

**NEW!**

**CAPLAW  
WEBINAR  
SERIES**

**IMPLEMENTATION OF THE NEW FASB FINANCIAL  
STATEMENT PRESENTATION STANDARD:**

**MASTERING THE MOST  
DIFFICULT CHALLENGES**

**PART ONE**

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**Implementation of the New FASB  
Financial Statement Presentation  
Standard: Mastering the Most  
Difficult Challenges**

Part One

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## Today's Presenters



### Rachel Flanders, CPA

- Principal, Public Sector Group – Non-Profit, CliftonLarsonAllen, LLP



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- Chief Assurance Officer, CliftonLarsonAllen, LLP

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## Learning Objectives

- Identify the most significant and complex challenges in adopting FASB's new financial statement standard.
- Determine policies, procedures, and systems that should be in place as a result of the standard.
- Identify implementation techniques that could assist in converting a not-for-profit's financial statements and footnotes to the new standard.

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## Refresher



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## Effective Date, Early Adoption, and Transition

Effective Date: For fiscal years beginning after 12/15/2017 (e.g., CY 2018, FY 2018-19)

Early Adoption: Permitted, but must apply the regular transition provisions.

### Transition:

- For year of adoption: apply all provisions.
- For comparative years presented: apply all provisions, except can choose not to present:
  - Analysis of expenses by nature and function\*, and/or
  - Disclosures around liquidity and availability of resources
  - *\*unless already required to do so under current GAAP*

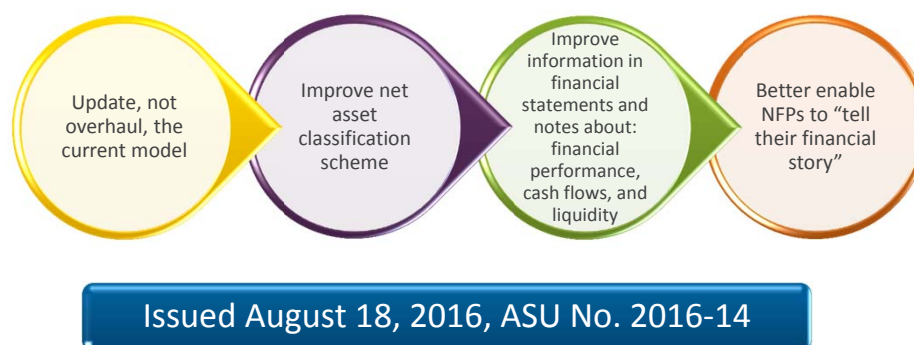


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## NFP Financial Statements ASU – Key Objectives (recommended by FASB’s NFP Advisory Committee (NAC))



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## ASU 2016-14 Changes

- New liquidity and availability disclosures required
- Net asset classes reduced from three to two
- All not-for-profits (NFPs) must report expenses by nature and function in one place, and describe the methods used to allocate among functional categories
- Net investment return replaces other alternatives
- Use of direct method in a statement of cash flows eliminates reconciliation of change in net assets to cash flows from (used for) operating activities
- Additional disclosures for underwater endowments

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## Tools - Implementation Checklist

### General Implementation

1) The presentation of financial statements for Not-for-Profit (NFP) entities is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early application is permitted.

- a) Has your organization decided to early adopt the new provisions or plan to adopt at the above noted effective date?
- b) Has your organization drafted a footnote for a change in accounting principal?
- c) Have proper individuals attended training to understand the new changes in financial reporting?
- d) Has your organization discussed with its auditors the impact of the new changes related to audit timing and planning?
- e) Has your organization identified the team members who will lead the implementation of the new financial reporting requirements?

2) The new guidance shall be applied on a retrospective basis. However, if presenting comparative financial statements, an NFP would have the option to omit the following information for any periods presented before the year of adoption: i) Analysis of expenses by both functional and natural classification, ii) Disclosures about liquidity and availability of resources.

- a) Does your organization present comparative financial statements? If so, while analyzing the below steps remember that retrospective application is required, except for the omissions noted above.

