

NOT-FOR-PROFIT NEWSLETTER

WINTER, 2022



TABLE OF CONTENTS

How Will CECL Affect Your Not-for-Profit?1

Presentation and Disclosure Examples for FASB ASU on Contributed Nonfinancial Asset...4

GASB Statement No. 101, Compensated Absences.....7

New Data on Nonprofit Challenges and Opportunities: Benchmark Yourself Against Industry Peers10

Navigating FEMA’s COVID-19 Appeals Process10

Other Items To Note14

How Will CECL Affect Your Not-for-Profit?

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Subsequently, FASB has issued ASUs 2018-19, 2019-04, 2019-05, 2019-10, 2019-11, 2020-03 and 2022-02 to clarify ASU 2016-13. All components are codified in the Accounting Standards Codification (ASC) Topic 326.

It is important to note that not-for-profits (NFP) are within the scope of the ASU. Some of the more common nonprofit financial assets that will be impacted by the adoption of the ASU are: trade receivables and contract assets that result from revenue transactions or other income, loan/notes receivable, and loans to officers and employees, and financing receivables, including program-related investments.

This list is not all inclusive and entities are encouraged to read the ASU and look at their financial assets measured at amortized cost to assess the impact the adoption of the ASU will have on their entity.

Assets that are not covered under the ASU include: financial assets measured at fair value through net income; and promises to give (pledges receivable) of nonprofit entities. Loans and receivables between entities under common control are also scoped out of the ASU.

This ASU significantly changes the impairment model for most financial assets carried at amortized cost from an incurred loss model to an expected credit loss model that will be based on an estimate of current expected credit losses (CECL).

The incurred loss method is largely based on historical losses whereby a loss is recognized only after a loss event has occurred or is probable. In other words, we record an allowance for doubtful accounts in anticipation of future losses, based on past experience.

Under the expected credit loss model or CECL model, entities will estimate credit losses over the entire “contractual term” of the instrument from the date of initial recognition of that instrument. The initial measurement of expected credit losses, as well as any subsequent change in the estimate of expected credit losses, is recorded as a credit loss expense (or reversal) in the current period statement of activities. The objective of CECL is to provide financial statement users with an estimate of the new amount the entity expects to collect on these assets. The CECL model removes the threshold of “probable” and requires recognition of credit losses when such losses are “expected.” That is, even though a credit loss event may not have occurred yet, lifetime losses would still be recorded on Day One (i.e., origination or purchase of the asset) under CECL based on the expected future losses.

The chart below outlines the CECL model and its major premises.

The ASU does not prescribe a specific methodology for measuring the allowance for expected credit losses. For example, an entity may use discounted cash flow methods, loss-rate methods, roll-rate methods, probability-of-default methods or methods that utilize an aging schedule.

COMPONENTS OF CECL MODEL

Historical Loss Information

Segments or pools are created based on common loan characteristics. A combination of both internal and external information, including macroeconomic variables, are used to establish a relationship between historical losses and other variables.

Current Conditions

To reflect current asset-specific risk characteristics, adjustments to the historical data will need to be considered. These adjustments are usually done through a combination of both qualitative and quantitative factors.

Reasonable & Supportable Forecasts

The forecast period to project expected credit losses should be reasonable and supportable. Document the rationale and provide evidence supporting the reliability and accuracy of economic scenarios and forecasts.

Revision to History

Entities are to revert to historical loss information when unable to make reasonable and supportable forecasts. The reversion method applied must be well documented and is not a policy election.

Expected Credit Loss

The results should represent the current expected credit loss over the remaining contractual term of the financial asset or group of financial assets.

When measuring credit losses under CECL, financial assets that share similar risk characteristics, (e.g., type, size, term, geographical location, etc.) should be evaluated on a collective (pool) basis. Financial assets that do not have similar risk characteristics must be evaluated individually. The ASU provides an indicative list of risk characteristics that includes both credit and non-credit related characteristics. In practice, it is expected that some credit-related characteristic would be considered.

