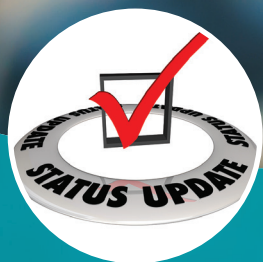




2024 WICPA NOT-FOR-PROFIT ACCOUNTING CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



ACCOUNTING & AUDITING & TAX UPDATE

Get the latest accounting, auditing and tax updates impacting not-for-profits and grant-funded organizations



ECONOMIC & FINANCIAL MARKET OUTLOOK: 2024-2028

Find out what the most reliable indicators are and what that means for us all in 2024 and beyond



TECHNOLOGY & CREATING STAFF EFFICIENCIES

Learn how not-for-profits can utilize technology in spend management and the close process to create staff efficiencies

THURSDAY, SEPT. 12 | WICPA OFFICE & WICPA CPE LIVESTREAM

2024 WICPA NOT-FOR-PROFIT ACCOUNTING CONFERENCE

MATERIALS AT A GLANCE

The following materials are from the morning sessions of the 2024 WICPA Not-For-Profit Accounting Conference held on Thursday, Sept. 12, including:

- Accounting & Auditing & Tax Update
- Funding the Vision: How to Make Your Capital Campaign a Success
- Cybersecurity Trends & Best Practices

**VIEW THOUSANDS OF ADDITIONAL IN-PERSON AND
ONLINE CPE OPPORTUNITIES AT [WICPA.ORG/CPECATALOG](https://www.wicpa.org/cpecatalog)**

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When your technology is running at its peak, you can focus on what you do best. We make that possible.

Our IT Services

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- **Co-Managed Service Provider**
- **Cyber Security: Managed Security Service Provider**
- **IT Consulting & Project Support**
- **Cloud UCaaS (Phone Systems)**
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aicpa.org/credentials



2024 WICPA GOLF OUTING

FRIDAY, SEPT. 20 – Ironwood Golf Course, Sussex



4-PERSON SCRAMBLE

\$95 per Golfer
\$380 per Foursome

REGISTRATION INCLUDES

18 Holes of Golf With Cart
Practice Greens & Driving Range
Continental Breakfast & Lunch
Beverage Vouchers
Hole & Event Contests
Entry in Prize Drawings

SCHEDULE

8:30 a.m.
Registration & Breakfast

9:00 a.m.
Practice Greens
& Driving Range

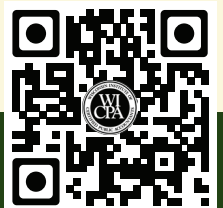
10:00 a.m.
Shotgun Start

4:00 p.m.
Reception & Appetizers

HOLE & EVENT PRIZES

\$1,000+ in Drawing Prizes
\$500+ in Individual Prizes
\$500+ in Team Prizes
\$500 Inside the Circle Contest

Scan the QR code or visit wicpa.org/GolfOuting to register.



SAVE THE DATE!

UPCOMING WICPA CONFERENCES & SPECIAL EVENTS



CONFERENCES

WICPA conferences are your source for key updates and insights on timely issues. As a WICPA member, you can save up to \$150 on registration!

Business & Industry Fall Conference

Tuesday, Oct. 22
Brookfield Conference Center & WICPA CPE Livestream

Tax Conference

Monday, Nov. 11 - Tuesday, Nov. 12
Brookfield Conference Center & WICPA CPE Livestream

Accounting & Auditing Conference

Thursday, Nov. 21
WICPA Office & WICPA CPE Livestream

Accounting Technology Conference

Tuesday, Dec. 10
WICPA Office & WICPA CPE Livestream

Business & Industry Spring Conference

Thursday, March 20, 2025
Brookfield Conference Center & WICPA CPE Livestream

Financial Institutions Conference

Tuesday, May 13, 2025
WICPA Office & WICPA CPE Livestream

School District Audit Conference

Wednesday, May 21, 2025
WICPA Office & WICPA CPE Livestream

SPECIAL EVENTS

WICPA special events are unique opportunities to connect with fellow members and provide a great way to socialize and have fun!

Golf Outing

Friday, Sept. 20
Ironwood Golf Course

Bowling Night

Thursday, April 24, 2025
New Berlin Ale House

Member Recognition Banquet & Annual Business Meeting

Friday, May 9, 2025
Brookfield Conference Center

New CPA Banquet

Friday, June 13, 2025
Brookfield Conference Center

Virtual Member Orientation

Thursday, Dec. 12, 2024 | Open 8 a.m.
Tuesday, March 11, 2025 | Open 8 a.m.

Learn more and register at
wicpa.org/orientation.

Registration opens approximately eight weeks prior. For more details about each and to register, visit wicpa.org/conferences and wicpa.org/events.

VOLUNTEER

CELEBRATE
ACCOUNTING CAREERS MONTH
NOVEMBER 2024

To help raise awareness of the accounting profession, we're looking for volunteers to go into high schools to talk about accounting as a career.

To learn more, visit wicpa.org/CPAMonth



Wisconsin Institute of
Certified Public Accountants

INSPIRE FUTURE ACCOUNTANTS

PROMOTE ACCOUNTING & YOUR ORGANIZATION!

Step up and shape tomorrow's accounting professionals by hosting high school students at your organization. The WICPA Educational Foundation's Accounting Awareness Grants provide funding for high school educators to bring students to you for a presentation or activity to learn more about accounting. By volunteering to host a class, your organization will:



Spark interest in
the accounting
profession



Strengthen the
CPA pipeline with
future talent



Showcase your
internships & job shadow
opportunities



Don't miss the chance to inspire and recruit the next generation of accountants. Get noticed by high school educators now!
Learn more at wicpa.org/HighSchoolActivityHost.



2025
WICPA

Excellence

★ ★ ★

★ ★ A W A R D S



NOMINATE SOMEONE YOU KNOW FOR AN EXCELLENCE AWARD!

- ★ Accounting Educator
- ★ Accounting Student
- ★ Business & Management
- ★ CPA in Public Practice
- ★ Community Service
- ★ Distinguished Career
- ★ Diversity & Inclusion
- ★ Woman to Watch
- ★ Young Professional

Submit your nomination at wicpa.org/awards by Nov. 11, 2024.

Recipients will be announced in January and honored at the
Member Recognition Banquet & Annual Business Meeting on May 9, 2025.



Join the WICPA Board of Directors!

The WICPA is seeking members to serve on its board of directors.

Opportunities include:

- Staying up to date on professional issues
- Providing strategic governance in accordance with the WICPA strategic plan, mission and vision
- Acquiring new leadership and training skills

Applicants must be WICPA CPA members in good standing. A "CPA member" is defined as a WICPA member who has obtained a certificate as a CPA from the Accounting Examining Board of the State of Wisconsin, or from a similar legally constituted authority in any other state, possession or territory of the United States or the District of Columbia.



To apply, visit wicpa.org/BoardApplication through Nov. 15, 2024.

Questions?
Contact tammy@wicpa.org.



**Educational
FOUNDATION**

Join the WICPA Educational Foundation Board!

The WICPA Educational Foundation is seeking members to serve on its board of directors.



Some of the opportunities include:

- Assisting in efforts to attract students to the profession.
- Providing strategic governance in accordance with the WICPA Educational Foundation mission.
- Acquiring new leadership skills.

The WICPA Educational Foundation plays a pivotal role in supporting programs to improve awareness and perceptions by educating students and educators about the exciting opportunities available to accounting professionals.

To apply, visit wicpa.org/EFBoardApplication through March 1, 2025. ► **Questions?** Contact tammy@wicpa.org.

WICPA Meeting Space & Training Center Rentals Available

- Hassle-free meeting planning
- Professional environment
- Multiple room choices and layouts
- Accommodations for groups up to 60
- Full-day and half-day rental options
- Equipped with the latest A/V equipment
- Free high-speed Wi-Fi
- Easy access from I-94 and free parking
- Coordinated catering and refreshments



Training Center

- Seats up to 60 (full room)
- Can be split to accommodate smaller groups
- Flexible room setups: Classroom, Pods, U-shape, Hollow Square
- Ceiling-mounted projector and retractable screens with multiple A/V connections
- Blu-ray/DVD player
- Large whiteboards
- Electrical outlets in each table
- Private entrance and registration area
- Catering and refreshment area

Executive Boardroom

- Seats up to 20
- 80" TV with multiple A/V connections
- Equipped for video conferencing
- Granite countertop with sink and refrigerator



For more information, visit wicpa.org/MeetingSpaces, or to schedule a tour or reserve space, contact Rachella Fortier at rachella@wicpa.org or 262-785-0445 ext. 4505.



8:10 – 9:25 a.m.

Accounting & Auditing & Tax Update

Karl Eck, CPA, Partner, Wipfli LLP

Jim Hyland, CPA, Partner, Wipfli LLP

Michael Peterson, CPA, Senior Manager, Wipfli LLP

Wisconsin Institute of CPAs NFP Accounting Conference Accounting and Auditing Update



WIPFLI

Presenters



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Partner

608-270-2983 / keck@wipfli.com



Jim Hyland, CPA

Partner

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Michael Peterson, CPA

Senior Manager

218-208-0776 / mjpeterson@wipfli.com

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Materials/ disclaimer

- Please note that these materials are incomplete without the accompanying oral comments by the trainer(s).
- These materials are informational and educational in nature and represent the speakers' own views. These materials are for the purchasing agency's use only and not for distribution outside of the agency or publishing on a public website.

