



NONPROFIT AUDITS, AND THE IMPACT OF THE NEW TAX LAW FOR NONPROFITS

NFP ACCOUNTING TRIFECTA

THE NFP TRIFECTA

NFP Presentation, ASU 2016-14

Effective Date: For fiscal years beginning after 12/15/2017

Early Adoption: Permitted

Revenue Recognition from Contracts with a Customer, ASU 2014-09

*Effective Date: Nonpublic entities, Fiscal years beginning after December 15, 2018
(Conduit Debt Obligors will be one year earlier)*

Early Adoption: Permitted but not before years ends December 31, 2017

Leases, ASU 2016-2

*Effective Date: Nonpublic entities, Fiscal years beginning after December 15, 2019
(Conduit Debt Obligors will be one year earlier)*

Early Adoption: Permitted



FINANCIAL STATEMENTS OF NOT-FOR-PROFIT ENTITIES

NFP FINANCIAL STATEMENTS PROJECT—KEY OBJECTIVES

(RECOMMENDED BY FASB'S NFP ADVISORY COMMITTEE (NAC))

- ▶ Update, not overhaul, the current model
- ▶ Improve net asset classification scheme
- ▶ Improve information in financial statements and notes about:
 - Financial performance
 - Cash flows
 - Liquidity
- ▶ Better enable NFPs to “tell their financial story”



NET ASSETS

USEFULNESS TO USERS

- ▶ Donations/ Contributions are a NFPs biggest source of resources
- ▶ Donors and Creditors need to be assured that the resources are being used appropriately.

NET ASSETS

Current
GAAP

Unrestricted

Temp.
Restricted

Perm.
Restricted

Proposed
GAAP

Without Donor
Restrictions

With Donor Restrictions

+

Disclosures

Amount, purpose,
and type of board
designations *

Nature and amount
of donor restrictions

** New disclosure requirement*

“UNDERWATER” ENDOWMENTS

Revised net asset classification

- To be reflected in net assets with donor restrictions rather than in net assets without donor restrictions

Enhanced disclosures

- In addition to aggregate amounts by which funds are underwater (current GAAP), also disclose aggregate of original gift amounts (or level required by donor or law) for such funds, fair value, and any governing board policy or decision to reduce or not spend from such funds.



LIQUIDITY

LIQUIDITY AND AVAILABILITY

NFPs required to provide:

- ▶ **Qualitative** information on how an NFP manages its liquid available resources and its liquidity risk (in the notes)
- ▶ **Quantitative** information that communicates the availability of an NFP's current financial assets at the balance sheet date to meet cash needs for general expenditures (on the face and/or in the notes)



EXPENSES

EXPENSE REPORTING

- ▶ Report expenses, either on the face of financial statements or in the notes, by:
 - Function *
 - Natural classification
 - Analysis (disaggregate function by nature)
- * *currently required in GAAP*
- ▶ NFPs required to provide disclosures about methods used to allocate costs among program and support functions



CASH FLOW STATEMENT

CASH FLOW STATEMENT

- ▶ Allow free choice between the **Direct Method** and the **Indirect Method**
 - Indirect reconciliation no longer required for Direct Method

IMPEDIMENT OF CASH FLOW STATEMENT

- ▶ The extra work need to complete the indirect method reconciliation when the direct method is used
- ▶ By removing the reconciliation requirement, the NFP
 - Cuts costs
 - Doesn't show some information twice
- ▶ It simplifies the Cash Flow statement
- ▶ NFP still has freedom to select either method

EFFECTIVE DATE, EARLY ADOPTION, AND TRANSITION

Effective Date: For fiscal years beginning after 12/15/2017 (e.g., FY 2018-19 for Higher Eds)

- Interim financials the following year

Early Adoption: Permitted, but must apply the regular transition provisions.

