

October 2014 Nonprofit Newsletter

Revenue Recognition Standards

In efforts to streamline revenue recognition standards and practices, the FASB issued ASU 2014-09 in May 2014 regarding a new single standard for recognizing revenues. This new method, expected to take effect for nonprofit organizations with fiscal years following December 15, 2017, requires a five step approach:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract (s).
3. Determine the transaction price.
4. Allocate the transaction price among the performance obligations in the contract(s).
5. Recognize revenue when (or as) the entity satisfies a performance obligation.
- 6.

For nonprofit organizations, ASU 2014-09 does not clearly indicate which transactions would be covered under the update, and which are within the scope of the Contributions Received Subsections of FASB ASC 958-605. In other words, it is unclear whether this new guidance will impact how nonprofit organizations record unconditional promises to give.

Nonprofit Employment Rises Amidst Recession

Research from the Bureau of Labor Statistics indicates a steady rise in US nonprofit employment throughout the recession.

- From 2007-2012, jobs in the nonprofit sector increased 8.6% even as the total number of jobs decreased 2.7%.
- Healthcare and social services jobs make up 67.5% of nonprofits employees and jobs in education make up 15.9%.
- More than 25% of jobs in Washington, DC are at a nonprofit organization.
- In particular, the Northeast and upper Midwest experienced notable growth due to nonprofit employment opportunities.

To learn more about nonprofit employment trends, read [here](#).

Who is Donating?

The Chronicle of Philanthropy reports that the wealthiest Americans are donating a smaller portion of their income than lower and middle class Americans. The data to support these findings was taken from an IRS analysis of tax return data. This analysis examined charitable gifts of taxpayers who itemized deductions. The research concluded:

- Americans earning greater than \$200,000 gave 4.6% less from 2006-2012.
- Americans earning less than \$100,000 gave 4.5% more from 2006-2012.
- Middle and lower class Americans also increased their contributions despite earning less.
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However, charities still seek wealthier donors since even with the smaller percentage of income the wealthier are still contributing larger dollar amounts.

Leaders in states who increased their charitable donations are: Utah, Nevada, Idaho, Georgia, Connecticut, and Florida.

For more information, read [here](#).

Ex-Police Chief Indicted for Theft in Charitable Organization

Founded by Edward J. Laliberte in 1958, the Laliberte Toy Fund is a charity that buys Christmas gifts for underprivileged children. From 1981-2012, former Chief of Police Joseph Buffis ran the organization. From 2007 to 2011, Buffis allegedly stole over \$51,000 from the charity for his personal use. He is facing charges for extortion, mail fraud, and money laundering charges. Buffis could face up to 20 years in prison, 5 years of supervised release, and a fine of \$250,000 for each count.

Read the full article [here](#).

Data Collection: Asset or Expense?

Information gathering is becoming more important for companies across all industries. The issue that many organizations are facing is how to classify the time spent gathering the data, and once gathered how to account for it. Historically, companies have treated the collection of data as a term expense and the data itself was not accounted for at all. The question to consider is that since some of this information is subsequently used to predict market trends and sales forecasts that directly affect production, shouldn't it then be considered a valuable asset? FASB has reviewed the handling of intangible assets with respect to information and intellectual property twice in the years between 2002 and 2007, and has been recently advised to do so again. There is still confusion over the specific accounting treatment for the data that would need to be resolved before any new ruling is foreseeable.

The complete story can be read in "What Is All That Data Worth?" in the October 13, 2014 [Wall Street Journal](#).