

Global Center for Excellence in Philanthropy
Philanthropy News and Views
March Edition

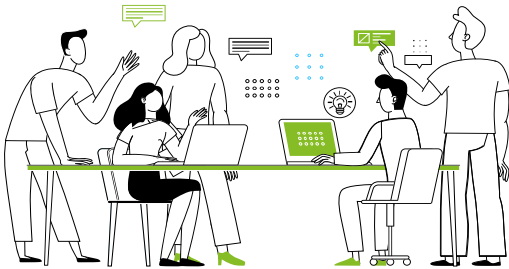


Topics

Proposed regulations trigger concerns about paying donor-designated investment advisors out of Donor Advised Funds	03
Is there value to incorporating ESG factors into our non-profit strategy?	03
Final (currently effective) regulations provide clarifications to supporting organizations.	03
Q&A	04
Latest in Accounting	04
Latest in Tax	05
We'll see you there:	05



Proposed regulations trigger concerns about paying donor-designated investment advisors out of Donor Advised Funds



Proposed DAF regulations on taxable expenditures begin to answer the important question: when does payment to an investment advisor become a taxable expenditure subjecting the DAF's sponsoring organization ("sponsor") to excise tax under 4966(a)(1)?

We walk through this situation here: [DAF regulations](#)



Is there value to incorporating ESG factors into our non-profit strategy?

As the importance of ESG (Environmental, Social, and Governance) considerations continues to grow in the corporate world, nonprofits are also recognizing the potential value of integrating ESG factors into their operations and decision-making processes. By incorporating ESG considerations into their strategies, nonprofits may be able to enhance their transparency, accountability, and overall impact on the communities and causes they serve.

We've identified seven strategic areas where ESG principles can make a positive impact on a nonprofit's success: [ESG Principles](#)



Final (currently effective) regulations provide clarifications to supporting organizations.



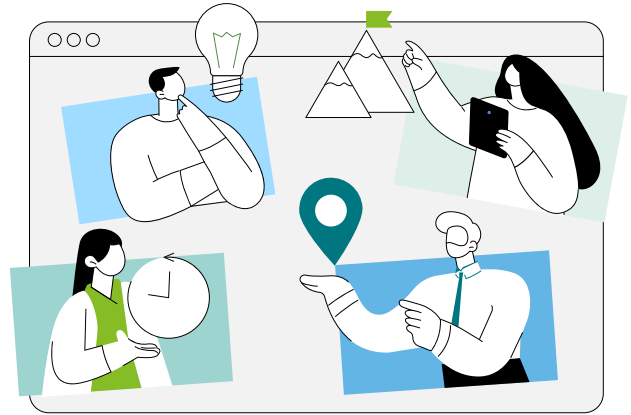
[What you should know](#)



Q&A:

If officers of a corporation (“Corporation”) also serve the corporate foundation entity as volunteer officers, could their compensation be subject to the excess executive compensation excise tax (“section 4960 tax”)?

We dive into the applicable rules here: [You asked](#)



Latest in Accounting:



FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, also called current expected credit losses (CECL), is effective for fiscal years beginning after December 15, 2022 and is already effective for calendar year organizations in 2023. Although it does not apply to promises to give and most grants receivables, it does apply to loans, debt securities, trade receivables, reinsurance receivables and other financial assets that have the contractual right to receive cash. Keep an eye out for potential updates on the impact of the guidance on trade receivables and programmatic loans/investments.



FASB is expected to issue the final standard on accounting for and disclosure of crypto assets. Under the expected guidance, entities might be required to subsequently measure certain crypto assets at fair value, with changes in fair value included in net income in each reporting period.



The Office of Management and Budget (OMB) has announced proposed revisions to Uniform Guidance (OMB–2023–0017), which include policy changes and clarification to existing guidance to reduce agency and recipient burden and improve federal financial assistance management, transparency and oversight. Proposed changes include increasing the single audit threshold from \$750,000 to \$1 million.



Latest in Tax

IRS denies tax-exempt status to organization with a primary activity of consulting businesses on conducting operations to be 'e friendly' and providing a label promoting the business as e friendly. The primary beneficiary is not a charitable class but rather paying businesses. PLR 202339045

Notice 2023-69 extends employer leave-based donation programs benefitting 170(c) charitable organizations for the victims of 2023 Hawaii Wildfires. Forgone employee leave to fund the donations is not gross income or wages to the employees. The employer may qualify to deduct the donations under 170 or 162.

IRS approves set-aside under 4942(g)(2) for the construction of a facility for the local cultural community. PLR 202337011

Taxpayer receives additional time to dispose of excess business holdings under section 4943(c)(7) when they have been working with an agent but unable to reach final agreement with four different potential buyers. PLR 202342002

IRS approves Private Foundation grant program for supporting early equestrians with paying for lessons, clinics, competition fees, and related travel expenses.

IRS approves Private Foundation's grant awards to individuals to study issues affecting young people in a geographic area. Grants are paid to the individual.

IRS warns taxpayers about promotions involving exaggerated section 170 art donation deductions targeting high-income taxpayers. IR-2023-185

IRS determines that Private Non-Operating Foundation's expenses to acquire art constitute qualifying distributions under section 4942. PLR 202342009

IRS determines organization is a Type III functionally integrated supporting organization. IRS walks through nearly all tests for supporting organizations in reaching its conclusion. PLR 202342017

TIGTA Final Audit report assessing the quality of customer service provided to TE/GE taxpayers includes recommendations to establishing a process to ensure TE/GE taxpayers receive prompt and satisfactory responses when referred to TE/GE via Form 4442 and develop performance measures and goals for customer service efforts.



We'll see you there:



Tax Exempt Accounting and Tax Update - May 21, 2024

Tax Exempt Accounting and Tax Update - September 17, 2024

Final Year End Planning for Tax Exempt Organizations - December 17, 2024



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

The GCEP is a not a separate legal entity. All engagements involving the GCEP collaboration will be contracted through a subsidiary of Deloitte LLP (such as Deloitte & Touche LLP, Deloitte Tax LLP, Deloitte Financial Advisory Services LLP, and Deloitte Transactions and Business Analytics LLP).