However, the ASU does require that an entity base its estimate on:

- Available and relevant internal and/or external information about past events, e.g., historical loss experience with similar assets
- Current conditions
- Reasonable and supportable forecasts that affect the expected collectability of the reported amount of financial assets

For periods beyond which the entity is able to make or obtain reasonable and supportable forecasts of expected credit losses, an entity should revert to historical loss information that is reflective of the contractual term of the financial asset. An entity may revert to historical loss information immediately on a straight-line basis or using another rational and systematic basis, depending on its facts and circumstances. It is important to recognize that the reversion method is not a policy election the entity may make; rather, an entity should support the reversion methodology and period it uses to develop its estimates of expected credit losses.

Management's estimate of expected credit loss is recorded as an allowance for credit losses, adjusted for management's current estimate as updated at each reporting date.

The key changes from the current incurred loss method to the new CECL model are outlined in the chart below.

	EXISTING GUIDANCE	NEW CECL MODEL
When to recognize credit losses	When probable that loss has been incurred, generally subsequent to initial recognition of the asset	When losses are expected, in almost all cases upon initial recognition of the asset
Period to consider	Not an explicit input to incurred loss model	Contractual term
Information to consider	Historical loss and current economic conditions	Historical loss, current economic conditions, reasonable and supportable forecasts about future conditions (with reversion to historical loss information for future periods beyond those that can be reasonably forecast)
Unit of account	Pooling generally not required, but permitted	Pooling required when assets share similar risk characteristics

TRADE RECEIVABLE EXAMPLE:

An example in the ASU regarding estimating the CECL reserve for trade receivables indicates that application of CECL to short-term receivables is not expected to differ significantly from current practice. However, it is key that entities consider forward-looking information and expectation of losses in developing and documenting the allowance at inception and each reporting period instead of basing the allowance only on incurred losses. Further, entities need to determine if an allowance should be recognized even for current receivables that are not yet past due.

In general, the process for estimating life-of-trade receivables credit losses using an aging schedule can be summarized as follows:

- Pool receivables with similar risk characteristics
- Consider whether historical loss rates need to be adjusted for asset-specific characteristics (e.g., differences in the portfolio mix)
- Adjust historical loss rates for current conditions and reasonable and supportable forecasts. If required (e.g., for longer duration receivables), revert to historical loss rates for future periods beyond those that can be reasonably forecast
- Apply revised loss rates to the amortized cost (i.e., trade receivable balance) to determine the CECL allowance

There is more to this ASU than it seems. Entities should take steps now to familiarize themselves with the provisions of this standard and make assessments as to whether their financial assets fall in the scope of CECL. The required assessments that need to be completed will require time and potentially the assistance of an outside party to ensure all aspects of CECL have been considered and full documentation of the expected losses for each type of financial asset are completed. In addition, the implementation of CECL will require entities to implement the proper internal controls over this process

The ASU is effective for nonprofit entities for fiscal years beginning after Dec. 15, 2022. CECL is generally effective on a modified retrospective basis. An entity must apply the amendments through a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. Of note, CECL requires judgments that are point-in-time specific (e.g., economic conditions). So an assessment of the CECL reserve should be performed as of Jan. 1 and Dec. 31, 2023 for a calendar 2023 year-end entity. There are also numerous required disclosures to enable a user of the financial statements to understand management's expected credit losses and changes in the estimate of expected credit losses that occurred during a fiscal year.

This article was excerpted from the BDO practice aid titled, "CECL for NonFinancial Institutions." The full practice aid can be accessed on www.bdo.com at [this link](#).

Written by Brad Bird and Lee Klumpp. Copyright © 2022 BDO USA, LLP. All rights reserved. www.bdo.com

Presentation and Disclosure Examples for FASB ASU on Contributed Nonfinancial Assets

In the Fall 2022 edition of the Nonprofit Standard, Matt Cromwell outlined the implementation requirements of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. As noted in the article, the ASU is effective for annual reporting periods beginning after June 15, 2021. This article addresses some common questions encountered during adoption and provides some sample disclosures. These sample disclosures are excerpted from the ASU.