3) In the year of adoption, an NFP shall disclose the nature of any reclassifications or restatements and their effects, if any, on changes in the net asset classes for each year presented.

- a) Has your organization identified restatements and reclassifications?
- b) If the above answer is yes, has a footnote been drafted noting the nature and effects on changes in the net asset classes for year presented?



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## Liquidity

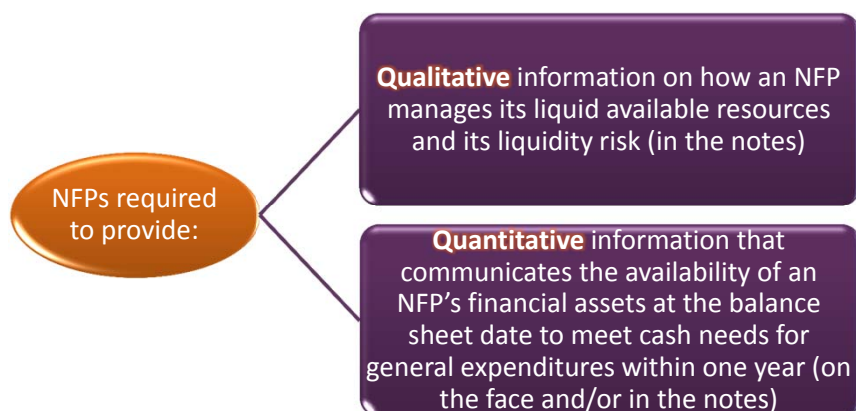


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## Liquidity and Availability of Resources



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## Implementation

- Identify all financial assets and any limitations on availability for expenditure in the next 12 months
- Determine the format to present the required quantitative disclosure of liquidity information
  - Display gross amounts of financial assets, then adjustments to arrive at available for expenditure amounts, or
  - Display only the net amounts available for expenditure
- Availability is affected by nature of the asset, external limitations imposed by donors, contractual agreements, and board designations

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## Implementation (continued)

- Determine whether presenting a classified statement of financial position (SOFP) could enhance or simplify the quantitative disclosure requirements (considering other effects elsewhere in the FS and notes)
- Develop a formal policy for managing the organization's liquidity needs
  - Will be articulated in the qualitative portion of the note disclosure
- Draft the note disclosure describing how the entity manages its liquid assets and liquidity needs, including conditions under which certain board-designated net assets may be undesignated, access to the lines of credit or other financing sources, and any other information useful in understanding the entity's liquidity



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## Tools - Implementation Checklist

### Liquidity

1) An NFP shall provide certain additional information useful in assessing liquidity and availability of resources in a note disclosure that includes the following:

- Qualitative information amount how an entity manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date
- Quantitative information either on the face of the balance sheet or in the notes, and additional qualitative information as necessary about the availability of an NFP's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset be affected by i) its nature, ii) external limits imposed by donors, laws, and contracts with others, and iii) internal limits imposed by governing board decisions.

- a) Does your organization have a formal policy as to how liquidity is managed?
- b) For the quantitative requirements noted above, does the organization want to prepare a classified statement of net position?



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## Example 1

### Example Note 1: Liquidity

NFP A has \$395,000 of financial assets available within one year of the balance sheet date consisting of cash of \$75,000, contributions receivable of \$20,000, and short-term investments of \$300,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to time restrictions, but will be collected within one year. NFP A has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$275,000. As part of its liquidity management, NFP A invests cash in excess of daily requirements in various short-term investments including certificates of deposits and short term treasury instruments. As more fully described in Note X, NFP A also has committed lines of credit in the amount of \$20,000, which it could draw upon in the event of an unanticipated liquidity need.

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## Example 2

### Example Note 2: Liquidity

As part of NFP A's liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, NFP A has committed lines of credit in the amount of \$20 million which it could draw upon. Additionally, NFP A has a quasi-endowment of \$33 million. Although NFP A does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its quasi-endowment could be made available if necessary. However, both quasi-endowment and donor endowment contain lock-up provisions that would reduce the total investments that could be made available.

