Summer

NONPROFIT **NEWSLETTER**

CONTENTS

baldwin CPAs

Engaging Donors at Every Level: A Checklist

By Adam Cole and Andrea Espinola Wilson

Nonprofit organizations have been navigating change in almost every aspect of their operations over the past two years, including shifting priorities, a new employment landscape, and changes in fundraising and hosting programs and events. As organizations continue to reimagine what their futures will look like, donor engagement strategies should be reevaluated and refined to ensure they keep up with these other changes. Consider the following steps to support strong donor engagement:

1. Remember that every donor counts.

Securing large, one-time gifts can be exciting (or even newsworthy) and help increase employee morale and engagement. However, efforts to attract bigger donors should not distract from also seeking out donors who – while contributing smaller amounts – may be willing to donate more regularly. Organizations can ensure donors feel appreciated throughout their giving cycle and find opportunities to solicit feedback to stay aligned with applicable donor preferences and expectations.

A robust content plan that aligns website and social media strategies can also ensure that all platforms are regularly updated with new content, updates and calls to action.

2. Review the donor experience.

Organizations can also take time to closely audit the donor engagement process from start to finish to determine if there are any pain points that could be smoothed out. Making sure website homepages clearly show visitors how to donate and reviewing the actual donation process can ensure it is as simple as it could be.

Time can also be invested toward analyzing available data. This includes determining which email content yielded the best results in a given period, and which pages on an organization's website have the highest traffic. This information is essential for successfully developing future campaigns.

3. Create a firm digital footprint.

Donors should be hearing and thinking about an organization throughout the year – not just when it is time to reach them directly. Organizations can stay on their donors' radars by encouraging donors to follow them on social media and other channels.

However, a following is not enough. Consider generating content regularly to maintain a consistent presence on social media feeds and other digital channels. A robust content plan that aligns website and social media strategies can also ensure that all platforms are regularly updated with new content, updates and calls to action. Organizations can consider setting aside a small budget line for cost-effective paid digital advertising campaigns that can be activated to promote specific initiatives each year.

4. Diversify content.

Studies have found that the average attention span for someone consuming content is only eight seconds. Part of this is because of how easy it is to find the specific information we need at any time, and part of this is also due to the sheer amount of content being churned out every day. Organizations can consider how they typically convey information to their donor bases and how this could potentially be expanded. Could written content also be distributed as an infographic or a short video? Adding multiple mediums to a content strategy provides new ways to deliver information to an audience that make an organization stand out and maintain its audience's attention.

5. Encourage other types of support.

While the main goal of donor engagement is usually a monetary donation, organizations can consider other ways that donors can provide support and maintain continued interaction. Are there ways that specific individuals or companies in specific sectors could lend their time or their subject matter expertise? Additionally, while donors may be wary of putting an organization directly in touch with their personal and professional contacts, consider encouraging donors to share messaging with their networks and creating materials that make it easy for them to do so. This can tremendously expand outreach and provide new leads that would have otherwise been inaccessible.

Embrace the coming changes.

It's not just nonprofit organizations that are experiencing rapid change, but the overall mechanics of how people do business and interact with one another. Having a donation engagement strategy that reflects the changing times will prove beneficial to organizations that take the time to innovate.

• • • •

OMB Issues the 2022 Compliance Supplement

By Tammy Ricciardella

On May 12, 2022, the Office of Management and Budget (OMB) issued the 2022 Compliance Supplement (Supplement). The Supplement is effective for fiscal years beginning after June 30, 2021 and can be accessed on the OMB website.

The Supplement is issued to assist auditors by providing a source of information related to various federal programs and assist with the identification of compliance requirements. However, auditees, both for-profit and nonprofit, should be familiar with the content included in the Supplement as it relates to their federal funding. The Supplement includes information related to the Provider Relief Fund, Coronavirus Relief Fund (CRF), Education Stabilization Fund (ESF), Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) and Shuttered Venue Operators Grant (SVOG), among many others.

The changes to the 2022 Supplement are significant due to the continued impact of federal funding in response to COVID-19. Some highlights are as follows.

Part 2, Matrix of Compliance Requirements

It is important to review the matrix to determine the programs included in the Supplement and the compliance requirements that will be subject to audit. Although auditees need to ensure they comply with all requirements of their agreements from the federal agencies and pass-through entities, the Supplement is helpful to see which compliance areas will be then subjected to audit for their major programs (excluding CRF).

Part 4, Agency Program Requirements

There are several program additions and deletions in Part 4, as well as many programs with significant changes. New program sections added in the 2022 Supplement are as follows:

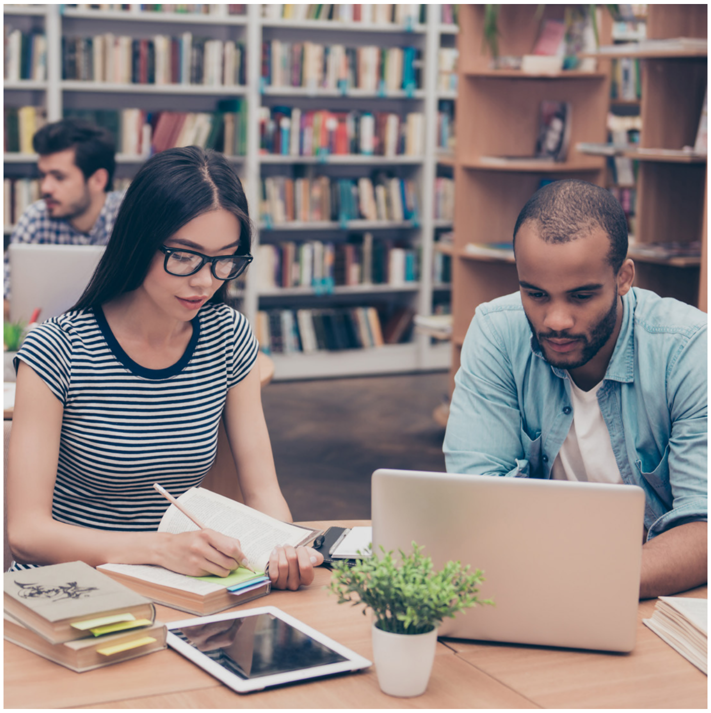
- **14.888 –** Lead-Based Paint Capital Fund Program and Housing-Related Hazards Capital Fund
- **21.023 –** Emergency Rental Assistance Program (ERA)
- **21.026 –** Homeowner Assistance Fund Program
- **21.029 –** Coronavirus Capital Projects Fund
- **32.009 –** Emergency Connectivity Fund Program

- **59.075 –** Shuttered Venue Operators Grant (SVOG)
- **93.671 –** Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services

Many programs were updated as a result of COVID-19 funding and to reflect provisions from the American Rescue Plan (ARP) Act. Some of the larger programs and their key changes are summarized below.

Education Stabilization Fund (ESF): ESF has again been designated as higher risk and continues to be broken down into two sections that cover the various ESF subprograms. Regulatory changes and other updates have been made throughout the ESF section. Section 2 of ESF has identified the Cash Management type of compliance requirement as subject to audit for the first time. The following new programs were added or moved to the ESF program section noted below:

- Section 1 added the American Rescue Plan – Emergency Assistance Non-Public Schools (ARP EANS) Program (84.425V).
- Section 2 added The Higher Education Emergency Relief Fund (HEERF) Supplemental Support Under American Rescue Plan (SSARP) Program (84.425T).
- The Institutional Resilience and Expanded Postsecondary Opportunity (HEERF IREPO) (84.425P) was moved to Section 2. In the prior year it was not included in the listing of programs in either Sections 1 or 2.



