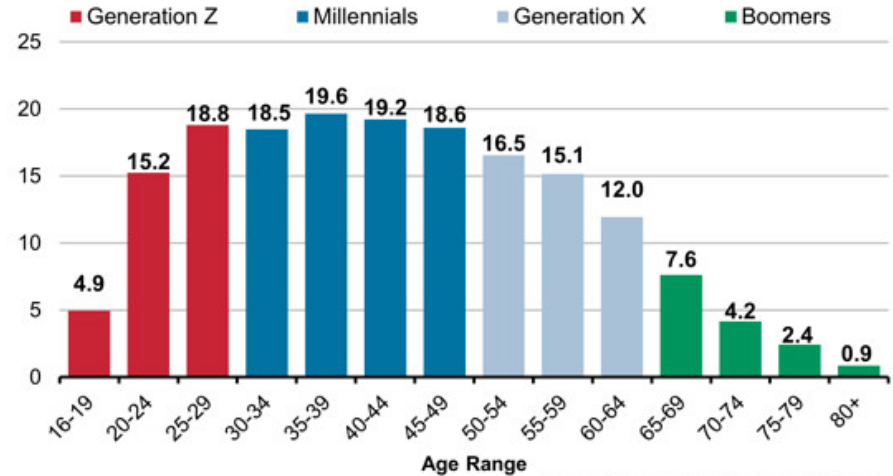
Projected size of U.S. labor force (in millions) by age, for the year 2015



Source: Department of Labor | WSJ.com

## The Workforce in 2030

Projected size of U.S. labor force (in millions) by age, for the year 2030



Source: Department of Labor | WSJ.com

Tech  
companies not  
only take the  
lead –  
technology is  
taking over  
the way we  
conduct  
business

# The Millennial Workforce

Five priorities when looking for a job:

- 92% Money
- 87% Security
- 86% Holidays / Time off
- 80% Great people
- 79% Flexible working

# With Digital Natives Comes Digital Tactics

# The Talent & Acquisition Process has Changed Forever



# The Robots Will Help Us Select Hires

# Algorithms rule!

- Recruiters look at resumes an average of 6 seconds
- First round video interviews are becoming the norm

# It's Not One Way – They Check You Out Too!

When 18- 29 year- old's research prospective companies:

- 28% use Instagram
- 25% use Facebook
- 23% use LinkedIn

# It's Not One Way – They Check You Out Too!

## Zonta International Salaries

2 salaries (for 2 job titles) Updated Jan 9, 2018

How much do Zonta International employees make? Glassdoor has salaries, wages, tips, bonuses, and hourly pay based upon employee reports and estimates.

United States

Sort: Most Reports | [Salary](#)

	Average Base Salaries in (USD)	Low	High
<b>Database Administrator</b> 1 employee salary or estimate	About \$28K - \$31K	\$28K	\$31K
<b>Operations Associate</b> 1 employee salary or estimate	About \$35K - \$37K	\$35K	\$37K

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See reviews about:

- Work-Life Balance
- Pay & Benefits
- Job Security & Advancement
- Management
- Culture

Showing all 3 reviews

Sort by: [Helpfulness](#) | [Rating](#) | [Date](#)

★★★★☆ **Good place for entry level.**

Anonymous (Former Employee) – Oak Brook, IL – October 12, 2016

Nice location off highway. Volunteers genuinely involved with work. Large amount of work done by small staff. Building has gym and an ok wifi lounge.

### Pros

Work at home days.

### Cons

Not enough staff. High turnover. Poor planning. Lack of direction from Exec Dir.

Was this review helpful?

[Share](#) [Report](#)

Want to know more about working here?

Ask a question about working or interviewing at Zonta International. Our community is ready to answer.

### Overall rating

3.0 ★★★★★

Based on 3 reviews



# Improving the Candidate Experience

# Is the cost of an FTE sustainable for Nonprofits?

- Recruitment
- Wages
- Taxes
- Benefits
- Technology
- Office space
- Liability insurance
- Training

# Is the cost of an FTE sustainable for Nonprofits?

- Recruitment
- Wages
- Taxes
- Benefits
- Technology
- Office space
- Liability insurance
- Training

## Or does the future demand change?

# Fourth Industrial Revolution

- Change will demand experts.
- Some forecast that half of the workforce will be freelance status by 2020.
- Organizations will be forced to take a closer look at how they attract and retain contingent workers beyond the cost-savings component.



# A “Contingent Worker”

A provisional worker who works independently for an organization on a non-permanent basis (e.g., freelance, independent professional, temporary contract worker, independent contractor, consultant)

# Workers 55 Years and Older Will Remain Relevant

- Able and ready
  - this group was 15.5 million in 1994 and projected to increase to 40.6 million in 2024
- Staying in the game
  - Share of the total labor force 11.9% in 1994 and expected to reach nearly 25% in 2024
- High level of soft skills

# Finding Great “Gig” Workers

# Contingent Workforce Management Options – More Resources Are Coming

# Understand How You Operate: Organizational Network Analysis

# What Are The Options?

- Continue with full time employees
- Outsource to specialized companies
- Build a network of specialists for 'Project Swarms'
  - Freelance, contingent worker, consultants, outworker, gig worker

# So How Will You Attract The Right Talent?

*Machines don't have to be better than humans to take their jobs, they just have to be on par with them*



# Final Thought

Will robots do our  
work and pay our  
taxes?

# Thank you!

**Allison Summers**

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**CLAconnect.com**



CONNECT  
COLLABORATE  
*Innovate*

2018

# Association CONFERENCE

**Audit and Accounting Revenue Recognition Update**

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,  
an SEC-registered investment advisor. | ©2018 CliftonLarsonAllen LLP

# ASU 2014-09 Revenue Recognition

(And Amendments: 2016-08, 2016-10, 2016-12, 2016-20, 2017-05)



# Revenue Recognition – Effective Dates

## New (deferred) effective dates

- CY 2018 (FY 2019) for public entities\* (including interim)
- CY 2019 (FY 2020) for nonpublic entities (no interim, just annual period; interims in subsequent years)
- Early adoption permitted, but not before the original effective date

## Previous effective dates

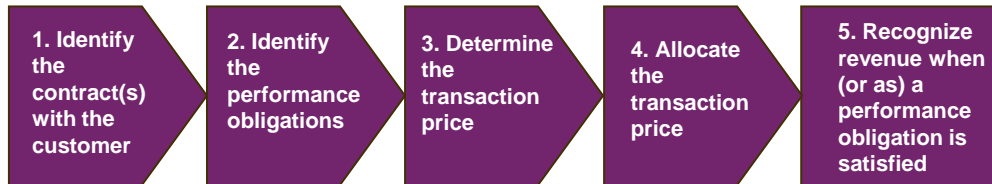
- CY 2017 (FY 2018) for public entities\* (including interim)
  - CY 2018 (FY 2019) for nonpublic entities (no interim, just annual period; interims in subsequent years)
  - Nonpublic entities permitted to adopt early, but no earlier than public entities
- \* Public entities include NFPs with publicly traded direct or conduit debt

# GAAP Model for Revenue Recognition

## Core Principle:

Recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services

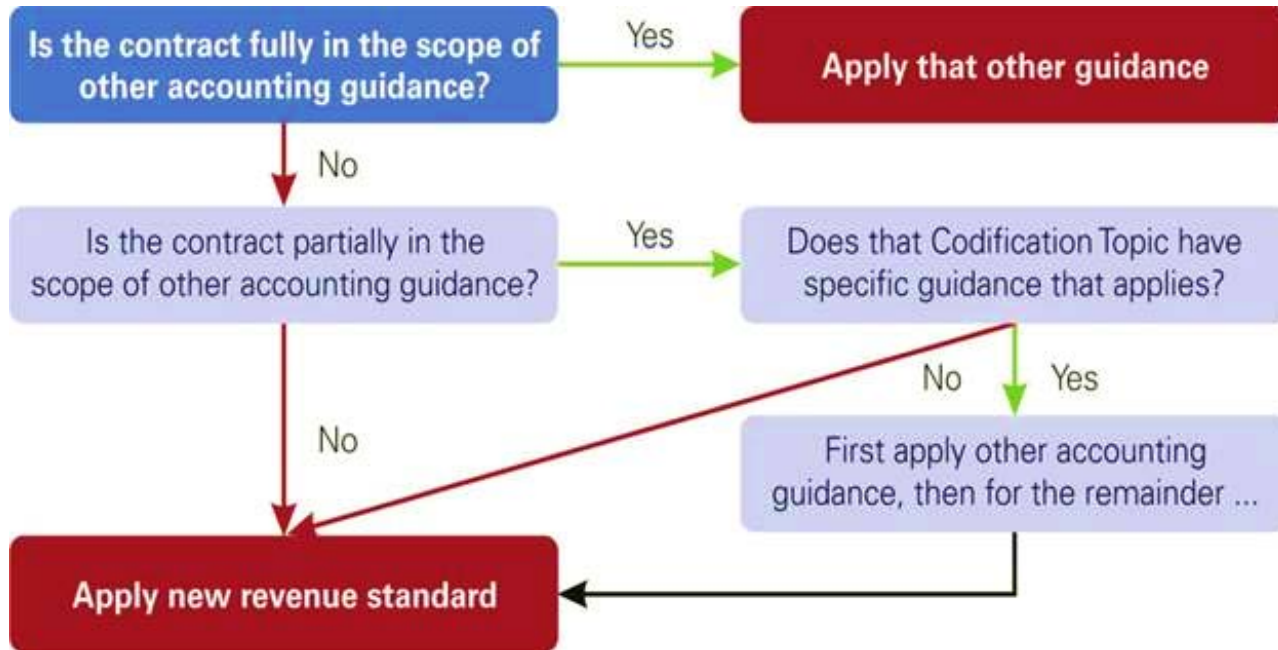
## Steps to apply the core principle:



