

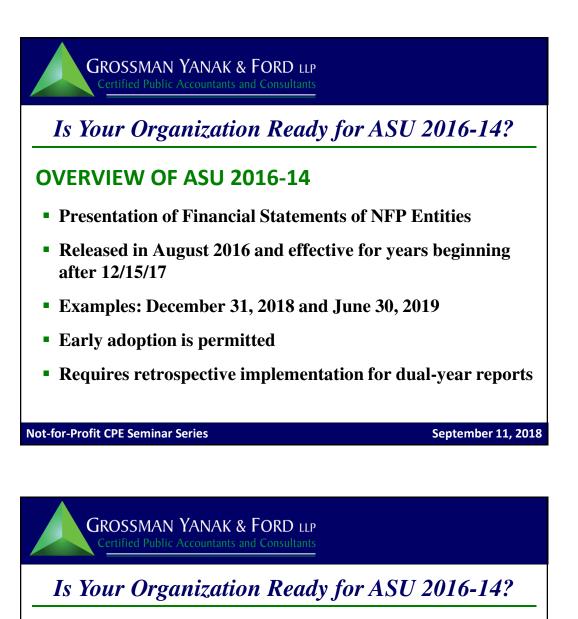


Is Your Organization Ready for ASU 2016-14?

NET ASSET CLASSIFICATIONS



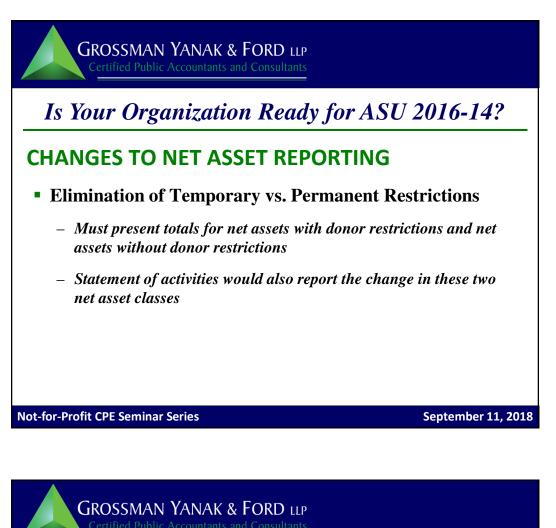
How will you report your net asset balances and activity based on the new classification classes?



OVERVIEW OF ASU 2016-14

- Improvements in financial reporting needed in these areas:
 - Three-class net asset system considered to be complex
 - Inconsistent reporting of expenses by NFPs
 - Better information needed regarding liquidity and financial performance
 - Investment returns to be reported net of direct investment expenses

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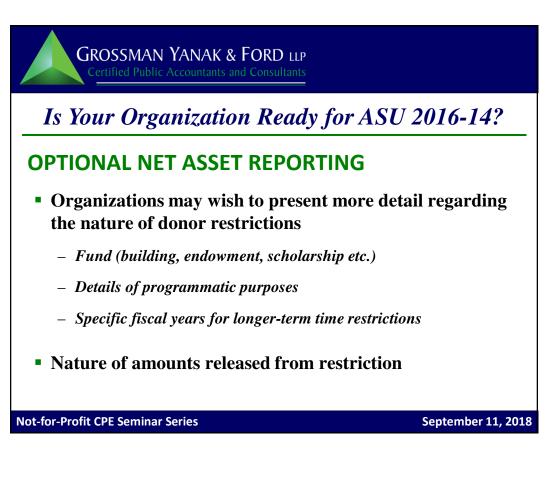