Coronavirus State and Local Fiscal Recovery Funds (CSLFRF): This program is identified as a higher risk program and updates were made to revise the section for the CSLFRF Final Rule. There were several updates, including the changes announced in the recent Technical Update to the 2021 Supplement which introduced an alternative compliance examination engagement for certain recipients. (See the "Other Items to Note" section for more details.)

The changes to the 2022 Supplement are significant due to the continued impact of federal funding in response to COVID-19.

SVOG: As noted previously, the 2022 Supplement includes this program in Part 4 for the first time. Part 4 states that it is to be used for audits of non-federal entities with SVOG funding.

However, the Small Business Administration (SBA) has stated that it will soon be issuing separate audit requirements and guidance for audits of for-profit entities with SVOG funding. Once issued, this guidance will be posted upon completion on the SBA website.

Provider Relief Fund: The formal title of this program was revised to "Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution" but is still referred to as PRF. PRF continues to be identified as a higher risk program. It also adds information and requirements for funding provided to this program from the American Rescue Plan (ARP) Act. The "Other Information" section of the program removes the previous Special Tests and Provisions compliance requirement. This section clarifies the amount of PRF expenditures and lost revenue to be reported on the schedule of expenditures of federal awards (SEFA) and the timing of when such expenditures and lost revenue are to be reported for Period 5 PRF payments.

Part 5, Cluster of Programs

Student Financial Assistance: This program has several changes, clarifications and updates for 2022 to reflect regulatory changes and other updates. These changes relate primarily to various Special Tests and Provisions such as Disbursements to or on Behalf of Students, Return of Title IV Funds, Enrollment Reporting, Program Eligibility and Distance Education.

Other Clusters: There were several changes made to the "Other Clusters" listing, including the following:

- The Child Nutrition Cluster was updated to include the Fresh Fruit and Vegetable Program (FFVP) (10.582) and removed the Child Nutrition Discretionary Grants Limited Availability program (10.579)
- Local Veterans' Employment Representative (LVER) Program (17.804) was removed from the Employment Service Cluster
- Highway Safety Cluster was modified to remove the following programs: 20.601, 20.602, 20.609, 20.610, 20.612 and 20.613

Appendix IV, Internal Reference Tables

This section of the 2022 Supplement that identifies the higher risk programs has been updated to include a complete list of programs with the higher risk designation. The list includes all programs identified in the 2021 Supplement as higher risk **except** for the Coronavirus Relief Fund program which has been removed from the list. OMB lists the specific ARP programs that are higher risk in this Appendix.

The designation of these programs as "higher risk" in the Supplement may result in additional programs being identified as major programs by your auditors in the single audit. Auditees should be aware of this effect and be prepared for this reality. This will mean that additional documentation and support may be required by the auditee.

See excerpt from Appendix IV of higher risk programs below.

AGENCY	ASSISTANCE LISTING NUMBER (FORMERLY CFDA)	TITLE
Education*	84.425	Education Stabilization Fund
FCC*	32.009	Emergency Connectivity Fund Program
HHS*	93.461	Testing for the Uninsured
HHS*	93.498	Provider Relief Fund
HHS*	93.778/93.777/93.775	Medicaid Cluster
Transportation**	20.106	Airport Improvement Program
Transportation**	20.500/20.507/20.525/20.526	Federal Transit Cluster
Transportation**	20.315	National Railroad Passenger Corporation
Treasury*	21.023	Emergency Rental Assistance
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds

Note:

*These programs were created by one of the laws cited at the beginning of this section of the Supplement and are thus considered 100% COVID-19 funding.

**These programs were existing programs that received additional funding from one of more of the laws cited at the beginning of this section of the Supplement.

Appendix V, List of Changes for the 2022 Supplement

All those with federal funding should read this section. Appendix V lists the changes to the programs that were made in the Supplement.

Appendix VII, Other Audit Advisories

All those with federal funding should read this section. A majority of the content in this Appendix is the same or very similar to the prior year. The areas that changed include the following:

Alternative Compliance Examination Engagement for Eligible CSLFRF Recipients: The Appendix emphasizes that the use of an alternative compliance examination in accordance with Government Auditing Standards (and the AICPA attestation standards) is authorized for certain eligible CSLFRF recipients in addition to general options of single audit or program-specific audit.

Federal Audit Clearinghouse Transition from Census to the General Services Administration: The Appendix includes information on the upcoming Federal Audit Clearinghouse (FAC) transition from Census to the General Services Administration (GSA). It explains that the Census FAC will accept single audits for fiscal years 2021 and earlier and that GSA will begin accepting submissions for single audits with a fiscal period ending in 2022 on Oct. 1, 2022. Therefore, single audits with a fiscal period ending in 2022 cannot be submitted prior to that date. If it is not possible to meet the 30-day due date due to the timing of the opening of the GSA FAC for submission, the audits will not be considered late if they are submitted within nine months after the end of the audit period. The Appendix contains an example of this scenario for additional information.

Future Addenda

The OMB has communicated that there will not be an Addendum to the 2022 Supplement. Instead, OMB has noted that any new programs that are established as a result of the Infrastructure Investment and Jobs Act will be included in the 2023 Supplement.

• • • •

GASB Statement No. 99, Omnibus 2022

By Sam Thompson

On May 9, 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement (GASBS) No. 99, Omnibus 2022 (GASBS 99). The statement addresses a variety of practice issues identified during the implementation and application of certain GASB statements and accounting and financial reporting for financial guarantees. The effective dates of the statement vary by topic, with certain requirements effective upon issuance, and other requirements effective for either fiscal years beginning after June 15, 2022 or June 15, 2023.

Background

The GASB will periodically issue omnibus statements to address specific issues or technical inconsistencies in existing standards that individually are not of the magnitude warranting a separate standard. The origins of GASBS 99 trace back to the June 2020 Governmental Accounting Standards Advisory Council (GASAC) meeting, where members of the GASAC provided feedback concerning certain practice issues identified during implementation and application of GASB statements and through technical inquiries from stakeholders. The GASB added this project to its technical agenda in August 2020. A final draft of the statement was approved during the April 2022 board meeting.

This article presents a summary of the technical updates included in GASBS 99, organized by practice issue.

Key Issues Addressed

Accounting and Financial Reporting for Exchange and Exchange-Like Financial Guarantees

A government that has extended an exchange or exchange-like financial guarantee should recognize a related liability and an expense or expenditure under the provisions of paragraphs 7-10 and 13 of GASBS 70, except for the requirements of paragraphs 9 and 10 of GASBS 70 to classify expenses or expenditures in the same manner as grants or financial assistance payments. A government that has extended an exchange or exchange-like financial guarantee should recognize a liability and an expense or expenditure if certain qualitative factors and historical data indicate that it is more likely than not that a government will be required to make a payment related to the financial guarantee. Quantitative factors to assess include, but are not limited to, the initiation of the process of entering into bankruptcy or financial reorganization, breach of debt covenants or indicators of significant financial difficulty. A government should apply the provisions of paragraphs 14 and 15 of GASBS 70 and disclose in the notes to the financial statements a description of the financial guarantee and the total amount of all guarantees extended outstanding at the reporting date. For exchange and exchange-like financial guarantees, as well as nonexchange financial guarantees, if the cumulative amount disclosed as paid related to the guarantee does not equal the total amounts actually paid because the cumulative amount was determined prospectively at the transition, the government should disclose the dates over which the cumulative amount was determined.

Financial guarantees related to special assessment debt, financial guarantee contracts within the scope of GASBS 53, and guarantees related to conduit debt obligations within the scope of GASBS 91 are excluded from the provisions of GASBS 99.