COMMON QUESTIONS

Does the required disclosure of the disaggregation of the amount of contributed nonfinancial assets or gifts-in-kind (GIK) need to be presented by specific categories? The answer to this is no. There is flexibility in the categories that are shown in this disaggregation presentation. The types of categories included in the disclosure should be based on the organization's specific activities and by the organization's management applying professional judgment in assessing the needs of the financial statement users. These categories may, in fact, be broad. For example, a food bank organization may choose to have categories of types of food, while a non-food bank entity that receives donations of food may choose to show all food donations in one "food donations" category.

Can I use the term "other GIKs" in my disaggregation note? The answer is yes. The ASU does not preclude an organization from utilizing an other category for smaller items as long as this total does not become significant to the overall aggregation.

SAMPLE DISCLOSURES

The following is an excerpt from the ASU with a sample disclosure. The table shows the quantitative disaggregation which are then discussed in the descriptions that follow.

SAMPLE NARRATIVE DISCLOSURE:

Contributed Nonfinancial Assets For the years ended June 30, contributed nonfinancial assets recognized within the statements of activities included: (See Note 1 below)

	20X2	20X1
Building	\$ 550,000	\$ -
Household goods	95,556	100,486
Food	85,407	86,633
Medical Supplies	90,389	115,173
Pharmaceuticals	111,876	113,982
Clothing	85,765	83,890
Vehicles	127,900	-
Services	73,890	65,392
	<u>\$ 1,220,783</u>	<u>\$ 565,556</u>

NFP K recognized contributed nonfinancial assets within revenue, including a contributed building, vehicles, household goods, food, medical supplies, pharmaceuticals, clothing and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. (See Note 2 below)

It is NFP K's policy to sell all contributed vehicles immediately upon receipt at auction or for salvage unless the vehicle is restricted for use in a specific program by the donor. No vehicles received during the period were restricted for use. All vehicles were sold and valued according to the actual cash proceeds on their disposition. (See Note 3 below)

The contributed building will be used for general and administrative activities. In valuing the contributed building, which is located in Metropolitan Area B, NFP K estimated the fair value on the basis of recent comparable sales prices in Metropolitan Area B's real estate market. (See Note 4 below)

Contributed food was utilized in the following programs: natural disaster services, domestic community development and services to community shelters. Contributed household goods were used in domestic community development and services to community shelters. Contributed clothing was used in specific community shelters. Contributed medical supplies were utilized in natural disaster services. In valuing household goods, food, clothing and medical supplies, NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. (See Note 4 below)

Contributed pharmaceuticals were restricted by donors to use outside the United States and were utilized in international health services and natural disaster services. In valuing contributed pharmaceuticals otherwise legally permissible for sale in the United States, NFP K used the Federal Upper Limit based on the weighted average of the most recently reported monthly Average Manufacturer Prices that approximate wholesale prices in the United States (that is, the principal market). In valuing pharmaceuticals not legally permissible for sale in the United States (and primarily consumed in developing markets), NFP K used third-party sources representing wholesale exit prices in the developing markets in which the products are approved for sale (that is, the principal markets). (See Note 4 below)

Contributed services recognized comprise professional services from attorneys advising NFP K on various administrative legal matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services. (See Note 4 below)

ANALYSIS OF DISCLOSURE EXAMPLE

Note 1: The table shows the disaggregation of each category of nonfinancial assets that is deemed to be specific to this entity and information that the readers of the financial statements will find useful.

Note 2: Provides detail of where these contributed nonfinancial assets were recorded in the statement of activities and notes whether there were any restrictions on the contributed assets.

Note 3: This paragraph meets the requirement to disclose whether the entity liquidates any donated nonfinancial assets instead of utilizing them. Here they are disclosing that they liquidate donated vehicles.

Note 4: This paragraph is addressing how each category of contributed items was utilized by the entity and the valuation technique used for determining fair value for each type of contributed nonfinancial asset.

As noted in the Fall article, the information in the above footnote could be provided in table format for ease of reading. See the excerpt from the ASU in a table format on the next page. This is the same information presented above in the narrative format. Organizations should consider what would work best for their entity and the users of their financial statements.