NET ASSET DISCLOSURES

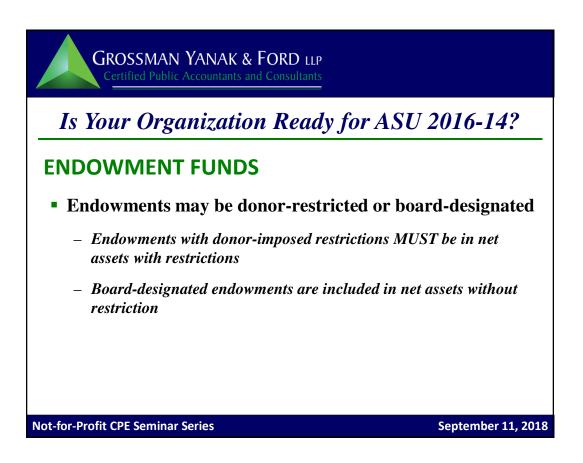
- Nature and amount of different donor restrictions
 - Assets that cannot be sold or must provide a permanent source of income (permanent restrictions)
 - Provided for the support of specific activities
 - Held for a specified term or used in a specified period
 - Restricted for the acquisition of long-lived assets

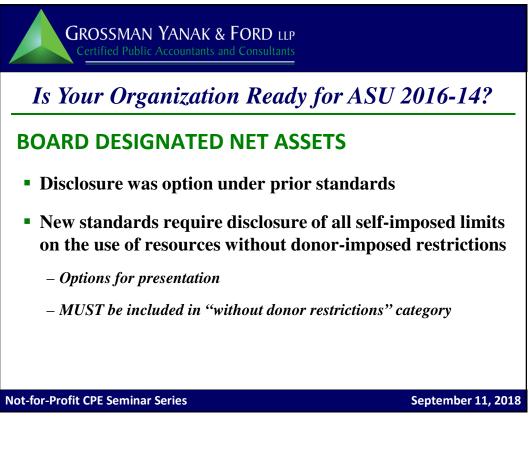
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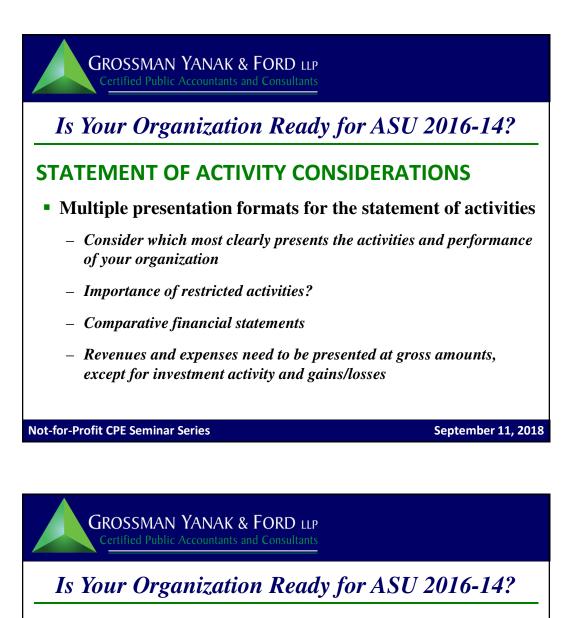
	ROSSMAN YANAK & FORD LLP Certified Public Accountants and Consultants		
Is Yo	our Organization Ready f	or ASU 201	6-14?
EXAM	PLE – NET ASSET DISCLOS	SURE	
	Subject to expenditure for specified purpose:		
	Program A activities	\$ x,xxx,xxx	
	Program B activities	X,XXX,XXX	
	Buildings and equipment	X,XXX,XXX	
	Total	<u> </u>	
	Subject to passage of time:		
	For periods after December 31, 2019	<u>X,XXX,XXX</u>	
	Subject to spending policy and appropriation:		
	Investment into perpetuity	<u>X,XXX,XXX</u>	
	TOTAL	<u>\$ x,xxx,xxx</u>	
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EXAMP	LE – RELEASE FROM RESTR		LOSURE				
	Purpose restrictions accomplished:						
	Program A expenses	\$ X,XXX,XXX					
	Program B expenses	X,XXX,XXX					
	Program A equipment acquired and placed in service	X,XXX,XXX					
	Total	<u>X,XXX,XXX</u>					
	Time restrictions expired:						
	Passage of specified time	X,XXX,XXX					
	Death of annuity beneficiary	X,XXX,XXX					
	Subject to spending policy and appropriation:	<u></u>					
	Total restrictions released	<u>\$ x,xxx,xxx</u>					
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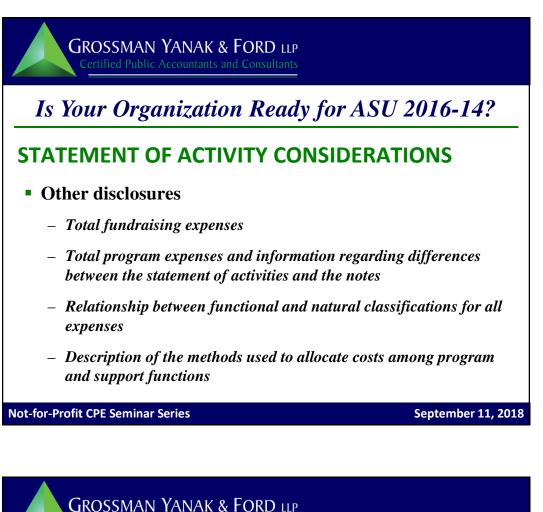