Other Derivative Instruments

Derivative instruments within the scope of GASBS 53 but not meeting the definition of an investment derivative instrument or hedging derivative instrument are considered other derivative instruments. Changes in fair value of other derivative instruments should be reported on the resource flows statement separate from the investment revenue classification. The notes to the financial statements should distinguish information about other derivatives from hedging and investment instrument derivatives. Governments should disclose the fair value of derivative instruments reclassified from hedging derivative instruments to other derivative instruments.

In the event of a termination event as described in paragraphs 22a-22d of GASBS 53, as amended, occurs (e.g., the hedging derivative instrument is no longer effective; the likelihood that a hedged expected transaction will occur is no longer probable) the balance of deferred outflows of resources or deferred inflows of resources should be reported on the resource flows statement separately from investment revenue and disclosed as either an increase or decrease upon hedge termination.

If the new maximum possible term exceeds 12 months, the lease should be reclassified, and the lease term should be assessed beginning at the date of modification when measuring the lease receivable or liability.

Leases

A provision to terminate a lease contingent upon certain circumstances or certain events should not be considered an option to terminate the lease for purposes of determining the lease term.

If an option to purchase the underlying asset is available to the lessee in a contract that otherwise does not transfer ownership, the lease term should exclude any period after the date at which the option is reasonably certain to be exercised.

Cancellable periods include periods when both the lessor and lessee can terminate the lease unilaterally (or if both parties have to agree to extend). Such periods should be excluded from the maximum possible lease term. A lease previously considered short-term but modified to extend the initial maximum possible term should be reassessed from the inception of the lease. If the new maximum possible term exceeds 12 months, the lease should be reclassified, and the lease term should be assessed beginning at the date of modification when measuring the lease receivable or liability.

Variable payments should be included in the measurement of the liability or receivable; all other variable payments should be excluded. A lease liability or receivable should not be remeasured solely for a change in an index rate used to determine variable payments. The discount rate should not be reassessed solely for a change in the lessee's incremental borrowing rate.

A lease incentive is equivalent to a rebate or discount and includes an assumption of, or an agreement to pay, a lessee's preexisting lease obligations to a third party, other reimbursements of lessee costs, rent holidays and reductions of interest or principal charges by the lessor.

Public-Private or Public-Public Partnerships (PPPs)

An option to terminate is an unconditional right. A provision allowing the right to terminate the PPP only in certain circumstances or upon certain events should not be considered an option to terminate the PPP for purposes of determining the PPP term.

A change to the index or rate used to determine variable payments does not trigger remeasurement of an installment payment receivable or liability. A change in an operator's incremental borrowing rate should not trigger a reassessment of the discount rate. A receivable of the underlying PPP asset should only be remeasured if the change in the PPP term is expected to significantly affect the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer of ownership.

Subscription-Based Information Technology Arrangements (SBITAs)

A provision giving a party to the SBITA the right to terminate the SBITA contract that is contingent upon certain circumstances or certain events should not be considered an option to terminate the SBITA for purposes of determining the SBITA term.

A SBITA previously determined to be short term but modified to extend the initial maximum possible term under the SBITA contract should be reassessed from the inception of the SBITA. If the new maximum possible term exceeds 12 months, the SBITA is no longer a short-term SBITA. A SBITA reclassed from short- to long-term should be assessed at the beginning date of the modification when measuring the subscription liability. A subscription liability should not be remeasured solely for a change in an index rate used to determine variable payments. The discount rate should not be reassessed solely for a change in a government's incremental borrowing rate.

As a result of global reference rate reform, governments are expected to amend or replace financial instruments using LIBOR with other reference rates.

LIBOR

As a result of global reference rate reform, governments are expected to amend or replace financial instruments using LIBOR with other reference rates. LIBOR is no longer appropriate to be used as the benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt when LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of Dec. 31, 2021.

Supplemental Nutrition Assistance Program (SNAP) Distributions

State governments should recognize distributions of benefits from SNAP by applying the provisions of GASBS 33 (i.e., as government-mandated or voluntary nonexchange transactions), as amended.

Disclosures of Nonmonetary Transactions

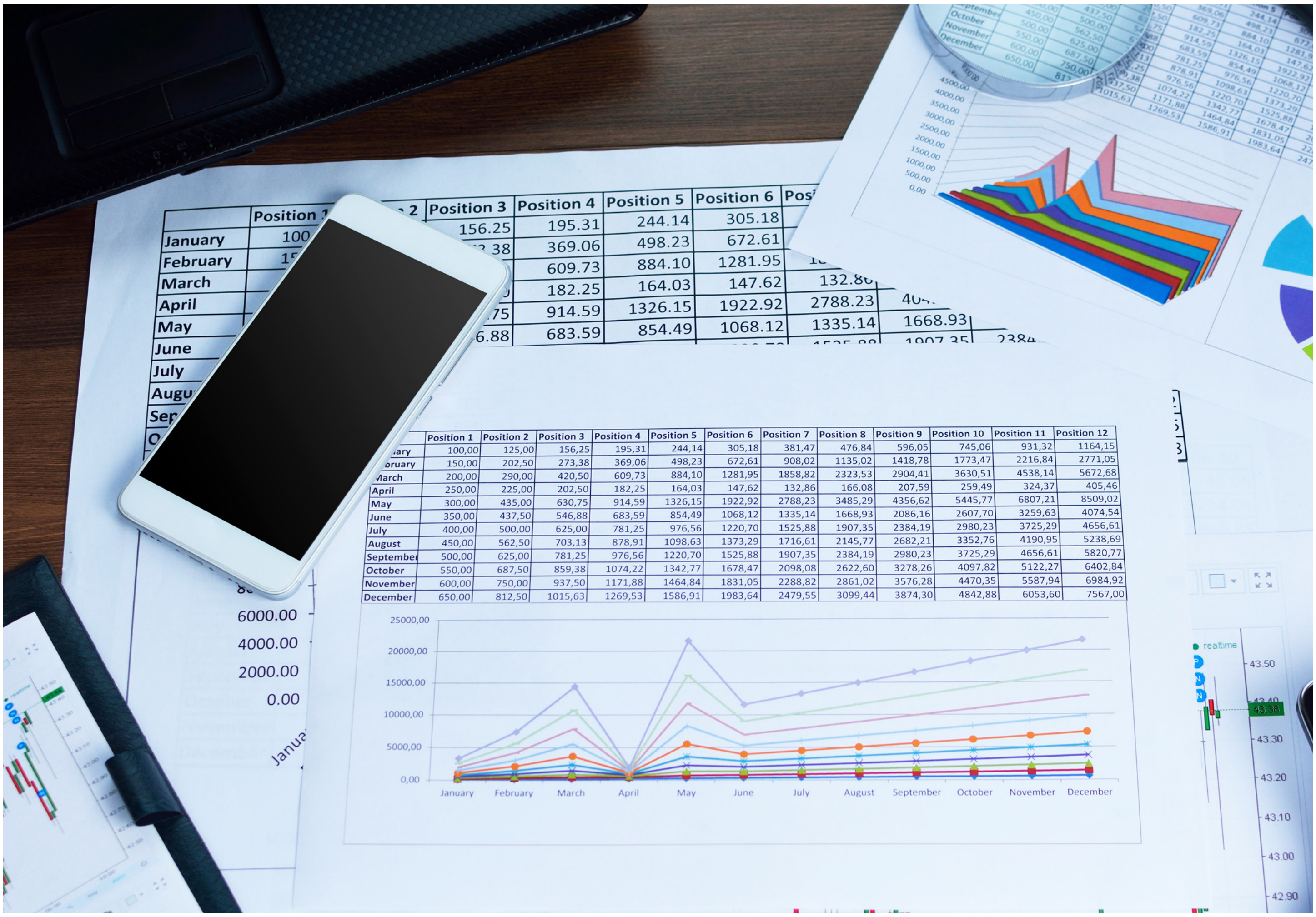
A government that engages in one or more nonmonetary transactions during a period should disclose the measurement attribute(s) applied to the assets transferred, rather than the basis of accounting for those assets, in the notes to the financial statements.