SAMPLE NARRATIVE FORMAT OF DISCLOSURE:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Building	\$550,000	General and Administrative	No associated donor restrictions	In valuing the contributed building, which is located in Metropolitan Area B, NFP K estimated the fair value on the basis of recent comparable sales prices in Metropolitan Area B's real estate market.
Household goods	\$95,556	Domestic Community Development; Community Shelters	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Food	\$85,407	Natural Disaster Services; Domestic Community Development; Community Shelters	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Medical supplies	\$90,389	Natural Disaster Services	No associated donor restrictions	NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Pharmaceuticals	\$111,876	International Health Services; Natural Disaster Services	Restricted to use outside the United States	In valuing contributed pharmaceuticals otherwise legally permissible for sale in the United States, NFP K used the Federal Upper Limit based on the weighted average of the most recently reported monthly Average Manufacturer Price (AMP) that approximate wholesale prices in the United States (that is, the principal market). In valuing pharmaceuticals not legally permissible for sale in the United States (and primarily consumed in developing markets), NFP K used third-party sources representing wholesale exit prices in the developing markets in which the products are approved for sale.
Clothing	\$85,765	Community Shelters	No associated donor restrictions	In valuing clothing, NFP K estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Vehicles	\$127,900	It is NFP K's policy to sell all contributed vehicles immediately upon receipt unless the vehicle is restricted for use in a specific program by the donor. All vehicles received were sold.	No associated donor restrictions	Proceeds from vehicles sold are valued according to the actual cash proceeds on their disposition.
Services	\$73,890	Various Administrative Legal Matters	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.

Written by Tammy Ricciardella. Copyright © 2022 BDO USA, LLP. All rights reserved. www.bdo.com

GASB Statement No. 101, Compensated Absences

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences* (GASBS 101 or Statement). The Statement updates the accounting and financial reporting requirements for compensated absences and associated salary-related payments to better align the recognition and measurement guidance under a unified model which results in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Because this model can be applied to any type of compensated absences, the model will eliminate comparability issues between governments that may offer different types of leave.

BACKGROUND

Nearly every government offers compensated absences benefits, such as vacation leave, sick leave, paid time off (PTO) and holidays. Prior to GASBS 101, the most recent standard addressing accounting for compensated absences was GASBS 16, Accounting for Compensated Absences, issued in 1992. In 2018, the GASB approved a pre-agenda research activity to gather information regarding the effectiveness of GASBS 16 and to determine whether improvements were needed. The pre-agenda research found inconsistencies with the application of GASBS 16 and with the conceptual framework that was developed subsequent to GASBS 16. These results led the way to further outreach by the GASB with stakeholders which resulted in the publication of an exposure draft, *Compensated Absences*, in February 2021 and eventually GASBS 101.

The Statement supersedes GASBS 16 as well as other earlier compensated absences guidance issued in various implementation guides.

ACCOUNTING RECOGNITION

GASBS 101 defines a compensated absence as leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. Payment or settlement may occur during employment or upon termination from employment.

Leave That Has Not Been Used

Governments are required to recognize liabilities for leave that has not been used if (a) the leave is attributable to services already rendered; (b) the leave accumulates; and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The GASB defines leave attributable to services already rendered as leave for which an employer has performed the services required to earn the leave.

When evaluating whether leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means, a government should consider (a) the government's employment policies; (b) whether leave that has been earned is, or will become, eligible for use or payment in the future; (c) historical information about the use, payment or forfeiture of compensated absences; and (d) information that would indicate historical information may not be representative of future trends or patterns.

