



A History of Nonprofit Accounting

From the User's Point of View
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The Beginning

- **February 1983 – Begin Service at Wycliffe's U.S. Headquarters**
 - Coffee Can Accounting – Single Account Structure
 - Mainframe Computer – No Access to Computer - Data Entry department – Paper Ledgers
 - Audited Financial Statements – Work required
- **August 1983 – New McCormick & Dodge Accounting software comes online.**
 - 2 Year project
 - End of Coffee Can Accounting
 - Brought in Account and Cost Center Structure.

Early Challenges and Problems

- **Month end processing took 6+ days.**
 - Did PERT chart to find bottle necks and reduced it to about 3 days.
- **1986 – New Receipting System in 4th Generation language.**
 - Took more than 24 hours to process a day's donation receipts.
 - Too much overhead in system
 - Had to rebuild it in COBOL to get it fast enough. Got it down to 18 hours
 - I move over to managing recruitment.

Field Accounting Issues

- **Time and Separation**
 - Took 3 Weeks to Send Information to Field Offices
- **Each Field with its own set of books**
 - Some using in-house software developed in the 1970s – starting to fail.
 - Others using an in-house system built on Revelation Data Base software in the 1980s.
- **Seeking to Comply with FASB 52 on Foreign Currency Translation**
 - 1992 – Installation attempt of Platinum Accounting Software – Failure
 - Bob Lipps at AICPA conference – ACCPAC experience – Guatemala installation

New Accounting Rules

- **SOP 94-2 –**
 - Application of Accounting Rules to Nonprofits - Little impact on Wycliffe. Big impact on others. Depreciation Common Issue
- **1993 - FASB 116 and 117**
 - End of Capital Fund Accounting
 - Added Net Asset section to Balance Sheet
 - Split out Restricted Funds – Went Multi-column structure
 - Functional Expenses – Big Challenge Worldwide – Put it in Cost Center Code

SOP 94-3 – Consolidations – Big impact on Wycliffe.

- **U.S. only in Audited Financial Statements**
 - No consolidation of Field offices – but control
 - Consolidation of Wycliffe USA – No Control
- **1998 paper on application to Wycliffe and SIL International Financial Statements**
 - Asked Gregg Capin to review paper
- **2000 – Lacked resources to do consolidation with Wycliffe USA**
 - 2000 – SIL gets Dirty Opinion from Gregg.
 - 2001 Achieve Worldwide Consolidation

Recharacterization of Income Problem

- **Reimbursed Missionaries from Support Account**
 - Reduced Missionaries' Salary
 - Prohibited in 1986 Tax Law Rewrite
 - Regulations in Early 1990's
 - Didn't Recognize Problem until Late 1990's
- **Eventually Had to Stop Reimbursement Program in 2001.**
 - Didn't Make Friends – Lots of Complaints from Missionaries.

Wycliffe USA Move Problems

- **Moved from Huntington Beach, CA to Orlando, FL, July 1999**
 - California Staff offered Severance if Go to Orlando for a Month
 - Inability to Hire Replacements in a Month
 - Problems Start Showing Up - Burnout
- **How Soon Can You Get There, We are Losing It.**
 - 20 Months to Get a Replacement
 - Built the Orlando Office Complex During that Time.
- **Lesson Learned – Plan More Time – Document!!**

Software Development

- **Need to Move Transactions between Many Offices and Entities**
 - Central Banking System
 - Transaction in One Part of the World Needs to be Paid By Another Part of the World
 - Design and Development Begun in 2002
 - Came Online in July 2005
- **Application of Internal Developed Software Rules to Account for Time Spent by Staff. Capitalized.**

ASU 2013-06

- **Situation: 1st Nonprofit Second Staff to 2nd Nonprofit**
 - Missionary is paid by 1st NPO but works for 2nd NPO
- **How does 2nd NPO value the missionary's labor received from 1st NPO?**
 - 2nd NPO knows what Missionary was paid.
 - Should it be FMV or Actual?
- **This ASU clarified that when 2nd NPO knows what Missionary is paid, use Actual.**
 - Only time I communicated with FASB staff.

Internal Audit and Risk Analysis

- **Auditor Interpretation of SAS 112 – Need for Management to have System to be Informed of Internal Control Risks**
 - Management Letters
 - Internal Audit Program - Information in File Cabinet in my Garage
 - COSO solution
 - Annual Process with Leadership.

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