



WEBINAR WILL BEGIN SOON...





Financial Reporting Services for Nonprofits: Audit, Review, and Compilation



Kyle Robbins, Audit Partner
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WE ARE HERE TO HELP!



HOUSEKEEPING

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DETAILS IN DEVELOPMENT

We are presenting details as they stand *today*. Information presented could change in the future.



QUESTIONS

If you have a question, add it to the Q&A chat located at the bottom of your screen. We have turned off raising hands and anonymous questions.



CALL YOUR ADVISOR FOR ASSISTANCE

We will try to address questions at the end of the presentation. Please reach out to your professional for additional personalized assistance.

SALT LAKE CITY

SPANISH FORK

MOAB

RANKINGS AND RECOGNITIONS



UTAH'S
10TH LARGEST
CPA FIRM



WE'VE GOT UTAH COVERED.



Kyle Robbins, CPA

Audit Partner



Kyle has over 13 years of experience in public accounting, including time with a national CPA firm, and specializes in working with nonprofit organizations. Kyle is an expert in the application of nonprofit accounting and auditing standards and also understands the complex management and governance models of nonprofits. He brings tangible value and hands-on experience to the clients he serves.

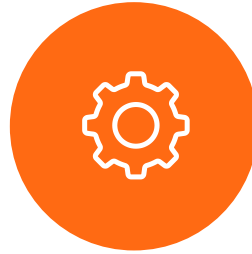
He holds the AICPA Nonprofit Certificate and is active in the nonprofit sector as a featured speaker and trainer on nonprofit financial accounting at Larson & Company sponsored community trainings.

His clients include organizations such as the Community Foundation of Utah, Thanksgiving Point Institute, Utah's Hogle Zoo, Ballet West, Economic Development Corporation of Utah, Visit Salt Lake, Utah Sports Commission and Utah Sports Commission Foundation, SpyHop Productions, and many others.

Overview:

Objective:

To provide nonprofit professionals and stakeholders with the knowledge to choose the most appropriate financial reporting service for their organization



Nonprofits face unique financial reporting requirements.



Three financial reporting services: audit, review, and compilation.



Each service has distinct purposes, procedures, and outcomes.



Understanding the differences is crucial for informed decision-making.



FINANCIAL REPORTING SERVICES

What is an Audit?

Purpose

- Highest level of assurance regarding financial statement accuracy
- Enhances transparency and accountability
- Fulfills regulatory compliance requirements

Procedures:

- Risk Assessment and planning
- Understanding of accounting processes and internal controls over significant balances and transactions
- Detail testing of significant transactions and balances
- Issuance of an auditor's report



Definition:

An independent examination of financial statements to provide assurance that they are fairly presented accordance with accounting principles generally accepted in the United State of America (U.S. GAAP).



Common Audit Detail Testing Procedures Performed

Cash:

- Obtain bank reconciliations and bank statements and test the accuracy of reconciling items.
- Confirm bank balances with outside parties

Receivables/Promises to Give

- Confirm outstanding balances with donors
- Obtain support for subsequent cash receipts

Fixed Assets:

- Select large acquisitions and obtain supporting invoices



Common Audit Detail Testing Procedures Performed

Accounts Payable:

- Obtain a list of disbursements after year end
- Select a sample of invoices to determine appropriate cutoff

Debt:

- Confirm outstanding debt balances with bank/lender

Contributions/Revenues:

- Select contributions to obtain pledge agreements.
- Trace cash receipt to cleared check and/or bank statements

Expenses:

- Select credit card statements to verify appropriateness of transactions

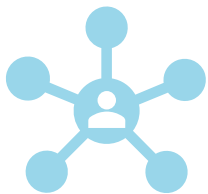
What is a Review?

Purpose

- Provides “limited” assurance over the financial statements
- Suitable for smaller nonprofits with limited resources
- Fulfills certain regulatory compliance requirements

Procedures:

- Inquiry and analytical procedures to identify potential misstatements
- Procedures also determine appropriate footnote reporting
- Issuance of an independent accountant’s review report



Definition:

A limited assurance engagement that provides moderate assurance that the financial statements are free from material misstatements.



Common Review Procedures Performed

Financial Statement Analytics:

- Perform year over year comparisons of balances and inquire about significant variations

Contributions and Contributions Receivable:

- Compare aging balances year over year
- Compare total contributions year over year – potentially broken out by donor

Fixed Assets:

- Recalculate rollforward of fixed asset balances

Debt

- Recalculate rollforward of debt balances and future payments

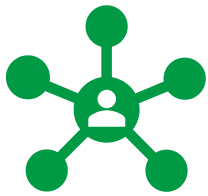
What is a Compilation?

