

Thrive: Non-Profit Success Stories #6 | Accounting for Pandemic Relief Funding | Transcript

Patrick Frambes & Christa Woelfel

Patrick Frambes:

So one of the things that we've seen with COVID is that the government has provided a lot of resources to our clients to be able to continue their operations. Whether it's a Shuttered Venue Operators Grant for a lot of our performing arts organizations, PPP funding, employer retention credits, has definitely expanded the types of revenues that we've seen and had to really dig into.

But I know specifically with the Shuttered Venue Operators Grant we've seen an increase in our single audit requirements. So when you get federal funding that's over \$750,000, you're required to do a special audit, not only in your financial statements but also that the federal funding specific to that program, to make sure it's being utilized in the right manner. So I don't know if you can talk about the experience that we've had over the past year of expanding these single audits and doing more of those.

Christa Woelfel:

Absolutely. So I know with a lot of our clients, the Shuttered Venue Operator Grant was the big one where they got a big chunk of money. It was over that \$750,000 threshold. And just going into the planning for the audit or review, whatever engagement we were doing, I feel like we were very good about asking all of our clients if they received any additional federal money from the pandemic, because there was so much additional funding, which was great. They did need it to get by.

So knowing that we were asking about that, I don't know that the clients were always aware there was this additional compliance audit that they had to get. So we were able to tell them upfront that we were going to have to do this additional testing specifically on that program, more for a compliance standpoint. So I think they appreciated us being very upfront about that. They knew there was going to be some additional work to do for the year. We tried to make it as smooth as possible, as easy on them as possible, since they're not used to getting that every year. I know we've had a few clients that needed that. I think they really appreciate our help with that, especially since we'll go do the data filing for them after the fact.

Patrick Frambes:

Yeah, absolutely. And our experience working with other federal programs, we have experience to be able to jump in and perform those audits smoothly and be able to make sure they get the information to the Federal Audit Clearinghouse very timely. But thinking through all those federal programs that have



been provided or available to our client base, I know the Shuttered Venue Operators Grant is one that it requires a single audit potentially, if you're over that threshold.

I know a number of our clients got provider relief funds through the Health and Human Services programs, as well as CARES Act funding from the county or the state that potentially could have required them to get that special audit, that compliance audit. The ones that we've seen, though, that received the Paycheck Protection Program grant or loan, PPP program, that did not require that funding compliance audit as well as this employer retention credit did not require those special guidance audits as well.

Christa Woelfel:

Correct, we were able to exclude that from the \$750,000 threshold.

Patrick Frambes:

Yep, absolutely. But I know the employer retention credit is one that we've had a lot of success recently in getting our clients to look into a little deeper.

Christa Woelfel:

Absolutely.

Patrick Frambes:

That maybe when they're in the surface looking at their qualifications, they thought maybe they didn't qualify. But I know a number of our clients definitely qualified for it and received significant refunds and credits back in cash. So I don't know if you had any specific clients that you worked with that did some of that work and how that process went. I'm happy to chime in as well.

Christa Woelfel:

Yeah, I had a few clients who tried to do the calculations themselves at first, but the guidelines were constantly changing on that. We had a tax team that was specifically doing the ERTC funding, that employer retention tax credit. So that was very helpful. They were able to stay on top of any new, changing guidance and really take a deeper dive into our clients' numbers to see if they qualified or not.

So I did have a handful of clients who tried to do it themselves, but then they had us do it and we got them more money than they expected, which is always a good thing. Then I had a lot of clients who didn't think they were going to qualify for it at all, but we were able to segregate out their programs and look at the revenue that way and get them qualified for it.

Patrick Frambes:



That's great. Yeah, it's not always about losing revenue and year over year. It might be a specific program that was shuttered that maybe is their smaller program but still significant to their operations.

Christa Woelfel:

Still 10%.

Patrick Frambes:

Yep, 10%. One thing I noticed as well as there are a number of national firms that are trying to have our clients look into whether or not they would qualify and charging a contingent fee of maybe 15 to 20%. I know a number of our clients that had talked with them, once they spoke with us, we were able to provide a much lower fee but also have our client's best interests in mind. This credit isn't guaranteed that if you receive the funding, you're not going to get audited. So you might, several years down the road, have the IRS come back and do an audit. So you want to make sure there's somebody that has your best interests in mind.

Christa Woelfel:

Exactly.

Patrick Frambes:

That when you're looking at whether you qualify, you're taking not a conservative approach, but you're taking a reasonable approach.

Christa Woelfel:

Not too aggressive to just try and get as much as possible.

Patrick Frambes:

Exactly, yeah. So we definitely have helped a number of our clients, I know, just again saves some fees but also make sure they're putting their best foot forward.

Christa Woelfel:

Yeah.