# Major Changes Relative to Current Guidance

- Focus is now on the contract rather than on transactions of certain types or within certain industries
- Variable consideration and constraints on revenue
- Licenses
- Recognition and measurement guidance applies to transfers and sales of nonfinancial assets to non-customers (Topic 610)
- Guidance on accounting for costs to obtain and fulfill a contract with a customer, if not addressed in other topics (Subtopic 340-40)
- Disclosures

# Determining the Application of Topic 606





# Industry Examples

## Example A: Membership Dues

### FACTS:

A Not-for-Profit Membership Organization has annual dues of \$200. The only direct benefit members receive is a monthly newsletter with a fair value of \$50.

## Example A: Membership Dues

### IDENTIFY THE CONTRACT

The amount paid for the newsletter (\$50) is a contract with a member (reciprocal transaction)

The remainder (\$150) is a contribution, as no specific identifiable benefits are to be provided

### IDENTIFY PERFORMANCE

The performance obligation is to provide the monthly newsletter to the member

### DETERMINE TRANSACTION PRICE

The fair value of the newsletter (\$50) is the transaction price

### ALLOCATE PRICE TO THE

The \$50 transaction price is allocated to the performance obligation\*

\*Had there been multiple performance obligations, there would have been multiple transaction prices and multiple allocations

### RECOGNIZE AS OBLIGATIONS ARE

The \$50 transaction price is recognized ratably over the 12-month membership period

The \$150 contribution is recognized upon receipt of the membership dues payment

# Disclosure

## Disaggregation of revenue

- **Qualitative** and **quantitative**\* disaggregation of revenue into categories that depict how revenue and cash flows are affected by economic factors

## Information about contract balances

- **Opening** and **closing** balances \*
- Amount of revenue recognized from contract liabilities \*
- Explanation of significant changes in contract balances \*

## Remaining performance obligations

- Transaction price allocated to remaining performance obligations \*
- Quantitative or qualitative explanation of when amounts will be recognized as revenue \*

## Interim requirements

- Quantitative disclosures \*

\* For public entities only, including conduit debt obligors

# Rev. Rec. – Some Areas of Focus for NFPs as Discussed by AICPA Task Forces

## Contributions

- TRG: not in scope
- Grants: referred to FASB (see following slides)

## Tuition and Fees

## Membership Dues

## Health Care: various issues, including:

- Self-pay patients
- Medicare/Medicaid payments (and subsequent audits)
- Continuing Care Retirement Communities: entrance fees and other issues

# AICPA Revenue Recognition Guide

- Chapter 8: Not-for-profits
- Not-for-profit subscriptions and membership dues
- Examples included in guide

# ASU 2018-08

## Grant and Contracts

# ASU 2018-08: Why is this standard required?

To address difficulty and diversity in practice among NFPs in:

Issue 1

Characterizing grants and similar contracts with government agencies and others as (i) reciprocal transactions (exchanges) or (ii) nonreciprocal transactions (contributions)

Issue 2

Distinguishing between conditional and unconditional contributions

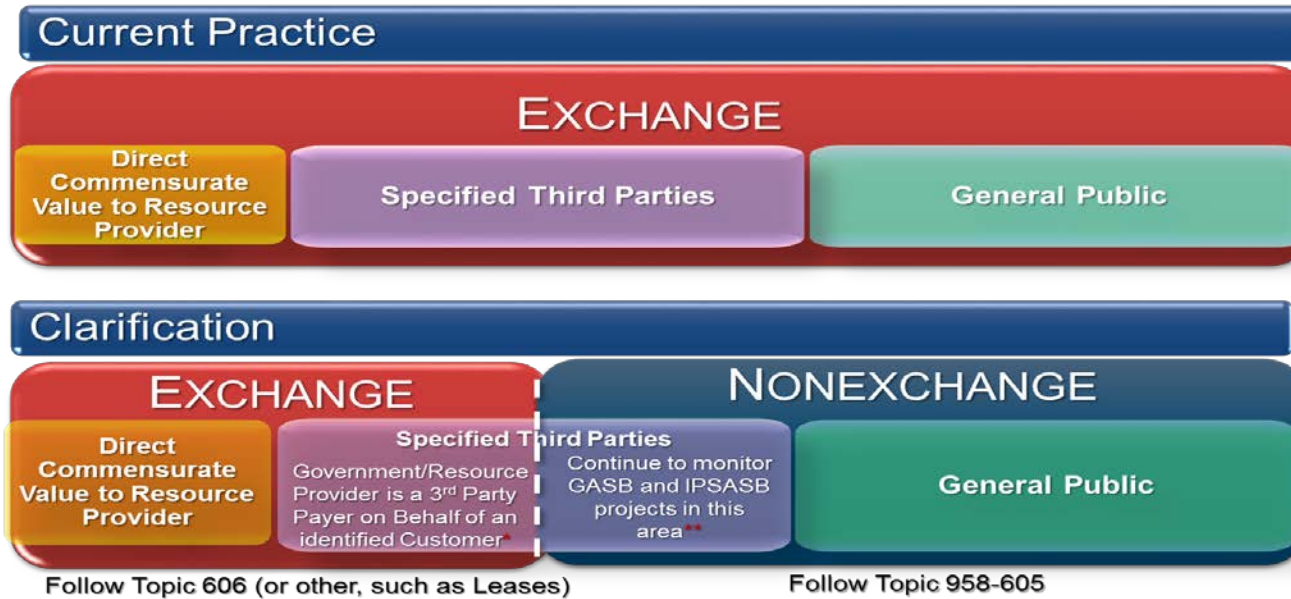


# Scope

- Applies to **all entities** (NFPs and business entities) that receive or make contributions unless otherwise indicated.
- Excludes transfers of assets from the government to business entities.
- Applies to both contributions received by a recipient and contributions made by a resource provider. ***The intent is simply that both apply the same guidance; the entities do not need to track each other's accounting to achieve the same reporting results.***
- The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within the scope of Subtopic 958-605 is not a factor for determining whether an agreement is within the scope of that guidance.

# Issue 1: Reciprocal (Exchange) vs. Nonreciprocal (Nonexchange/Contribution) Transactions

## Who Receives the Benefit?



\*The revenue recognized would actually be the underlying contract's patient service revenue, tuition revenue, etc.

\*\*A focus on whether or not there is a "performance obligation" could even ultimately include some contracts where the general public is the primary beneficiary.

## Issue 1: Reciprocal vs. Nonreciprocal Transactions: Key Clarifications to the Scope of Subtopic 958-605

The ASU 2018-08 clarifies and refines existing guidance in Subtopic 958-605 by adding paragraphs that would clarify the scope of the Subtopic as well as illustrative examples.

- The resource provider is **not** synonymous with the general public, even a governmental entity. If a resource provider receives value indirectly by providing a societal benefit, this would be considered a nonreciprocal transaction.
- If the primary beneficiary of a grant or contract is a third party, an NFP must use judgment to determine if the transaction is reciprocal or nonreciprocal.
- Furthering a resource provider's mission or "feel good" sentiment does not constitute commensurate value received.
- The type of resource provider should not override the substance of the transaction.