Purpose

- Most basic financial reporting service
- Suitable for organizations with limited resources and no regulatory requirements
- Provides a basic overview of financial position and performance

Procedures:

- Gathering and organizing financial data
- Preparing financial statements in accordance with U.S. GAAP presentation guidelines
- Can include footnotes or footnotes can be excluded
- Issuance of an accountant's compilation report



Definition:

The presentation of financial statements in a readable format without providing any assurance on their accuracy or completeness.

Comparison of Audits, Reviews, and Compilations

Audit

Review

Compilation

Assurance level
Scope of Procedures
Cost
Regulatory compliance

Highest

Moderate

None

Most extensive

Limited

Least extensive

Highest

Moderate

Lowest

May be required

May be required

Not required



WHY FINANCIAL REPORTING SERVICES?

Poll Question #1

Benefits of Financial Reporting Services

ENHANCED
TRANSPARENCY

IMPROVED
DECISION
MAKING

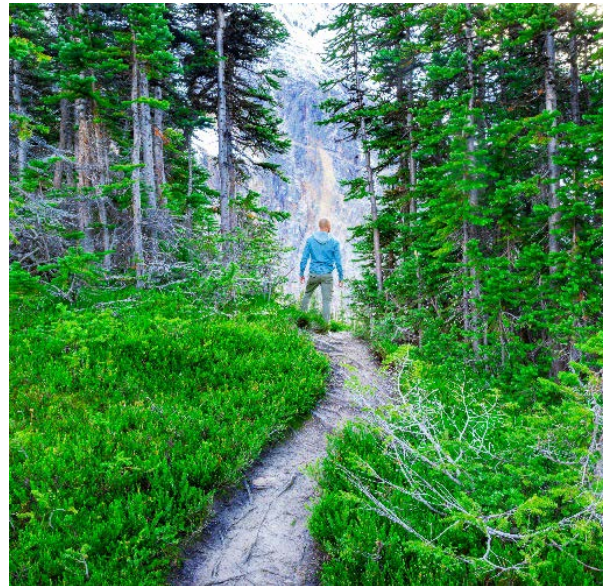
STAKEHOLDER
CONFIDENCE

REDUCE
RISK OF
FRAUD OR
ERROR

Financial Transparency

Financial reporting services provide clear and accurate information about the organization's financial position, performance, and cash flows.

This transparency is essential for maintaining stakeholder trust and ensuring that resources are used effectively and responsibly.



Accountability

Financial reporting services demonstrate the organization's commitment to accountability by providing independent assurance on the accuracy and completeness of its financial statements.

This accountability is crucial for maintaining public trust and upholding the organization's mission.