4

Agenda

GAAP Update

GAAS Update

Tax Update

Questions

5



Post-Implementation Reviews (FASB)

- PIR's are a FASB initiative for comprehensive or major standard-setting project to assess those standards for:
 - Accomplishing stated purpose
 - Cost/benefit evaluation
 - Feedback for improvement

- Topic 606 Revenue from Contracts with Customers
- Topic 842 Leases
- Topic 326 Financial Instruments – Credit Losses

7

Revenue

- Gathering feedback from nonpublic entities and via roundtables
- PIR expected to be completed in 2024

- Some items noted during PIR for Revenue
 - Variable consideration
 - Licensing
 - Standalone selling price
 - Incremental costs of obtaining a contract
 - Disclosures



8

ASU 2016-02 Leases

- Operating leases
 - Statement of financial position – ROU asset and lease liability
 - Statement of activities – lease/rent expense
 - Statement of cash flow – cash paid for lease payments
 - Straight line expense over lease term

- Finance leases
 - Statement of financial position – ROU asset and lease liability
 - Statement of activities – Interest and amortization expense
 - Statement of cash flow – cash paid for interest and for variable lease payments
 - Expense pattern similar to capital leases under 840

9

Leases (cont'd)

- Lease implementation feedback from Not-for-profit Advisory Committee (NAC)
 - Larger organizations using lease software
 - Discussions about discount rate
 - Users noted:
 - Benefit from separating operating and finance leases
 - Treatment of operating lease liability more useful than the previous disclosure-only requirement

10

ASU 2023-01 Common Control

- Effective for fiscal years beginning after December 15, 2023 (CY 2024/
FY 2025)
- **Terms and Conditions (applicable to nonpublic NFPs only)**
 - Provides a practical expedient to use written terms to determine if a lease exists and if so its classification
 - Can document any existing unwritten terms and conditions as part of the transition
 - Practical expedient can be used arrangement by arrangement
- **Leasehold Improvements (all NFPs)**
 - Leasehold improvements amortized over economic life of the improvements as long as the lessee controls and continues to use the underlying asset
 - Account as transfer between common control entities when lessee no longer controls

11

ASU 2016-13 Financial Instruments – Credit Losses

- ASU 2019-10 extended effective date to years beginning after 12/15/22
- Transition is a cumulative effect adjustment to net assets as of the beginning of first reporting period in which the guidance is effective
- Multiple additional ASUs have been issued
 - 2018-19 Codification improvements
 - 2019-04 Codification improvements
 - 2019-05 Targeted transition relief
 - 2019-11 Codification improvements
 - 2020-03 Codification improvements
 - 2022-02 Troubled debt restructurings
 - Eliminates accounting guidance for TDRs by creditors and enhances disclosures for certain loan refinancings/restructurings when a borrower is experiencing financial difficulty

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ASU 2016-13 (cont'd)

In Scope	Out of Scope
Financing receivables (loans)	Equity securities
Trade receivables	Securities available for sale
Debt securities held to maturity	Unconditional promises to give
Contract assets	EBP loans to participants
Sales-type and direct financing lease receivables	Loans between entities under common control
Off-balance sheet credit exposure	Operating lease receivables
Reinsurance recoverables	

13

ASU 2016-13 (cont'd)

- “CECL” – Current expected credit losses
- What’s not included: Contributions (pledges), most grants, loans and debt at fair value
- New standard for measuring impairment/credit losses for most financial assets measured at amortized cost
- Recognize allowance for “lifetime” expected credit losses
- Legacy GAAP – incurred loss model
 - Under incurred loss model impairment is recognized for credit loss that have been incurred as of reporting date
 - Loss that is recognized is based on the estimated credit losses at the reporting date even if the loss has not been realized, but it does not include losses that may happen in the future
- Need to consider expected future losses with CECL, not just current conditions and historical loss experience

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ASU 2016-13 (cont'd)

- CECL requirements
 - Required to evaluate CECL in pools unless the instrument does not share similar risk characteristics with other instruments
 - Estimate credit losses for a “reasonable and supportable forecast” period then revert to historical experience
 - Also required to adjust the loss estimate for changes expected during the forecast period
 - Always required to consider the risk of loss, even if the risk of loss is remote, but “zero loss” is acceptable if expectation is that the asset (or pool) will be fully repaid
- AICPA NFP expert panel updated programmatic loans/investments in chapter 8 of NFP Audit Guide to be consistent with CECL
- Additional presentation and disclosure requirements

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ASU 2016-13 (cont'd)

- CECL Impact on Accounts Receivable
- Based on economic forecasts, experience in previous recessions, and other factors, entity adjusts its loss rates as follows:

Past due status	Historical loss rate	Adjusted loss rate	Amortized cost basis	Expected credit loss
Current	0.5%	0.8%	6,000,000	48,000
1-30 days	1.5%	3%	1,800,000	54,000
31-60 days	8%	12%	340,000	40,800
61-90 days	16%	25%	175,000	43,750
91-120 days	65%	85%	50,000	42,500
121-150 days	80%	90%	40,000	36,000
Total				265,050

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ASU 2016-13 (cont'd)

- **CECL Impact on Accounts Receivable**
- Practical considerations when estimating credit losses on accounts receivable under CECL:
 - Current methodology may only need some “tweaking”
 - This may be a good time to “fix” the analysis if it wasn’t following US GAAP
 - Adjustments for the forecast period may not be all that significant since the term of accounts receivable is relatively short
 - If the allowance for credit losses on accounts receivable is still immaterial, you may not have to spend a lot of time on it – but documentation of this conclusion is still appropriate

17

ASU 2023-06 Disclosure Improvements

- Effective [two years after SEC votes, but becomes not effective by June 30, 2027 if SEC has not voted to remove](#)
- **Relevant NFP Disclosures**
 - **Assets subject to liens** – disclose assets mortgaged, or subject to liens and the obligations collateralized
 - **Unused commitments and lines of credit** – Disclose the amount and terms of unused commitments for long-term financing arrangements and unused lines of credit
 - **Derivative Accounting Policies** – Disclose where and when derivative instruments and related gain/loss are shown in cash flow statement



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ASU 2023-08 Crypto Assets

- Effective [fiscal years beginning after 12/15/24](#)
- **Measurement** – Crypto assets in scope accounted for at fair value with changes in fair value recorded to statement of activities
- **Presentation:**
 - Separate presentation on the face of the financial statements required for crypto assets measured at fair value (statement of financial position and statement of activities)
 - crypto assets received with donor-imposed capital use restrictions would be shown in financing section of cash flow statement
 - crypto assets received as noncash consideration in exchange for goods and services would be shown in operating section of cash flow if converted immediately
- **Disclosure** – Entities required to disclose a roll forward of crypto asset holdings (purchases, sales, changes in value, realized gains/losses, etc.) and cost basis method

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ASU 2023-09 Income Taxes

- Effective [fiscal years beginning after 12/15/25. Public business entities effective 12/15/24](#)
- For NFP's with UBIT or for-profit subsidiary may need to consider applicability. Changes include:
 - **Tax rate** – Qualitative disclosures to help users reconcile the statutory rate to the effective rate based on jurisdictions and categories.
 - **Disaggregation of taxes paid** – By state, country, etc.
- For NFPs this may not be applicable or significant.

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SAS 143 Auditing Accounting Estimates and Disclosures

- [Effective for audits of periods ending on or after 12/15/23](#)
- Addresses auditor's responsibilities relating to accounting estimates and related disclosures
- Explains nature of accounting estimates and the concept of estimation uncertainty
- Provides information about scalability and exercise of professional skepticism
- Includes risk assessment requirements relating to estimates, including separate assessment of inherent risk and control risk at the assertion level, emphasis on importance of auditor's decisions about controls relating to estimates and that audit procedures need to be responsive to assessed ROMM
- Required to evaluate whether the accounting estimates and related disclosures are reasonable

SAS 144 Use of Specialists and Use of Pricing Information

- [Effective for audits of periods ending on or after 12/15/23](#)
- Enhanced guidance about evaluating the work of management's specialists
- No longer refers to using the work of an external inventory taking firm as a management specialist
- Adds a new appendix for AU-C 540 on use of pricing information from third parties as audit evidence

23

SAS 145 Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement

- [Effective for audits of periods ending on or after 12/15/23](#)
- New and revised risk assessment concepts and terminology
- Clarifies work effort related to understanding each of the components of internal control, including enhanced guidance on IT controls
- New requirement to separately assess inherent risk and control risk
- "Maximum" control risk when controls are not tested for operating effectiveness
 - Inherent risk = ROMM when test of controls not performed
- "Stand-back" requirement
- Revised guidance on documentation, scalability and maintaining professional skepticism

24

SAS 145 (cont'd)

- Inherent risk factors
 - Characteristics of events or conditions that affect the susceptibility to misstatement, whether due to fraud or error, of an assertion about a COTABD (class of transactions, account balance and disclosure) before consideration of internal controls
 - Complexity, subjectivity, change, uncertainty, susceptibility to misstatement due to management bias or other fraud risk factors
- Spectrum of inherent risk
 - Frame of reference in determining the significance of the combination of the likelihood and magnitude of misstatement

25

SAS 145 (cont'd)