The following table displays common types of compensated absences for leave that has not been used and when (or whether) to recognize a liability for the compensated absences:

Type of Compensated Absence	When to Recognize Liability for Compensated Absence
Leave more likely than not to be settled through conversion to defined benefit (DB) postemployment benefits	Do not recognize
Leave dependent upon the occurrence of a sporadic event affecting a relatively small proportion of employees (e.g., parental leave, military leave, jury duty)	When leave commences
Leave able to be taken as needed without specific limits (unlimited leave)	When leave is used
Non-discretionary holiday leave	When leave is used
Sick leave	When earned by and available to the employee
Unrestricted sabbatical leave	When earned by and available to the employee

The leave liability should be computed using an employee's pay rate as of the date of the financial statements, unless some or all of the leave is more likely than not to be paid at a different rate, the leave is not attributable to a specific employee (such as donated leave in a PTO pool), or some or all of the leave is more likely than not to be settled through noncash means other than conversion to DB postemployment benefits.

The following examples are provided to illustrate how a government would recognize a compensated absence for different types of leave that has not been used:

Example 1 – A June 30 fiscal year-end government has an employee who has begun a four-month paid parental leave of absence. The employee went on leave effective May 15, with a return date of Sept. 16. The government will recognize a liability as of June 30 for the remaining amount of paid leave (2 ½ months).

Example 2 – A government recently enacted an unlimited leave policy for all employees with over three years of service. The government would not recognize a liability until the leave had been used, at which point the government has an obligation to pay or settle through non-cash means (see section below for "leave that has been used.")

Example 3 – A Dec. 31 year-end government recognizes New Year's Day (Jan. 1) as a paid holiday. The government would not recognize a liability as of Dec. 31 since the leave has not yet been used.

Example 4 – A Sept. 30 year-end government offers all employees 8 hours of paid time off per bi-weekly pay period worked. Unused leave accrues and can be used in future periods at the employee’s discretion. If the government has determined the probability that the leave is more likely than not to be used for time off, a government should recognize a liability as of Sept. 30 for all unused leave attributable to services already rendered.

Leave That Has Been Used

For leave that has been used but not yet paid in cash or settled through non-cash means, a related liability should be measured at the amount of the cash payment or non-cash settlement to be made for the use of the leave.

Salary-Related Payments

Salary-related payments are obligations related to providing leave in exchange for services rendered. The compensated absences liability should include salary-related payments directly and incrementally associated with the leave. A payment is directly associated if the amount depends on the amount of salary to be paid. A payment is incrementally associated if the payment is in addition to the payment for the salary. Liabilities associated with salary-related payments should be measured using the rates in effect as of the date of the financial statements.

Relationship to Postemployment Benefits

Leave that has not been used and that is more likely than not to be paid to an employee by distribution to an individual postemployment benefits account should be included in the compensated absences liability if it meets the compensated absences recognition criteria.

A government should not include in the compensated absences liability the projected effects on their defined benefit postemployment benefits liability resulting from payment of compensated absences.

FINANCIAL REPORTING

The Statement requires liabilities for compensated absences to be recognized in financial statements prepared using the economic resources measurement focus equal to the amount of leave that has not yet been used and leave that has been used but not yet paid or settled. Applicable salary-related payments should be included in the measurement of those liabilities.

The Statement did not change how governments should report compensated absences in financial statements prepared using the current financial resources measurement focus (i.e., the governmental funds).

The Statement amends previous requirements found in GASBS 34 related to disclosure of gross increases and decreases in compensated absences along with other long-term liabilities to now provide governments the option to present either separate increases and decreases or a net increase or a net decrease in compensated absences. A government that presents a net increase or a net decrease should indicate that it is a net amount. Additionally, governments are no longer required to present which governmental fund typically liquidates compensated absences.

EFFECTIVE DATE

The requirements of GASBS 101 are effective for fiscal years beginning after Dec. 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Written by Sam Thompson. Copyright © 2022 BDO USA, LLP. All rights reserved. www.bdo.com

New Data on Nonprofit Challenges and Opportunities: Benchmark Yourself Against Industry Peers

BDO released its annual Nonprofit Standards benchmarking survey of more than 270 nonprofit organizations. The new data reveals nonprofit leaders' strategies for dealing with economic uncertainty, meeting the needs of the populations they serve, increasing revenue, expanding impact and approaching fundraising. Find out how they plan to support their missions and build resilience into 2023 and beyond.