Transition:

- ▶ For year of adoption: apply all provisions.
- ▶ For comparative years presented: apply all provisions, except can choose not to present:
 - Analysis of expenses by nature and function, and/or
 - Disclosures around liquidity and availability of resources

REVENUE RECOGNITION

REVENUE RECOGNITION (TOPIC 606)

- ▶ Objective: To develop a single, principle-based revenue standard for US GAAP and IFRS
- ▶ The revenue standard aims to improve accounting for contracts with customers by:
 - Providing a robust framework for addressing revenue issues as they arise
 - Increasing comparability across industries and capital markets
 - Requiring better disclosure

Substantially converged with IFRS on major provisions

SCOPE

All contracts with customers, **except:**

- ▶ Lease contracts
- ▶ Insurance contracts
- ▶ Financial instruments
- ▶ Guarantees
- ▶ Non-monetary exchanges in the same line of business to facilitate sales to customers

Contracts not with customers are **excluded:**

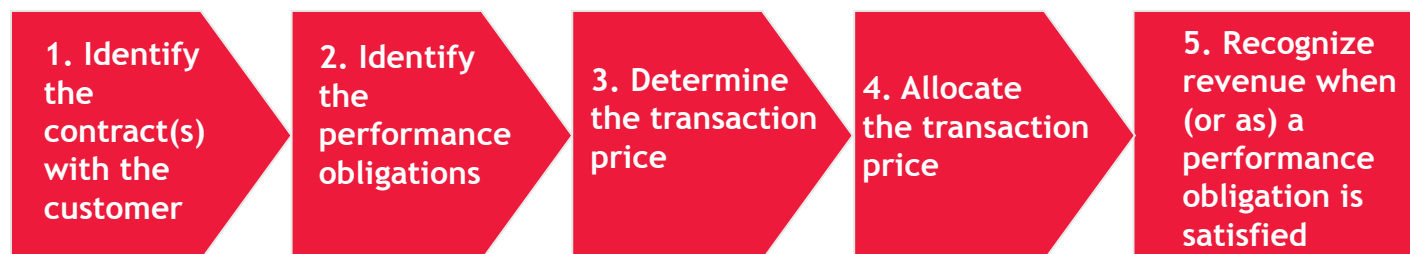
- ▶ Contributions
- ▶ Collaborative arrangements

FINAL U.S. GAAP MODEL - RECOGNITION

Core Principle:

Recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services

Steps to apply the core principle:



TRANSITION, EFFECTIVE DATE AND EARLY APPLICATION

► Effective dates:

- Public entities: annual reporting periods after 12/15/2017 (including interim period)
- Nonpublic entities: one year later (annual reporting periods after 12/15/2018)—annual period in first year, interim periods thereafter
- Early application option—no earlier than original public company effective date (annual reporting periods after 12/15/2016)

GRANTS AND CONTRACTS

- ▶ The FASB issued ASU 2018-08 to clarify the accounting guidance related to contributions made or received. The ASU will likely result in **more grants and contracts being accounted for as unconditional or conditional contributions rather than exchange transactions compared to current guidance.**
- ▶ The implementation of ASC Topic 606 brought to light diversity in practice in how NFP organizations classify grants and contracts in the financial statements from federal, state and local governments and other funding sources such as foundations as either contributions (nonreciprocal) or exchange (reciprocal) transactions. Contributions, defined as an unconditional transfer of cash or assets in a voluntary non-reciprocal transfer, are scoped out of Topic 606 whereas exchange transactions, a reciprocal transaction in which two parties exchange items of commensurate value, are within the scope of Topic 606 and must be accounted for following the new revenue recognition guidance.

GRANTS AND CONTRACTS

► Paragraph 958-605-15-5A provides additional indicators:

Exchange Transaction Indicator

- Expressed intent asserted by both the recipient and the resource provider is to exchange resources for goods or services that are of comparable value.
- Both the recipient and the resource provider agree on the amount of assets transferred in exchange for goods and services that are of commensurate value.
- The existence of contractual provisions for economic forfeiture beyond the amount of assets transferred by the resource provider to penalize the recipient for nonperformance.

Contribution Indicator

- The recipient solicits assets from the resource provider without the intent of exchanging goods or services of comparable value.
- The resource provider has full discretion in determining the amount of the transferred assets.
- The penalties assessed on the recipient for failure to comply with the terms of the agreement are limited to the delivery of assets or services already provided and the return of the unspent amount.

GRANTS AND CONTRACTS

- ▶ Determining Whether a Contribution is Conditional - The amendments require an entity to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or referenced document) includes both, the recipient is not entitled to the transferred assets (or future transfer of assets) until it has overcome the barriers in the agreement.

- ▶ Paragraph 958-605-25-5D provides a list of indicators to consider in determining whether an agreement contains a barrier. The indicators include: The inclusion of a measurable performance-related barrier or other measurable barrier.
 - The extent to which a stipulation limits discretion by the recipient on the conduct of an activity.
 - Whether a stipulation is related to the purpose of the agreement.

GRANTS AND CONTRACTS

► Simultaneous Release Option

The new ASU provides a not-for-profit entity with the ability to elect a policy to report donor-restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized as support within net assets without donor restrictions so long as the entity has a similar policy for reporting investment gains and income, reports consistently from period to period, and discloses its accounting policy. An entity electing this policy for donor-restricted contributions that were initially conditional contributions (where the condition has been met) may do so without also having to elect it for other donor-restricted contributions or investment gains and income provided that the entity reports consistently from period to period and discloses its accounting policy.

GRANTS AND CONTRACTS

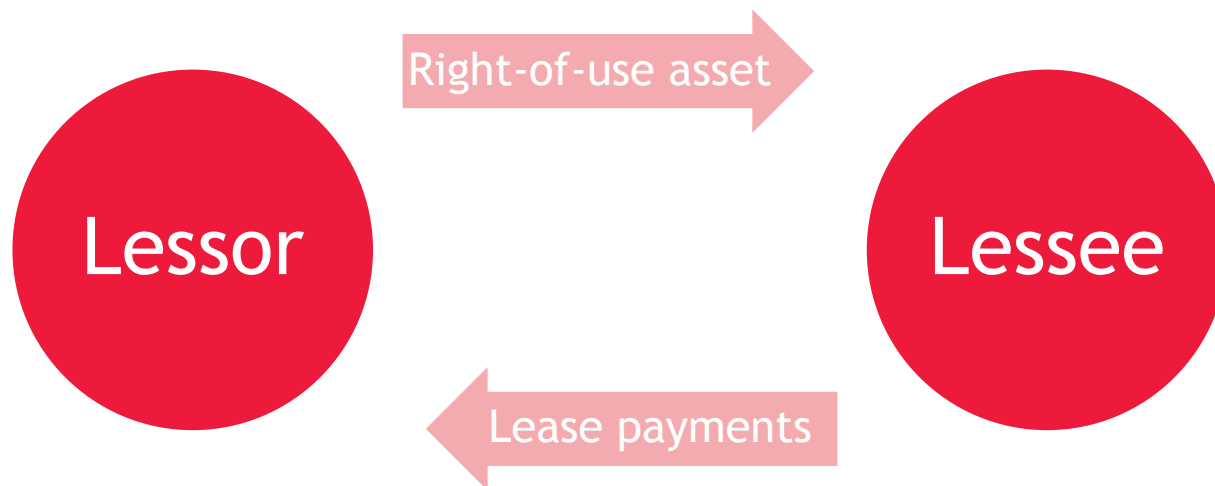
► Effective Date and Transition

- Public entities should apply the amendments on **contributions received** to annual periods beginning after June 15, 2018, including interim periods within those annual periods. All other entities should apply the amendments on contributions received to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.
- Public entities should apply the amendments on **contributions made** to annual periods beginning after December 15, 2018, including interim periods within those annual periods. All other entities should apply the amendments on contributions made to annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020.

LEASES

LEASES (TOPIC 842)

A lease contract conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration



LESSEE MODEL

All leases (more than 12 months) are recognized on the lessee's balance sheet

Current U.S. GAAP (IFRS)	IASB	FASB
Capital (Finance) Leases	Type A	Type A
Operating Leases	Type A	Type B

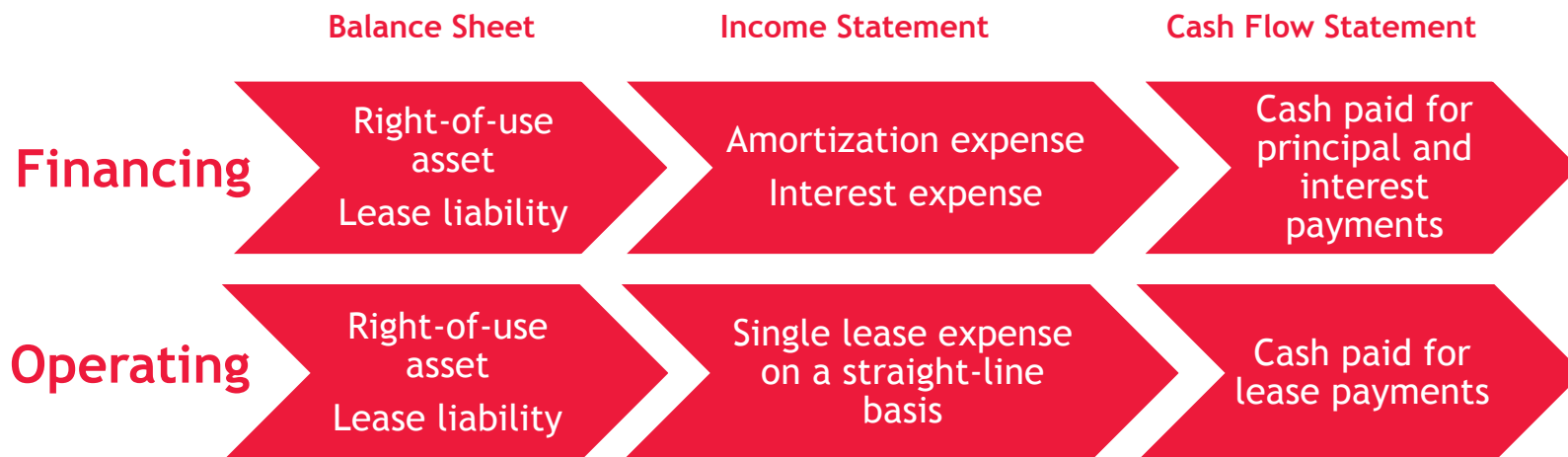


All leases are accounted for the same.



Classification is based on existing U.S. GAAP/IFRS

LESSEE ACCOUNTING OVERVIEW



LEASES – EFFECTIVE DATE

Public Companies*

- Fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (CY 2019; FY 2019-20)

All Other Organizations

- Fiscal years beginning after December 15, 2019 and interim periods beginning after December 15, 2020 (CY 2020; FY 2020-21)

Early Application

- Permitted for all organizations

* “Public Companies” refers to the following: (1) public business entities, (2) a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and (3) an employee benefit plan that files or furnishes statements with or to the SEC **(Same Here as Revenue Recognition Standard)**



Questions?



Tax Reform - The Effect on Nonprofits



CONTACT INFORMATION

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AGENDA

- ▶ Introduction and general parameters of tax reform
- ▶ Provisions that impact Charitable Giving
- ▶ Excise tax on Endowments
- ▶ Excise tax on Executive Compensation
- ▶ Inclusion of certain Fringe Benefits in the calculation of UBTI
- ▶ UBIT Silos
- ▶ Wayfair Decision
- ▶ Some additional provisions
- ▶ Questions and answers

PATH TO 2017 TAX CUTS AND JOBS ACT

Tax reform: A priority of this and prior Congresses

- ▶ Concepts and framework have been brewing for several years
- ▶ 10-year Senate Reconciliation rules becoming a major factor in tax legislation
- ▶ Bullets that Nonprofit organizations dodged:
 - Taxation of royalties and certain research items
 - Changes to exclusion of housing provided for the “convenience of”
 - Elimination of the Rebuttable Presumption of Reasonableness
 - Elimination of the Estate Tax
 - Elimination of Private Activity Tax Exempt Bonds

CHARITABLE GIVING

PROVISIONS THAT IMPACT CHARITABLE GIVING

- ▶ Estate and Gift Taxes - Beginning in 2018, the exemption for estate and gift taxes is increased to \$11,200,000 per taxpayer (indexed for inflation).
- ▶ Ordinary income tax rates - The current seven tax bracket system is retained, but the rates are lowered for all taxpayers and the thresholds are adjusted
- ▶ The standard deduction is increased to the following amounts:
 - Married Filing Jointly: \$24,000
 - Head-of-Household: \$18,000
 - All Other Taxpayers: \$12,000
- ▶ State and local tax deduction - Limited to \$10,000 (income, property, sales and use, etc.)

CHARITABLE CONTRIBUTIONS--ITEMIZED DEDUCTIONS

► Four modifications:

- (1) Cash contributions to public charities now have a 60 percent of AGI limitation (previously it was 50 percent).
- (2) Denial of charitable deduction for payments made in exchange for athletic seating rights (previously able to deduct 80 percent of amounts paid).
- (3) Removal of substantiation exception for certain contributions reported by the charitable organization.
- (4) “Pease” Limitation Repealed – The overall limitation on itemized deductions removed through 2025.

OVERALL IMPACT ON CHARITABLE GIVING AND SOME HOPE

- ▶ TCJA would result in \$12 to \$20 billion decline in overall charitable giving
- ▶ H.R. 5771, *the Charitable Giving Tax Deduction Act* (May 11, 2018) by Rep. Chris Smith (R-NJ) sponsor; Rep. Henry Cuellar (D-TX) is the original co-sponsor
 - “Above-the-line” income tax deduction for charitable contributions and no cap
 - Would apply to tax years beginning after Dec. 31, 2017
 - Would increase charitable giving by approximately \$18 billion

ENDOWMENT TAX

EDUCATIONAL INSTITUTIONS ENDOWMENT TAX

Imposes a tax of 1.4-percent on the net investment income of a private educational institution which had:

- ▶ At least 500 tuition-paying students during the preceding taxable year and
- ▶ The aggregate fair market value of the assets (other than those assets which are used directly in carrying out the institution's exempt purpose) is at least \$500,000 per student of the institution and
- ▶ More than 50% of the students are located in the US
- ▶ The rules are effective for tax years beginning after Dec. 31, 2017

ENDOWMENT TAX (CONTINUED)

- ▶ “Net investment income” is determined under rules similar to the rules of IRC Sec. 4940(c)
 - Net investment income generally includes interest, dividends, rents, royalties (and income from similar sources), and capital gain net income, and is reduced by expenses incurred to earn this income.
- ▶ An institution’s assets include the assets and net investment income of “related organizations”. An organization is treated as related to the institution for this purpose if the organization:
 - (1) controls, or is controlled by, the institution;
 - (2) is controlled by one or more persons that control the institution; or
 - (3) is a supported organization or a supporting organization during the taxable year with respect to the institution.

