



EXCERPTS OF RECENT MEDIA COVERAGE

# NONPROFIT AND EDUCATION PRACTICE

## A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q1 2015

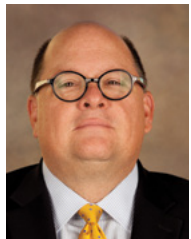
### ► ACCOUNTING TODAY

#### BIG CHANGES ON THE WAY FOR NONPROFIT ACCOUNTING

By Michael Cohn

The Financial Accounting Standards Board is getting ready to unveil a set of proposals that could have a major impact on the way nonprofit organizations present their financial statements...

FASB's announcement provided few details and instead directed interested parties to



the project page on the FASB Web site. **Lee Klumpp, National Assurance Technical Director in BDO's Nonprofit & Education practice**, has been

closely involved with the project as both a FASB fellow and at BDO, and he filled in Accounting Today on what to expect. He was the project manager for the first year and a half of the project at FASB.

The project dates back to 2009, he noted, when FASB formed a Nonprofit Advisory Committee, which meets twice a year at FASB's headquarters in Norwalk, Conn. The NAC includes representatives from various types of not-for-profit organizations, including charities, arts organizations, foundations, health care organizations, religious institutions, watchdog groups, and colleges and universities. They were asked

to address the big issues that nonprofits are facing...

If a recession or economic downturn occurs, nonprofits can see their funding plummet. "When there are recessionary issues or economic issues, that's when the nonprofit can least afford to have a liquidity problem because the people that they serve in a lot of cases are more needy during that period than at any other period, and that was a big issue during the recession," said Klumpp. "The liquidity reserve, I believe, will get more people talking about a nonprofit's liquidity, and whether or not it's healthy, related to a liquidity measure."

Klumpp sees a wide-ranging impact from the upcoming accounting standards update. "What you've got coming out of this project is some enhancements to financial statement presentation, but you've also got some things that are allowing nonprofits to look at other measures," he said. "You've got an operating measure now that will be required for all nonprofits. You've got a liquidity disclosure that will help people understand the health of the organization. You now have a more clearly defined operating measure in the statement of cash flows. These are just additional tools to help understand how healthy a not-for-profit is. In and of itself, one year doesn't make a nonprofit healthy or unhealthy. You have to look at this information comparatively or maybe even over a multiple number of years, three to five years, because there are cycles to certain not-for-profits and to our economy."



For 100 years, BDO has provided services to the nonprofit community. Through decades of working in this sector, we have developed a significant capability and fluency in the general and specific business issues that may face these organizations. With more than 2,000 clients in the nonprofit sector, BDO's team of professionals offers the hands-on experience and technical skill to serve the distinctive needs of our nonprofit clients – and help them fulfill their missions. We supplement our technical approach by analyzing and advising our clients on the many elements of running a successful nonprofit organization.

In addition, BDO's Institute for Nonprofit Excellence (the Institute) has the skills and knowledge to provide high quality services and address the needs of the nation's nonprofit sector.

**► GUIDESTAR BLOG**  
**WITH CHARITABLE GIVING TACTICS OLD AND NEW, NIMBLE NONPROFITS WIN**

By **Laurie De Armond**



The numbers are out. Charitable giving grew by 2.1 percent in 2014, according to the newly-released 2014 Charitable Giving Report from Blackbaud, and this modest growth will no doubt prompt nonprofit fundraisers and executives to take a step back and evaluate their own fundraising results from the past year. But behind this solitary, lackluster statistic, there's a more complex and profound transformation taking place in the U.S. charitable giving environment.

Above all, nonprofits currently face a challenging combination of longstanding norms and evolving trends. Nonprofit trade journals are full of articles about online giving trends, social media tactics and crowdfunding triumphs that provide resounding success stories and helpful tips around improving fundraising effectiveness. These newer fundraising models are critical, and will only become more important over time, but they are just one piece of the puzzle. Online donations accounted for only 6.7 percent of all U.S. giving in 2014, according to Blackbaud, and nonprofits are still largely working to secure donations via traditional channels, attract and retain new donors, and encourage affluent donors to extend their generosity through large gifts. To be sure, these perennial challenges

are not going anywhere, but in the face of evolving donor behavior, nonprofits must evolve, as well...

What remains constant is the need for engagement. However, shifts in technology mean that connecting with donors requires new mediums of engagement that are accessible, relevant and appealing. For most organizations, antiquated tactics like telethons, telephone solicitation and direct mail campaigns no longer suffice. Effectively competing for funds now demands an adaptive and strategic approach—one that clearly and creatively communicates outcomes; one that creates an impassioned community of advocates; and one that, ultimately, transforms these advocates into a strong base of donors for sustained fundraising growth.

Moving forward, savvy and successful organizations will be those that not only adapt strategically, but also tactically. Digital platforms—online donation portals, mobile-friendly sites, text and email campaigns, social media campaigns—offer the ability to constantly and creatively engage existing and potential donors, as well as build online communities of advocates and financial supporters. Just as importantly, they provide donors with ease and accessibility for actually *making* donations. With 8.9 percent growth in overall online donations during 2014, a strong online presence is now essential for nonprofits.

Still, staying relevant in today's highly competitive environment requires constant tactical innovation. From fun and engaging social media campaigns like the ALS Ice Bucket Challenge, to the rise of community-

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building giving days like #GivingTuesday, organizations are starting to realize that aside from large gifts, big results can come from outside-the-box fundraising initiatives that encourage peer-to-peer giving. Expect to see more nonprofits pushing the creative bounds and achieving new levels of success in the year ahead.

Material discussed in this article is meant to provide general information and should not be acted on without professional advice tailored to your firm's individual needs

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