STATEMENT OF ACTIVITY CONSIDERATIONS

- Revenues and expenses can be grouped in different ways
 - Restricted and unrestricted (required)
 - Operating and nonoperating
 - Earned and unearned
 - Recurring and nonrecurring
 - Other

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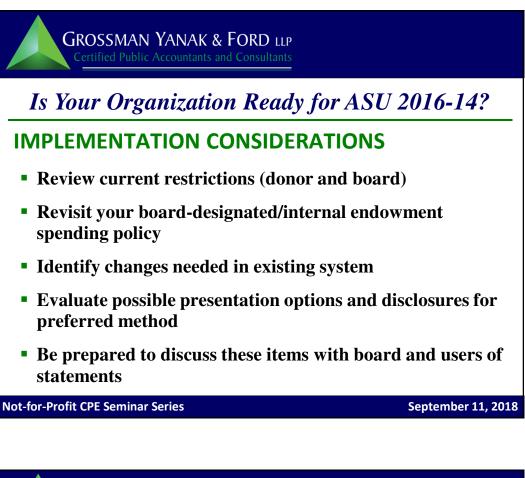
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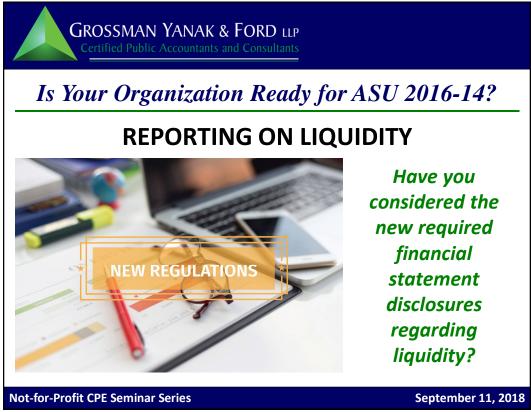
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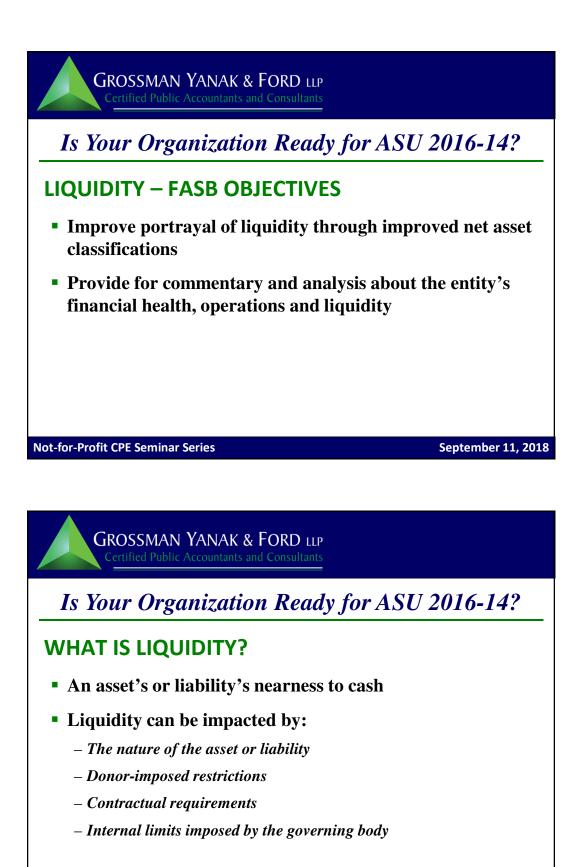
OTHER DISCLOSURE CONSIDERATIONS