## Issue 2: Conditional vs. Unconditional Contributions For a *Donor-Imposed Condition* to Exist:



- A right of return/release must exist; and
- The agreement must include a barrier
  - Indicators and examples to help in determination



- A right of return/release must exist
- Would have required a **probability** assessment about whether it is likely a recipient NFP will fulfill the stipulations

## Issue 2: Conditional vs. Unconditional Contributions

For a *Donor-Imposed Condition* to Exist:



- A right of return/release must exist\* and
- The agreement must include a barrier
  - ASU includes indicators and examples to help in determination



- A right of return/release must exist
- Would have required a probability assessment about whether it is likely a recipient NFP will fulfill the stipulations

\*The right of return/release must be contained in the agreement or in another document referenced in the agreement

## Indicators that a Barrier May Exist



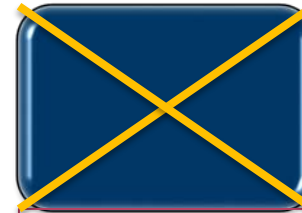
**The inclusion of a measurable performance-related barrier or other measurable barrier**



**The extent to which a stipulation limits discretion by the recipient on the conduct of an activity**



**The extent to which a stipulation is related to the purpose of the agreement**



**The board decided to remove the additional actions indicator that was originally proposed**

# Indicators that a Barrier May Exist



## Measurable Barrier

- Specified level of service
- Specified outcome
- Matching
- Outside event or occurrence
- May be achieved in milestone (step-wise) fashion



## Limited Discretion

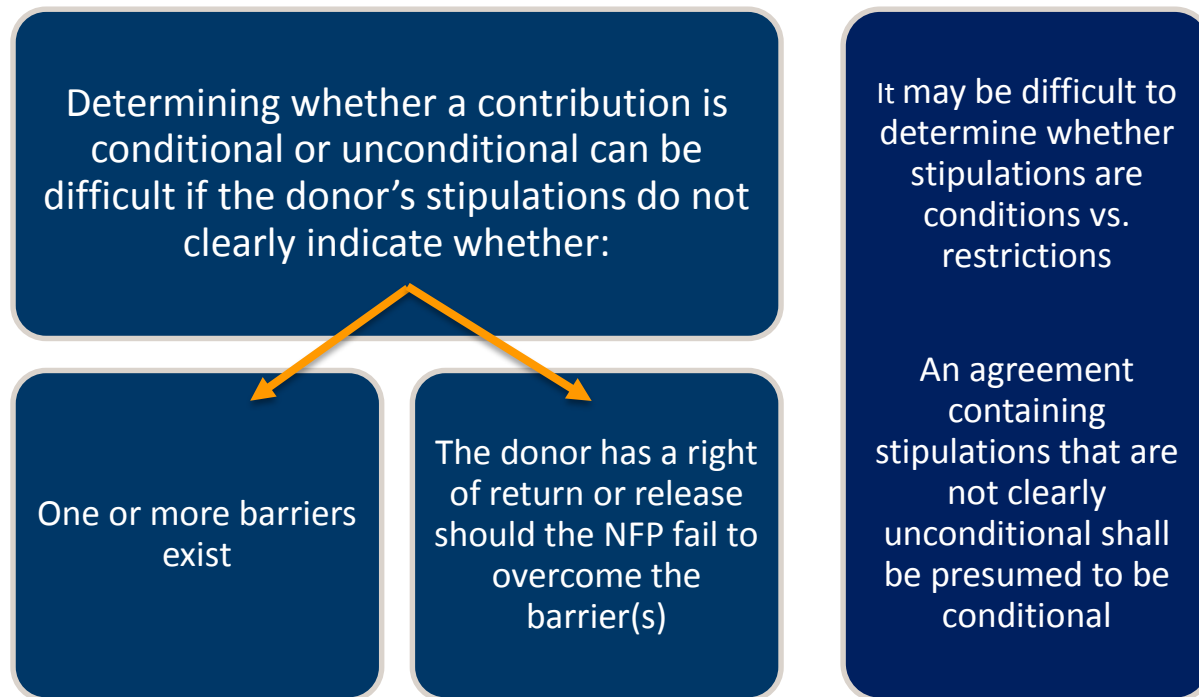
- More specific than the general activity being conducted and/or restricted time-frame
- Requirement to incur only qualifying expenses based on specific criteria
- Requirement to hire specific individuals
- Requirement to adhere to specific protocol(s)



## Related to Purpose of the Agreement

- Stipulations that relate directly to the mission purpose of the agreement
- Report on research study findings
- LEED certification for new building
- Excludes trivial or administrative stipulations and requirements
- Report on grant expenditures
- Annual audit

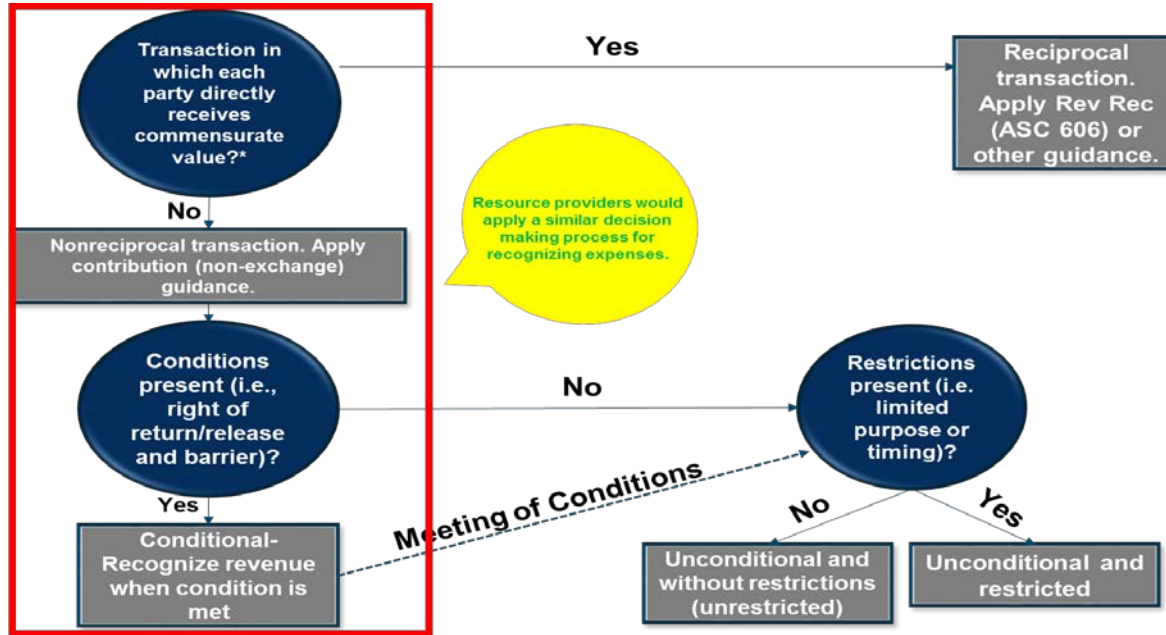
# The Trouble With Ambiguous Donor Stipulations





# Deeper Dive into Specific Issues

# NFP Revenue Recognition Decision Process



\*Includes third-party payments on behalf of identified customers. These do not create new revenue.

# Scope – More on “Symmetry”

Applies to both contributions received by a recipient and contributions made by a resource provider. *The intent is simply that both apply the same guidance, the entities do not need to track each other’s accounting to achieve the same reporting results.*

- Grantors (e.g., foundations) must follow same guidance in determining if grants are (1) exchange or nonexchange transactions, and (2) conditional or unconditional
- Not required to mirror judgment/accounting treatment used by the grantee organization
- Not required to obtain information from grantees relating to their overcoming of the barriers but can use judgment.

# Scope – More on Terminology

The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within the scope of Subtopic 958-605 is **not** a factor for determining whether an agreement is within the scope of that guidance.

- There is **no expectation** for recipients or makers to call their grants “contributions” in their statements. They will likely continue to call them “grants and contracts,” “government grants,” or other suitable label.
- Rather, recipients and makers are simply using the guidance in **the contribution model** in Subtopic 958-605 (-720) to determine revenue (expense) recognition for transactions that are nonexchange (nonreciprocal) transactions.

## Example 1: Federal Award

- Power Association is awarded a research grant from the U.S. Department of Energy to study hamster power as an alternative energy source
- The agreement requires the association to:
  - Follow the rules and regulations established by the Office of Management and Budget (OMB)
  - Incur certain expenses (or costs) in compliance with rules and regulations established by the OMB and the federal awarding agency
  - Obtain an annual audit in accordance with OMB guidelines
  - Submit a summary of research findings to the federal government
- Any unused assets are forfeited, and any unallowed costs that have been drawn down by the university are required to be refunded
- Power Association retains the rights to the findings

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted?

## Example 1: Association's Assessment

- Nonexchange
  - Commensurate value is not being exchanged between the two parties
  - University retains all the rights to the research and findings and receives the primary benefit of the findings
  - The federal government's benefit is considered indirect/incidental because the research and findings serve the general public
- Conditional
  - The agreement limits the university's discretion as a result of the specific requirements on how the assets may be spent (qualifying expenses)
  - There is a right of return and release (related to unallowable costs)
  - The audit requirement alone is not a barrier to entitlement because it is not related to the purpose of the agreement
- Restricted
  - Hamster power study is more narrow than the university's overall mission

- Exchange
- Nonexchange
- Conditional
- Unconditional
- Restricted
- Unrestricted

## Example 2: Grant from Local Government

- Better Education Association Think Tank receives funding from a local government to perform a research study on the educational and economic benefits and drawbacks of a four-day school week; the local government hopes to save money by reducing the school week by a day, with no detriment (and possible a benefit) to educational quality
- The agreement requires Think Tank to:
  - Plan the study
  - Perform the research
  - Analyze the research and submit analysis and conclusions of the research to the local government
- The local government retains all rights to the study

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted?