NFP A's financial assets due within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$	4,575
Accounts and interest receivable		2,130
Contributions receivable		1,825
Short-term investments		1,400
Other investments appropriated for current use		1,650
	\$	<u>11,580</u>

NFP A's endowment funds consist of donor endowment and quasi-endowment. Income from donor endowment is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowment has a spending rate of 5 percent. \$1.65 million of appropriations from the quasi-endowment will be available within the next 12 months.

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## Example 3

### Example Note 3: Liquidity

As part of NFP A's liquidity management, it invests cash in excess of daily requirement in short-term investments. Occasionally, the Board designates a portion of any operating surplus to its liquidity reserve, which was \$1,300 as of June 30, 20XX. There is an established board-designated fund where the governing board has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, NFP A also could draw upon \$10,000 of available lines of credit (as further discussed in Note XX) or its quasi-endowment fund.

The following reflects NFP A's financial assets as of the balance sheet date, including amounts not available within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action.

Financial assets, as of June 30, 20XX	\$ 229,200
Less:	
Contractual or donor-imposed restrictions making financial assets unavailable for general expenditure	(192,413)
Quasi-endowment fund, primarily for long-term investing	(34,628)
Less amounts set aside for liquidity reserve:	<u>(1,300)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 859</u>

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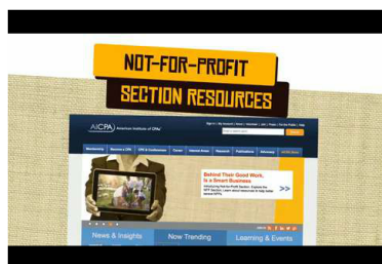


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## Comprehensive Example

Available on the AICPA  
Not-for-Profit Section website



### Consolidated Financial Statements December 31, 20X1 and 20X0 Save Our Charities

This publication provides illustrative financial statements and related disclosures and is organized to be used as a reference tool for nongovernmental, not-for-profit entities other than health care providers. The example contained herein is fictitious. Any resemblance or similarities to real entities is entirely coincidental and beyond the intent of the author and the AICPA. Further, the content is intended as nonauthoritative guidance only. For illustrative purposes, we have included changes resulting from FASB ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This publication includes relevant guidance effective on December 31, 2016; however, it is not a substitute for the authoritative pronouncements. Users of this publication are urged to refer directly to the applicable authoritative pronouncements for further guidance.

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**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	4,851,231
Accounts receivable		312,216
Operating investments		723,006
Promises to give		985,846
Distributions from assets held under split-interest agreements		145,000
Distributions from beneficial interests in assets held by others		180,110
Endowment spending-rate distributions and appropriations		1,115,664
	\$	8,313,073

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Our board-designated endowment of \$15,511,186 is subject to an annual spending rate of 4.5 percent as described in Note 9. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$300,000 as of December 31, 201X.

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## Calculation

Description of Financial Asset	Gross Amount	Less Amounts Unavailable for General Expenditures	Available to Meet Cash Needs Within One Year	Comments
Cash and cash equivalents	5,821,340	(970,109)	4,851,231	Available amount is that portion without donor restrictions for particular purposes, or periods beyond one year (448,377+375,627+146,105=970,109)
Operating investments	723,006	-	723,006	Available amount is the entire amount, which is comprised entirely of liquid securities, none of which have purpose or time restrictions associated with them
Accounts receivable	312,216	-	312,216	Available amount is the entire amount (which is net of allowance), all of which is expected to be collected within one year
Promises to give	1,165,958	(180,112)	985,846	Available amount is the expected collections of PTG without donor restrictions (57,265+22,847=80,112) plus 100,000 from endowment
Cash restricted to building project	500,000	(500,000)	-	Available amount is zero; entire balance is restricted to building project
Assets held under split-interest agreements	1,977,102	(1,832,102)	145,000	Available amount is that portion of the estimated distributions to be received within one year without donor restrictions (per folio forward not included here)
Beneficial interests	4,502,751	(4,322,641)	180,110	Available amount is that portion of the estimated distributions to be received within one year without donor restrictions [no restrictions] (4%*4,502,751=180,110)
Endowment	47,364,130	(46,248,466)	1,115,664	Available amount is that portion of the estimated spending-rate formula distribution to be received within one year without donor restrictions
			8,313,073	