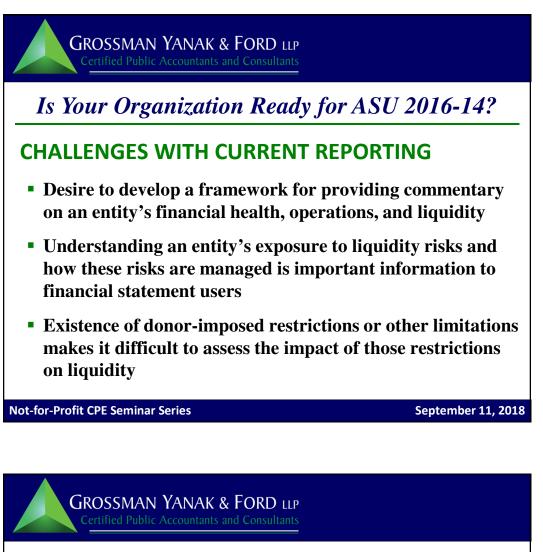
- Investment income need no longer be segregated between dividends/interest and gains/losses
- Investment rollforward (optional)
- Ratio of fundraising expenses to amounts raised if presented, the method of determining must be disclosed
- Summarized comparative information must be adequately labeled as summarized information, and is essentially a single-year presentation

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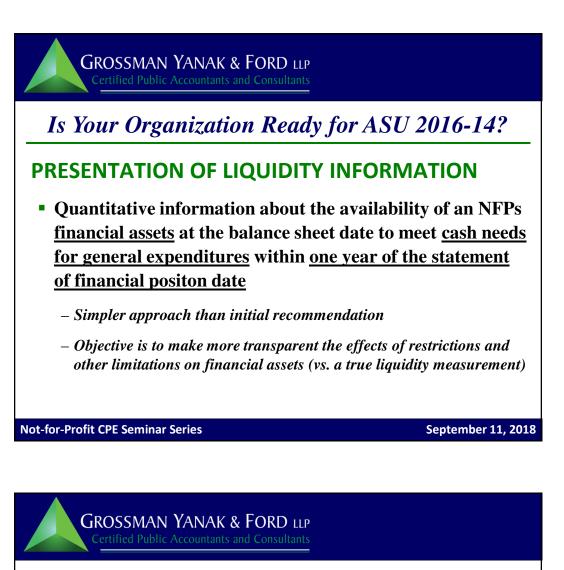


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PRELIMINARY RECOMMENDATIONS

- FASB initially sought to have entities present all of the following information:
 - Total amount of financial assets
 - Amount of financial assets not available to meet cash needs in the near term
 - Total of financial liabilities that require cash needs in the near term
 - The way the entity manages liquidity, including the time horizon it uses