- Significant risk
 - An identified ROMM for which inherent risk is at the upper end of the spectrum of inherent risk when considering magnitude and likelihood of the potential misstatement or that is required to be treated as a significant risk in accordance with requirements in GAAS
- SCOTABD
 - COTABD is significant when it has an identified ROMM at the assertion level; must perform substantive procedures for each relevant assertion of each SCOTABD
- Relevant assertion
 - An assertion about a SCOTABD (significant COTABD) is relevant when it has an identified ROMM (reasonable possibility of a material misstatement)

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SAS 145 (cont'd)

- **Direct controls** – controls that are precise enough to address risks of material misstatement at the assertion level
 - Understand and evaluate, and for *identified* controls evaluate the design and determine implementation
- **Identified controls** include
 - Controls that address a significant risk
 - Controls over journal entries and other adjustments
 - Controls for which the auditor plans to test operating effectiveness
 - Other controls the auditor considers appropriate to enable the auditor to assess the risks of material misstatements at the assertion level and to design further audit procedures
- **Control activities are direct controls**

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SAS 145 (cont'd)

- **Indirect controls** – controls that support direct controls; they are foundational and may have an indirect effect on the likelihood that a misstatement will be prevented or detected on a timely basis
 - Understand and evaluate
- **Control environment, risk assessment and monitoring are indirect controls**
- **Information systems and communication controls are primarily direct, but may be indirect controls**



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SAS 147 Inquiries of Predecessor Auditor Regarding NOCLAR



- [Audits of periods beginning on or after 6/30/23](#)
- Requires auditors to inquire of the predecessor auditor regarding identified or suspected fraud or NOCLAR
- Predecessor auditor is required to respond on a timely basis & clearly state if the response is limited for any reason
- Must occur before engagement acceptance
- Inquiries must be documented in the audit file

29

SAS 148 Compliance Audits

- [Aligns with effective dates of SAS 142 \(on or after 12/15/22\) and SAS 145 \(on or after 12/15/23\)](#)
- Amends AU-C section 935 Compliance Audits to reflect changes from SAS 142 and 145, including revised appendices
- Impacts UG, HUD Consolidated Audit Guide, and U.S. Department of Education Student Financial Assistance
- Separately assess inherent risk and control risk in determining material noncompliance
- Document rationale for significant risk assessments
- Assess key controls for implementation that address material noncompliance

30

SAS 149 Group Audits

- [Effective for periods ending on or after 12/15/26](#)
- Risk based approach to planning and performing a group audit and identifying components
- Introduces term “referred to” auditor
- Revised definition of a component auditor
- Investments accounted for under equity method are components

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Upcoming SQMS and related standards

- [SQMS 1](#) System of quality management – designed and [implemented by 12/15/25](#); evaluation of system of quality management required [within one year following 12/15/25](#)
- [SQMS 2](#) Engagement quality reviews – [beginning on or after 12/15/25](#)
- [SQMS 3](#) Amendments to QM Section 10 – [beginning on or after 12/15/25](#)
- [SAS 146](#) Quality management for engagements in accordance with GAAS – [beginning on or after 12/15/25](#)
- [SSARS 26](#) Quality management for engagements in accordance with SSARS – [beginning on or after 12/15/25](#)

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TQA's – Other information included in annual reports

- AICPA revised [TQA 9165.01](#) to provide nonauthoritative guidance about the auditor's reporting options when an entity issues a document or documents that includes
 - Financial statements
 - The auditor's report and
 - Some but not all of the other information expected to be included in the entity's annual report

- AICPA also issued [TQA 9165.04](#) to provide nonauthoritative guidance about whether an auditor may issue separate auditor reports when an entity issues both an annual report and separate standalone audited financial statements on the same date

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Energy Tax Provision Summary

Renewable/Clean energy:

- Sec. 45 Production tax credits wind, solar, geothermal, hydropower, etc.
- Sec. 48 Investment tax credits for solar, storage, biogas, fuel cells, etc.
- Sec. 45U Zero-emission nuclear power production credit
- Sec. 45Y and 48E Technology-neutral clean electricity production and investment credits

Manufacturing:

- Sec. 48C Credit for manufacturing energy property, including EV components, fuel cells, electric grids, etc.
- Sec. 45X Manufacturing credit for solar and wind components, batteries and critical minerals

Carbon capture/Hydrogen production:

- Sec. 45Q Credit for carbon oxide sequestration (increased rates and lower thresholds)
- Sec. 45V Clean hydrogen production credit

Alternative fuels:

- Sec. 40 Second-generation biofuel credit
- Sec. 40A and 6426 Biodiesel and renewable diesel; biodiesel mixture credit; alternative fuel credit.
- Sec. 40B Sustainable aviation fuel.
- Sec. 45Z Clean fuel production credit.

Energy Efficiency:

- Sec. 25C & 25D Individual credit for energy-efficient homes
- Sec. 45L New energy-efficient home credit
- Sec. 179D Energy-efficient commercial buildings deduction

Transportation:

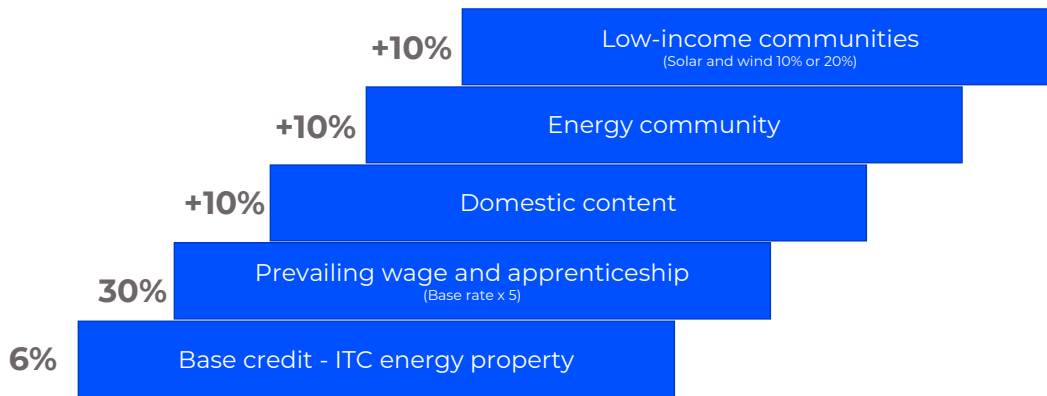
- Sec. 30D Electric vehicles
- Sec. 30C Charging and alternative fuel refueling stations
- Sec. 25E Used electric vehicles
- Sec. 45W Qualified commercial clean vehicles

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§ 48 – Investment Tax Credits (ITC)

36

Enhancement of Credits



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whitehouse.gov/cleanenergy/clean-energy-tax-provisions

Prevailing wage and apprenticeship requirements

- Safe harbor for projects that began construction prior to January 29, 2023, are exempt.
- Exempt from PWA if the solar system is under one megawatt and the geothermal system is less than 3.4 million BTU for heating and 284 tons for cooling.
- Prevailing wage and apprenticeship guidance contains reference to labor laws, including the Davis Bacon Act (1931).
 - DOL issued the final rule, "Updating the Davis Bacon and Related Acts Regulations" (August 8, 2023).
- Both prevailing wage and apprenticeship have provisions allowing taxpayers to correct certain deficiencies.

38

Energy community enhancement

- IRA and Notice 2023-29 define an energy community as a:
 - Brownfield site.
 - Metropolitan statistical area or non-metropolitan statistical area.
 - Coal closure category — census tract
 - A coal-fired electric generating unit has been retired after December 31, 2009.
 - A coal mine has closed after December 31, 1999.
- Projects that start construction after 2022 are allowed to use the beginning of construction date to test for energy community enhancement.
- Projects that have a began construction date prior to 2023 are tested at:
 - Placed in service date for investment tax credit.

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Domestic content enhancement

- Domestic content bonus credit applies to sections 48 for certain qualified facilities or energy projects placed in service after December 31, 2022.
- Generally, provides an additional 10% credit for constructing projects using domestically produced steel, iron and manufactured products.
 - Adjusted percentage starts at 40% for projects that begin construction before 2025.
 - Notice 2023-38 provides guidance on the adjusted percentage manufactured product, whether components are categorized as “steel/iron” or manufactured product and how to certify domestic content requirements are met.
 - Notice 2024-41 provides guidance on an elective safe harbor for solar, wind and battery storage projects for calculating Domestic Content Percentage

40

Low-income community

- 10%-20% added for qualified energy property projects located in certain low-income communities, low-income residential buildings or on Indian land.

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Tax-exempt financing

- The Investment Tax Credit is reduced by up to 15% if the project is financed with tax-exempt debt.

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**Credit example
with bonuses**

Renewable energy project cost	\$1,000,000
Section 48 ITC (30%) credit	\$300,000
Domestic content bonus	\$100,000
Energy community bonus	\$100,000
Low-income community bonus	<u>\$100,000</u>
Total credit	\$600,000
Reduction for tax-exempt financing	(\$90,000)
Net credit eligible for direct pay	\$510,000

43

§ 30C – Alternative Fuel Vehicle
Refueling Property Credit

**30C: Alternative
Fuel Vehicle
Refueling
Property Credit**

- Businesses: Credit of 5% or 30% of the cost of equipment and installation, up to \$100,000 per item of property
 - Prevailing wage and apprenticeship requirements must be met to get the 30% bonus credit level.
 - Property must be installed in a non-urban or low-income census tract.
- Tax basis reduced by the amount of the credit, and the amount upon which the credit is calculated has to be reduced by any Section 179 expense taken on that property.