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## Calculation (continued)

Description of Financial Asset	Gross Amount	Unavailable for General Expenditures	Available to Meet Cash Needs Within One Year
Cash and cash equivalents	5,821,340	(970,109)	4,851,231
Operating investments	723,006	-	723,006
Accounts receivable	312,216	-	312,216
Promises to give	1,165,958	(180,112)	985,846
Cash restricted to building project	500,000	(500,000)	-
Assets held under split-interest agreements	1,977,102	(1,832,102)	145,000
Beneficial interests	4,502,751	(4,322,641)	180,110
Endowment	47,364,130	(46,248,466)	1,115,664
			<u>8,313,073</u>

### Note 4

Within one year	\$ 1,165,958
In one to five years	980,189
Over five years	500,000
	<u>2,646,147</u>

### SOFP

#### Assets

Cash and cash equivalents	\$ 5,821,340
Operating investments	723,006
Accounts receivable, net	312,216
Promises to give, net	1,990,615
Gift shop inventory, net	21,672
Prepaid expenses and other assets	290,813
Cash restricted to building project	500,000
Property and equipment, net	30,810,802
Assets held under split-interest agreements	1,977,102
Beneficial interests in charitable trusts held by others	812,850
Beneficial interest in assets held by community foundation	1,094,842
Beneficial interests in perpetual trusts	2,595,059
Endowment	
Promises to give, net	336,999
Investments	47,027,131
Total assets	<u>\$ 94,314,447</u>

### Note 9

	Without Donor Restriction	With Donor Restrictions	Total
12/31/20X1			
Board-designated endowment funds	\$ 15,511,186	\$ -	\$ 15,511,186
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	19,174,849	19,174,849
Accumulated investment gains	-	12,678,095	12,678,095
	<u>\$ 15,511,186</u>	<u>\$ 31,852,944</u>	<u>\$ 47,364,130</u>



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## Calculation (continued)

Description of Financial Asset	Gross Amount	Unavailable for General Expenditures	Available to Meet Cash Needs Within One Year
Cash and cash equivalents	5,821,340	(970,109)	4,851,231
Operating investments	723,006	-	723,006
Accounts receivable	312,216	-	312,216
Promises to give	1,165,958	(180,112)	985,846
Cash restricted to building project	500,000	(500,000)	-
Assets held under split-interest agreements	1,977,102	(1,832,102)	145,000
Beneficial interests	4,502,751	(4,322,641)	180,110
Endowment	47,364,130	(46,248,466)	1,115,664
			<u>8,313,073</u>

### Note 10

Net assets with donor restrictions are restricted for the following purposes or periods.

	20X1	20X0
Subject to expenditure for specified purpose:		
Building project	\$ 500,000	\$ -
Operation of the training center	448,377	108,927
Educational programs	375,627	119,290
Financial aid	146,105	85,744
Promises to give, the proceeds from which have been restricted by donors for		
Educational programs	57,265	-
Centennial anniversary celebration	22,847	-
	<u>1,550,221</u>	<u>313,961</u>
Subject to the passage of time:		
Beneficial interests in charitable trusts held by others	812,850	804,179
Assets held under split-interest agreements	558,975	440,457
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	20,000	35,000
	<u>1,391,825</u>	<u>1,279,636</u>



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## Endowment Calculation

As of December 31, 20X1 and 20X0, we had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restrictions	Total
12/31/20X1			
Board-designated endowment funds	\$ 15,511,186	\$ -	\$ 15,511,186
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	19,174,849	19,174,849
Accumulated investment gains	-	12,678,095	12,678,095
	<u>\$ 15,511,186</u>	<u>\$ 31,852,944</u>	<u>\$ 47,364,130</u>