Pledges of Future Revenue

When blending the financial statements of a debt-issuing component unit into the financial statements of the primary government, a primary government pledging revenue related to the debt of a debt-issuing component unit should reclassify an amount due to the component unit as an interfund payable and transfer out simultaneously with the recognition of the revenues that are pledged. The debt-issuing component unit will concurrently recognize an interfund receivable and transfer in.

Focus of the Government-Wide Financial Statements

The phrase "the reporting government as a whole" found in paragraphs 6 and 13 of GASBS 34 is replaced with "the overall reporting government" to avoid confusion about the reporting of a total column for the financial reporting entity in the financial statements and to clarify that the requirements apply regardless of whether a total column is presented.



Terminology Updates

Various pronouncements were updated for terminology changes related to GASBS 63. Most changes involve the replacement of the term "balance sheet" with "statement of net position" and "balance sheet date" with "date of the financial statements."

EFFECTIVE DATES

As noted previously, the effective dates of this Statement fall into three categories: effective upon issuance; effective for fiscal years beginning after June 15, 2022; effective for fiscal years beginning after June 15, 2023. Earlier application is encouraged and is permitted by individual topic to the extent that all requirements of an individual topic are implemented simultaneously.

The following is a summary of effective dates by topic:

Effective upon issuance:

The requirements related to LIBOR, SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenue, focus of the government-wide financial statements and terminology updates.

Effective for fiscal years beginning after June 15, 2022:

The requirements related to leases, PPPs, and SBITAs.

Effective for fiscal years beginning after June 15, 2023:

The requirements related to financial guarantees and other derivative instruments.

• • • •

Executive Compensation Excise Tax: Challenges and Strategies

By Norma Sharara and Mike Conover

Insight: As a result of the final regulations, some employers may be able to request refunds for overpaid taxes in past years using the relief provided. The publication of final regulations limits interpretive flexibility. Therefore beginning in 2022, increased consideration should be given to these requirements as the IRS began 4960 compliance checks during 2021 that will continue in 2022. Failure to respond to a compliance check may be referred to examination.

Section 4960 of the Internal Revenue Code (IRC) imposes a 21% excise tax on remuneration in excess of $1 million and any excess parachute payment paid by an applicable tax-exempt organization (ATEO) or its affiliates to any covered employee. On Jan. 19, 2021, the IRS released final regulations that affect ATEOs and related entities. While the 2021 final regulations generally follow the proposed regulations released on June 11, 2020, the final regulations include several important changes. Of particular significance, the final regulations expand the exceptions where employees of a for-profit entity related to an ATEO will not be treated as covered employees. Although the final regulations are effective for taxable years beginning after Dec. 31, 2021, taxpayers can apply them retroactively to 2018, when Section 4960 first became effective.

Insight

Entities that can claim tax-exempt status under the doctrine of implied sovereign immunity may be subject to Section 4960 if they also obtained tax-exempt status under Section 501. These entities may choose to give up their Section 501 tax-exempt status in order to avoid ATEO status.

Of particular significance, the final regulations expand the exceptions where employees of a for-profit entity related to an ATEO will not be treated as covered employees.

Key Concepts

Who is subject to 4960? An ATEO that is subject to 4960 is any organization that:

- Is exempt from taxation under Section 501(a);
- Is a farmers' cooperative organization described in Section 521(b)(1);
- Has income excluded from taxation under Section 115(1); or
- Is a political organization described in Section 527(e)(1).

Entities related to the ATEO could also be subject to 4960, even if the affiliate is not a tax-exempt organization. An ATEO's related organizations are generally any person or governmental entity that:

- Controls, or is controlled by, the ATEO;
- Is controlled by one or more persons who control the ATEO;
- Is a supported organization of the ATEO, as defined in Section 509(f)(3); or
- Is a supporting organization described in Section 509(a)(3) with respect to the ATEO.

Section 4960 is sometimes referred to as the "Nick Saban rule," which is ironic because 4960 does not apply to the famed University of Alabama football coach or to many other highly paid state college employees. Some state colleges are not applying 4960 because they do not derive tax exemption for any reason enumerated above. While the IRC does not explicitly exempt states and instrumentalities from federal income tax, the IRS views them as exempt from federal tax because nothing in the IRC taxes them. Therefore, the doctrine of "implied sovereign immunity" is applied.

The exclusion of state colleges and universities from the 4960 definition based on the doctrine of implied sovereign immunity appears to have been a drafting error in the Tax Cuts and Jobs Act of 2017. In the preamble to the final regulations the IRS confirms the statutory disparity, resulting in inequity between public and private collegiate athletic departments.[2] Congress appears frustrated with that result and may revisit the definition. For example, in January 2022, the House Ways and Means Subcommittee on Oversight demanded answers to a long list of questions aimed at discerning how large compensation packages for athletic coaches further the public university's educational mission.

What is the 4960 excise tax rate?

The 21% excise tax rate for 4960 is based on the current federal corporate income tax rate set forth in IRC Section 11.[3] Therefore, if the federal corporate income tax rate goes up or down, the 4960 excise tax rate will automatically adjust to that new rate.

Insight

Watch for changes to the 4960 excise tax rate based on potential increases in the federal corporate income tax rate, as Congress and the Biden Administration consider scaled back "Build Back Better" legislation that would possibly include tax increases as revenue raisers.

What are Excess Parachute Payments?

To have a 4960 "excess parachute payment," there must first be a "parachute payment."[4] Parachute payments are payments in the nature of compensation[5] that are contingent on an "involuntary termination of employment" that equals or exceeds three times the employee's "base amount" (i.e., the employee's five-year annual average compensation, including pay for services performed for a predecessor or related organization).[6] Parachute payments exclude amounts paid from tax-qualified retirement plans, payments for medical services, and "substantially certain" amounts that would have been paid even without the involuntary termination of employment. Parachute payments include payments for a release of claims, damages for employment agreement breaches, window program payments, payments for noncompete or similar agreements, and the value of accelerated vesting of benefits.[7]

A termination of employment is involuntary for the 4960 excess parachute payment rules if the termination is due to "the independent exercise of the employer's unilateral authority to terminate the employee's services" if the employee was willing and able to continue the services and did not request termination.[8] Also, for the 4960 rules, a more than 80% reduction in services is considered a termination of employment, but a less than 50% reduction in services is not considered a termination of employment. Whether a reduction of services between 50% and 80% would be a termination of employment for 4960 purposes depends on the specific facts and circumstances.

Once there is a parachute payment, Section 4960 imposes excise tax on "excess parachute payments." Excess parachute payments are parachute payments that exceed one times the base amount.[9] If there is a 4960 parachute payment, the 4960 excise tax applies to any "excess" parachute payment.

Insight

Keep in mind that the 4960 excise tax on excess parachute payments is relevant only where the fair market value of all payments contingent on an involuntary separation (as specifically defined in the 4960 final regulations) equals or exceeds three times the base amount. Then, if the tax applies, it applies only to "excess" amounts – i.e., amounts that exceed one times the base amount.

What is remuneration? - "Remuneration"[10] for 4960 purposes means Section 3401(a) wages (i.e., Box 1 of W-2), but:

- Excluding designated Roth contributions to a tax-qualified retirement plan or individual retirement account and amounts paid for performing medical services (which include deferred compensation attributed to performing medical services)
- Including taxable fringe benefits and amounts required to be included in income under Section 457(f) — i.e., when vested — even if the vested amount is not paid until later.