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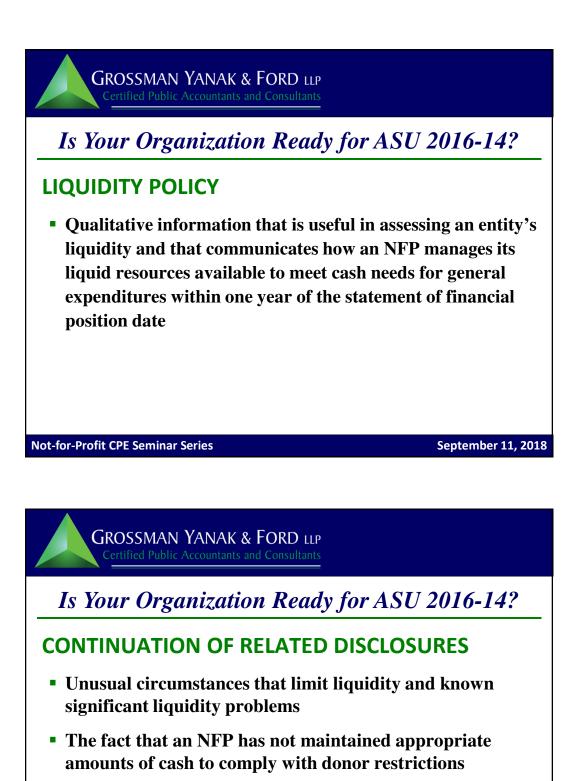


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PRESENTATION OF LIQUIDITY INFORMATION

- Quantitative information may be presented directly on the statement of financial position or in the notes
- May include qualitative (narrative) information in the notes, as necessary
- Difficulty (and opportunity) may be in making a fairly vague disclosure meaningful and clear to financial statement users

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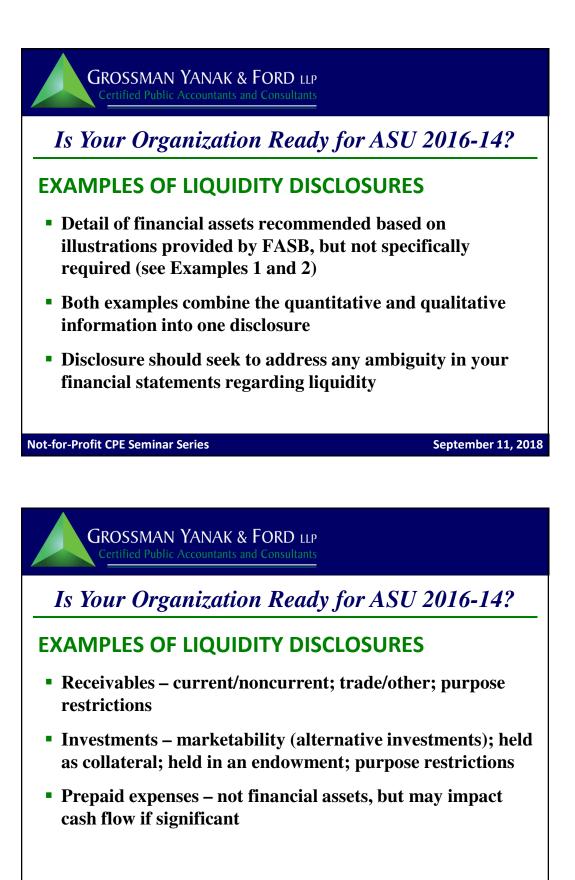


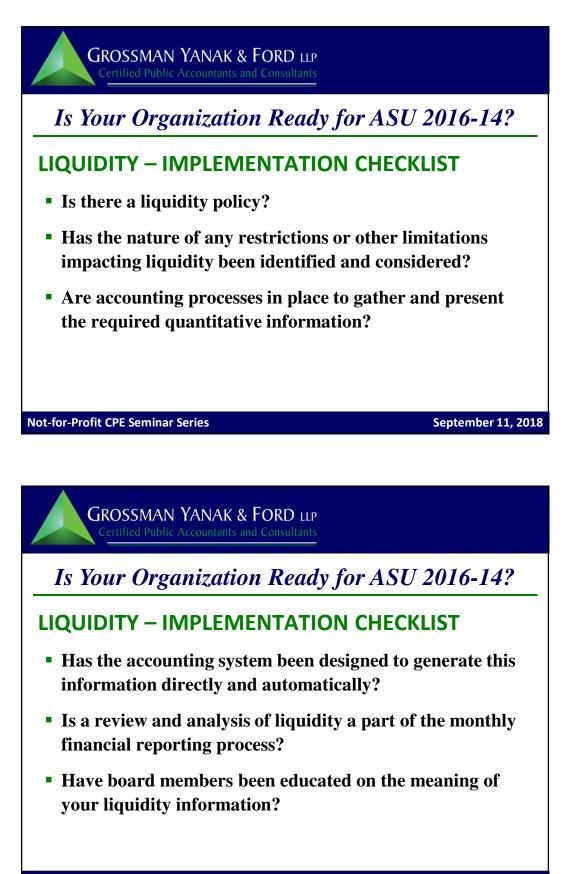
Information about significant limits resulting from

