

CHANGES IN PRESENTATION REQUIREMENTS FOR NOT-FOR-PROFITS

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Effective for fiscal years beginning after December 15, 2017, not-for-profits will be required to change the presentation of their financial statements according to ASU 2016-14. The main provisions of the ASU will require changes in the presentation of net assets, the statement of activities and the statement of cash flows.

The ASU requires that net assets be presented in only two classes – net assets with donor restrictions and net assets without donor restrictions.

The statement of activities will now consist of the change in each of the two new classes of net assets. In addition, expenses will be required to be reported by their functional classification such as major classes of program services and supporting activities.

Under the ASU, not-for-profits that choose to use the direct method of cash flow reporting are no longer required to present the indirect method reconciliation. The indirect or direct method of cash flow may be selected.

When reporting investment returns, not-for-profits are no longer required to disclose netted expenses.



The ASU also enhances the disclosure requirements for not-for-profits relating to net assets and classification and allocation of expenses.

If you have any questions about this or any other not-for-profit issue, please contact your Account Manager or [Andrea Schaefer, CPA](mailto:aschaefer@connerash.com), at (314) 205-2510 or via email at aschaefer@connerash.com.