Informed Decision Making

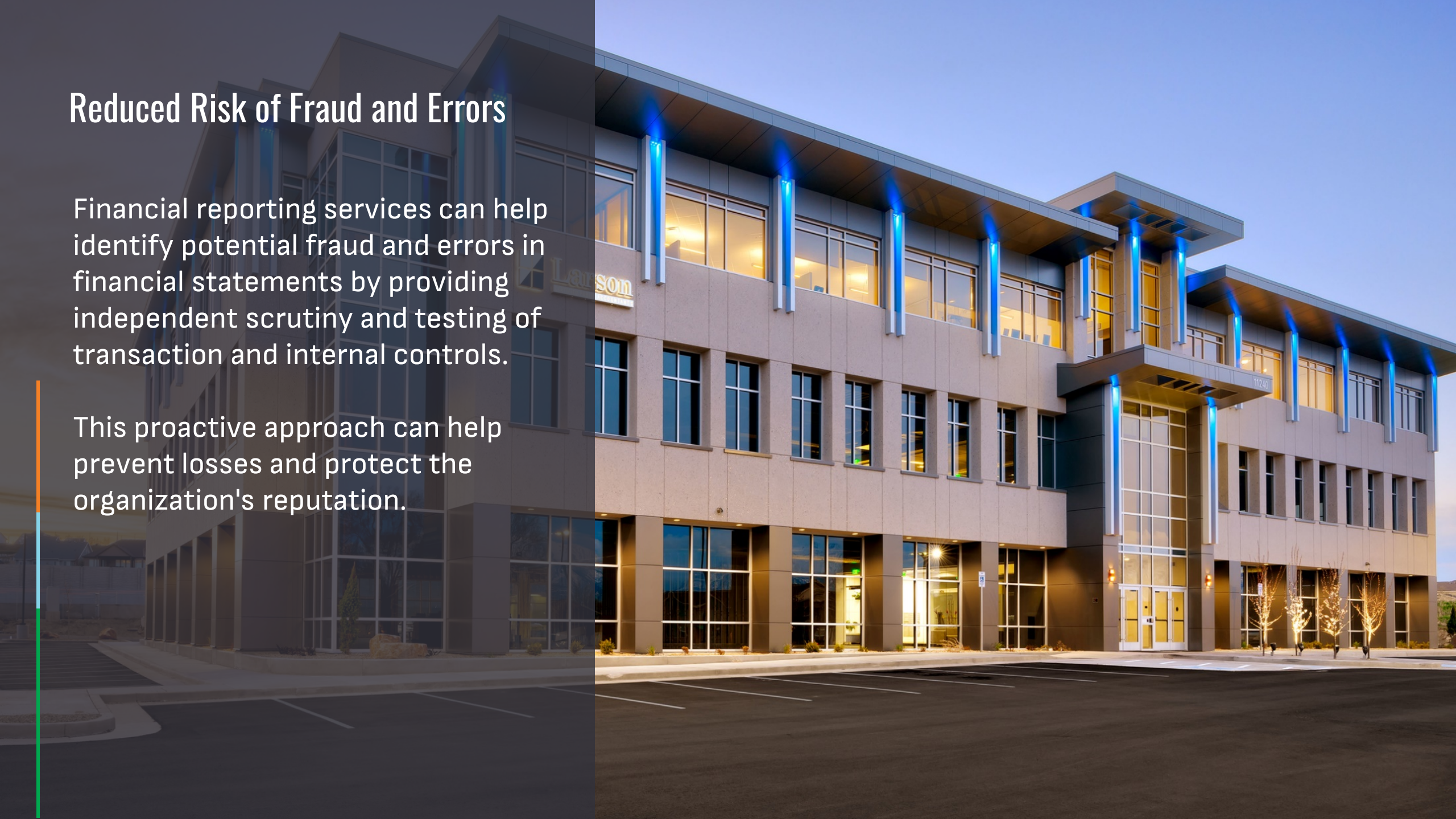
Accurate and reliable financial information is essential for making informed decisions about resource allocation, strategic planning, and risk management.

Financial reporting services provide this information, enabling nonprofits to make sound decisions that support their mission and goals.

Reduced Risk of Fraud and Errors

Financial reporting services can help identify potential fraud and errors in financial statements by providing independent scrutiny and testing of transaction and internal controls.

This proactive approach can help prevent losses and protect the organization's reputation.



Stakeholder Confidence



Financial reporting services instill confidence in stakeholders, including donors, grant makers, and government agencies, by demonstrating the organization's financial integrity and commitment to responsible stewardship of resources.

This confidence is crucial for attracting and retaining support.

HOW TO CHOOSE THE RIGHT SERVICE

Poll Question #2

QUESTIONS TO ASK

01 WHO IS REQUESTING THE REPORT?

Is the request coming internally or externally?

02 WHAT TYPE OF FUNDS HAVE WE RECEIVED?

Do you receive any State or Federal funding?

03 HOW MUCH WILL WE RECEIVE BY PROVIDING THE REPORT?

Does the amount exceed the cost?

