



Chapter 14

- ◆ Accounting for Not-for-Profit Organizations





SFAS NO. 116:

**Accounting for
Contributions Received
and Contributions Made**

SFAS NO. 117:


**Financial Statements of
Not-for-Profit Organizations**

Commonalties

- ◆ Organization Type
- ◆ Fund Accounting
- ◆ Net Asset Classifications
 - ◆ Permanent Restrictions
 - ◆ Temporary Restrictions
 - ◆ Unrestricted Net Assets



SFAS 116: Contributions Received and Made

- ◆ Cash, Other Assets, Promises to Give, Non-Reciprocal Transfers
 - ◆ Fair Value
 - ◆ Donor Imposed Condition vs. Restriction
 - ◆ Contributed Services
 - ◆ Contributions Made
- 



Recognition of Restricted Contribution

- ