

# perspectives

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MY BENESCH MY TEAM

Trends and topics in not-for-profit management

## Not-for-Profit Spotlight



Cerebral palsy (CP) affects the lives of three out of every 1,000 children. Many parents struggle to help these children realize full, satisfying lives. The mission of the United Cerebral Palsy Association of Greater Indiana (UCPAGI) is to advance the quality of life for people with CP and to increase the awareness of CP through education and advocacy. Fortunately, today the possibilities are endless—knowledge and services are available and people with CP and other disabilities succeed in ways never before imagined.

As one of the nation's leading organizations serving and advocating for the more than 54 million Americans with disabilities, United Cerebral Palsy (UCP) is a national, accredited organization known for a service-based, individual-focused approach. Founded in 1949, UCP and its affiliates, along with engaged volunteers, are leaders in providing innovative programs and services to more than 176,000 children and adults with disabilities every day.

Founded in 1953, the United Cerebral Palsy Association of Greater Indiana provides support and services to children and adults with cerebral palsy and their families throughout each of Indiana's 92 counties. Its strength as part of the nationwide UCP network grows out of its long, history of service and an unwavering commitment to advancing the independence, productivity and full citizenship of people with disabilities. Resources are available to empower people to manage all aspects of life. UCPAGI's goal is to be a "home" for people with CP and their families, providing understanding and support in their struggles and ongoing help—for as long as needed.

To learn more about the United Cerebral Palsy Association of Greater Indiana, visit their [website](#).

## New DOL Final Rule Implements Paid Sick Leave for Federal Contractors and Subcontractors



Rina R. Russo

By President Obama's September 7, 2016 Executive Order, federal contractors and subcontractors will now be required to provide paid sick leave to their employees beginning on January 1, 2017. The Department of Labor (DOL) published its Final Rule necessary to implement the Executive Order on September 30, 2016.

Effective January 1, 2017, all federal contractors and subcontractors must provide their employees at least one hour of paid sick leave for every 30 hours worked. However, federal contractors and subcontractors may limit the total accrual of paid sick leave to 56 hours per year. All new federal contracts,

contract-like documents and solicitations must now include a clause that specifies, as a condition of payment on the contract, that all employees shall not earn less than one hour of paid sick leave for every 30 hours worked. This clause must also be incorporated into all lower-tier subcontracts.

The Executive Order covers four major types of federal contracts: (1) procurement contracts for construction covered by the Davis-Bacon Act; (2) service contracts covered by the McNamara-O'Hara Service Contract Act; (3) concessions contracts; and (4) contracts in connection with

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## FASB Issues Long-Anticipated Changes Affecting Not-for-Profit Reporting

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. While the name of the ASU seems fairly benign, this ASU represents the most significant changes in financial reporting for not-for-profit organizations since the FASB issued Statement No. 117 in June of 1993—over 23 years ago.

Overall, the changes to financial reporting in ASU 2016-14 are fairly consistent with what was expected based on the FASB's exposure drafts and related deliberations. In summary, the ASU makes the following significant changes:

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New DOL Final Rule Implements Paid Sick Leave for Federal Contractors and Subcontractors

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federal property or lands and related to offering services for federal employees, their dependents or the general public. Any subcontract of a covered contract that falls into one of these categories is subject to the paid sick leave requirements. Notably, the Executive Order does not apply to prime contracts or subcontracts for the manufacturing or furnishing of materials, supplies, articles or equipment.

Employees of federal contractors and subcontractors will be permitted to use the paid sick leave for a variety of reasons, including absence resulting from: (1) physical or mental illness, injury or medical condition; (2) obtaining diagnosis, care or preventive care; (3) caring for a child, parent, spouse, domestic partner or other close blood relative or individual with a close relationship that is akin to a family relationship; and (4) care for domestic violence, sexual assault or stalking as well as to obtain additional counseling, seek relocation, seek assistance from a victim services organization, or take related legal action.

If your company is a covered federal contractor or subcontractor, you should begin to examine what type of sick leave is already provided to your employees. Given the short time frame between the issuance of the Executive Order and effective date, employers must act quickly to revise new contracts, examine employee handbooks and leave policies, and implement new recordkeeping processes. (Note: Medicare providers are NOT federal contractors for purposes of this act.)

Although this Executive Order applies only to private employers with federal contracts or subcontracts, future Executive Orders may also expand required leave for private employers without such contacts or subcontracts. Employers should be on alert for future Executive Orders that may expand the leave and benefits required for employees. Additional information regarding this Executive Order and the DOL's Final Rule can be found on the DOL's [website](#).