The nonprofit industry has continually turned crisis into opportunity amid one of the greatest economic and social upheavals in decades. In fact, in the most recent fiscal year, most nonprofit organizations reported growth in revenue, enabling them to expand their impact or, for some, even the scope of their mission.

But with inflation at historic levels, nonprofits face economic headwinds and are taking action to help protect their organizations and the people at the heart of their work.

According to our annual [Nonprofit Standards benchmarking survey](#), nearly two-thirds (65%) are increasing wages to help employees weather the impacts of inflation, and just over half are pursuing operational efficiencies (54%) and increasing fundraising (52%).

Now in its sixth year, Nonprofit Standards examines emerging challenges and opportunities facing nonprofit leaders, offering data-backed insights they can use to further their missions and sustain their organizations into the future.

The survey includes an overview of the nonprofit sector as well as breakout reports for health and human services organizations, higher education organizations, grantmakers, public charities and organizations with less than \$25 million in revenue.

How does your organization compare to peers? Benchmark yourself.

Written by Andrea Espinola Wilson and Adam Cole. Copyright © 2022 BDO USA, LLP. All rights reserved. www.bdo.com

Navigating FEMA's COVID-19 Appeals Process

The Federal Emergency Management Agency (FEMA) deadline for submitting COVID-19-related costs for final determination is Dec. 31, 2022. As FEMA completes reviews and renders decisions on approvals, many applicants may see notices of denials of costs due to one or multiple eligibility issues.

The pandemic as a nationwide disaster event has presented many issues for applicants, including hospitals, housing authorities and other community nonprofit organizations. The pandemic also created challenges for FEMA as the agency designated to coordinate response.

Many of the aforementioned entities have never encountered FEMA's Public Assistance (PA) Program and, likewise, FEMA has not dealt with a nationwide biological event that requires an understanding of medical facilities and other community agency operations. These types of operations can be quite different from the more typical facilities and structures that FEMA is accustomed to handling after severe weather events.

FEMA's only major obligated biological event since 2003 is COVID-19. As biological events do not regularly result in disaster declarations, there is opportunity to reduce delays in the approval process by providing a detailed explanation of costs and why they are necessary. Many large claims have required more than what could be considered an acceptable amount of time for review and reimbursement.

However, nonprofit hospitals and medical facilities have the advantage of being the experts on their costs and operations, and can impart this information productively to FEMA, thereby helping to facilitate a quicker review and reimbursement period.

DEADLINES AND TIMELINES

Let's look at appeals. Assume FEMA sent your organization a Determination Memorandum (DM), denying reimbursement of specific labor, material, contract or other cost items in your project. Additionally, prior discussions with your FEMA Program Delivery Manager have not been productive.

What are your options? Federal regulations provide you with two opportunities for reconsideration once you receive a DM:

- Write an appeal letter through your state within 60 days of receipt of the DM.
 - FEMA can take up to 90 days to consider the appeal
 - Decision is made by the FEMA Regional Administrator
- Write a second appeal if the first was denied, within 60 days of receipt of the first decision.
 - Decision by the Assistant Administrator for Recovery at FEMA Headquarters
 - Appellant needs to check the FEMA PA Second Appeals Tracker for status

Appeals must contain clear, documented justification supporting your agency's position, including:

- The amount in dispute (as applicable)
- Citations to relevant statutes, regulations or policies with which the applicant believes FEMA's determination was inconsistent

Applicants who submit detailed costs with clear documentation have a higher likelihood of obtaining approval. Here are helpful FEMA links with more specific information:

- [PA Appeals Database](#)
- PA [Second Appeals Tracker](#) (Check status of second appeals at HQ)
- [Title 44 Code of Federal Regulations](#) (use the version of CFR from the year of disaster declaration)

Written by Katim Faal and Claire Bourseleth. Copyright © 2022 BDO USA, LLP. All rights reserved. www.bdo.com

Other Items to Note

STORM-RELATED SINGLE AUDIT EXTENSIONS

Under the Stafford Act, the following were declared major disaster areas: Puerto Rico, Alaska, Florida, South Carolina and North Carolina. Consistent with these declarations, the Office of Management and Budget (OMB) has announced on the Federal Audit Clearinghouse site that it has granted a six-month extension for all single audits that cover recipients in the affected areas and have due dates between Sept. 18, 2022 and Dec. 31, 2022.