### Endowments:

Subject to appropriation and expenditure when a specified event occurs:		
Restricted by donors for		
Available for general use	7,223,171	5,252,329
Educational programs	4,186,393	3,761,284
Financial aid	1,268,531	1,023,659
	<u>12,678,095</u>	<u>10,037,272</u>
Subject to NFP endowment spending policy and appropriation:		
Operation of the Training Center	6,811,531	6,726,382
Educational programs	8,279,742	8,000,578
Financial aid	1,688,411	1,686,761
General use	2,058,166	2,058,166
Unconditional promises to give, net - permanently restricted to general endowment	336,999	372,553
Underwater endowments	-	(42,677)
	<u>19,174,849</u>	<u>18,801,763</u>
Total endowments	<u>\$ 31,852,944</u>	<u>\$ 28,839,035</u>

### Analysis of projected endowment distribution:

	PY ending bal	Spending rate	Projected
Without donor restrictions:			
Board-designated endowment	15,511,186	4.50%	698,003
Endowment without restrictions	9,281,337	4.50%	417,660
	<u>24,792,523</u>	<u>4.50%</u>	<u>1,115,664</u>



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## One More Example

Financial assets, at year-end	\$ 234,410
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(11,940)
Subject to appropriation and satisfaction of donor restrictions	(174,700)
Investments held in annuity trust	(4,500)
Board designations:	
Quasi-endowment fund, primarily for long-term investing	(36,600)
Amounts set aside for liquidity reserve	(1,300)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,370</u>

Not-for-Profit Entity A is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Not-for-Profit Entity A must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Not-for-Profit Entity A's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Not-for-Profit Entity A invests cash in excess of daily requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve, which was \$1,300 as of June 30, 20X1. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, Not-for-Profit Entity A also could draw upon \$10,000 of available lines of credit (as further discussed in Note XX) or its quasi-endowment fund.



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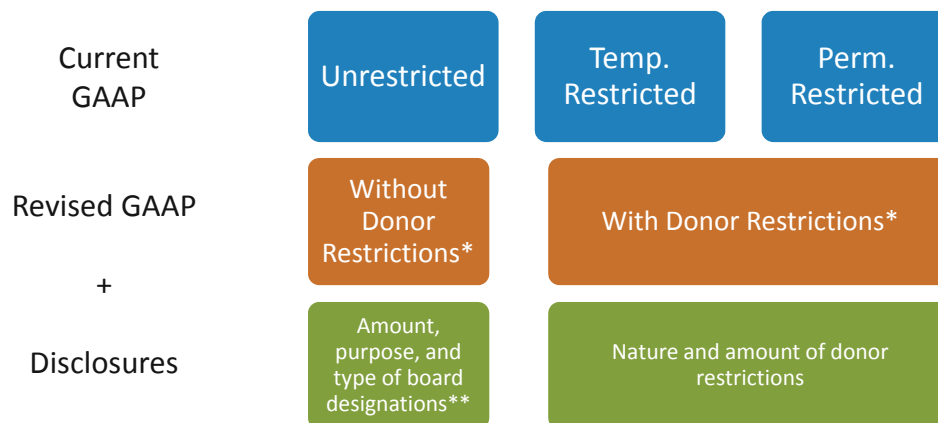
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## Net Assets



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## Net Assets



\* NFPs may choose to disaggregate further

\*\* New disclosure requirement

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## Net Asset Classification Requirements

- Two classes
  - With donor/grantor-imposed restrictions; and time restrictions
    - Includes perpetual and temporary
  - Without donor/grantor-imposed restrictions
    - Includes board-designated
- Disclosure requirements
  - Composition of net assets with donor/grantor restrictions
  - Emphasis on how/when resources (net assets) can be used
    - Specified purpose(s)
    - Specified time(s)
    - Perpetual (endowment, i.e., “funds of perpetual duration”)
  - Quantitative and qualitative information about board designations