EXECUTIVE COMPENSATION

EXCISE TAX FOR EXCESSIVE EXECUTIVE COMPENSATION

IRC Sec. 4960, as added by 2017 Tax Cuts and Jobs Act §13602(a)

- ▶ For employer's tax years beginning after December 31, 2017
- ▶ “Applicable tax exempt organization” pays an excise tax equal to 21 percent (highest corporate rate) on:
 - Remuneration (other than excess parachute payments) over \$1 million during the taxable year; plus
 - Excess parachute payments (even if less than \$1 million)

“APPLICABLE TAX-EXEMPT ORGANIZATION”

- ▶ Organization exempt from tax under IRC Sec. 501(a) ;
- ▶ A farmer's cooperative organization under IRC Sec. 521(b)(1) ;
- ▶ Organization with income excluded from tax under IRC Sec. 115(1) (referring to income from states, municipalities, etc.); or
- ▶ A political organization under IRC Sec. 527(e)(1)
- ▶ Are state schools exempt under [IRC Sec. 115\(1\)](#)?

EXCISE TAX-COVERED EMPLOYEES

- ▶ Covered Employees -Any current or former employee of an applicable tax-exempt organization if:
 - One of the five highest compensated employees of the organization for the tax year, or
 - Was a covered employee of the organization, or any predecessor of the organization, for any tax year after Dec. 31, 2016. (IRC Sec. 4960(c)(2))
- ▶ Not required to be an officer, director, key employee or one of the “five highest compensated” for purposes of Form 990 reporting
- ▶ Once a covered employee always a covered employee, even after termination

REMUNERATION

- ▶ GENERALLY “remuneration” is considered to be wages subject to federal income tax withholding as defined under IRC Sec. 3401(a)
- ▶ LESS any designated Roth contribution
- ▶ PLUS amounts required to be included in gross income under IRC Sec. 457(f) relating to vested ineligible deferred compensation plans
- ▶ EXCEPT for payments to licensed medical professionals, including veterinarians, for the performance of medical or veterinary services

REMUNERATION INCLUDES PAYMENTS BY A RELATED ENTITY

Includes amounts paid by a related person or government entity if the person or entity:

- . . . controls, or is controlled by, the applicable tax-exempt organization;
- . . . is controlled by a person, or persons, that control the organization;
- . . . is a supported organization under IRC Sec. 509(f)(3) ;
- . . . is a supporting organization under IRC Sec. 509(a)(3) ; or
- . . . if the organization is a VEBA under Code Sec. 509(c)(9), establishes, maintains, or makes contributions to that VEBA. (IRC Sec. 4960(c)(4)(B))

If remuneration from more than one employer is used to calculate the excise tax, then each employer will be liable for its proportionate share.

WHAT YOU SHOULD BE DOING

- ▶ Find the universe of covered employees
- ▶ Don't forget that you have to consider remuneration from related entities, including taxable entities
- ▶ Determine if there may be opportunities to consolidate entities so that fewer persons subject to the tax
- ▶ Be mindful that the compensation is based on the fiscal year and not on the calendar year as is case for Form 990 reporting

SELECTED NON-EO PROVISIONS IN TCJA

NON-EO PROVISIONS IMPACTING UBTI

- ▶ Tax rates lowered beginning in 2018
 - Corporate rate is 21%
 - Top Trust rate is 37%--Trusts are allowed the Section 199A deduction on business income
- ▶ Notice 2018-38- fiscal year filers have blended rate
- ▶ Corporate AMT repealed
- ▶ 100% expensing temporarily allowed for certain business assets
- ▶ Business interest expense deduction limited
- ▶ Use of net operating losses limited to 80% of taxable income
 - Unlimited carryover to future years of post-2017 losses

UBTI INCREASED BY FRINGE BENEFITS

UBTI INCREASED BY CERTAIN FRINGE BENEFIT EXPENSES-IRC 512(A)(7)

- ▶ UBTI shall be increased by any amount...
 - (i) for which a deduction is not allowed under IRC §274, and
 - (ii) which is paid or incurred for
 - any qualified transportation fringe,
 - any parking facility used in connection with qualified parking, or
 - any on-premises athletic facility.
- ▶ UBTI does not include the amounts described above to the extent the amount paid or incurred is directly connected with an unrelated trade or business.
- ▶ The Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations or other guidance providing for the appropriate allocation of depreciation and other costs with respect to facilities used for parking or for on premises athletic facilities.
- ▶ Effective: For amounts paid or incurred after Dec. 31, 2017