contractual agreements, including the existence of loan

covenants

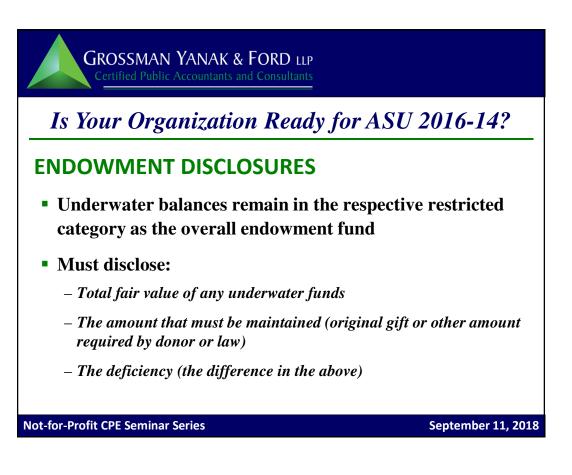
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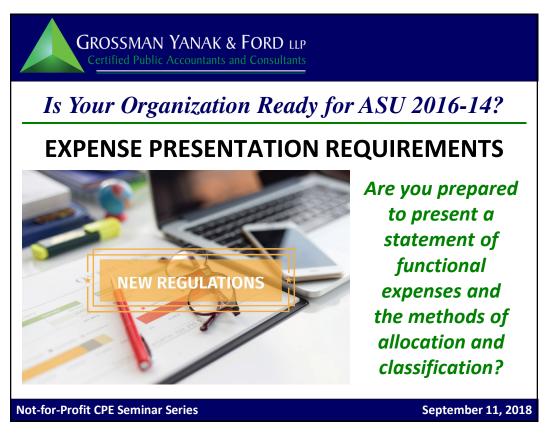