45

Monetization of credits

Direct pay option

- Can only be used by “applicable entities,” which generally only include entities exempt from federal tax under subtitle A, state or local governments, the Tennessee Valley Authority, Indian tribal governments or an Alaska Native Corporation.
- Direct pay election generally:
 - Applies separately to each applicable facility or property.
 - Must be made in the first year the facility (or applicable equipment) is placed in service.
 - Applies for the full applicable credit term period, subject to the time-limited direct pay options for certain taxpayers described previously.

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Direct pay option (continued)

- Electronic prefilling registration
- Need to file Tax Form 990-T
- An elective payment election may only be made on an original annual tax return, which must be filed by the due date (including extensions) for the original return for the tax year for which the applicable credit is determined, beginning with tax year 2023.

48

§ 179D – Energy-Efficient Commercial Buildings Deduction

Who is eligible for 179D?

Commercial and residential building owners:

- Energy-efficient construction or improvements that reduce the energy use of a building

Designers of buildings owned by:

- Government entities
- Organizations that are not for profit (post 12/31/2022)
- Churches and other religious organizations (post 12/31/2022)
- Tribal organizations (post 12/31/2022)
- Schools and universities that are not for profit (post 12/31/2022)

Real estate investment trust (REIT)

**Section 179D –
Pre 01/01/2023**

- 179D made permanent!
- For projects placed in service after 1/1/2006
- Maximum deduction of up to \$1.80 per square foot for projects completed by 12/31/21 and \$1.88 per square foot in 2022
 - This sum has been adjusted for inflation and is available in installments for energy efficiency improvements.
- A deduction is available for energy-efficient improvements related to:
 - HVAC
 - Lighting
 - Building envelope
- Government agencies may still allocate deductions to designers and contractors.
- Must reduce the basis of property for future depreciation if you're the property owner.

51

**Section 179D –
Post 12/31/2022**

- For projects placed in service after January 1, 2023
- The maximum deduction has increased from \$1.88 per square foot to \$5.00 per square foot.
- The same building can recertify if energy improvements are made every three years.
- REITs can now benefit from the year that the EECBP went into service.
- Nonprofits and tribal organizations are now eligible.
- Bonus deduction: The local prevailing wage and apprenticeship percentage hours must be met.

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Prevailing wage and apprenticeship requirements for post-2023

Any laborer or mechanic employed in the construction, alteration or repair of a facility, property, project or equipment by the taxpayer, or any contractor or subcontractor of the taxpayer shall meet the prevailing wage requirements.

- The taxpayer shall maintain and preserve sufficient records that include proof that the laborers and mechanics of contractors and subcontractors were paid prevailing wages in accordance with the published rates by the secretary of labor.
- The Secretary of Labor has published on sam.gov a prevailing wage determination for the geographic area and type or types of construction applicable to the facility, including all labor classifications for the construction, alteration or repair work that will be done on the facility by laborers or mechanics.
- Apprentices shall cumulatively account for 12.5% of the total hours worked at the facility.
- Prevailing wage and apprenticeship requirements will not be mandated for projects that begin within 60 days of the notice's publication date, which means that projects that begin prior to 1/30/2023 will be exempt from the notice's requirements.

53

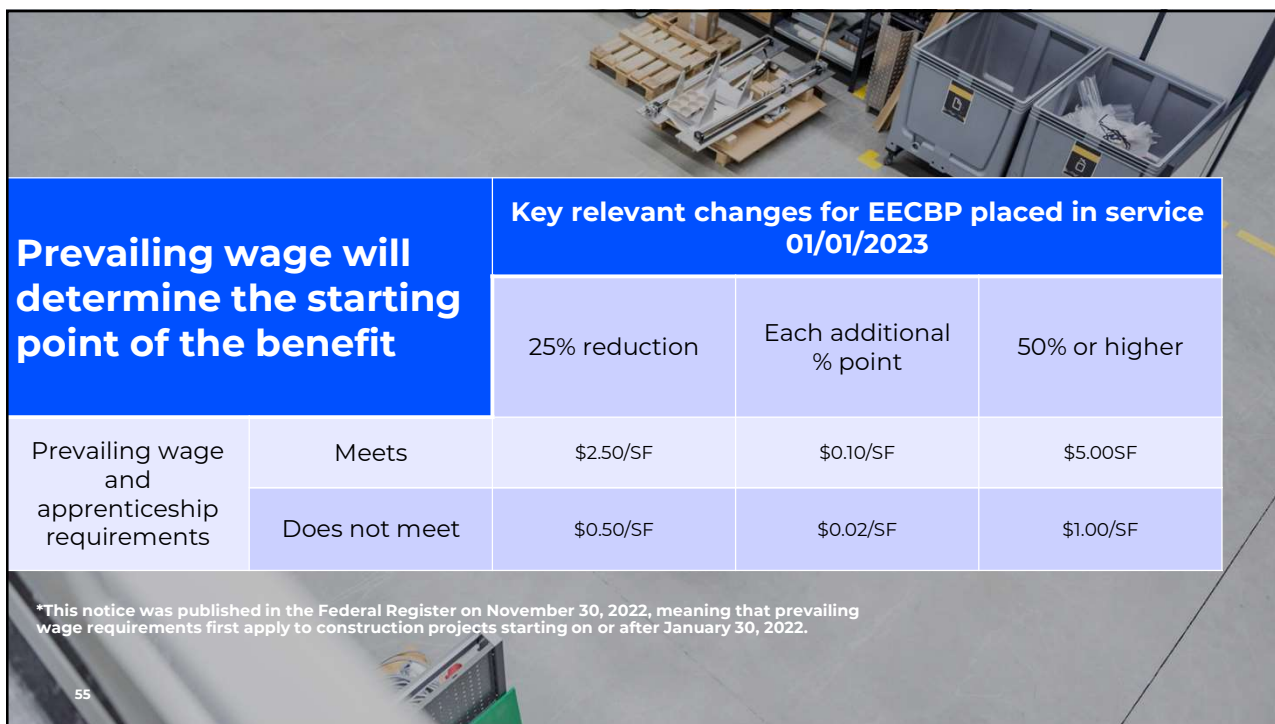
Inflation Reduction Act ASHRAE Standards for §179D

On December 23, 2022, the Internal Revenue Service issued Announcement 2023-01, affirming the applicable standards to be used for the 179D Energy-Efficient Commercial Building Tax Deduction, starting January 1, 2023.

- The IRS clarifies that the reference standard to be used for projects being placed in service until 1/1/2027 will be ASHRAE 90.1-2007.
- ASHRAE 90.1-2019 will be the applicable standard for property that is placed in service after December 31, 2026.

Date Placed In Service	Applicable Reference Standard 90.1
Before 1/1/2015	Reference Standard 90.1-2001
After 12/31/2014 and before 1/1/2027*	Reference Standard 90.1-2007
After 12/31/2026*	Reference Standard 90.1-2019

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Prevailing wage will determine the starting point of the benefit		Key relevant changes for EECBP placed in service 01/01/2023		
		25% reduction	Each additional % point	50% or higher
Prevailing wage and apprenticeship requirements	Meets	\$2.50/SF	\$0.10/SF	\$5.00SF
	Does not meet	\$0.50/SF	\$0.02/SF	\$1.00/SF

*This notice was published in the Federal Register on November 30, 2022, meaning that prevailing wage requirements first apply to construction projects starting on or after January 30, 2022.

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Allocation letter example

For designers of qualified buildings to claim 179D, the owner of the building must allocate the deduction to one of the various designers involved through an allocation letter process. This document outlines how the 179D deduction will be allocated to the eligible parties that designed and constructed the energy-efficient building based on their respective contributions to the project.

- **Project description:** A detailed report of the eligible energy-efficient building, which includes the building's location, cost and dates of construction or renovation
- **Involved parties:** The names and contact information of all the designers (architects, engineers, contractors, etc.) involved in the project who are filing a 179D claim.
- **Distribution of 179D:** Specific documentation as to how the deduction will be distributed amongst the various designers and at what proportions they will claim. Certain designers may take a larger share of 179D based on their contributions to the project and must sign to acknowledge the agreement and terms of the allocation.

Allocation Form for §179D Energy Deduction

Government or Non-Profit Entity hereby allocates the Section 179D deduction for the property described below to Architect/Designer/Contractor.

Owner Representative Information	
Representative Name:	
Government or Non-Profit Entity Name	
Title:	
Address:	
Telephone Number:	
Representative E-mail:	

Contractor Representative Information	
Representative Name:	
Entity Name	
Title:	
Address:	
Telephone Number:	
Representative E-mail:	

Property Information	
Property Address:	
Square Footage of Qualifying Property:	
Cost of Project:	
Date the Property is Placed in Service:	
Amount of Deduction Allocated %:	

Case Studies



High school lighting upgrades in 2023

- 86,500 square-foot high school
- Upgraded all the lighting to LEDs with control and management systems
- The project reduced energy costs by 25% or more and received a \$303,000 deduction allocated to the designer.



Nonprofit school geothermal project in 2025

- 68,000 square-foot school
- New addition and geothermal system upgrade
- The deduction available to the designer is \$382,000, and the school received a \$900,000 direct pay credit through the investment tax.

