

## [ Q&A ]

### State of the County: Accounting & Consulting

*Taxes are always a high-stakes game; we've got the players.*

*The Business Journal asked accountants and consultants to speak to key issues affecting business and personal income taxes in light of federal tax reform, among legal rulings, ongoing technological changes, identity theft, nonprofits, and a new area of interest: opportunity zones. Their answers below touch on tax-friendly strategies, emerging technologies and investment opportunities, changes facing accounting, finance and tax departments, and growing sophistication from financial scam artists.*

— Peter J. Brennan

## Nonprofits Experiencing Big Accounting Changes

The one constant is change.

Recent changes to financial regulations—including the rollout of the Tax Cuts and Jobs Act to GAAP rules that govern revenue recognition and lease accounting—have left even the savviest of CFOs with plenty more questions than answers.

This is particularly true for county nonprofits, facing their first change in financial reporting in 25 years. Financial statements for nonprofits have been restructured to create transparency and comparability with other charities. As nonprofits adapt to new compliance rules, they also seek to solidify partnerships with OC's robust donor class—a group reviewing philanthropic strategies in light of the higher standard deduction.

To assist nonprofits in implementing these changes, Haskell & White held its annual Nonprofit Conference in April. In a post-event survey, 65% of respondents, including CFOs from the area's leading

charitable enterprises, said they need to learn more about financial matters. Many indicated they'll seek CPA support or add financial staff.

There's an additional, possibly larger challenge looming for them: the number of taxpayers who itemize is expected to drop to as low as 5%. If charitable giving lowers in turn, this could mean dramatically different fundraising strategies.

Nonprofits can adapt in many ways. First, they must understand who comprises their audience. With fewer people giving, denser donations from wealthier donors will be more important. Finding them could require new marketing strategies that are more aggressive than what has worked before.

As the compliance landscape and donor behaviors change, nonprofits must adapt with the times to keep up and get ahead—even if it means stepping out of their comfort zones.



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