The GAQC has confirmed with OMB staff that the extension is available to all recipients in these states and not just those located in certain areas of the states most significantly impacted. However, OMB encourages recipients in the less-affected areas to submit their reports as soon as possible.

On Oct.28, the Department of Health and Human Services (HHS) informed the AICPA Governmental Audit Quality Center (GAQC) that the HHS Deputy Secretary of Grants has issued an internal memorandum to all HHS agencies extending the same six-month extension as provided by OMB for single audits discussed above to HHS for-profit entities that were in states with

declared major disaster areas. The HHS extension applies to for-profit recipients in the aforementioned states that have due dates between Sept. 18, 2022 and Dec. 31, 2022.

HHS awarding agencies are expected to communicate this development with their recipients directly. It is also expected that HHS will encourage for-profit recipients in the less affected areas of these states to submit their audits as soon as possible.

This extension will also assist those for-profit entities in these affected states with audits related to the Provider Relief Fund program that were due as of Sept. 30, 2022. The extension for the HHS for-profit entities is only for those entities in the aforementioned states declared major disaster areas as a result of storm-related events.

UPDATED FEDERAL AUDIT CLEARINGHOUSE (FAC) DATA COLLECTION FORM (DCF)

The U.S. Census Bureau (Census) has updated the DCF for audits with fiscal periods ending in 2022 and can now accept these submissions on the FAC [site](#).

The revised DCF for audits with fiscal periods ending in 2022 is now available and can be accessed along with the instructions for the form [here](#).

OMB has noted that for any 2022 submissions with fiscal periods between Jan. 1, 2022 and Oct. 31, 2022, the portion of the requirement in 2 CFR section 200.512(l) (Uniform Guidance) that states that single audits are due to the FAC within 30 days after receipt of the auditor's report(s) is waived since the new form was not available until late 2022. Instead, these audits will be considered on time if they are submitted within nine months after their fiscal period end date.

KEY CHANGES TO THE 2022 DCF

Unique Entity Identifier (UEI) Number

This is a new number that is replacing the DUNS number as an entity identifier. The UEI is a 12-digit, alphanumeric value, that is assigned to entities upon registration in SAM.gov. Entities that receive federal funding must have a UEI to submit the DCF. Please note that the form continues to ask for the DUNS number information to be provided but the DUNS field is not required to be completed in the DCF.

Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) program

Revisions were made to allow for the submission of CSLFRF program alternative compliance examination engagements performed for fiscal years ending in 2022. There is a new screening question during the DCF setup on the FAC. Entities that qualify and opt for the alternative compliance examination engagement then receive a subset of questions that is included in the DCF. The standard DCF is used but the [IDES instructions](#) explain how certain fields are to be completed or left blank when the alternative engagement is performed.

In addition, different auditee and auditor certifications are provided when the auditee indicates it is submitting one of these engagements.

Please note that U.S. Department of Treasury is directly accepting submissions of CSLFRF alternative compliance examination engagements for fiscal years ending in 2021 through a Treasury portal.

Fust Charles Chambers LLP is a professional service firm providing accounting, audit, tax, and advisory services to businesses, not-for-profit organizations and individual clients. Our experienced and dedicated professionals take a personal interest in the success of our clients and listen to their concerns, goals and objectives.

Our approach to servicing our clients is management oriented. We concentrate on maintaining a close constructive relationship and are responsive to the needs of our clients throughout the year. We meet with our clients regularly to discuss pending tax legislation, issues pertinent to their business and industry and accounting pronouncements issued by the Financial Accounting Standards Board.

We are committed to providing close, personal attention to our clients. We take pride in giving you the assurance that the personal assistance you receive comes from years of advanced training, technical experience and financial acumen. Our continual investment of time and resources in professional continuing education, computer technology and extensive business relationships is indicative of our commitment to excellence.

www.fcc-cpa.com