## Example 2: Think Tank's Assessment

- Exchange
  - Commensurate value is exchanged between the two parties
  - The local government retains the rights to the study

- Exchange
- Nonexchange
- Conditional
- Unconditional
- Restricted
- Unrestricted



## Example 3: Grant from Private Foundation

- We Heart Our Veterans Association (WHOVA) receives a grant from a private foundation for funding in the amount of \$400,000 to provide specific career training to disabled veterans
- The grant requires WHOVA to provide training to at least 8,000 disabled veterans during the next fiscal year, with specific minimum targets that must be met each quarter
- There is a right of release from the obligation in the agreement in the event WHOVA fails to meet the targets in any given quarter

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted

## Example 3: WHOV's Assessment

- Nonexchange
  - The foundation does not receive commensurate value in return
- Conditional
  - The agreement contains a right of release from obligation if targets are not met
  - The foundation requires NFP to achieve a specific level of service (at least 8,000 veterans trained, with minimums of 2,000 per quarter) on which entitlement depends — this is considered a measurable performance-related barrier
  - The likelihood of serving those minimums is not considered
- Restricted
  - The specific training program is narrower than WHOVA's overall mission

- Exchange
- Nonexchange
- Conditional
- Unconditional
- Restricted
- Unrestricted

## Example 4: Grant from a Corporate Foundation

- Foodies For Health Association studies gluten-related health concerns as a small part of its overall mission; it applies for and receives a \$100,000 grant from Oat Farmers of America to perform research on gluten-related food intolerances over the next year
- The grant agreement includes:
  - A right of return of any unspent funds
  - A statement that prior approval must be obtained from the corporate foundation for any significant deviations in spending from the budget submitted as an exhibit to the grant application
  - A requirement that at the end of the grant period a budget-to-actual report must be filed with the corporate foundation that explains how the assets were spent, including explanations for specific line items overspent by more than 15% of the budgeted amounts

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted

## Example 4: Foodies' Assessment

- Nonexchange
  - While Oat Farmers of America could receive an incidental benefit should the study results indicate that oat consumption is superior to wheat consumption, there is no commensurate exchange of value
- Unconditional
  - The general budget included in the grant proposal is not a barrier to entitlement because adherence to a general budget allows for broad discretion
  - There are no additional requirements in the agreement that would indicate a barrier exists
  - The budget-to-actual reporting and prior approval for budget deviations requirements are administrative and not related to the purpose of the agreement
- Restricted
  - Gluten-related studies are more narrow than Foodies' overall mission

Exchange

Nonexchange

Conditional

Unconditional

Restricted

Unrestrict

## Example 5: Capital Campaign Contribution

- GPA Prep School receives a multi-year pledge from a grateful alumnus to build a LEED-certified, green, sustainable, zero-emissions, zero-carbon-footprint building on campus; the pledge amount is \$20 million payable over three years
  - \$7 million is payable up front on July 1, 20X0 with no associated conditions
  - A second payment of \$6 million is entitled and payable on July 1, 20X1 upon evidence that the land has been cleared, an architectural design has been received, and proper building permits have been obtained
  - A third payment of \$7 million is entitled and payable upon receipt of the LEED certification and the certificate of occupancy for the building

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted

## Example 5: GPA's Assessment

- Nonexchange
  - The individual is not receiving commensurate value for the \$20 million transferred
- Unconditional – \$7 million; Conditional – \$13 million
  - GPA will receive the initial \$7 million payment without having to satisfy any conditions
  - GPA will not be entitled to or receive the two remaining payments (\$13 million in total) unless it overcomes the respective performance barriers (this is because the individual retained a right of return should the barriers not be met)
  - The likelihood of meeting the performance barriers is not a consideration when assessing whether the contribution is conditional
- Restricted
  - Construction of the building is more narrow than GPA's overall mission



## Example 6: Financial Aid Grant for Tuition

- Student is enrolled at University of Scholastica because student has a passion for all things hamster
- Student's tuition for the semester is \$30,000
- Student received a Pell Grant in the amount of \$2,000 to use toward tuition, which is paid directly by the grantor to the university

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted

## Example 6: University's Assessment

- Exchange
  - The university accounts for the grant as a third-party payment on behalf of an identified customer to an existing exchange transaction (contract with a customer)
  - The grant was awarded to the student, not to the university
  - University has entered into an **exchange transaction** with student and accounts for the \$30,000 of tuition revenue in accordance with ASC 606
  - The \$2,000 grant does not create additional revenue; it is a partial payment of the \$30,000 due to the university
  - Student is an **identified customer** of the university, and it is the student who is receiving the benefit from the grant transaction

- Exchange
- Nonexchange
- Conditional
- Unconditional
- Restricted
- Unrestricted



## Example 7: Grant for Tennis Program

- Happy Valley Community Association is a recreational organization that provides various sports programs to residents in the community. The association receives a \$40,000 cash grant from the Happy Valley Homeowners Association to be used to initiate a tennis program.
  - The grant agreement includes stipulations about how the association should use the assets (for example, to hire 10 tennis instructors, and to provide a youth summer camp for nine weeks)
  - The agreement does not specify that the association's entitlement to the \$40,000 is dependent upon meeting any of the stipulations in the agreement as long as the funds are used toward the tennis program.
  - The grant contains a right of return of any funds not spent on the tennis program.

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted

## Example 7: Association's Assessment

- Nonexchange
  - The residents receive the benefits, not the Homeowners Association
- Unconditional
  - The agreement does not contain a barrier to overcome to be entitled to the transferred assets
  - While the grant agreement contains stipulations as to how the association may spend the \$40,000, it does not specify that entitlement to the transferred assets is dependent upon meeting any of the stipulations, therefore, there is no barrier to overcome
- Restricted
  - The tennis program is more narrow than the association's overall mission

- Exchange
- Nonexchange
- Conditional
- Unconditional
- Restricted
- Unrestricted

## Example 8 – Sponsorship

- Youth for Yodeling receives \$5,000 from Earl's Earplugs to be the lead sponsor for Youth for Yodeling's 5k race/yodel biathlon fundraising event to be held next spring
- Earl's Earplugs receives no direct value in return for the sponsorship
- The sponsorship agreement is silent as to what happens if Youth for Yodeling cancels the event, or if unforeseen circumstances prevent the biathlon from occurring as planned

### What Is It?

- Exchange?
- Nonexchange?
- Conditional?
- Unconditional?
- Restricted?
- Unrestricted?

## Example 8 – Youth for Yodeling’s Assessment

- Nonexchange
  - Earl’s Earplugs receives no direct value in return for the sponsorship
- Unconditional
  - The sponsorship agreement is silent as to what happens if Youth for Yodeling cancels the event, or if unforeseen circumstances prevent the biathlon from occurring as planned, therefore, Youth for Yodeling concludes there is neither a barrier to overcome nor a right of return of the payment
- Unrestricted
  - Youth for Yodeling determined that the sponsorship payment was made in furtherance of the organization’s overall mission, and that no purpose or time restrictions were stipulated in the sponsorship agreement (Youth for Yodeling could have made a different determination)

- Exchange
- Nonexchange
- Conditional
- Unconditional
- Restricted
- Unrestricted

# Subjective Termination Clauses

- Example foundation grant agreement –
  - Grant is to fund a specific project at the NFP during a specific time period. Specific amount to be paid, foundation must approve in writing any budget cost category change or more than 10%. Annual payments are made during the grant term after delivery of annual progress reports
  - “Payments are subject to your compliance with this agreement, including your achievement of the milestones and reporting deliverables. The foundation may modify payment dates or amounts and will notify you of any such changes in writing”
  - “The foundation may modify, suspend, or discontinue any payment of grant funds or terminate this Agreement if the foundation is not reasonably satisfied with your progress on the project. Any grant funds that may not have been for the project upon expiration or termination of this Agreement must be returned promptly to the foundation”
- *Does the barrier to entitlement exist in this agreement?*

# Right of Return / Release

- Donor-Imposed Condition (revised Master Glossary definition):
  - *A donor stipulation (donors include other types of contributors, including makers of certain grants) that represents a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. Failure to overcome the barrier gives the contributor a right of return of the assets if has transferred or gives the promisor a right of release from its obligation to transfer its assets*
- The agreement need not use those exact words, and the right may be communicated in another document referenced by the agreement
  - e.g., Federal cost circulars; a foundation's standard terms and conditions

# Right of Return / Release – Wording Examples

- “Payments are subject to your compliance with this Agreement, including your achievement of the milestones required under this Agreement”
- “Please note that a condition has been placed on a portion of this grant as stated in the Grant Agreement. Once this grant condition has been met and before payment of conditional funds can be made, we require that the document entitled Conditions Met Report be completed and submitted to the Foundation’s before, if possible, but no later than two weeks after the stated conditional deadline. When you have met the conditions of the grant and there is an actual need for these funds, please complete and submit the Progress Report found on the Foundation’s website”

## Right of Return / Release – Wording Examples, continued

- “Funds awarded under this Agreement shall be used solely to reimburse the Organization for expenses incurred expressly and solely in accordance with the Project Budget and the Scope of Work. The Foundation shall reimburse the Organization for its actual and authorized expenditures incurred in satisfactorily completing the Scope of Work and otherwise fulfilling all requirements specified in this contract in an aggregate amount not to exceed \$100,000.00.”