Insight

For purposes of Section 4960, annual earnings on previously vested Section 457(f) amounts are included in remuneration, even though such earnings are not reported on Form 990 Schedule J until paid. See Treas. Reg. §53.4960-2(d). This is a disconnect between Form 990 reporting and the 4960 excise tax calculation that could be a trap for the unwary.

Who are covered employees?

For 4960, "covered employee" means an employee (including any former employee) of an ATEO if the employee is one of the five highest compensated employees (HCEs) for the taxable year or was a covered employee of the organization (or a predecessor) for any preceding taxable year beginning after Dec. 31, 2016.[11] Thus, even though Section 4960 first became effective for taxable years beginning on or after Jan. 1, 2018, ATEOs and related entities must look back to the 2017 taxable year to determine who is a 4960 covered employee for 2017, and apply the covered employee rules to those individuals for 2018 and beyond. ATEOs and related entities should make a new, cumulative covered employee list every taxable year. Once an employee is covered, the individual retains that status indefinitely, even after termination of employment or death (i.e., a cumulative covered employee list is needed). So, over time, it is likely that ATEOs and related entities will have a covered employee list that exceeds five individuals. ATEOs and related entities that do not have a 4960 liability for a taxable year would still need to make a list of covered employees each year. A separate covered employee list is required for each ATEO and for each related entity. In other words, the ATEO cannot maintain a single covered employee list for itself and all of its related entities.

Section 4960 excise taxes are not just for employers who pay over $1 million.

ATEOs of all sizes (and their related entities) may owe a 4960 excise tax if (i) they paid any employee $125,000 or more on or after Jan. 1, 2018 (or $125,000 for 2019; $130,000 for 2020 and 2021; $135,000 for 2022) (i.e., HCEs)[12] **and** (ii) the HCE is paid an amount equal to or exceeding three times the HCE's five-year average annual compensation from the ATEO, any predecessor or related organization due to HCE's involuntary termination of employment. So even if the ATEO **never** pays any employee more than $1 million, it could still owe the tax on excess parachute payments. Keep in mind, however, that death, disability, retirement, or a voluntary resignation (other than for "good reason" which is treated as an involuntary termination) do not trigger excess parachute payment excise tax under Section 4960.

Keep in mind, however, that death, disability, retirement, or a voluntary resignation (other than for "good reason" which is treated as an involuntary termination) do not trigger excess parachute payment excise tax under Section 4960.

Who owes the 4960 excise tax?

The common law employer of the employee (not the employee) must pay the tax.[13] For-profit employers related to the ATEO could also owe their share of the tax. A 100% penalty for failure to pay the excise tax could apply unless the failure was due to reasonable cause.

What does "taxable year" mean for determining 4960 excise tax liability?

Remuneration is determined for 4960 purposes based on the calendar year beginning with or within the employer's fiscal year.[14] This is the same way compensation is determined for annual Form 990 reporting. Note that "taxable year" **does not** mean the employer's fiscal year.

How to report and pay the tax?

The employer must timely file IRS Form 4720 to report and pay the excise tax.[15] Form 4720 is due by the 15th day of the fifth month after an employer's taxable year end (i.e., May 15 for calendar year employers). For-profit related entities file their own Form 4720. The IRS has rejected joint filings of a single Form 4720 for a related group. Although estimated tax payments are not required for 4960 excise tax, employers can elect to prepay the tax.[16]

Key Points in the Final Regulations

No grandfathering.

In the preamble to the final regulations, the IRS rejected comments asking for a grandfather rule that would exempt agreements entered into before Dec. 31, 2017 from the 4960 excise tax. The IRS noted that the statute did not give the IRS authority to adopt a grandfather rule and does not include such relief. The final regulations clarify that the excise tax applies to remuneration paid or vested during taxable years after Dec. 31, 2017. So, generally, 4960 does not apply to amounts that vested before 2018, but does apply to earnings on those vested amounts that accrue or vest in 2018 or later.[17]

Aggregated compensation. Covered employees may receive compensation from multiple entities of the ATEO or related organizations. The final regulations clarify that all compensation received by a covered employee must be aggregated.[18]

Special timing rule for remuneration.

Under the final regulations, any deferred compensation must be included in a covered employee's remuneration calculation for the taxable year that it becomes vested, rather than the taxable year in which it is paid (i.e., there is no short-term deferral rule).[19]

Pay for medical services excluded from remuneration.

Payments for medical and veterinary services are disregarded when determining an ATEO's covered employees. But the final regulations clarify that amounts paid for administrative services provided by medical and veterinary employees is included in the remuneration calculation.[20]

Covered employee rules.

Once an ATEO employee (or employee of an entity related to the ATEO) has been designated as a covered employee, that designation remains indefinitely. The individual is still considered a covered employee after retirement and after death (for payments to beneficiaries). Thus, any deferred compensation that would be paid to the covered employee after retirement would be subject to the $1 million cap, including compensation paid by a related organization.[21]

The final regulations also confirm that the ATEO and each related entity must have its own list of covered employees. In other words, there cannot be one aggregated list of covered employees for the entire related group of employers. Further, an employee can be a covered employee of more than one ATEO in a related group of organizations for a tax year.

When determining covered employees, the final regulations confirm that remuneration paid by the ATEO is aggregated with remuneration paid by any related organization during the ATEO's applicable year, including remuneration that a related organization or governmental entity pays for services that someone performs as an employee of the related organization.

Exceptions to covered employee rules.

Three exceptions allow taxpayers to exclude certain remuneration paid by an ATEO's related organizations if certain conditions are met, including the employee not receiving remuneration for services rendered to the ATEO itself. This often comes up where a for-profit company creates a tax-exempt foundation, and executives of the for-profit company perform services for the foundation on a volunteer basis.

The final regulations adopt without change the limited hours and limited services exceptions and make two taxpayer favorable changes to the nonexempt funds exception.

- **Limited hours exception -** An employee's time working at an ATEO during the applicable year must be less than 10% of the total time the employee worked for any related organizations during the same time period. The final regulations include a safe harbor for employees who work no more than 100 hours for the ATEO and all related entities during the applicable year.[22]
- **Limited services exception -** An ATEO can pay remuneration to the employee, but it must be less than 10% of the employee's total remuneration for services performed as an employee of members of the ATEO group during the applicable year.[23]
- **Nonexempt funds exception -** Individuals may be disregarded if they have not received remuneration (or any legally binding right to nonvested remuneration) from the ATEO, any related ATEOs, or any taxable related organizations controlled by the ATEO and/or related ATEOs for services provided to the ATEO; and did not perform services for the ATEO and related ATEOs in excess of 50% of the individual's total hours worked for the ATEO and all of its related organizations. This exception also requires that any related organization that paid remuneration to the individual must not have provided services for a fee to the ATEO, to any related ATEOs or to any taxable related organizations controlled by the ATEO and/or related ATEOs.[24]
    - The measurement period for the 50%-of-total-hours test is two years instead of one year (i.e., the current year and the preceding year are a single measurement period). This allows flexibility for employees who rotate to an ATEO for more than six months or unexpectedly provide services for more than six months.
    - In determining whether a taxable related organization is "controlled" by the ATEO for purposes of this exception, ATEOs may disregard "downward attribution" in applying IRC Section 318(a)(3) to corporations and other entities and in applying Section 318 principles to nonstock organizations. This modification is only for the nonexempt funds exception and not for determining whether an organization is related generally.[25]

The final regulations do not prescribe how to determine present value, other than saying that present value is determined using reasonable actuarial assumptions about the amount, time and probability that the payment will be made. The final regulations say that rules for determining 4960 present values will likely be issued when final Section 457(f) regulations are issued. Until further guidance is issued, 4960 present values can be calculated using proposed Treas. Reg. § 1.457-12(c).

Determining Present Value.