For more information on this topic, please contact **Rina R. Russo** at [rrusso@beneschlaw.com](mailto:rrusso@beneschlaw.com) or (216) 363-4542.

FASB Issues Long-Anticipated Changes Affecting Not-for-Profit Reporting

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**Net Asset Classification**

ASU 2016-14's most significant change is in replacing the existing three classes of net assets (unrestricted, temporarily restricted and permanently restricted) with two new classes—without donor restrictions and with donor restrictions. ASU 2016-14 does not change requirements to present information about the nature of amounts of different types of donor-imposed restrictions, but adds requirements to disclose how those restrictions affect the use of resources, including liquidity. In addition, for underwater endowments, the new ASU will require additional disclosures surrounding a not-for-profit's policy on underwater endowments, the aggregate fair value of underwater endowment funds, the aggregate original gift amounts to be maintained, and the aggregate amount by which funds are underwater, which are to be classified as part of net assets with donor restrictions. In addition, the ASU eliminates the over-time approach for the expiration of restrictions on capital gifts and now requires the placed-in-service approach.

**Information on Liquidity and Availability of Resources**

Another significant change as a result of this ASU is the requirement to disclose both quantitative and qualitative information about a not-for-profit's available resources and its management of liquidity and liquidity risk. The quantitative information discloses the availability of the not-for-profit's financial assets at the balance sheet date available to meet cash needs within one year of the balance sheet date. The qualitative disclosures will require a not-for-profit to disclose how it manages available resources to meet cash needs for general expenditures within one year of the balance sheet date.

**Information about Expenses and Investment Return**

As a result of this ASU, all not-for-profits will also be required to present expenses by both nature and function as well as an analysis of expenses by both nature and function. This analysis can either be accomplished on the face of the financial statements, as a separate statement or in the notes to the financial statements. In addition, a not-for-profit will be

required to disclose the allocation methodology used to allocate expenditures among functions.

ASU 2016-14 will require not-for-profits to present investment returns and net of all related external and direct internal expenses. It eliminates the existing requirement to disclose the netted expenses.

**Presentation of Operating Cash Flows**

As it relates to the statement of cash flows, this ASU will continue to allow not-for-profits to use either the direct or indirect method of reporting operating cash flows; however, for those organizations that elect to use the direct method, there will no longer be a requirement to present a reconciliation to the indirect method.

ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early application permitted. These changes, while significant, will ultimately help a reader of the financial statements to better understand the financial position of an organization and will also enhance consistency among similar organizations. It is critical for not-for-profits to begin to understand these changes and assess the impact they may have on their financial statements as soon as reasonably possible to determine what additional information they should be gathering. It is also critical that not-for-profits prepare the users of their financial statements so they understand the impacts of these new disclosures. Not-for-Profit organizations should also be aware that this is Phase 1 of the FASB's not-for-profit reporting project, and should anticipate additional proposed changes on not-for-profit financial reporting.

A link to ASU 2016-14 can be found [here](#).

For more information about these updates, contact **Kurt Herdman**, Schneider Downs, at [kherdman@schneiderdowns.com](mailto:kherdman@schneiderdowns.com).

*Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.*

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## Toolkit for Crime Victims



**Victoria L. Stephenson**

Ohio Crime Victims Justice Center (OCVJC) launched its Crime Victims Rights Toolkit on October 3, 2016. OCVJC is a legal clinic that serves Ohio and federal crime victims by providing free legal

representation to crime victims in criminal court, guiding crime victims through the legal process and ensuring that their legal rights are protected. In addition to providing free legal representation, OCVJC works with hospitals, advocates, law enforcement, prosecutors, courts and the general community to promote awareness of crime victims' rights, along with providing training and instruction on how to best protect these rights.

OCVJC's online Crime Victims Rights Toolkit provides another layer of protection to the rights of crime victims in the form of a self-help resource to be used directly by crime victims themselves. Often, early in the process of exercising their rights, crime victims are overwhelmed about what rights they have, where help can be obtained, and even knowing what crime they have been a victim of. The Crime Victims Rights Toolkit provides crime victims with an opportunity to explore the answers to their questions, both anonymously and in a more detailed manner, and outlines the resources available to them.

The Crime Victims Rights Toolkit has a couple of key features. First, victims may use the **Research Database** to research their rights. No personally identifying information is obtained while using the Research Database; crime victims simply enter information anonymously about themselves and the nature of the crime they have been affected by. The Research Database then returns a list of *all* rights, requirements, requests, best practices and other helpful information that crime victims can explore and follow up on.