# Simultaneous Release

The simultaneous release option allows an NFP to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election must be applied consistently to all restricted contributions and investment returns. ASU 2018-08 created two “buckets” for restricted: (1) amounts initially conditional and (2) all other.

## Current GAAP

One bucket

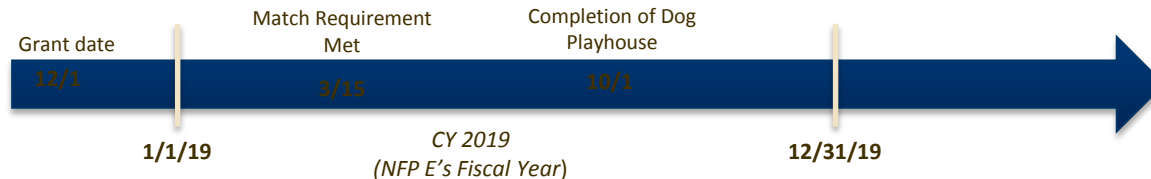
## Forthcoming

Restricted/conditional  
bucket

Restricted/other bucket

# Simultaneous Release — Example

- NFP E runs an animal shelter and has a fiscal year end of 12/31.
- NFP E is awarded a matching grant of \$100,000 on 12/1/2018 to be used specifically toward the construction of a new dog playroom.
  - The agreement indicates that for NFP E to be entitled to and receive the assets, the NFP must raise an additional \$100,000 of funding from other sources. NFP E will receive payment on the grant when the 1:1 match is met.
- NFP E's progress on the grant is as follows:



- NFP E has elected the simultaneous release option only for those restricted amounts that were initially conditional. *Does this grant qualify for that “bucket”?*

# Simultaneous Release — Conclusion

- NFP E determines that the grant does qualify for that bucket.
  - Prior to the match being met, the grant was a conditional contribution.
  - Once the grant becomes unconditional (when the matching requirement is met), NFP E recognizes the revenue as donor-restricted because the purpose of the grant is narrower than NFP E's overall mission.
  - The restriction is met (by completing the dog playroom) in the same period in which the revenue was recognized.
- Note that the grant award date isn't what's relevant here. What's relevant is the date on which the revenue was recognized — i.e., the date on which the condition was met.

# Contribution Disclosures

## Recipients

- No additional recurring disclosures have been added in the guidance.
- Guidance in Topic 958 includes disclosures for unconditional and conditional promises to give.
- For conditional promises to give, recipients are required to disclose:
  - The total of the amounts promised
  - A description and amount for each group of promises having similar characteristics

## Resource Providers

- No additional recurring disclosures have been added to the guidance.
- Guidance in Topic 958 includes a cross reference to the disclosures in Topic 450, Contingencies, and in Topic 470, Debt.
- Resource providers also are required to provide information about unconditional promises to give.

# Conditional Contribution Disclosures — Recipients

- **958-310-50-1** Recipients of **unconditional promises to give** shall disclose the following:
  - The amounts of promises receivable in less than one year, in one to five years, and in more than five years
  - The amount of the allowance for uncollectable promises receivable
  - The discount that arises if measuring a **promise to give** at present value, if that discount is not separately disclosed by reporting it as a deduction from contributions receivable on the face of a statement of financial position pursuant to paragraph 958-310-45-1
- **958-310-50-4** Recipients of **conditional promises to give** shall disclose both of the following:
  - The total of the amount promised
  - A description and amount for each group of promises having similar characteristics, such as amounts of promises conditioned on establishing new programs, completing a new building, and raising matching gifts by a specified date.

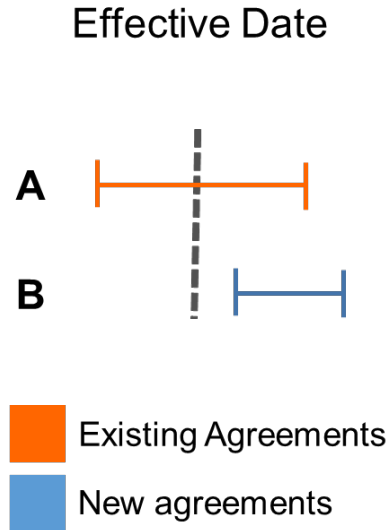
# Contribution Disclosures – Resource Providers

- **958-450-20-50** In conformity with Section 450-20-50, the notes to financial statements may have to include information about loss contingencies
- **958-405-50-1** In addition to disclosures required by Section 450-20-50, the notes to financial statements shall include a schedule of unconditional promises to give that shows the total amount separated into amounts payable in each of the next five years, the aggregate amount due in more than five years, and for unconditional promises to give that are reported using present value techniques, the unamortized discount
- **720-25-25-1** This Subtopic does not require disclosures for makers of promises and indications of intentions to give because Topics 450 and 470 provide the relevant standards

# Effective Date

- Resource providers have been given an additional year for implementation, because the ASU for them concerns expense recognition, rather than revenue recognition.
- Some NFPs are both grant recipients and grant makers.
- Those NFPs will need to determine whether such a staggered implementation for them could lead to nonintuitive/misleading net financial results, especially to the extent that specific grants made are linked to specific grants received.
- If so, it may be beneficial to accelerate the implementation of the ASU for their grants made, to coincide with implementation for their grants received.

# Transition Approach



- **Modified Prospective**
  - **Apply to all agreements:**
    - Existing at the effective date (only apply to the portion of existing agreements not previously recognized)
    - Entered into after the effective date
- **No restatement of prior amounts recognized**
- **Retrospective application permitted**



# Modified Prospective Transition – Example 1

- NFP implements new ASU for calendar 2019
- Three-year grant awarded on 1/1/2018; payments are \$100K/year during 2018, 2019, and 2020
- Accounting prior to ASU implementation —
  - NFP treated grant as an **unconditional contribution**; all revenue was recognized on 1/1/2018
- Accounting in year of implementation and future —
  - Grant is a “completed agreement” and so no changes to revenue that was previously recognized
  - 2019 and 2020 — continue releasing net assets from restriction

## Modified Prospective Transition – Example 2

- NFP implements new ASU for calendar 2019
- Five-year grant awarded on 1/1/2018; payments are \$50K/year each year 2018 through 2022
- Accounting prior to ASU implementation —
  - NFP accounted for grant as an **exchange transaction**; revenue was recognized as billed (\$50K total through end of 2018)
- Accounting in year of implementation and future —
  - Not a completed agreement (still have more revenue to recognize)
  - NFP determines grant is a **conditional contribution**
  - 2019 and 2020 — recognize remaining revenue as conditions are met

## Modified Prospective Transition – Example 3

- NFP implements new ASU for calendar 2019
- Three-year grant awarded on 1/1/2018; payments are \$150K/year during 2018, 2019, and 2020
- Accounting prior to ASU implementation —
  - NFP accounted for grant as an **conditional promise**, revenue was recognized as conditions met (\$150K total through end of 2018)
- Accounting in year of implementation and future —
  - Not a completed agreement (still have more revenue to recognize)
  - NFP determines grant is an **unconditional contribution**
  - 2019 — recognize donor-restricted revenue for remaining \$300K
  - 2019 and 2020 — release donor-restricted net assets as restrictions are met



# We promise to know you and help you.

**CLA exists for one reason: to create opportunities — for our clients, our people, and our communities. We create opportunities when we live the CLA Promise.**