UBTI INCREASED BY CERTAIN FRINGE BENEFIT EXPENSES

- ▶ Section 274(a) disallows deductions for the following expenses:
 - an activity of a type generally considered to constitute entertainment, amusement, or recreation, or a facility used in connection with such an activity
 - Dues or fees to any social, athletic, or sporting club or organization
 - Membership in any club organized for business, pleasure, recreation, or other social purpose
 - *qualified transportation fringe provided to an employee*

UBTI INCREASED BY PARKING FACILITY



- ▶ UBTI shall be increased by any amount
 - i. for which a deduction is not allowed under IRC Sec. 274, and
 - ii. which is paid or incurred for any **parking facility** used in connection with qualified parking.
- ▶ Treas. Reg. Section 1.132-9(b) defines “qualified parking” as parking you provide to your employees on or near your business premises. It includes parking on or near the location from which your employees commute to work using mass transit, commuter highway vehicles, or carpools.
- ▶ Even though §512(a)(7) increases UBTI for parking facilities expenses, §274 does not specifically disallow the same. Some believe that a parking facility is part of the qualified transportation fringe disallowance. May be addressed in regulations or Technical Corrections

VARIOUS QUESTIONS ON PARKING FACILITIES

Costs

- ▶ Real estate and other taxes
- ▶ PILOT payments
- ▶ Depreciation
- ▶ Interest on debt
- ▶ Resurfacing and other maintenance
- ▶ Snow removal
- ▶ Cleaning
- ▶ Security
- ▶ Employee ticket takers
- ▶ Ticket taking machinery

Scenarios

- ▶ Free parking
- ▶ Dirt lot
- ▶ Reserved spaces
- ▶ Leased building from a third party that includes parking spaces
- ▶ Lease parking facility to 3rd party operator and employees park
- ▶ Commuter carpool vans
- ▶ General public

UBIT SILOS



UNRELATED TRADE OR BUSINESS INCOME LOSSES

- ▶ The Act disallows tax-exempt organizations from taking the business losses from one unrelated trade or business and deducting them from the income of another unrelated trade or business.
- ▶ Organizations could, however, carryforward NOLs from an unrelated business to reduce income from another year's operation of the same unrelated business.
- ▶ Losses incurred in tax years beginning before January 1, 2018 can be carried forward and used to offset any UBI up to 80%

UNANSWERED QUESTIONS

- ▶ What constitutes “one unrelated trade or business”?
- ▶ Are passive activities that generate unrelated business income one trade or business (e.g., are alternative investments considered one unrelated trade or business or is each investment a separate unrelated trade or business)?
- ▶ Is trade or business grouped by geography, activity, or management?
- ▶ What about “statutory” UBI like Fringe Benefit Expense, Payments from Controlled entities; debt-financed income: Are these “trades or businesses”?

ALLOCATION OF EXPENSES

Three baskets of expenses:

- ▶ Directly connected to UBI activity--deduct in full—Will need a basket for each unrelated activity
- ▶ Directly related to Exempt activity—do not deduct at all (e.g., development officer, government affairs/lobbying, etc.)
- ▶ Dual use expenses-allocate on a “reasonable” basis (current rule to allocate overhead and other dual-use expenses between related uses and all unrelated uses--Time, space, other)
- ▶ Now will have to allocate multi-use expenses among related uses and each unrelated activity



WAYFAIR DECISION

- ▶ On June 21, 2018, the U.S. Supreme Court issued its decision in *South Dakota v. Wayfair*.
- ▶ In a 5-4 decision, the Court ruled in favor of South Dakota and overruled *Quill Corp. v. North Dakota* and *National Bellas Hess, Inc. v. Department of Revenue of Ill.*
- ▶ The Court concluded that “the physical presence rule of *Quill* is unsound and incorrect.”
- ▶ Remanded to the South Dakota Supreme Court to evaluate if the provision meets the other tests for constitutionality (parties rumored to be negotiating a settlement.)