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## Expiration of Capital Restrictions

Gifts of cash restricted for acquisition or construction of PP&E

In absence of explicit donor restrictions, NFPs would be required to use the **placed-in-service** approach (*no more implied time restrictions*)

- Healthcare NFPs are already required to do so



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## “Underwater” Endowments

### Revised net asset classification

- To be reflected in net assets with donor restrictions rather than in net assets without donor restrictions

### Enhanced disclosures

- In addition to aggregate amounts by which funds are underwater (current GAAP), also disclose aggregate of original gift amounts (or level required by donor or law) for such funds, fair value, and any governing board policy, or actions taken, concerning appropriation from such funds

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## Example of Reclassification of Opening Balances

	Current GAAP	Reclassifications			New GAAP
		Implied time restriction	Underwater portion of endowment	Other	
<b>Assets:</b>					
Cash and cash equivalents	16,003				16,003
Receivables and other	23,095				23,095
Investments	145,794				145,794
Property & equipment	120,581				120,581
<b>Total assets</b>	<b>305,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305,473</b>
<b>Liabilities:</b>					
Accounts payable	1,915				1,915
Accrued expenses	8,566				8,566
Long-term debt	7,668				7,668
<b>Total liabilities</b>	<b>18,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,149</b>
<b>Net assets:</b>					
Unrestricted	23,237		1,084	(24,321)	-
Temporarily restricted	119,097	(100,735)		(18,362)	-
Permanently restricted	144,990			(144,990)	-
<b>Without donor restrictions</b>		<b>100,735</b>		<b>24,321</b>	<b>125,056</b>
<b>With donor restrictions</b>			<b>(1,084)</b>	<b>163,352</b>	<b>162,268</b>
<b>Total net assets</b>	<b>287,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287,324</b>
<b>Total liabilities and net assets</b>	<b>305,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305,473</b>

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## Implementation – Net Assets

- Determine whether you will need to adjust your general ledger, Excel spreadsheet, or other tracking mechanism to accommodate the new terminology and presentation
- Determine the appropriate level of disaggregation of net assets you wish to present among: net assets without donor restrictions; those with donor restrictions that will be satisfied over time and/or by expenditure for a particular purpose; and those that will be maintained in perpetuity
- Decide the degree of disaggregation you wish to present on the face of the SOFP vs in the notes

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## Implementation – Board-designations

- Assemble information about the amounts and purposes of board designations of net assets without donor restrictions to be provided in notes and/or on the face of the SOFP
- Determine proper presentation of any board-designated endowment funds in the related endowment note
- Draft language to include in the liquidity and availability note pertaining to the self-imposed limitations on board-designated funds, and the conditions under which such funds would be made available to meet expenditure needs

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## Tools – Implementation Checklist

### Net Assets and Endowments

1) Net assets are required to be classified in two categories, net assets with donor restrictions and net assets without donor restrictions.

- a) Has your organization reformatted the statement of financial position and statement of activities to remove temporarily restricted net assets and permanently restricted net assets and replaced these terms with net assets with donor restrictions and net assets without donor restrictions?
- b) Has your organization reviewed the notes to the financial statements replacing the terms temporarily restricted and permanently restricted net assets with net assets with donor restrictions and net assets without donor restrictions?

2) The two required net asset classes are a minimum classification scheme, should they be applicable. An NFP can choose to further disaggregate the two net asset classes. For example, an NFP may wish to disaggregate net assets with donor restrictions between those expected to be maintained in perpetuity and those expected to be spent over time or for a particular purpose. However, amounts for each of the two classes of net assets and the total of net assets must be reported in a statement of financial position.

- a) Would the users of your financial statements find a further disaggregation of net assets from the two required classes useful on the face of the statement of financial position?