The final regulations retain the concept that the amount included as 4960 remuneration is the present value of the remuneration on the date the amount vests.[25] The final regulations do not prescribe how to determine present value, other than saying that present value is determined using reasonable actuarial assumptions about the amount, time and probability that the payment will be made. The final regulations say that rules for determining 4960 present values will likely be issued when final Section 457(f) regulations are issued. Until further guidance is issued, 4960 present values can be calculated using proposed Treas. Reg. § 1.457-12(c).

Also, to reduce administrative burdens of determining present values that would involve minimal discounting, the final regulations continue to allow employers to treat the entire amount to be paid on a future date as the present value on the vesting date (i.e., without making a present value calculation). The proposed regulations limited this special rule to non-account balance plans, but the final regulations expand it to apply to any vested amount scheduled to be paid within 90 days, including amounts under account balance plans.

Split-dollar Life Insurance Arrangements.

The preamble to the final regulations cautions ATEOs, especially private foundations and 509(a)(3) entities, from entering into split-dollar life insurance arrangements with covered employees since this "may constitute an act of self-dealing under Section 4941 or an excess benefit transaction under Section 4958(c)(3)."[26]

To minimize the impact of Section 4960, many large health systems, educational institutions and other tax-exempt organizations have turned to collateral assignment split-dollar life insurance arrangements. The IRS statement seems to say that a parent organization that employs key executives (i.e., that is a supporting organization) may be prohibited from entering into split-dollar arrangements, since (in the IRS' view), doing so may result in an immediate excess benefit transaction. Any supporting organizations under Section 509(a)(3) that are considering split-dollar arrangements or that entered into split-dollar arrangements after Jan. 19, 2021 (when the final regulations were issued) may want to discuss this issue with legal counsel.

Below-Market Employer Loans.

The final regulations also provide that 4960 remuneration includes amounts treated as compensation under Section 7872 (for example, amounts includible as compensation under a below-market split-dollar loan).[27] This clarification was needed because 4960 remuneration is generally defined as Section 3401(a) wages for federal income tax withholding purposes, but Section 7872(f)(9) excludes such compensation from federal income tax withholding. The IRS takes the position that such compensation is 4960 remuneration because it falls within the broad definition of 3401(a) wages and is not excluded under that section. The final regulations clarify that 4960 remuneration does not include amounts that are not treated as compensation under Section 7872(c)(3), which excludes from compensation forgone interest attributable to any day on which the aggregate outstanding amount of loans between the employee and the employer does not exceed $10,000.

Federal Instrumentalities are not Subject to the Tax.

The final regulations say that until further guidance is provided, a federal instrumentality for which an enabling act provides for exemption from all current and future federal taxes under Section 501(c)(1)(A)(i) may treat itself as not subject to Section 4960 as an ATEO or related organization.[28] But, if the federal instrumentality is a related organization of an ATEO, remuneration it pays must be taken into account by that ATEO.

Coordinating 4960 with 162(m).

IRC Section 162(m) disallows deductions for public company annual compensation over $1 million for certain "covered employees" as defined under that section. Taxpayers may use a reasonable, good faith approach with respect to the coordination of Sections 4960 and 162(m) where it is not known whether a deduction will be disallowed under 162(m) by the due date (including any extension) of the relevant Form 4720. Taxpayers can also rely on the two proposed approaches described in the preamble to the proposed regulations.[29]

Exclusion of Certain Foreign Organizations.

The final regulations exclude from 4960 any foreign organization that is both described in Section 4948(b) and is either (i) exempt from tax under Section 501(a) or (ii) a taxable private foundation ("4948(b) related organization").[30] Section 4948(b) generally applies to foreign organizations that receive substantially all of their support (other than gross investment income) from sources outside the United States (determined at the end of the organization's tax year).

Nevertheless, any remuneration paid to a covered employee of an ATEO by a 4948(b) related organization must be taken into account by the ATEO (and any related organizations subject to 4960) for purposes of determining an ATEO's (and related organizations') 4960 liability and the ATEO's covered employees.

Mitigation and Planning Strategies

Executive Compensation in Excess of $1 Million – Who are they?

The taxpayers most likely to be impacted are large and complex organizations, with positions such as senior executives in health systems/hospitals, leadership positions in higher education (including, e.g., private university athletic coaches), senior executives in large professional and industry trade associations, as well as those in large philanthropic/charitable foundations. The size of this group is very small in relation to the large numbers of leadership positions in tax-exempt organizations making less than $1 million, but these highly paid positions draw a great deal of attention from the public.

Highly paid executives in the publicly traded, for-profit world are regularly targets for outcries over excessive compensation. But pay for any non-profit executive at or above $1 million is simply unimaginable for most of the public. These people are assumed to not warrant this type of compensation in the "charitable" sphere. The highly paid are regularly highlighted in the media in annual listings of local executives, or the compensation of executives which finds its way into reporting on some controversy involving the organization.

Yet, the market for executive talent is blind to the tax status of the organization. The talent demands on executives in a large health system or sprawling higher education institution are no less rigorous than those facing executives in the for-profit sector. Competitive market forces exercise great influence on the price of executive talent.

Executive Compensation in Excess of $1 Million – What can be done?

Where executive compensation is projected to be $1 million or more, there are a few planning ideas:

- **Make the entire payment and pay the excise tax on the excess over $1 million -** Some organizations are doing this based on contractual commitments and/or competitive necessity.
- **Cap remuneration at $1 million per year –** In instances where remuneration is approaching $1 million, the organization can institute policies that will prevent remuneration from exceeding the $1 million threshold.
- **Shift compensation over $1 million into other compensation arrangements –** If a $1 million cap on remuneration is not possible, then avoid or minimize the excise tax by spreading the excess compensation to various tax years. This can be accomplished by:
  - Using a Section 457(f) plan to defer amounts to a later year with lower compensation
  - Entering into a split-dollar life insurance policy between the employer and the executive. Under a collateral assignment arrangement, the executive owns the policy and the employer makes the policy premium payments as loans to the executive. These premiums are recouped when the policy benefit is paid. As policy owner, the executive can enjoy many of the attractive advantages associated with a life insurance policy (e.g., death benefit, cash value build-up and other tax-favorable benefits). However, these are complex arrangements and involve extensive administrative and reporting requirements. Experienced advisors must be consulted to properly structure these policies.

The talent demands on executives in a large health system or sprawling higher education institution are no less rigorous than those facing executives in the for-profit sector.

"Parachute" Payments to Covered Employees – Who are they?

Large payments to executives leaving organizations, especially in any involuntary situation, attract as much or more public ire as the highly paid executive, regardless of the organization's tax status. Affectionately known by some as the "golden boot," these payments are included in the 4960 excise tax.

Unlike the $1 million executives, there are numerous organizations that may encounter scenarios prone to the excise tax on a "parachute" payment. The simple fact that a much lower compensation level (i.e., the HCE amount for 2022 is $135,000) and being (or ever having been) one of the organization's five highest-paid executives – a covered employee) raises the prospect of exposure to the excise tax.

In any number of different situations, the provisions of a substantial separation-related payment(s) (e.g., significant 457(f) plan vesting, special bonus, etc.), with the intent to provide something "nice" or extra under the circumstances could produce an award that triggers the excise tax. Without careful attention to the organization's covered employee group and understanding all the elements conferred in a separation arrangement, there could be an unpleasant surprise when the excise tax is triggered.

"Parachute" Payments to Covered Employees – What can be done?

As suggested above, organizations should begin by carefully identifying and then tracking their covered employee group. Organizations must remember: Once a covered employee, always a covered employee. The next step is to carefully identify any separation-related payments for which a covered employee may be eligible. The types of payments and current levels should also be kept up to date with any changes that impact the payment amounts (e.g., salary or bonus-based separation payments).