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State of Affairs with the IRS

- Inflation Reduction Act 2022
 - Clean Energy
 - Climate Change
- Tax Relief for American Families and Workers Act
 - Low-income housing credits ceiling increase
 - 1099-NEC and MISC threshold increase
- Funding and hiring efforts
 - Increased funding
 - As of January 2024, the IRS hired 197 employees
- Technology investments
 - Modernization
 - Advanced technology and analytics

58

Wisconsin Updates

Increase to Audit and Review Thresholds

- As of March 23, 2024:
 - Review Threshold - \$500,000 (Prev. \$300,000)
 - Audit Threshold - \$1,000,000 (Prev. \$1,000,000)
 - Waiver also Increased
 - *Thresholds referring to Charitable Contributions recognized as revenue.

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<https://docs.legis.wisconsin.gov/raw/proposal/2023/-5401>

Other Tax Updates

Employee Retention Tax Credits

- IRS moratorium on 9/14/2023 amid fraud concerns
- IRS Announced in August 2024 they will continue to process credits and also opened second Voluntary Disclosure Program
- IRS provided mechanisms for organizations to:
 - Withdraw their ERC claim
 - **Still available for unprocessed claims**
 - Apply for Voluntary Disclosure Program (VDP)
 - **Closed in March (now re-opened)**

60

Other Tax Updates

Employee Retention Tax Credits

- As of March 22, 2024:
 - \$225 million returned under the VDP
 - \$572 million returned through IRS assessment
 - **Almost \$3 billion still under investigation**
 - \$251 million of unpaid credits withdrawn
 - **This grew to \$400 million by May**
- Hold up in processing new claims is causing issues for mergers and acquisitions.
- As of August 2024 – 28,000 disallowance letters sent (~5 Billion)

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Bloomberg Tax Daily Tax Report – March 22 and May 8, 2024

Other Tax Updates

Employee Retention Tax Credits

- What can we take away from this?
 - IRS is taking fraud prevention more seriously
 - **We see this with pre-filing registration for energy credits**
 - Voluntary disclosure and withdrawal programs continue to be an avenue for taxpayers to come forward and become compliant with less severe consequences.

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Other Tax Updates

IRS blunder on 990 information disclosure

- Transmission issue between the IRS and organizations like Candid (GuideStar) and ProPublica
- Unclear how many nonprofits were impacted
- Tax year 2022 returns were impacted
 - “2022 form appears to be superimposed on a 2021 filing.”
- Financial consequences for some organizations
- Not the first blunder
 - In 2022, the IRS mistakenly disclosed donor information

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[‘Dodgy’ Data Dump From IRS Causes Headaches for Nonprofits \(philanthropy.com\)](#)

Other Relevant Information

IRS tax exempt organization tools

- Search tools
 - Tax-exempt status
 - Tax filings
 - Eligibility to receive tax-deductible charitable contributions
 - Automatic revocations
 - Determination letters (issued after 1/1/2014)

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Other Relevant Information

IRS tax exempt organization tools

Tax Exempt Organization Search

Select Database ⓘ Search By ⓘ Search Term ⓘ XX-XXXXXXX or XXXXXXXXX

Search All ▼ Employer Identification Number (EIN) ▼ Enter EIN Number

City State Country

Enter City All States ▼ United States ▼

 [Search Tips](#)

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Other Relevant Information

IRS tax exempt organization tools

- Data Files
 - Exempt Organizations Business Master File Extract
 - Eligibility to receive tax-deductible charitable contributions
 - Automatic revocations

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Other Relevant Information

IRS tax exempt organization tools

- Business Master File
 - Where to find it
 - [Business Master File Extract](#)
 - How to understand it
 - [EO BMF Information Sheet](#)
 - What does it matter?

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Other Relevant Information

IRS tax exempt organization tools

- Process for requesting a copy of your IRS determination letter
 - Complete Form 4506-B online
 - Click submit and the form will be emailed to an agent

Submit Form (Disclaimer notice: Your email submission of Form 4506-B is not encrypted for security)

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For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Catalog Number 41723A Form **4506-B** (Rev. 8-2023)

Other Relevant Information

Audit Technique Guides

- Audit technique guides (ATGs) and technical guides (TGs) are created for IRS agents
- Outline techniques/methods and relevant law – roadmap for the audit
- Can be useful for exempt organizations, governing boards, and the tax practitioners
- [Audit technique guides \(ATGs\) and technical guides \(TGs\) for exempt organizations | Internal Revenue Service \(irs.gov\)](#)

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Other Relevant Information

Audit Technique Guides

- Four most recent guides published:
 - TG 3-10 - Disqualifying and Non-Exempt Activities - Trade or Business Activities
 - TG 5 - Labor, Agricultural, and Horticultural Organizations
 - TG 44 - Qualified Tuition Program
 - TG 65 - Excise Taxes - Excess Benefit Transactions

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Other Relevant Information

IRS EO Newsletter

- You can subscribe to the IRS EO Update newsletter – its free and all information is tailored to tax-exempt organizations.
 - IRS news releases
 - New forms, guidance and other publications;
 - Changes and additions to the IRS Charities and Nonprofits website
 - Upcoming IRS training and outreach events
- [Subscribe to Exempt Organization Update | Internal Revenue Service \(irs.gov\)](#)

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'In the News'

Nonprofits in the News

- MN Feeding Our Future
 - \$250 million in COVID-19 relief funds meant to feed underprivileged children stolen
 - Involved 23 nonprofit organizations and 60 individuals charged with various crimes

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www.justice.gov/opa/pr/us-attorney-announces-federal-charges-against-47-defendants-250-million-feeding-our-future



Stay connected

wipfli.com/nonprofits
wipfli.com/mywipfli

My Wipfli — Access to our experts

- Regulation questions
- Audit
- Process
- Human Resource
- Technology
- Leadership

Bring Wipfli to you

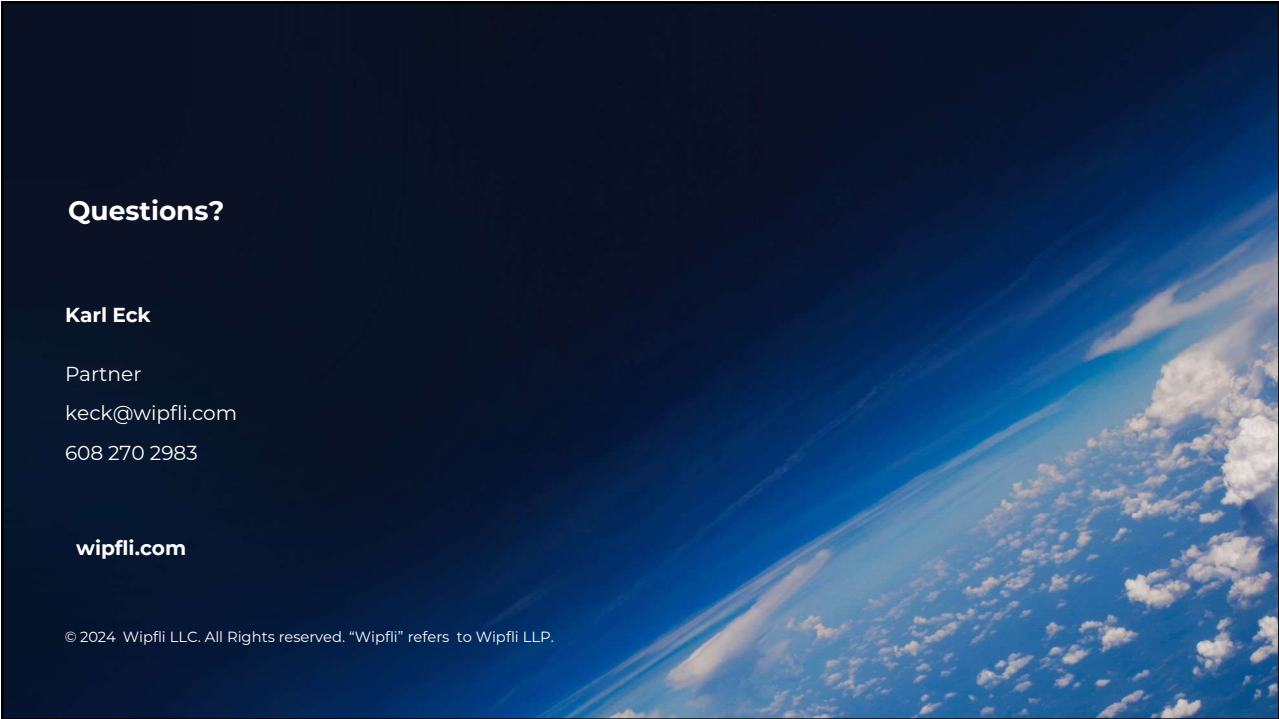
Kate D. Atkins, MS
katkins@wipfli.com
608 270 2944

Connect with us:

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- [facebook.com/WipfliNGP](https://www.facebook.com/WipfliNGP)
- wipfli.com/ngp



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Questions?

Karl Eck

Partner
keck@wipfli.com
608 270 2983

wipfli.com

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9:35 – 10:50 a.m.

Funding the Vision: How to Make Your Capital Campaign a Success

Eric Hamsho, *Advancement Strategist, Generis*

September 12, 2024

Funding the Vision:

How to Make Your Capital Campaign a Success

WICPA Not-For-Profit Accounting Conference



Introduction

Eric Hamsho

Advancement Strategist



Who is Generis?