Second, the Crime Victims Rights Toolkit has an option for a crime victim to **Create a Case**. The Create a Case feature is for those who

would like more individualized results, and includes the ability to track case timelines, use the request-your-rights letter generator and use the **View My Case** feature. When using the Create a Case feature, crime victims are prompted to enter information specifically about themselves, the offender and the crime.

This resource, along with others provided by OCVJC, allows victims of Ohio and federal crimes to receive legal representation and protection of their rights during their experience with the criminal justice process.

Crime victims having any questions about the OCVJC Crime Victims Rights Toolkit, or needing assistance in exercising their rights, can contact OCVJC to request assistance at (614) 848-8500. The Crime Victims Rights Toolkit and other resources for victims of crime can be found [here](#).

For more information on this topic, please contact **Victoria L. Stephenson** at [vstephenson@beneschlaw.com](mailto:vstephenson@beneschlaw.com) or (614) 223-9344.

## Private Health Insurance Basics 2016

The Health Policy Institute of Ohio (HPIO) has released a series of fact sheets to provide information and analysis related to private health insurance in Ohio to policymakers and other stakeholders.

**Private Health Insurance Basics 2016** is a series of six fact sheets:

- Fact sheet 1: **Overview of private health insurance coverage** (four pages)
- Fact sheet 2: **Private health insurance regulation** (two pages)
- Fact sheet 3: **Summary of Affordable Care Act (ACA) reforms** (four pages)
- Fact sheet 4: **Non-group (individual/family) coverage and the Affordable Care Act health insurance marketplace** (eight pages)
- Fact sheet 5: **Employer-sponsored health insurance (ESI)** (four pages)
- Fact sheet 6: **Current policy issues impacting the private health insurance market** (eight pages)

In addition, HPIO has created a companion glossary and resource guide.

Full-color hard copies of the fact sheets and inventories are available upon request via an [online order form](#).

Benesch's Not-for-Profit Team assists not-for-profit and tax-exempt clients in a broad array of matters, ranging from filing for nonprofit status and preparing federal and state tax exemption applications to training in not-for-profit regulatory compliance. Our not-for-profit attorneys are committed to protecting our clients' assets so that they can continue to drive the missions and goals of their organizations.

For more information regarding this edition or any not-for-profit issues, please contact:

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## Events

### Lunch and Learn: Ohio Association of Nonprofit Organizations (OANO) Member Benefits Review

#### Making the Most of Your Membership Investment

**Date:** November 10, 2016

**Time:** 12:00 p.m.–12:30 p.m.

**Location:** Webinar

Looking to find out more about OANO's member benefits? This webinar will cover the wide range of OANO member benefits for new members, those looking into an OANO membership or longtime members looking to refresh their knowledge and learn about new benefits.

Are you making the most of your OANO membership? Were you aware that OANO offers countless services and resources for nonprofits all over Ohio?

#### Topics covered will include:

OANO's Training Sessions and Programs

OANO's Technical Assistance

OANO's Public Policy Efforts and Assistance

OANO's Standards for Excellence Best Practice Accreditation

OANO's Member Savings and Group Purchasing Programs

Register [here](#).

### Free Victims' Rights Trainings Now Available

#### Ohio Crime Victim Justice Center (OCVJC)

Ohio Crime Victim Justice Center offers free cross-disciplinary victims' rights training to Sexual Assault Nurse Examiners (SANE) and medical personnel, law enforcement officers, prosecutors, attorneys, judges, victim advocates, and victim service providers in counties and regions across Ohio. These trainings serve to provide the education and tools necessary to protect victims' rights in Ohio. As part of the training, OCVJC hopes to bring together varying perspectives within a county or region to begin a conversation on crime victims' rights.

4 Hour Training – 3.5 CLE and CEU Credits Available

#### Athens County – Athens Public Library

**Date:** November 15, 2016

**Time:** 9:00 a.m.–1:00 p.m.

**Place:** Athens County Public Library, 30 Home St., Athens, OH 45701  
Athens County

#### Butler County – Fairfield Police Department

**Date:** January 24, 2017

**Time:** 8:30 a.m.–12:30 p.m.

**Place:** Fairfield Police Department Training Room, 5230 Pleasant Ave.,  
Fairfield, OH 45014

#### Fairfield County – Ohio University Lancaster

**Date:** February 24, 2017

**Time:** 8:30 a.m.–12:30 p.m.

**Place:** Brasee Hall, 1570 Granville Pike, Lancaster, OH 43130

For more dates and to register, click [here](#).



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