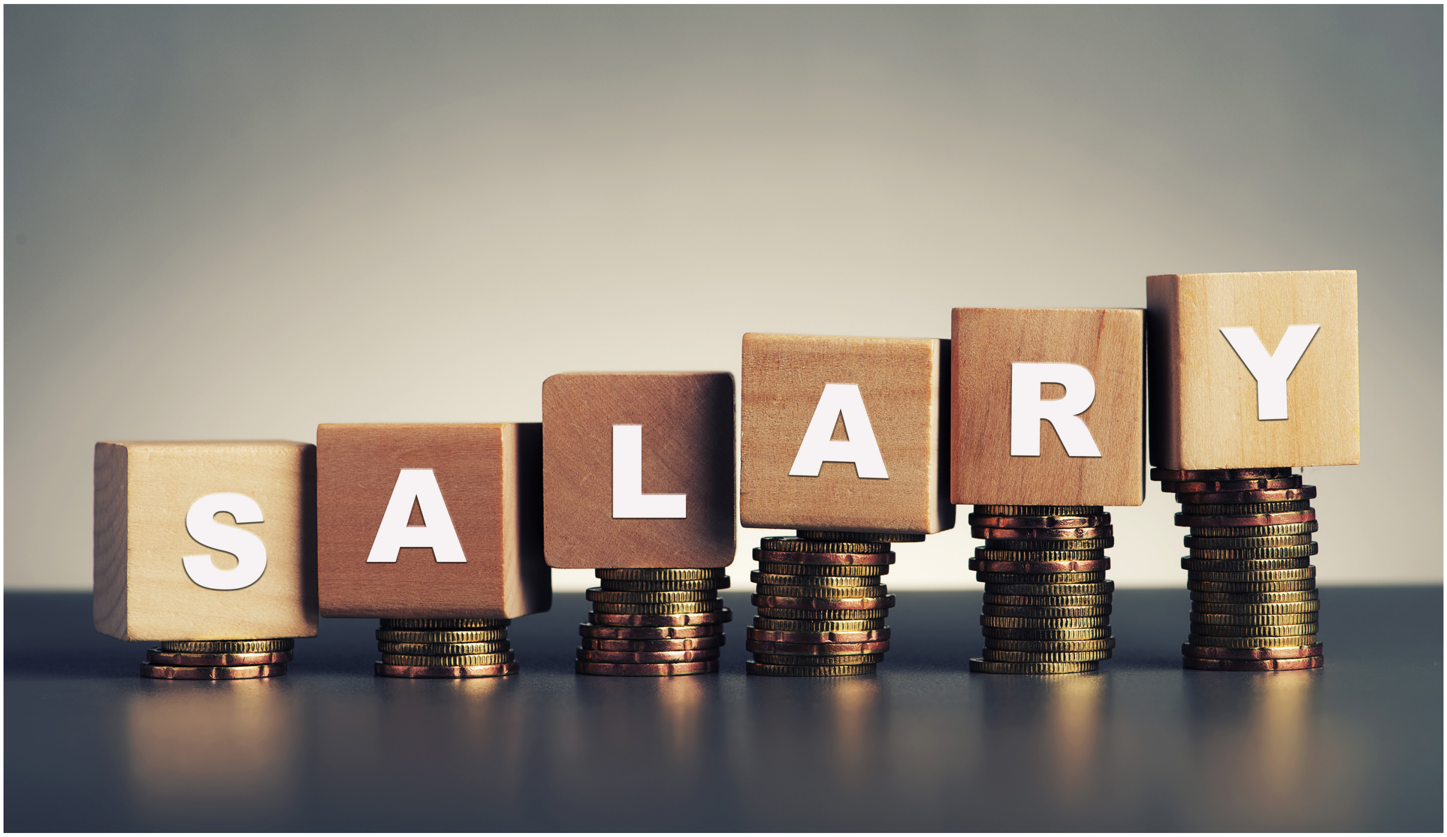
With an updated inventory of covered employees and separation-related payments, it should be very easy to determine any individual potentially representing an excise tax exposure. Review actual or projected W-2 earnings for the five years preceding the potential separation event. Compute the actual or estimated base amount (average of those five years). If the estimated total of all payments triggered by the separation from service exceeds three times the five-year average W-2 earnings, there is exposure to the excise tax. The exposure is the difference between the total payment minus one times the five-year W-2 average.

Organizations can explore strategies to lower the separation-related compensation. If possible, start the planning early as there may be an option to shift some separation-related amounts into compensation during one or more years prior to the separation event — for example, by maximizing qualified plan contributions, especially additional amounts when nearing retirement age, or increasing W-2 compensation. This could lower the separation amount and increase the five-year average base amount.

IRC Section 4960 does offer a few alternatives that can avoid or lower the organization's exposure to the 21% tax. The amount due in 4960 taxes represents funds which might otherwise be used for the organization's overall mission. Organizations must be alert to the 4960 issue and, whenever possible, plan ahead.

• • • •

[1] Regs Section 53.4960-1(i).
[2] Federal Register, Jan. 19, 2021, page 6197.
[3] IRC Section 4960(a).
[4] Regs Section 53.4960-3(a).
[5] Regs Section 53.4960-3(b).
[6] Regs Section 53.4960-3(g).
[7] Regs Section 53.4960-3(f).
[8] Regs Section 53.4960-3(d) and (e).
[9] Regs Section 53.4960-5(b)(2) and (d).
[10] Regs Section 53.4960-2(a).
[11] Regs Section 53.4960-1(d).
[12] The definition of HCE for tax-qualified retirement plans in IRC Section 414(q) is used for determining covered employees for 4960 excise taxes. The IRS adjusts HCE dollar limits annually in $5,000 increments based on cost-of-living increases.
[13] Regs Section 53.4960-4(a).
[14] Regs Section 53.4960-1(c).
[15] Regs Section 53.4960-4(a).
[16] Regs Section 53.4960-4(d)(4).
[17] Regs Section 53.4960-6(a).
[18] Regs Section 53.4960-2(b).
[19] Regs Section 53.4960-2(c).
[20] Regs Section 53.4960-2(a)(ii).
[21] Regs Section 53.4960-1(d).
[22] Regs Section 53.4960-1(d)(2)(ii).
[23] Regs Section 53.4960-1(d)(2)(iv).
[24] Regs Section 53.4960-1(d)(2)(iii).
[25] Regs Section 53.4960-3(h).
[26] Federal Register, Jan. 19, 2021, page 6205.
[27] Regs Section 53.4960-2(a).
[28] Federal Register, Jan. 19, 2021, page 6197.
[29] Federal Register, Jan. 19, 2021, page 6198.
[30] Regs. Section 53.4960-1(b)(2).



Salary Increase Budgets Jump for Nonprofits

By Judy Canavan and Mike Conover

In the face of the "Great Resignation" and rising inflation, organizations are taking a second look at the size of their salary increase budgets. For the last decade, budgets for merit increases have hovered around 3%. Now, salary increase budgets are on the rise to levels not seen in years, according to BDO's first-quarter 2022 Salary Increase Budget Pulse Survey.

The average 2022 merit budget set in Q3 2021 was estimated to be around 3%, in line with previous years.

However, as 2022 approached, the talent shortage persisted, and it became clear that salary increase budgets needed to be higher. Merit budget predictions in Q4 2021 increased to just under 4%.

At the same time, the rate of inflation was increasing to levels not seen since 1982. BDO anticipated that these two factors would continue to pressure salary increase budgets to continue rising. To confirm our hypothesis, we conducted a pulse survey to determine the current state of organizations' salary increase budgets.

We polled 440 organizations of various sizes across multiple industries, including 127 nonprofits, in January and February of this year.