For over 34 years we have helped faith based non-profits **accelerate generosity** toward their vision.

We help close the gap between vision and resources.

We strive to...



- be the thought leader about giving and generosity.
- help nonprofits and churches do more than raise money, but help them develop and grow their culture of generosity.
- bring our experience of helping them raise over \$15B.
- bring every client a customized approach in aligning their unique DNA and ethos into their initiative and campaign.

Introduction

FUNDING THE VISION OF YOUR ORGANIZATION



FUNDING TRENDS

In 2023, Americans gave **\$557.16B** to charity

- Represented a 1.9% increase from 2022
- Adjusted for inflation, total giving declined by 2.1%



FUNDING TRENDS

GIVING BY INDIVIDUALS = \$374.4B

...but declining

- 2023: 67% of all giving
- 1983: 82% of all giving



FUNDING TRENDS

GIVING BY FOUNDATIONS & CORPORATIONS

Increasing Annually

- Foundations: 19% of all giving
- Corporations: 7% of all giving



FUNDING TRENDS

“DOLLARS UP, DONORS DOWN”

More is being given by fewer people



FUNDING TRENDS

INCREASE OF COMPETITION

The number of 501(c)3 organizations has grown 3.2% per year over the last decade.



FUNDING TRENDS



CONCLUSIONS

- There is funding available, but there are **less givers**.
- Givers are giving **larger** gifts, but **less** of them.
- It's **CRITICAL** to focus on individual giving, especially at the major gift level.
- Donor **retention** is more important than ever.
- Foundation giving is important, but receiving these gifts takes **focus and strategic planning**.

FUNDING TRENDS



3 Things We Will Explore Today

1. **6 KEY PRINCIPLES TO FUND THE VISION FOR YOUR ORGANIZATION**
2. **FRAMEWORK OF A CAPITAL CAMPAIGN**
3. **HOW MIGHT A CAMPAIGN CONSULTANT BENEFIT YOUR ORGANIZATION**

KEY PRINCIPLE #1

TO FUND YOUR VISION, IT TAKES...

CREATIVITY

KEY PRINCIPLE #2

TO FUND YOUR VISION, IT TAKES...

DILIGENCE

KEY PRINCIPLE #3

TO FUND YOUR VISION, IT TAKES...

A PLAN

CASE FOR SUPPORT

- Unique Mission
- Why this is a historical moment
- Project explanation and cost
- What gifts are needed to succeed
- How your organization will be transformed
- Why the reader should invest

KEY PRINCIPLE #4

TO FUND YOUR VISION, IT TAKES...

MULTIPLE INCOME STREAMS

- TRANSFORMATIONAL GIFTS
- MAJOR GIFTS
- RECURRING GIFTS
- GRANTS AND FOUNDATIONS
- PLANNED/TESTAMENTARY GIFTS

KEY PRINCIPLE #5

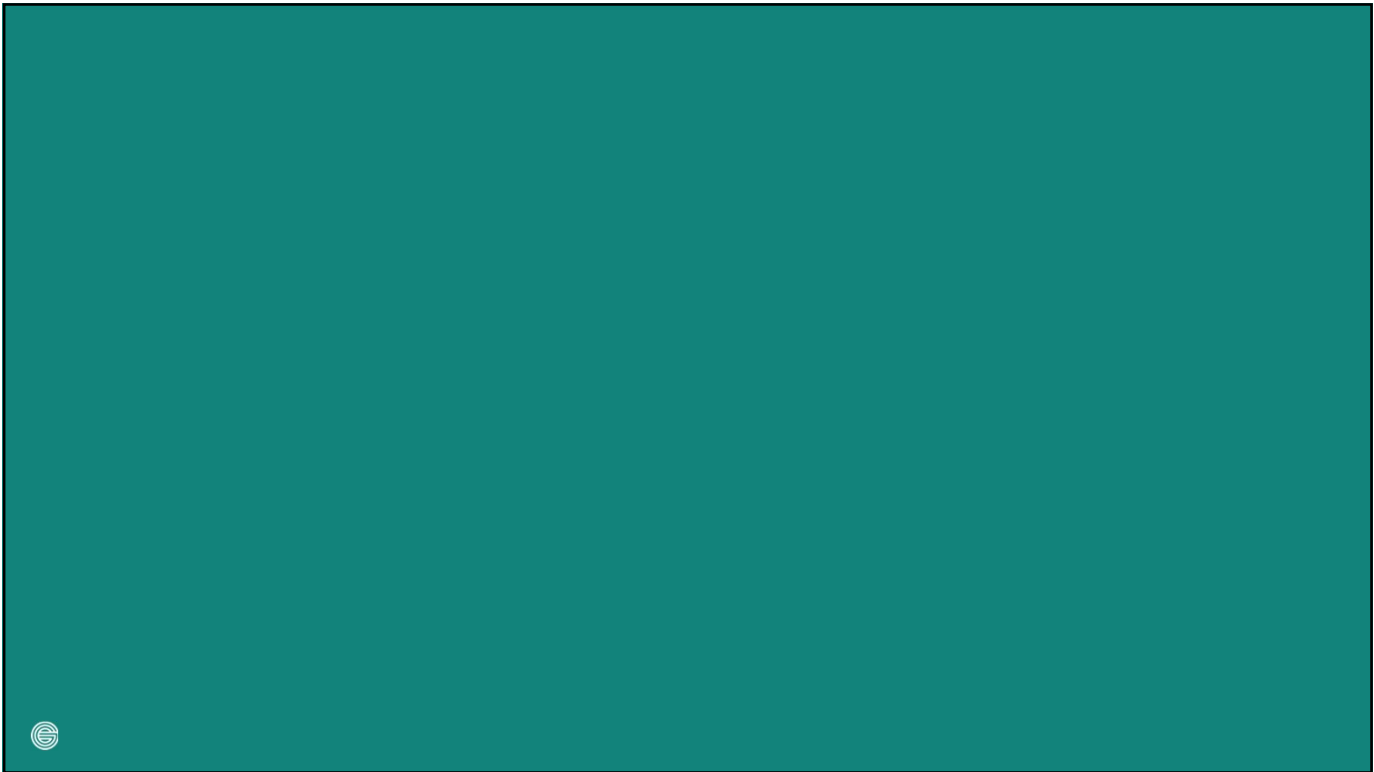
TO FUND YOUR VISION, IT TAKES...

RELATIONAL EQUITY

KEY PRINCIPLE #6

TO FUND YOUR VISION, IT TAKES...

ASKING



FRAMEWORK OF A CAPITAL CAMPAIGN

1

Campaign
Planning

2

Quiet
Phase

3

Public
Phase

4

Fulfillment
Phase





Do Nonprofits Need A Consultant?

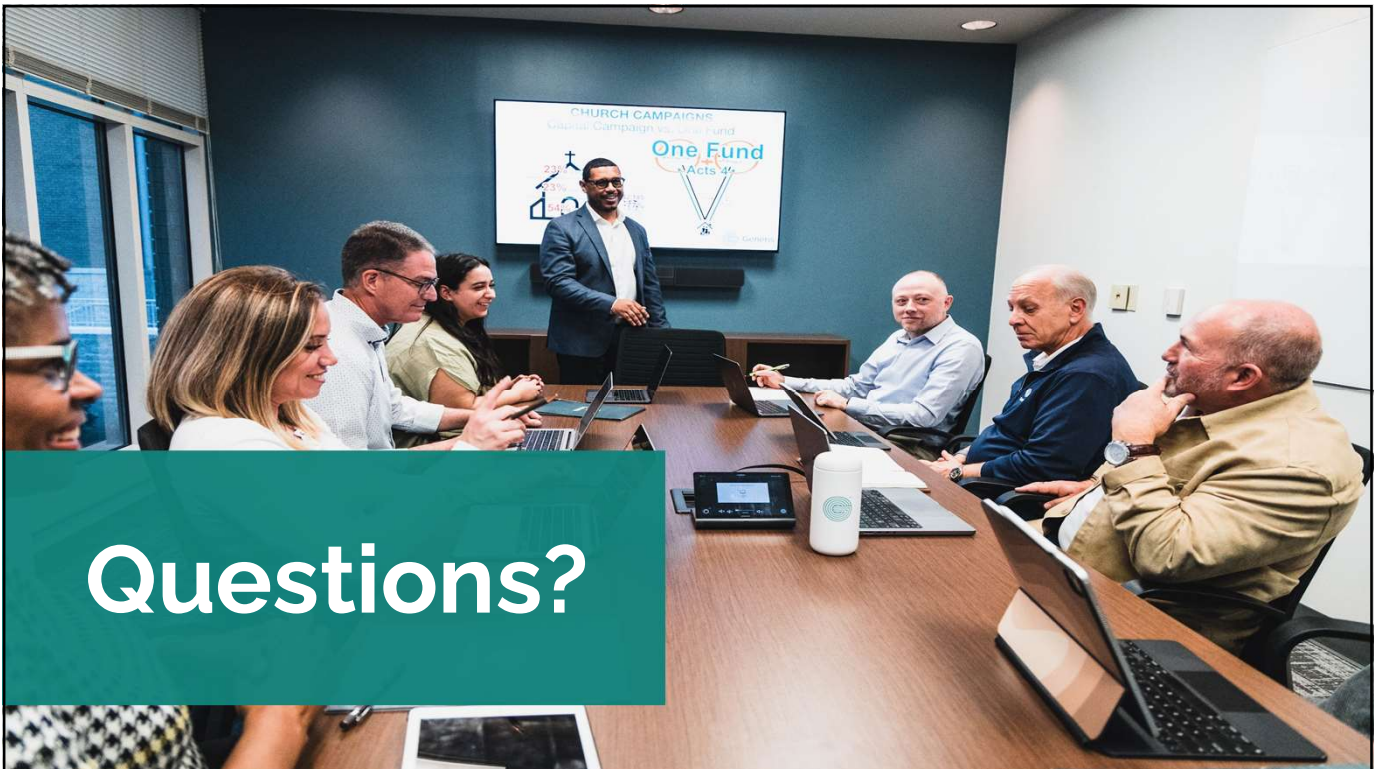
As an organization, you can...