2

# We have tools to help you...reach out to CLA!

OVERVIEW			CONTRACT TERMS								VARIABLE CONSIDERATION	
REVENUE STREAM	PRODUCT DESCRIPTION	SELL TO PARTY	CONTRACT ENTIRELY WITHIN FISCAL YEAR?	# OF CONTRACTS	CONTRACT FORM	PAYMENT TERMS (including payment discounts)	CONTRACT DURATION	TERMINATION CLAUSES	ADD'L GOOD/SERVICE OPTIONS	VOLUME DISCOUNTS	PRICE CONCESSIONS / ADJUSTMENTS	
Member Dues	Annual due; fee based on member type (individual, corporate, life, associate, etc.). Membership benefits include discounts to conferences/events/publications, newsletter subscription, monthly webinar, member-only content on website, and industry advocacy.	Direct to customer. Customer purchases online via website. Customer may also purchase via Call Center or mail as well.			Electronic and Paper (application) - Member terms and conditions are included in AT Handbook as well as listed online.	Payment in full per Dues Schedule required at purchase on website or submission of paper application.	Membership period is 1 year, starting on payment date.	No termination clause.	None	N/A		
Conference Revenue	Registration to attend conference	Direct to customer. Customer purchases online via website.			Electronic - Standard contract that is agreed to by electronic signature from customer via internet. Terms and conditions are listed online.	Payment in full per Fee Schedule required at purchase. Early bird (and other) discount offered.	Contract duration is from the registration and payment by the customer until the conference completion date.	Registration fee may be cancelled and refunded at ___% within XX days of the event.	Free membership with conference registration; \$50 publication credit to be used within 6 months of conference	Volume discounts available (describe)	Member vs. non-member rates; early bird pricing	
Conference Revenue	Fee to exhibit at conference	Direct to customer. Customer purchases online via website.			Electronic - Standard contract that is agreed to by electronic signature from customer via internet. Terms and conditions are listed online.	Payment in full per Fee Schedule required at purchase.	Contract duration is from the registration and payment by the customer until the conference completion date.	Exhibit fee may be cancelled and refunded at ___% within XX days of the event.		N/A		
Conference Revenue	Sponsorship of event; entitles sponsor to advertising and # conference registrations	Direct to customer. Customer purchases online via website.			Paper - Invoice sent to sponsor. Sponsorship terms are listed online and on published sponsorship brochure.	Payment in full per Fee Schedule required at purchase.	Contract duration is from the registration and payment by the customer until the conference completion date.	No termination clause.		N/A		
Educational Service Fees / Webinars	Web-based educational sessions available to members and non-members at published rates.	Direct to customer. Customer purchases online via website.			Electronic - Standard contract that is agreed to by electronic signature from customer via internet. Terms and conditions are listed online.	Payment in full per Fee Schedule required at purchase.	Contract duration is from the registration and payment by the customer until the webinar date.			N/A		
Publications	Books or journals that are available for download or in book format that are sold online.	Direct to customer.			Electronic - Standard contract that is agreed to by electronic signature from customer via internet. Terms and conditions are listed online.	Payment in full at published price required at individual purchase. Bulk purchases are invoiced and due within xx days of purchase.	Contract begins when the customer pays for the publication. For book format, contract ends upon shipment to customer. For digital purchase, contract ends when access time limit has expired.	No termination clause.	None		Member vs. non-member rates	

# Thank you!

Cathy Clarke, CLA Chief Assurance Officer  
cathy.clarke@CLAconnect.com  
612-376-4535

[CLAconnect.com](http://CLAconnect.com)

A background image on the left side of the slide shows a network diagram with various colored nodes (blue, orange, grey) connected by lines. Below the diagram, a pair of hands is shown holding a tablet computer. The overall background is a soft-focus image of people in a meeting.

CONNECT  
COLLABORATE  
*Innovate*

2018

# Association CONFERENCE

*Cybersecurity Trends  
A State of the Union*

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,  
an SEC-registered investment advisor. | ©2018 CliftonLarsonAllen LLP

# Who am I?

- David Anderson
  - Farm kid turned hacker
  - Manager — Information Security team
  - Oversee IT security testing and audits
  - I am over 18



# Agenda

- Ten Ways to Lose Everything
- Cybercrime Trends
- What a Cyberattack Looks Like
- Takeaways and Action Items

# Ten Ways to Lose Everything



# Ten Ways to Lose Everything

## 1. Users clicking links

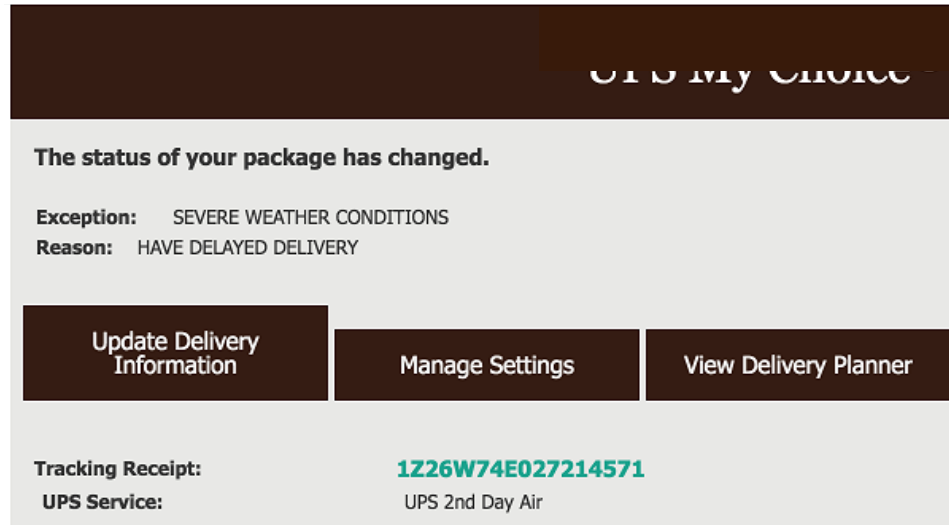
### **Fax Message [Caller-ID: MedSource]**

You have received a 2 page fax on **Tuesday, December 19, 2016** at 8:34 -500  
The reference number for this fax is 84502384542

[Click here to view this message](#)

# Ten Ways to Lose Everything

## 2. Users clicking links



UPS My Choice

The status of your package has changed.

**Exception:** SEVERE WEATHER CONDITIONS  
**Reason:** HAVE DELAYED DELIVERY

[Update Delivery Information](#) [Manage Settings](#) [View Delivery Planner](#)

**Tracking Receipt:** [1Z26W74E027214571](#)  
**UPS Service:** UPS 2nd Day Air

# Ten Ways to Lose Everything

## 3. Users clicking links

### ADP Immediate Notification

Over the past few days we have had reports of issues with the distributed W-2's. As a result we are issuing W-2c (Corrected W-2) for a large subset ADP customers, including employees. Please use ADP's W2 Secure Download portal below to obtain the corrected W-2 and contact your Human Resources department with any further questions.

[W2 Secure Download](#)

Ref: 22771

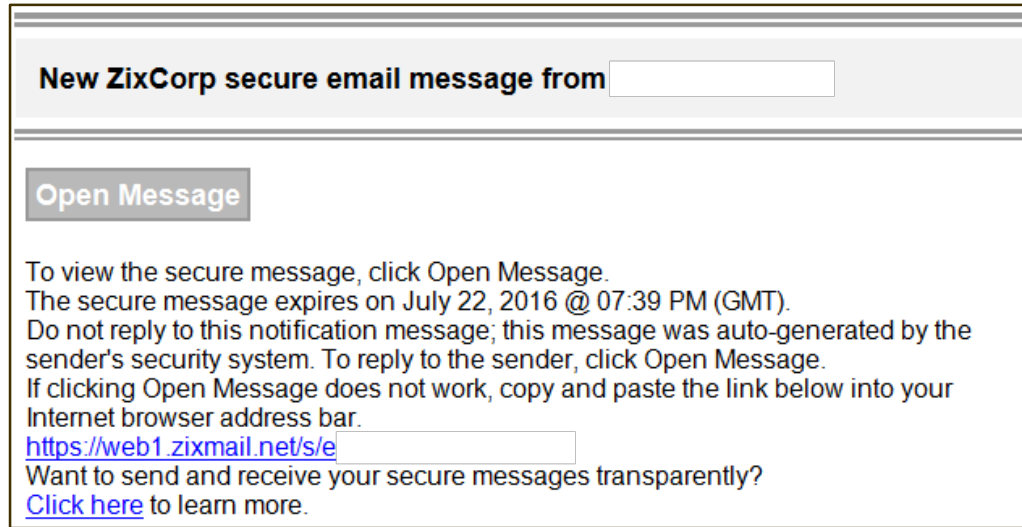
*As usual, thank you for choosing ADP as your business affiliate!*

#### HR. Payroll. Benefits.

The ADP logo and ADP are registered trademarks of ADP, Inc.  
In the business of your success is a service mark of ADP, Inc.  
© 2012 ADP, Inc. All rights reserved.

# Ten Ways to Lose Everything

## 4. Users clicking links




**New ZixCorp secure email message from**

**Open Message**

To view the secure message, click Open Message.  
The secure message expires on July 22, 2016 @ 07:39 PM (GMT).  
Do not reply to this notification message; this message was auto-generated by the sender's security system. To reply to the sender, click Open Message.  
If clicking Open Message does not work, copy and paste the link below into your Internet browser address bar.  
<https://web1.zixmail.net/s/e>   
Want to send and receive your secure messages transparently?  
[Click here](#) to learn more.

# Ten Ways to Lose Everything

## 5. Users clicking links

**Your wireless bill is ready.** 

The current billing statement for your wireless account is now available in My Verizon.

Please note, payments and/or adjustment made to your account since your invoice was generated will not be reflected in the amount shown.

In order to view your bill, please sign in to [My Verizon](#).

Thank you for choosing Verizon Wireless.

**Online Bill Summary**

---

Account Number:  
**XXXXX5722-00009**

Scheduled Automatic Payment:  
**01/15/2016**

Total Amount Due:  
**\$ 958.54**

[Pay Bill](#) | [View Online Bill](#)

# Ten Ways to Lose Everything

## 6. Users clicking links

Hi,

I am applying for an IT internship and I received your email through our IT program here at ISU. I am really interested in learning about networking and system administration. Can you take a look at my resume and let me know if I would be a good fit for your program and if there are any current openings?

[Resume](#)



# Ten Ways to Lose Everything

## 7. Users clicking links

Microsoft has released a tool that will ensure our computers and software are compatible with Windows 10. Please download and run the tool. The tool will run in the background so you can continue working and will not require you to reboot your computer.