The findings revealed that compensation budgets are averaging 4.4% for all survey participants and **3.8% for nonprofits**. When we focused on those companies and organizations that had recently changed their increase budgets in response to market conditions — almost half of all surveyed — the upward movement in salary budgets was even more pronounced, with compensation budgets increasing to an average 5.1% overall and **4.4% for nonprofits**.

In the face of the "Great Resignation" and rising inflation, organizations are taking a second look at the size of their salary increase budgets.

	Average Salary Increase Budget		
Cohort	**Overall**	**Organizations that Recently Increased their Budget**	**Organizations that did not Recently Increase their Budget**
Overall	4.36%	5.14%	3.63%
For Profit	4.58%	5.44%	3.76%
Nonprofit	3.81%	4.39%	3.34%

Put into historical context, the last time salary increase budgets were more than 4% was in 2001. The last time they were 5% or more was in 1991, according to the WorldatWork 2019/2020 Salary budget Survey.

For nonprofits, this may be a significant shock for their 2022 budgets, as a 4.4% budget increase represents a 47% hike compared to the previously standard 3% budget. It is likely that many organizations are not in a position to increase salary budgets to this degree.

For employees, even a 5% salary increase may feel like a loss in buying power as the Consumer Price Index (CPI) is currently standing at 8+ %. However, the impact will vary by situation: For instance, the cost of gas increased by 38% for the 12-month period ending in February, placing a significant burden on those who commute by car or need a vehicle for their job.

Put into historical context, the last time salary increase budgets were more than 4% was in 2001. The last time they were 5% or more was in 1991, according to the WorldatWork 2019/2020 Salary budget Survey.

Organizations will need to take steps to both support their employees and ensure continuity of services. Below are some ideas on how to help bolster your workforce:

- As energy prices rise, consider extra financial support for employees that need to commute by car or drive as part of their job duties. This can be delivered in the form of gas cards, parking vouchers or passes for public transportation to encourage its use. Take note of and disclose potential tax implications for both the organization and the employee.
- If increasing your budget for merit increases is not feasible at this time, consider doing a mid-year assessment to determine whether a second pay adjustment is needed and can be supported.
- This is an important time to identify personnel who are mission-critical, as well as top performers to ensure their contributions are recognized and reflected in pay levels according to the organization's pay policies and financial condition.
- While there are always exceptions, lower-wage employees are the most impacted by inflation and their salary increases typically do not result in a significant change in purchasing power. As such, focus salary increase dollars on those who are most impacted.
  - Allocating more of the budget to pay increases for lower-paid employees can do more than just promote retention, it can help differentiate your organization as one that prioritizes fair compensation practices and demonstrates that management values its employees.
- Stay focused on the mission and how to reach organizational goals despite the current challenges.

Just as the economy fluctuated beyond our expectations over the past two years, we cannot predict what will happen in the next three months, six months or a year. However, it is important to take care of employees and to do so in the most pragmatic way possible. The current environment presents an opportunity for compensation professionals to think strategically about the best approach for their organizations both now and going forward.

• • • •

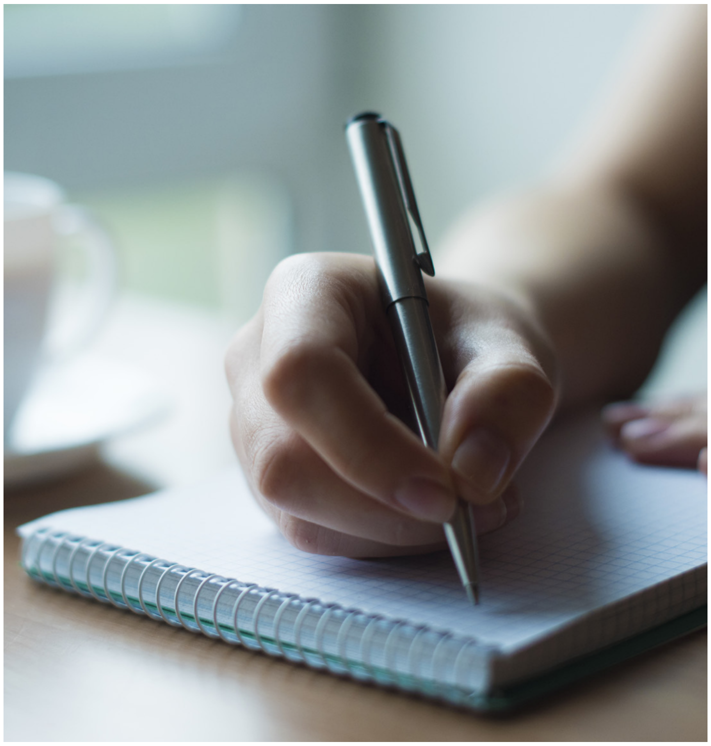
Other Items to Note

For-Profit SVOG Recipients

In February 2022, the Small Business Administration (SBA) issued updated Post-Application Guidance for Shuttered Venue Operators Grant (SVOG) applicants, as well as Post-Award Frequently Asked Questions (FAQs). The SBA also issued a new set of Post-Award FAQs, which contain answers to many common compliance-related questions for the program.

The Post-Application Guidance, among other items, states that a for-profit entity may have either a financial statement audit or a single audit or program-specific audit to meet the SBA audit requirements. The guidance also clarifies that the due date for submission of the audit reporting package is nine months from the end of the entity's fiscal year end.

The AICPA Governmental Audit Quality Center (GAQC) is continuing to work with the SBA SVOG team related to the compliance requirements related to the SVOG program for for-profit entities with SVOG funding. Once finalized, the SBA will post this guidance to the SVOG section of its website. SBA is in the process of developing a 2022 OMB Compliance Supplement section for this program. The GAQC is also involved in discussions with the SBA SVOG team on the nuances related to this program and for-profit entities.



CSLFRF Alternative Engagement for Certain Recipients

The U.S. Treasury issued $350 billion to over 30,000 recipients. Many of these recipients are small entities that were not previously required to have a single audit. A collaborative effort was undertaken between Treasury, the Office of Management and Budget (OMB) and the AICPA GAQC, and the national Association of State Auditors, Comptrollers and Treasurers to develop an alternative to a full single audit or program-specific audit under the Uniform Guidance for certain recipients that would be less burdensome but still uphold Treasury's responsibility to be good stewards of federal funds.

The result of this collaboration was the Federal Register notice and the related update of the 2021 OMB Compliance Supplement. This information is also included in the 2022 OMB Compliance Supplement in Part 4 for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) program.

The alternative engagement is a compliance examination engagement which is to be performed in accordance with the AICPA Statements on Standards for Attestation Engagements and Government Auditing Standards. The engagement will focus on two narrowly scoped compliance requirements related to Activities Allowed and Unallowed and Allowable Costs/Cost Principles.

This alternative engagement will only be available to certain eligible recipients as follows:

CSLFRF recipients that expend $750,000 or more during the recipient's fiscal year in federal awards, and who meet both criteria listed below will have the option to follow the alternative CSLFRF compliance examination engagement:

- The recipient's total CSLFRF award received directly from Treasury or received through states as a non-entitlement unit of local government is at or below $10 million; and
- Other federal award funds the recipient expended (not including its CSLFRF award funds) are less than $750,000 during the recipient's fiscal year.

For additional information regarding any article, please contact Chris Hatcher or Myron Fisher via email or at 1.866.287.9604.

OFFICE LOCATIONS

114 N. Main Cross St., Flemingsburg, KY 41041

1019 Majestic Dr., Suite 370, Lexington, KY 40513

116 Sutton St., Maysville, KY 41056

713 W. Main St., Richmond, KY 40475

10180 Linn Station Rd., Suite A200
Louisville, KY 40223