- Prepare your board
- Prepare your leadership
- Have systems in place
- Create margin for campaign work



Benefits of A Consultant

- Save time
- Feasibility work
- Analyze data
- Help navigate speed bumps
- Create realistic timelines
- Strategies for asking for gifts
- Comprehensive coaching



THANK YOU



11 – 11:50 a.m.

Cybersecurity Trends & Best Practices

Alex Friedl, CISR, CCIC, Brokerage Client Executive, M3 Insurance



Cybersecurity Trends and Best Practices

Introduction – Alex Friedl

- Contact information
 - alex.friedl@m3ins.com
 - 608 288 2898



Claim Example – Credit Union

- A ransomware attack caused a credit union’s online banking platform to do down
- The ransom payment itself was \$2.5M
- How should insurance brokers make limit recommendations?

Ransomware Frequency 2022-2023

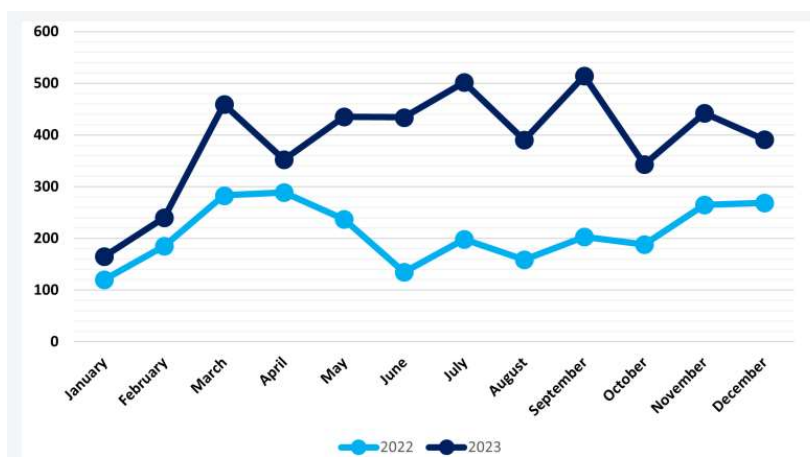


Figure 1: Global Ransomware Attacks by Month 2022 - 2023

Ransomware Frequency 2023-2024

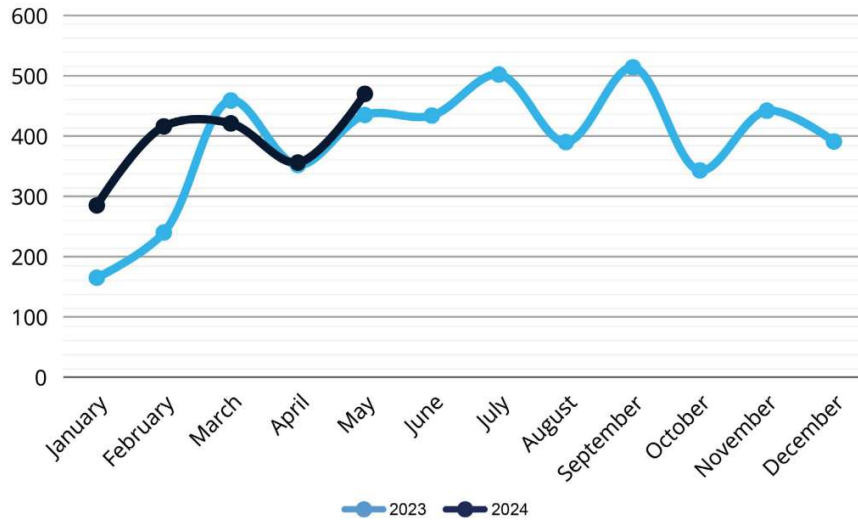
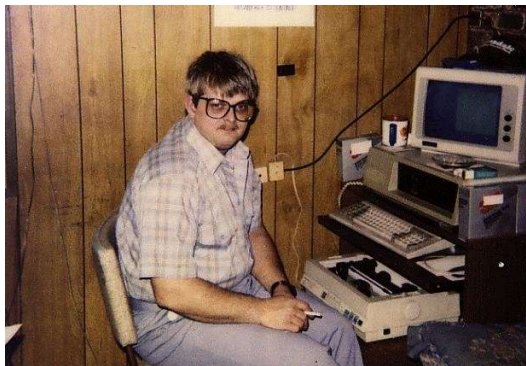


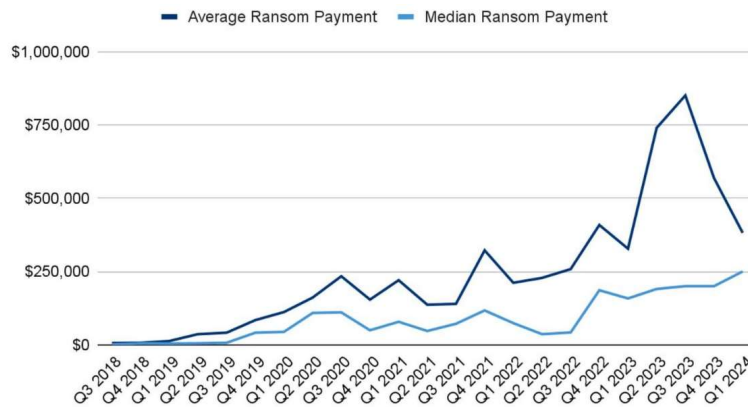
Figure 1: Global Ransomware Attacks by Month

History of Ransomware

- Ransomware is fairly old
- Ransomware became mainstream in the 2010s. Why?
- Ransomware gangs are organized like a business



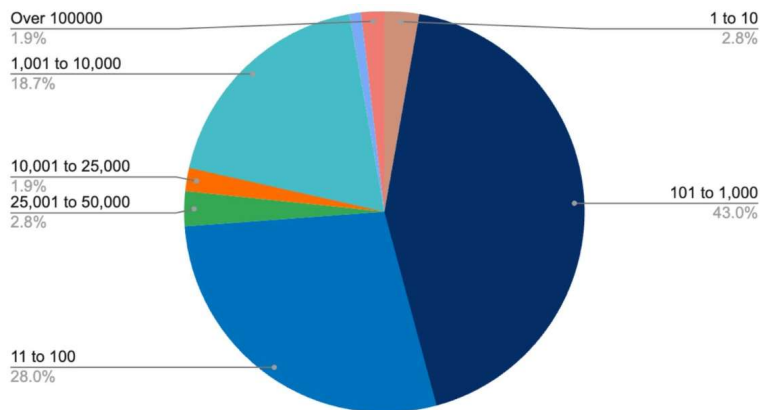
Ransom Payments by Quarter



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7

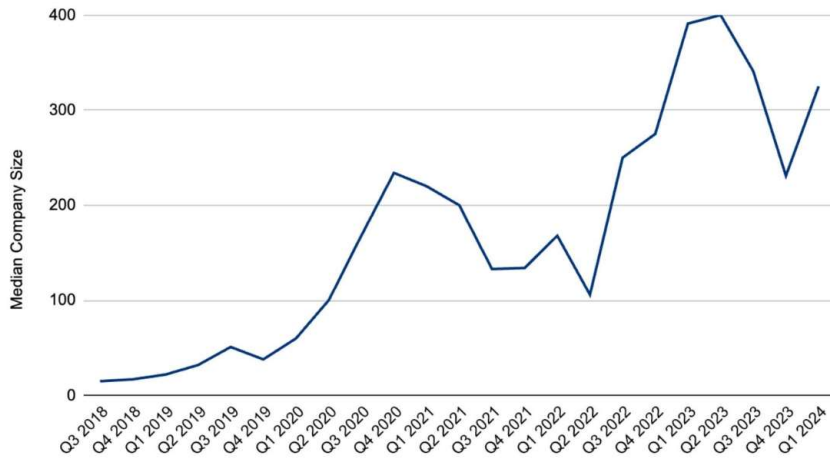
Ransomware Impacted Companies by Size (Employee Count)



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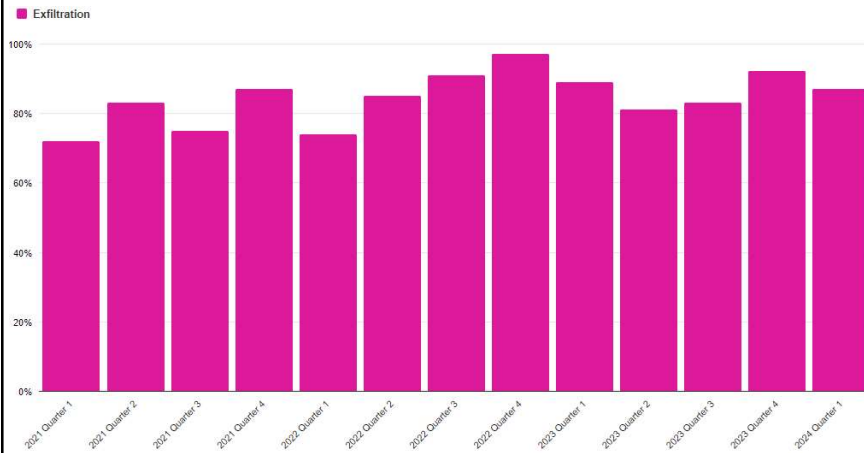
8

Median Size of Company Affected by Ransomware



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Cyber Extortion Claims with Data Exfiltration



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Common Questions

- Should you pay a ransom?
- Why can we not catch the threat actors?