If after running the tool, it says that your computer is not compatible, please let me know along with the reason it gives.

Download the Windows 10 Preparation Tool from the link on the top of the page at <http://windows10.microsoft.com>.

# Ten Ways to Lose Everything

## 8. Users clicking links

Buongiorno!

In celebration of the grand opening of our new Alexandria franchise, and as a local favorite for authentic Italian food, we're offering coupons redeemable for one **FREE** lunch or dinner. This offer is being made in appreciation of the patronage of local businesses and is redeemable at any of our locations.

Your coupon is valid through the end of August. Follow the link for the direct download of your coupon, along with our valid menu items that may be purchased with your coupon. Please print out just the coupon and deliver it to your server to enjoy a **FREE** authentic Italian meal at Bello Cucino!

[Coupon Link](#)

Arrivederci,

Jason Mueller, Owner, Bello Cucino  
106 West Lincoln Ave

# Ten Ways to Lose Everything

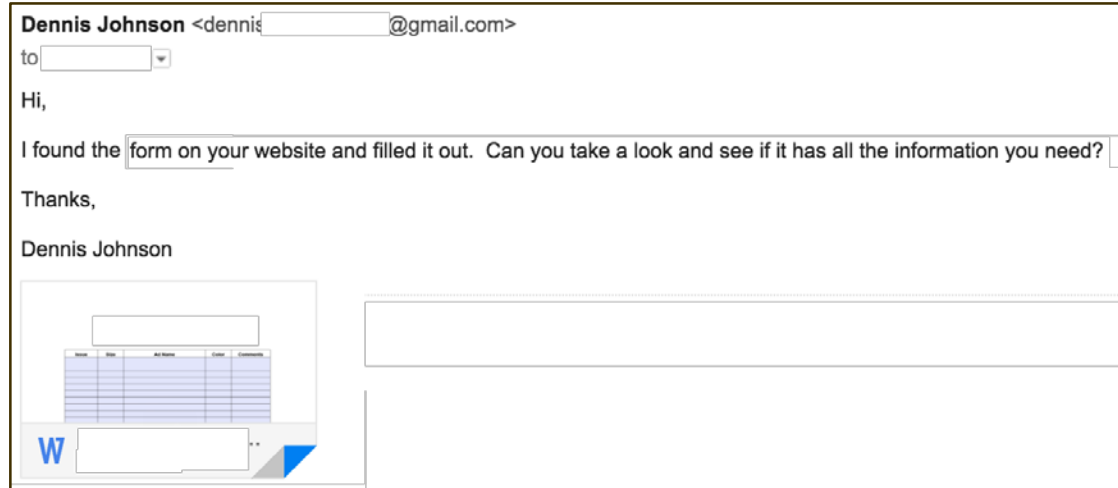
## 9. Users clicking links



The screenshot shows a red header with the Java logo. Below the header, the text reads: "Greetings," followed by a paragraph about viruses: "A recent group of viruses have been released which put systems at risk. These viruses destroy data on the local systems and leak personal information." Another paragraph follows: "Anyone running Mac OS X or Windows should download the following page to be protected from being exploited." Under the heading "Instructions:", there is a list item: "1. Click on this link <http://www.java.com/download/>".

# Ten Ways to Lose Everything

## 10. Users opening attachments



# Cybercrime Trends



# Current State of Cybercrime

- All about the Benjamins
  - Theft of Personally Identifiable Information (PII)
  - Payment Fraud
  - Ransomware
- Hacking is run like a business
  - Specialization

# The Cost

- Global cybercrime is costing businesses **\$600 billion** annually
- Estimate that it will reach into the **trillions** in next few years

# Theft of PII

- Every organization stores information about their employees in electronic format
  - Payroll/Tax/W2
  - Email address
- Many store other sensitive data
  - Credit card information
  - Health information



# Marketplace for Stolen Credit Cards

Home Buy CC CC Orders **Buy Dumps** Dump orders Checker Tickets

Hello, [User] Cart (1) 9.45\$ Balance: 3.0\$ [Add money](#) [Replace policy](#) [Logout](#)

101  
201

Didn't find the bin you were looking for? Need more dumps of particular bin? Try our partner's shop - [Bulk Orders - Low Prices!](#)

<input type="checkbox"/>	Bin	Card	Debit/Credit	Mark	Expres	Track 1	Code	Country	Bank	Base	Price	Cart
<input type="checkbox"/>	371736	AMEX	CREDIT		07/15	Yes	110	United States, 23456, Virginia Beach, VA	BANK OF AMERICA	American Sanctions 14	30\$	<input type="button" value="+"/> +
<input type="checkbox"/>	371555	AMEX	CREDIT		09/16	Yes	101	United States, 80123, Littleton, CO	BANK OF AMERICA	American Sanctions 14	30\$	<input type="button" value="+"/> +
<input type="checkbox"/>	371736	AMEX	CREDIT		03/17	Yes	101	United States, 60540, Naperville, IL	BANK OF AMERICA	American Sanctions 14	30\$	<input type="button" value="+"/> +
<input type="checkbox"/>	371564	AMEX	CREDIT		05/15	Yes	110	United States, 77081, Houston, TX	BANK OF AMERICA	American Sanctions 14	30\$	<input type="button" value="+"/> +
<input type="checkbox"/>	371554	AMEX	CREDIT		04/17	Yes	101	United States, 37027, Brentwood, TN	BANK OF AMERICA	American Sanctions 14	30\$	<input type="button" value="+"/> +
<input type="checkbox"/>	371242	AMEX	CREDIT	GREEN	06/17	Yes	101	United States, 98512, Olympia, WA	AMERICAN EXPRESS COMPANY	American Sanctions 14	30\$	<input type="button" value="+"/> +
<input type="checkbox"/>	371570	AMEX	CREDIT		10/16	Yes	101	United States, 97123, Hillsboro, OR	BANK OF AMERICA	American Sanctions 14	30\$	<input type="button" value="+"/> +
<input type="checkbox"/>	371381	AMEX	CREDIT		10/16	Yes	201	United States, 30328, Atlanta, GA	CITIBANK	American Sanctions 14	24\$	<input type="button" value="+"/> +

Dump or cc of this particular bank (BIN)

# Payment Fraud

- Every organization interacts with their bank electronically
  - Wire transfers & ACH payments
  - Online banking
- Corporate Account Take Over (CATO)
  - Compromise accounts/credentials that can move money

# Payment Fraud

- Can occur via technical means
  - Attackers “hack” into finance computers
  - Banking Trojans monitor online banking
  - Create fake employees in payroll/ACH file
- Can occur via non-technical means
  - Social engineering
    - ◇ Fake CEO scam

# Ransomware

- Cryptolocker, Locky, WannaCry, etc.
- Encrypts all data, holds in “ransom” for \$\$
  - Data on local machine and on network

# Ransomware

AMERICA

## LA Hospital Pays Hackers Nearly \$17,000 To Restore Computer Network

February 17, 2016 - 9:08 PM ET

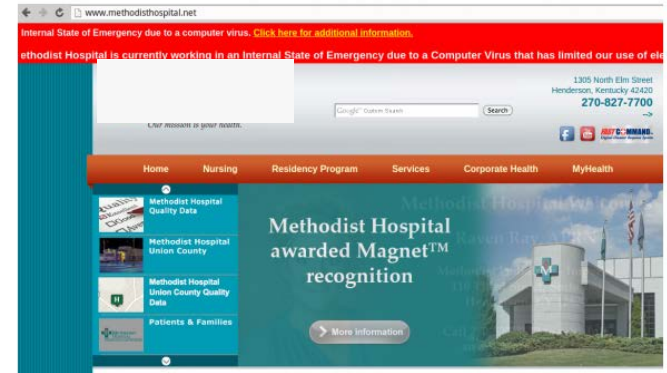
LAURA WAGNER



## 22 Hospital Declares 'Internal State of Emergency' After Ransomware Infection

MAR 16

A Kentucky hospital says it is operating in an "internal state of emergency" after a ransomware attack rattled around inside its networks, encrypting files on computer systems and holding the data on them hostage unless and until the hospital pays up.



