Proven success

Cheryl’s story of the Not-for-Profit Certificate programs in action at Star of Hope Mission

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— Cheryl O’Brien, CPA
Controller
Star of Hope Mission
Houston, TX
One CPA’s mission to overcome complexity

“Do you know where you’re going to stay tonight?” You may have been asked this question by an immigration officer upon returning from a foreign trip. You rattle off your home address — something an estimated 500,000 Americans cannot provide.

Homelessness is a complex challenge — a challenge Cheryl O’Brien, CPA, feels called to address full time. Cheryl is the director of finance for the Star of Hope Mission in Houston, TX. “It’s easy to give someone a meal and bed for the night,” she says. “But our goal is to change that person’s living situation in the long term, which requires dealing with underlying causes.”

Cheryl hasn’t always worked in the not-for-profit (NFP) world. She started her career at Arthur Andersen and later transitioned to Deloitte, where she led the Houston office’s employee benefit plan audit practice. “I enjoyed audit work,” she says. “But now I’m in a place financially where I can focus full time on work that I’m very passionate about in a humanitarian way.” She’s quick to point out that full time work in the not-for-profit sector isn’t the only way to serve a charitable cause. “Volunteers are the heart and soul of our organization,” she says. “Many organizations would love to have a CPA on their board or in any capacity.”

Building a chain of support

Cheryl says she comes to work every day for one reason: the success stories. “I’ve learned that a long chain of events leads to people being on the street,” she says. “And a long chain of multi-leveled support is required to bring people back to a stable living arrangement.”

The mission provides a graduated path to overcome challenges resulting from mental illness, domestic violence, addiction, insufficient job skills and limited access to basic services such as banking. “We provide short-term emergency shelter, then an 18- to 24-month program that includes job training and banking, among many other services. Graduates receive support for up to three years and a support community that will be available as long as they need it — no time limit.”

This year, while celebrating its 110-year anniversary, the mission is in the midst of its largest-ever building project developing a 48-acre site into a community that will bring these chain links closer together by serving multiple functions currently carried out at different sites around the city. “It’s an ambitious undertaking financially and operationally,” says Cheryl. “Now that construction is well underway, I’m less nervous and beginning to get very excited about the work that will take place there.”

Star of Hope, Houston, TX

110-year-old charity dedicated to “ending homelessness ... one life, one family at a time.”

Facilities

• Men’s Development Center
• Women & Family Emergency Shelter
• Transitional Living Center
• New Haven Mental Health Center
• New Horizons – Long Term Housing

Consolidated results for 2016

• 278,000 nights of shelter provided
• 483,000 hot meals served
• 2,238 clients provided counseling, referrals and social services
• 117 Recovery Program graduates

All on a $35-million budget and 59,724 hours of service donated by 8,631 volunteers
Untangling the accounting

Finance and accounting in a tax-exempt organization presents a unique set of complexities fundamentally different from other types of organizations. U.S. GAAP requires the mission, as a “voluntary health and welfare organization,” to prepare a fourth financial statement called the Statement of Functional Expenses. This, together with issues involving restricted revenues and assets, may be unfamiliar territory for CPAs coming from other sectors.

“As an experienced auditor, I was familiar with many types of organizations and many types of transactions,” Cheryl says. “But I had to roll up my sleeves and learn a lot when I came to the mission — and with new standards such as revenue recognition taking effect, I continue to learn.”

The mission’s many activities are funded by a complex array of private donors in partnership with United Way, corporate sponsors, grants, foundations and local, state and federal government agencies. The mission is subject to requirements such as the Federal Single Audit because it accepts more than $750,000 annually in federal funding for housing and food.

“We’re below the threshold for unrelated business income, but it’s something many nonprofits deal with and have to keep in mind when we consider new opportunities,” she says.

A larger issue, according to Cheryl, is accounting for different types of restricted assets. The mission has designated funds for numerous outreach centers and housing facilities. It also operates as a sort of private bank for clients. “Most of our clients don’t have access to banking when they begin working and have a source of income, so we provide that service until they can transition to regular providers,” she says.

Addressing complexity with Not-for-Profit Certificates

“When we heard about the AICPA NFP Certificate program, we saw it as a way to both learn and show our donors that their contributions are in good hands,” says Cheryl, who completed the AICPA Not-for-Profit Certificate I and is working on Certificate II. The finance team’s three other professional staff members are also studying toward certificates.

“I’ve found the certificate material to be especially helpful for staying current on aspects of not-for-profit accounting that we don’t use every day,” she says. “We partner with other exempt organizations, and they often look to us for advice on financial matters because we’ve been doing this for a long time.”

Transparency and competency are key aspects of the mission’s financial philosophy. “Our greatest asset is the trust our donors place in us,” Cheryl says. “We make a big effort to let donors know the financial team is taken seriously and is well trained — the certificates help us communicate this.”

AICPA Not-for-Profit Certificates

The AICPA NFP Certificates offer a convenient and accessible way to get high-quality, comprehensive training in NFP accounting, financial reporting, tax compliance, governance and assurance. Available in two levels, these focused CPE/CAE-eligible programs give professionals in the not-for-profit space the targeted knowledge and marketable skills needed to show donors they have achieved a level of distinction.

More information on the AICPA Not-for-Profit Certificates:

NFPCert.AICPAStore.com