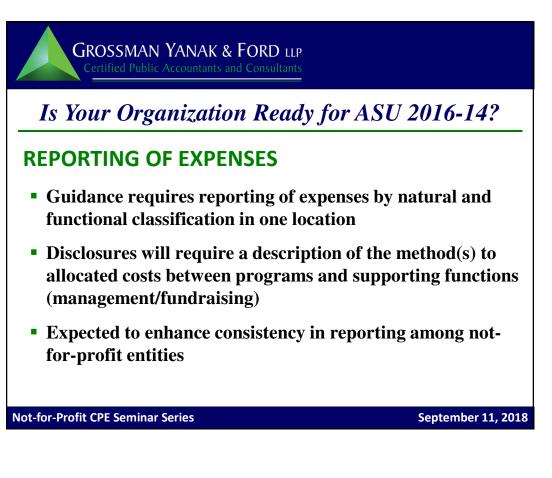


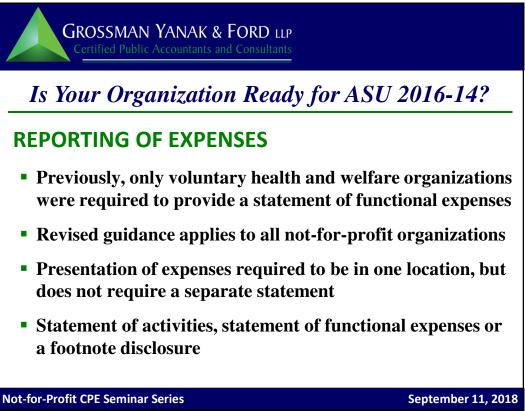


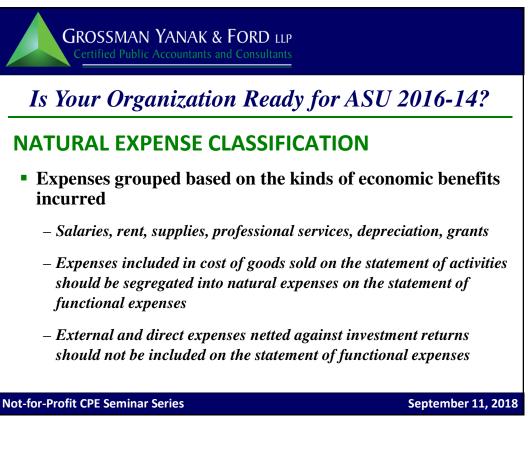


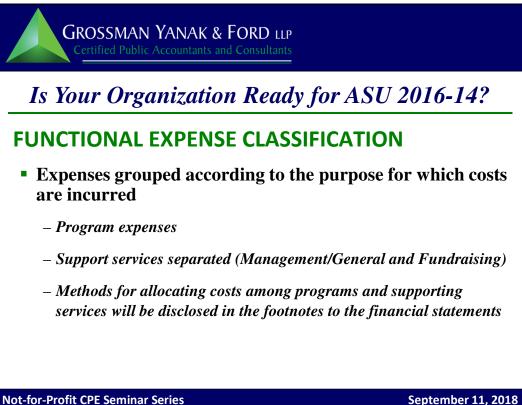


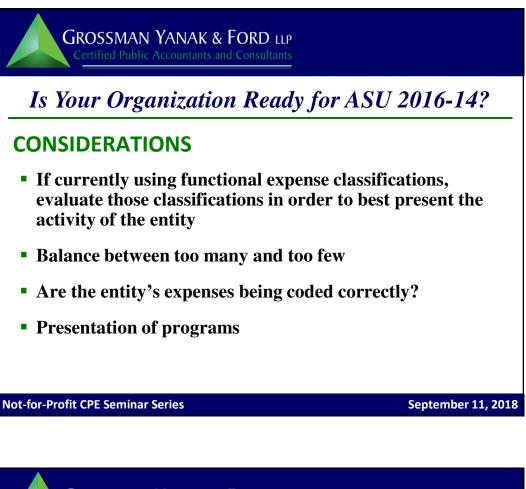


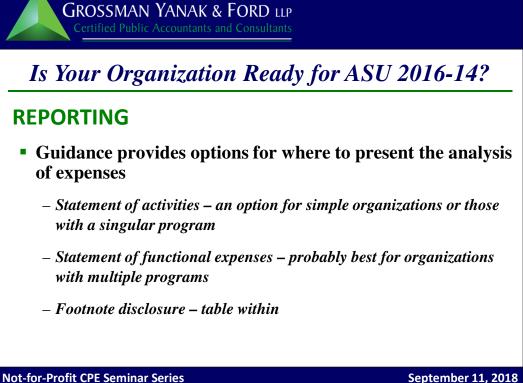


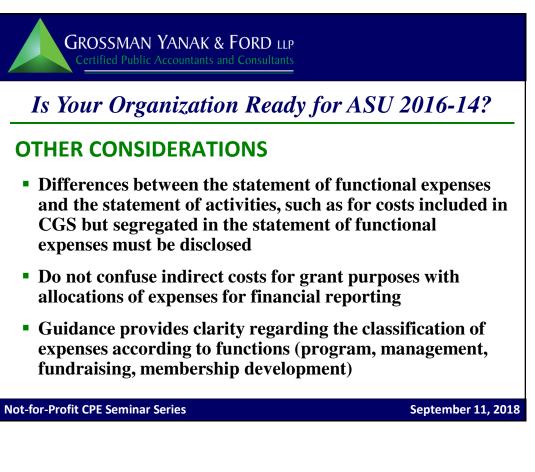






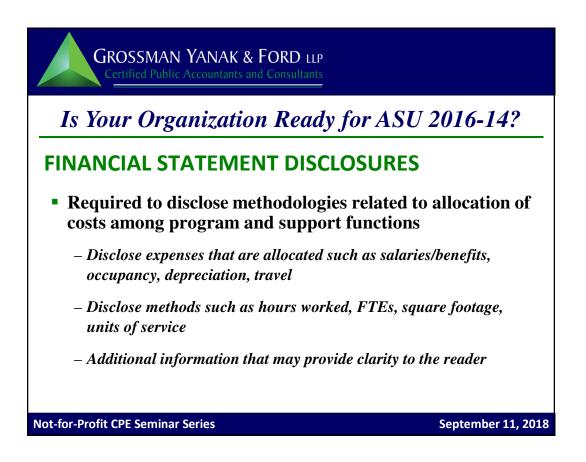


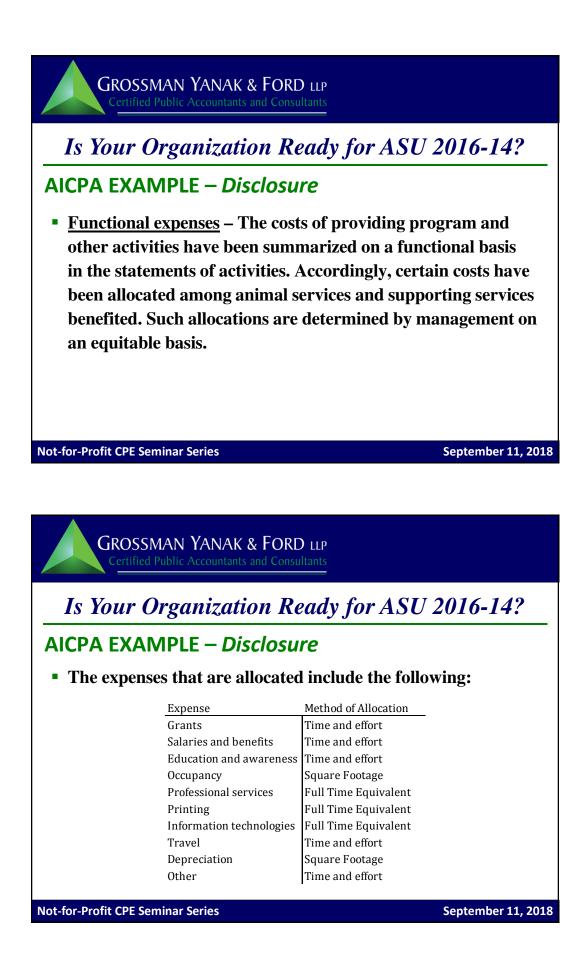




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AICPA EXAMPLE – Statement o	f Activities	
Expenses:		
Grant activities -		
Grants	12,125	
Salaries, benefits and taxes	1,808	
Occupancy costs	970	
Depreciation	845	
Supplies	1,255	
Other	56	
	17,059	
Management and general -		
Salaries, benefits and taxes	452	
Occupancy costs	243	
Depreciation	211	
Supplies	314	
Other	14	
	1,234	
Total expenses	18,293	
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AICPA EXAMPLE – Statement of Functional Expens								
	Animal Services	Management and General	0XX Fundraising	Total				
Grants	\$ 1,617,000	\$ 105,000	\$-	\$ 1,722,000				
alaries and benefits	1,285,000	16,000	531,000	1,832,000				
Education and awareness	706,000	54,000	245,000	1,005,000				
Occupancy	203,000	30,000	72,000	305,000				
rofessional services	120,000	48,000	45,000	213,000				
rinting	137,000	1,000	74,000	212,000				
nformation technologies	15,000	4,000	35,000	54,000				
ravel	79,000	1,000	11,000	91,000				
Depreciation	44,000	6,000	13,000	63,000				
Other	80,000	18.000	113,000	211,000				







Next presentation: January 10, 2019

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