Ransomware Resolution Rates

- 85% Q1 2019
- 28% Q1 2024

All Ransomware Payment Resolution Rates

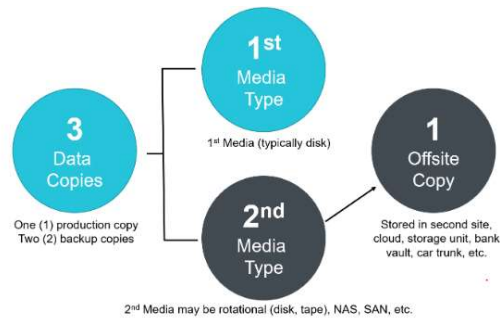


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Backups

- 3 2 1
 - 3 Copies of Data
 - 2 Formats
 - 1 Copy Offsite
- Test your Backups



Incident Response Planning and Business Continuity Planning

- The importance of an IRP
- An incident response plan should be part of a larger business continuity plan



Communication best practices

- Do not use the 'b' word
 - MGM Resorts recently identified a cybersecurity issue affecting certain of the Company's systems. Promptly after detecting the issue, we began an investigation with assistance from leading external cybersecurity experts.
- You do not need to respond to media requests for comment
- Ideally, consult with an attorney or public relations firm before releasing a statement
- Have holding statements in your incident response plan

Example of how not to handle a cyber incident

- A credit union employee in the lending department had their email inbox compromised.
- Rather than notifying their insurance carrier Beazley, the credit union decided to handle the incident on their own.
- The credit union proactively notified anyone that had taken out a loan in the past 10 years.
- After sending out 20,000 notifications, the insured received notice of a class action lawsuit in the mail, which is how we found out about the claim.

Claim Trend – Vendor Incidents

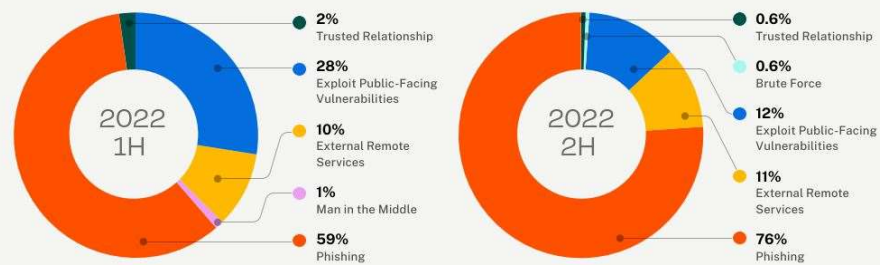
- What is a vendor incident?
- Between September 1st 2023 and May 1st 2024 there were 892 cyber incidents reported to the NCUA
- 892 or about 73% of incidents were related to the use of a third party

Vendor Best Practices

- Inventory your assets
- Do due diligence on you vendors
- Review vendor contracts

Attack Vectors per Coalition

Percentage of reported attacks by attack vector (Figure 4.1)





Phishing

- What is phishing?
- Why is it popular?

WISH

Mailbox Access Expiry Notice to alex.friedl@m3ins.com July 5, 2023, 02:06:44 PM - Message (HTML)

Service_HelpDesk <Jonathan@ohpri.org>
 Mailbox Access Expiry Notice to alex.friedl@m3ins.com July 5, 2023, 02:06:44 PM

To: Alex Friedl

This message was sent with High importance.

Microsoft
Microsoft Password Expiration

Your password to this email account is due to expire today **05 July, 2023**. To avoid being kicked out of your account, kindly keep or renew your password.

Status Code: AlertID#: Passwd-TL9TGA68/3579744/7/4/2023

Use the tab below to keep/renew your password.

[KEEP PASSWORD](#)

Messages will automatically permanently deleted after 24 hours.

Unable to log in to: SharePoint.

PayPal Phishing Example

Receipt for Your Payment

service@paypal.com
 kp7svxzmrh65mij-vnhxfzujwguzx2y...
 Show less

To: [Redacted]

Date: Mar 31 at 10:21 PM

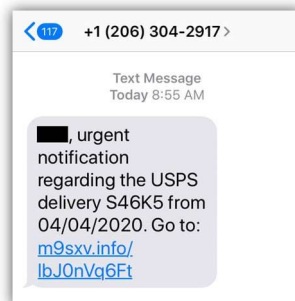
Hello, Customer

You sent a payment of \$44.98 USD

Thanks for using PayPal. To see the full transaction details, log in to your PayPal account. Keep in mind, it may take a few moments for this transaction to appear.

Transaction ID	Transaction date
O-2858937335	Fri, April 01, 2022 5:21 AM

SMishing



Phishing Risk Mitigation

- Email filtering
- Employee education and training
- Phishing simulations

Phishing Claim Example

- Importance of out of band communication

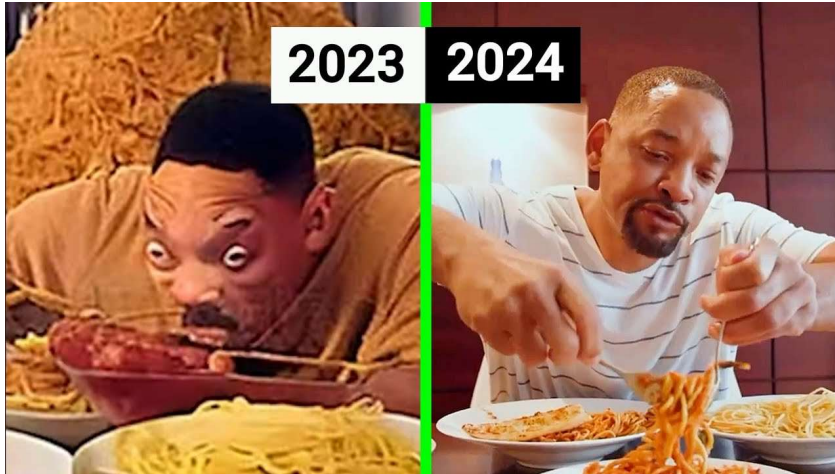


AI Video 1 year ago...



AI Video now





Deep Fakes

- What are deepfakes?
- Deepfake fraud example



AI Generated Phishing (ChatGPT)

- Create email to inform CFO that invoice payment routing and account numbers have changed.

Subject: Important: Update on our banking information

Dear valued [Client/Customer/Supplier],

I am writing to inform you that we have recently changed our banking information from Silicon Valley Bank to a new financial institution. This change was made due to the recent news of Silicon Valley Bank's collapse. We want to ensure that our financial operations remain stable and secure, and we believe that switching to a new bank is the best decision for our business.

Our new bank's name is [Bank Name], and our new routing number is [Routing Number]. Our account number has also changed to [Account Number]. Please update your records accordingly and ensure that all future invoices and payments are directed to this new account.

We understand that this change may cause some inconvenience and appreciate your patience as we work through the transition. We want to reassure you that our new banking information is secure and reliable, and we will continue to provide the same level of excellent service you have come to expect from us.

If you have any questions or concerns regarding this change or the Silicon Valley Bank collapse, please do not hesitate to contact us at [Contact Information]. We thank you for your understanding and cooperation during this time.

Best regards,

[Your Name]

[Your Title]

[Your Company Name]

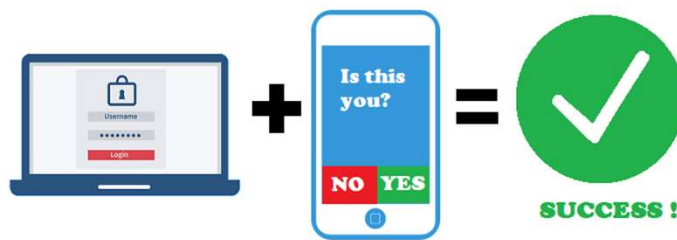
LLM Best Practices

- Understand how your employees are using LLMs
- Provide guidance to employees
- Verify the data coming out of LLMs

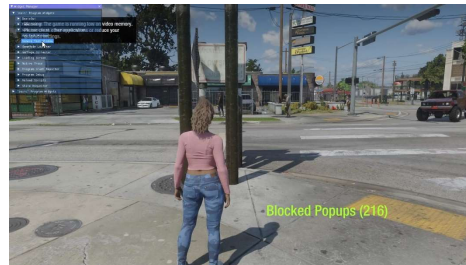


Multi-Factor Authentication (MFA)

- What it is
- Where you should have it
 - Remote access
 - Email
 - Domain admins
- Enable MFA for any personal accounts



MFA Fatigue





Contact information
alex.friedl@m3ins.com
608 288 2898

Thank you.
Questions?

CONNECT WITH US

800.272.2443

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