04 WHAT RESOURCES DO WE HAVE?

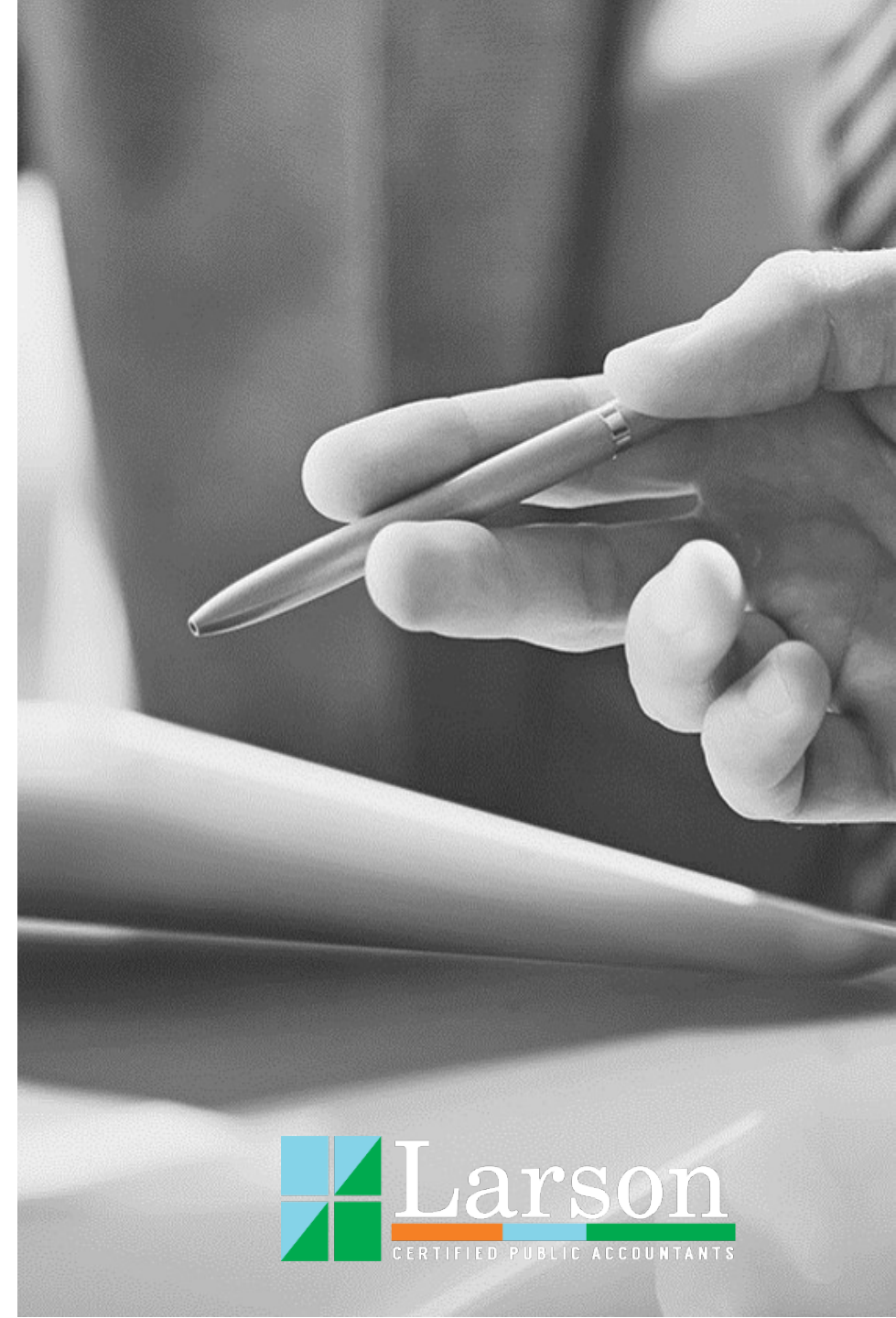
Do we have the personnel to assist with the requested services?

05 HOW LIKELY ARE WE TO RECEIVE THE FUNDING?

Is this to apply for a few grants that aren't guaranteed?

06 HOW COMPLEX ARE OUR FINANCIAL STATEMENTS?

What do you have on your balance sheet? How many different sources of revenues do you have?



STATE REPORTING REQUIREMENTS

TOTAL COMBINED AMOUNT OF FEDERAL PASS-THROUGH, STATE, AND LOCAL MONEY	TYPE OF REPORT REQUIRED (DUE WITHIN 6 MONTHS OF NGO'S FISCAL YEAR END)
More than \$1,000,000	An audit in accordance with Generally Accepted Auditing Standards (GAAS)
Between \$350,000 and \$1,000,000	A review conducted by an independent certified public accountant
Between \$100,000 and \$350,000	A compilation of its accounts by an independent certified public accountant
Between \$25,000 and \$100,000	A copy of Form 990 or a financial survey form (https://auditor.utah.gov/local-government-2/publications/forms-for-local-governments/ "Small Financial Survey (Less than \$350,000)")

Note: An audit in accordance with GAAS will satisfy any of the reporting requirements listed above.

Federal Reporting Requirements

Single Audits

A nonprofit organization that expends \$750,000 or more in federal funding is required to submit a single audit report to the Federal Audit Clearinghouse website no later than 9 months after the organization's fiscal year end. Federal funding includes amounts received as pass-through funding from state agencies.

What is a Single Audit?

A single audit is an audit over the expenditures of federal awards. Each federal agency has specific requirements for the expenditures of its funds and a single audit incorporates testing the expenditures to ensure they are compliant with the agencies' requirements. The organization must also submit a financial statement audit with its single audit report.

How do I prepare for a Single Audit?

Strong internal controls are central to a single audit. To prepare, start by identifying problem areas or potential areas for risk. Internal control improvement can and should happen year-round, and the sooner the organization self-corrects, the smoother the single audit process will be. If a single audit has been performed in the past, that can be a good place to start.



Poll Question #3

Conclusion

Financial reporting services play a critical role in ensuring the financial transparency, accountability, and integrity of nonprofit organizations.

Audits, reviews, and compilations are all valuable services that can help nonprofit organizations to improve their financial management and meet their reporting obligations.

The choice of engagement type will depend on the specific needs of the organization.





QUESTIONS?