As a result of the *Wayfair* decision, a physical presence is no longer required for substantial nexus under the Commerce Clause.

WAYFAIR - THE THRESHOLD

- ▶ To replace the physical presence rule of *Quill and National Bellas Hess*, the Court held that substantial nexus is established -
 - “When the taxpayer [or collector] ‘avails itself of the substantial privilege of carrying on business’ in” a state.
- ▶ *Wayfair’s* economic and virtual contacts with South Dakota, as measured by more than \$100,000 of sales or 200 separate sales transactions satisfied *Wayfair’s* substantial nexus definition.

The Court’s holding in *Wayfair* presents a host of new constitutional questions, including:

- ▶ Is the South Dakota economic threshold the minimum?
- ▶ If not, what standard will determine the minimal economic threshold for substantial nexus?
- ▶ Could a physical, “non-economic” presence not constitute substantial nexus?

WAYFAIR - OPEN ISSUE - RETROACTIVITY

- ▶ The *Wayfair* decision created numerous open questions for multistate retailers that have relied upon the physical presence standard in determining whether to collect and remit sales taxes.
- ▶ Retailers should monitor State publications to determine whether potential liability States are purporting to apply *Wayfair* on a retroactive basis.
- ▶ If currently under audit, the taxpayer should aggressively resist any attempts to apply economic nexus on a retroactive basis.
- ▶ The South Dakota statute at issue in *Wayfair* could only be enforce prospectively.

Most states are enforcing their sales/use tax economic nexus statutes prospectively. Some may attempt retroactive enforcement.

Court also noted favorably South Dakota's membership in SSUTA (uniform sales/use tax definitions, single state/local rate, uniform state/local tax base, etc.)

OTHER EO PROVISIONS

OTHER EO PROVISIONS IN THE ACT

▶ Lobbying

- ▶ Under previous law an exception to the definition of lobbying existed when the lobbying amounts were paid or incurred to local councils or similar governing bodies, including Indian tribal governments. New law repeals the exception for such amounts paid or incurred after the law's enactment date. (Does not impact section 501(c)(3) organizations because the definition of lobbying—for purposes of whether a substantial part of an organization's activities includes influencing legislation—already included attempts to influence the actions of any local council or similar governing body.)

▶ Tax Exempt Bonds--The Act repeals the exclusion from gross income of interest on a bond issued to advance refund another bond;

- ▶ The ability to currently refund bonds remains in place
- ▶ Change is effective for advance refunding bonds issued after December 31, 2017

SUMMARY OF IMPACT OF TAX CUTS AND JOBS ACT ON EOS

- ▶ Charities should review their donor base to determine how to focus giving campaigns
- ▶ Nonprofits should review compensation arrangements, including compensation from related organizations, that could be impacted by the new excise tax on excess compensation. Planning opportunities may exist.
- ▶ Nonprofits should review transportation benefits; establish a system to determine who uses parking facilities besides employees and consider whether cash payments to employees for parking may provide a better solution than paying UBIT.
- ▶ Nonprofits will have to separate out different unrelated activities and establish systems for tracking expenses.
- ▶ Pay estimated taxes if necessary

WHAT'S NEXT

- ▶ Treasury and the IRS have their work cut out
 - With a year reprieve for many provisions
- ▶ Regulatory and other guidance
- ▶ Joint Committee on Taxation Bluebook
- ▶ Technical corrections?
- ▶ 10-year sunset of most provisions
- ▶ CAUTION - THE LAW IS BEING ANALYZED AND IS SUBJECT TO INTERPRETATION

Q&A

