



EXCERPTS OF RECENT MEDIA COVERAGE

NONPROFIT AND EDUCATION PRACTICE

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q2 2014

► ACCOUNTING TODAY

PICKING A NONPROFIT NICHE: FIRMS SHARE THE SECRETS OF THEIR SUCCESS IN SERVING SPECIFIC SEGMENTS OF THE NFP MARKET

By Danielle Lee

We asked the leaders of four firms with prominent nonprofit practices to share how they successfully developed their niches and expertise within the sector. Below, some growth strategies from Washington, D.C.-area accounting, consulting and technology firm Raffa, New York-based accounting, tax and financial services consulting firm SaxBST, Chicago-based accounting and consulting firm BDO, and Baltimore accounting firm Ellin & Tucker...



Adam Cole, managing partner of BDO's Greater New York health care and nonprofit services group and a member of the national nonprofit and higher education practice, said that his firm

focuses on audits of charitable organizations, nongovernmental organizations, and higher education and social service organizations. They have seen the most growth in the social service sector, especially among organizations that provide services to children and adults with developmental disabilities, behavioral, health and medical and substance abuse issues.

How did you initially identify these niches and/or the need to serve them?

Cole: In New York State, the social service sector has been the fastest growing sub-segment in the past 20 years due to the proliferation of more services being covered under federal Medicaid programs. Our growth emerged from our response to the needs of these organizations for CPAs with experience in auditing and management consulting for similar organizations navigating a complex legal and regulatory environment...

How do you develop and support these niches?

Cole: We have developed a risk-based audit approach that aims to identify and mitigate both audit and enterprise risks. We understand the greatest challenges these organizations face and feel it is our responsibility to present best practices to our clients' management teams and boards of directors. For example, we have provided services and insights pertaining to controls over revenue cycles, IT infrastructure and board governance.



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.

► **NONPROFIT BUSINESS ADVISOR**

DRAFT TAX REFORM ACT OF 2014 COULD "SIGNIFICANTLY IMPACT" NONPROFIT ORGANIZATIONS

By Kelly Sullivan



Laura Kalick, national nonprofit tax consulting director at BDO USA LLP, said there's been a great deal of talk among nonprofit professionals since Ways and Means Committee Chairman

Dave Camp (R-Mich.) released the Draft Tax Reform Act of 2014 earlier this year. Many thought leaders within the sector had come to believe that tax reform would never come about, she said, so the release of the document this past February created genuine excitement.

But as hopeful as people are about tax reform, Kalick said she doesn't see it happening until there's national consensus about the Internal Revenue Code.

"For many, many years people have been thinking [of the tax code] as a social engineering feat — that you made tax incentives for people to perform in a certain way — whether it was providing health insurance to employees or making contributions to charities, or buying houses due to the mortgage deduction," Kalick said. "The question is whether we are still making an attempt at social engineering or whether we are trying to engineer people in a different direction, or if we are trying to raise revenue with the tax system."...

Kalick said Congress may choose a provision here or there, but she'd be surprised if any major tax provisions pass during 2014. At a recent meeting, the experts were still arguing whether the tax code should be used to bring in revenue or as a social fabric that guides how the nation lives, she said. "We have not decided whether to lower rates, eliminate deductions or if certain behaviors should be incentivized or taxed. There's too much disarray in Congress and too many people don't agree as to what tax reform means," Kalick said. "This is different from 20 or 30 years ago when there was more consensus and support. Now, there's very little agreement."

► **CRAIN'S NEW YORK HEALTH PULSE**

ASSESSING THE IMPACT OF MEDICAID REFORM

By Barbara Benson

One of the trickiest aspects of organizing the new Performing Provider Systems (PPS) forming under the Delivery System Reform Incentive Payment (DSRIP) program is the concept of attribution. Medicaid individuals in a ZIP code will be attributed to a PPS...

The problem is that not everyone in a geographic area uses services where they live. They can go to an academic medical center for serious conditions, or to a community hospital in their borough for routine care. Attribution is driving new relationships and networks...

Providers are looking at those discharges for



"frequent flyers" who return to hospitals. DSRIP makes it very important to understand the nature of the discharges, said **Patrick Pilch, managing director at BDO Consulting...**

The DSRIP program, with its emphasis on collaboration, has the potential to be transformative for how health care is delivered in New York. But there could be some trouble spots. Mr. Pilch cautioned that groups should make sure they are finding the right partners, and pay special attention to governance issues and measuring outcomes. "It's like a marriage to take care of the population you are serving," said Mr. Pilch.

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