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## Tools – Implementation Checklist (continued)

### Classification of Net Assets

Separate line items may be reported within net assets with donor restrictions or in notes to financial statements to distinguish between various types of donor-imposed restrictions, such as the following:

- a) Assets such as land or works of art, donated with stipulations that they be used for specified purpose, be preserved, and not be sold
- b) Assets donated with stipulations that they be invested to provide a permanent source of income. These result from gifts and bequests that create a donor-restricted endowment that is perpetual in nature
- c) Support of a particular operating activity
- d) Investment for a specified term
- e) Use in a specified future period
- f) Acquisition of long-lived assets

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## Example SOFP Presentation

Net assets:	
Without donor restrictions	97,677
With donor restrictions	115,657
Total net assets	213,334

Minimum presentation  
required

Alternative  
disaggregation  
allowed

Net Assets [The level of detail presented here is not required, however if the information presented on the face is not sufficiently detailed, it must be included in the notes.]

Without donor restrictions		
Undesignated	3,057,607	1,370,401
Designated by the Board for operating reserve	300,000	250,000
Designated by the Board for endowment	15,511,186	14,912,222
Invested in property and equipment, net of related debt	21,150,885	20,193,878
	40,019,678	36,726,501
With donor restrictions		
Perpetual in nature	22,864,750	22,450,146
Purpose restrictions	14,228,316	10,351,233
Time-restricted for future periods	1,391,825	1,279,636
Underwater endowments	-	(42,677)
	38,484,891	34,038,338
Total net assets	78,504,569	70,764,839
Total liabilities and net assets	\$ 94,314,447	\$ 86,137,541



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## Tools – Implementation Checklist

3) Statement of activities shall report the following amounts for the period: i) the change in net assets, ii) the change in net assets with donor restrictions, iii) the change in net assets without donor restrictions. Reclassification of net assets, such as expirations of donor-imposed restrictions, shall be reported as separate line items.

a) Has the organization reformatted its statement of activities to conform with the above requirements?

Not-for-Profit Entity A  
Statement of Activities  
Year Ended June 30, 20XX

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Contributions	\$ 8,640	\$ 8,390	\$ 17,030
Fees	5,200	-	5,200
Investment return, net	4,678	20,272	24,950
Gain on sale of equipment	200	-	200
Other	150	-	150
Net assets released from restrictions:			
Satisfaction of program restrictions	21,990	(21,990)	-
Satisfaction of equipment acquisition restrictions	1,500	(1,500)	-
Expiration of time restrictions	1,250	(1,250)	-
Appropriation from donor endowment	7,500	(7,500)	-
Total net assets released from restrictions	32,240	(32,240)	-
Total revenues, gains, and other support	51,108	(3,578)	47,530



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## Tools – Implementation Checklist (continued)

3) Statement of activities shall report the following amounts for the period: i) the change in net assets, ii) the change in net assets with donor restrictions, iii) the change in net assets without donor restrictions. Reclassification of net assets, such as expirations of donor-imposed restrictions, shall be reported as separate line items.

a) Has the organization reformatted its statement of activities to conform with the above requirements?

Not-for-Profit Entity A  
Statement of Activities  
Year Ended June 30, 20XX

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses and losses			
Program A	13,296	-	13,296
Program B	8,649	-	8,649
Program C	5,837	-	5,837
Management and general	2,038	-	2,038
Fundraising	2,150	-	2,150
Total expenses	31,970	-	31,970
Fire loss on building	80	-	80
Actuarial loss on annuity trust obligations	-	30	30
Total expenses and losses	32,050	30	32,080
Change in net assets	19,058	(3,608)	15,450
Net assets at beginning of year	73,619	197,021	270,640
Net assets at end of year	\$ 92,677	\$ 193,413	\$ 286,090

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## Part Two – Thursday, May 24, 2:00 PM – 3:30 PM EST

- Topics to be covered in Part Two:
  - Functional expense requirements
  - Allocation methodologies
  - Other impacts
    - Investment Return
    - Statement of Cash Flows
    - Endowment Funds

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Brand name and presentation title

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