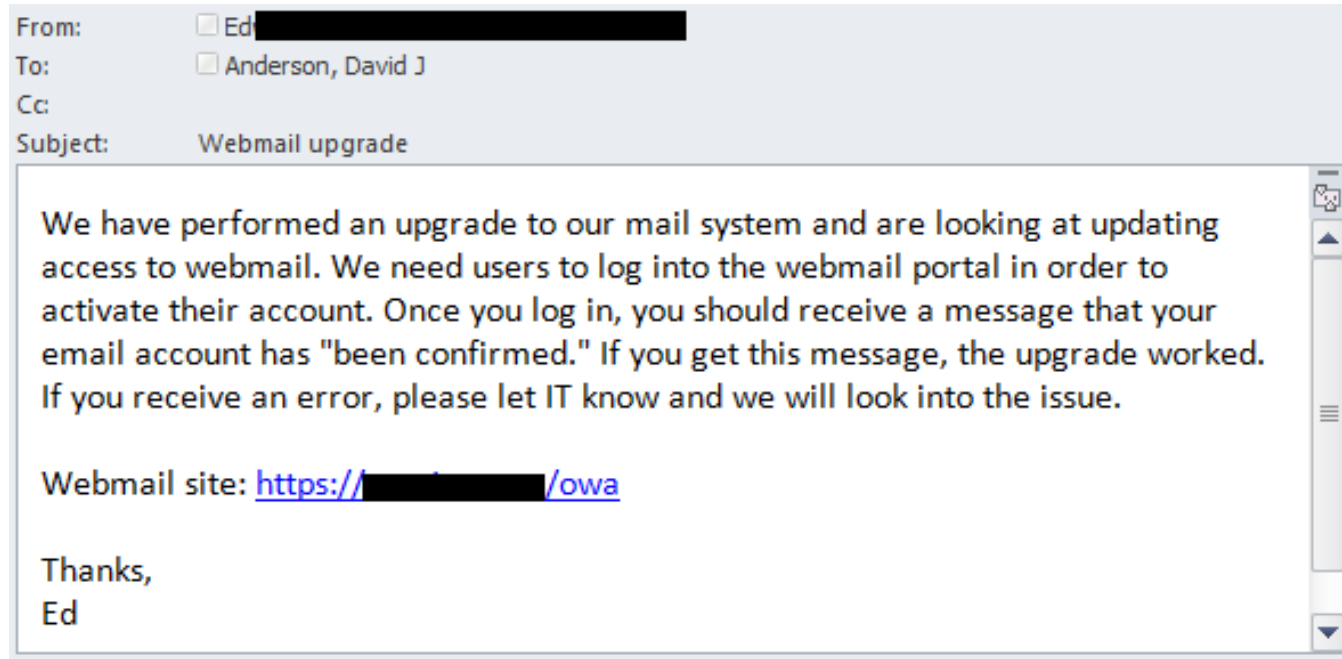
# Walk Through a Cyberattack



# Reconnaissance

- Who's who in the company?
  - LinkedIn
- Understand what services are exposed to the internet
  - Webmail
  - VPN
  - Other web application

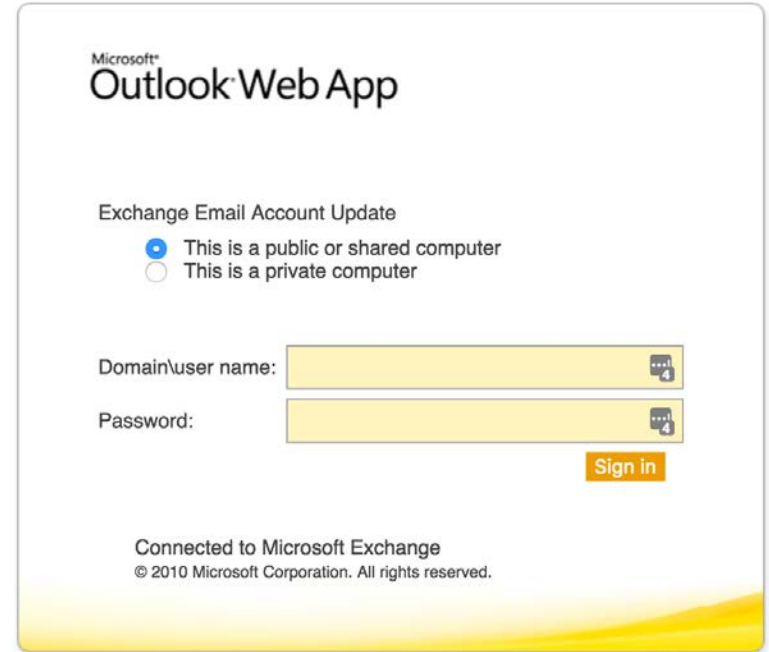
# Phishing





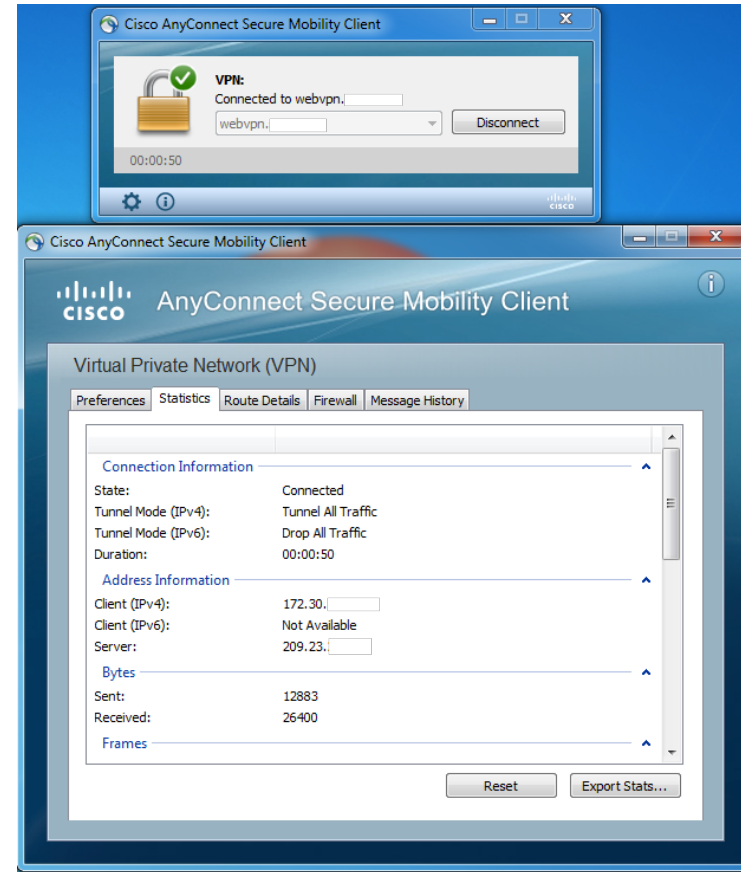
# Unauthorized Access

## Webmail



# Unauthorized Access

## VPN



# Takeaways and Action Items



# Strategies and Objectives

- Users who are aware and savvy
- Networks that are hardened and resistant to malware and attacks
- Resilience Capabilities: Monitoring, Incident Response, Testing, and Validation

# Governance Framework

- CIS Critical Controls
- ISO 27001
- PCI-DSS
- HIPAA HITECH
- NIST
- Etc.

# Develop Baselines and Standards

- Example:  
CIS Critical Controls

First 5 CIS Controls  
Eliminate the vast majority of your  
organisation's vulnerabilities

- 1: Inventory of Authorized and Unauthorized Devices →
- 2: Inventory of Authorized and Unauthorized Software →
- 3: Secure Configurations for Hardware and Software →
- 4: Continuous Vulnerability Assessment and Remediation →
- 5: Controlled Use of Administrative Privileges →

All 20 CIS Controls  
Secure your entire organization against  
today's most pervasive threats

- 6: Maintenance, Monitoring, and Analysis of Audit Logs →
- 7: Email and Web Browser Protections →
- 8: Malware Defenses →
- 9: Limitation and Control of Network Ports →
- 10: Data Recovery Capability →
- 11: Secure Configurations for Network Devices →
- 12: Boundary Defense →
- 13: Data Protection →
- 14: Controlled Access Based on the Need to Know →
- 15: Wireless Access Control →
- 16: Account Monitoring and Control →
- 17: Security Skills Assessment and Appropriate Training to Fill Gaps →
- 18: Application Software Security →
- 19: Incident Response and Management →
- 20: Penetration Tests and Red Team Exercises →

# Develop Baselines and Standards

- Example:  
CIS Critical Controls

- [Microsoft Windows 10 Benchmarks](#)
- [Microsoft Windows Server 2000 Benchmarks](#)
- [Microsoft Windows Server 2003 Benchmarks](#)
- [Microsoft Windows Server 2008 Benchmarks](#)
- [Microsoft Windows Server 2012 Benchmarks](#)
- [Microsoft Windows 7 Benchmarks](#)
- [Microsoft Windows 8 Benchmarks](#)
- [Microsoft Windows NT Benchmarks](#)
- [Microsoft Windows XP Benchmarks](#)



# Operational Discipline

- Change Management
- Vulnerability and Patch Management
- System Monitoring
- Exception Control and Documentation



# Action Items

1. Harden email system
  - Phishing is the #1 way attackers get in
2. Implement two-factor authentication (2FA) on external services
  - If you can access it from the internet, make sure it requires 2FA

# Action Items

3. Change vendor default passwords
  - Every system and application comes with default passwords
4. Test backup systems
  - Ensure you can recover from outages/ransomware
5. Enable and configure auditing/logging
  - Every system supports auditing – configure it

# Action Items

6. Validate your expectations are being met (TEST IT!)
  - Social engineering testing
  - Penetration testing
  - Vulnerability assessments
  - Disaster recovery/business continuity testing

# Questions



# Thank you!

David Anderson, OSCP  
Manager, Information Security  
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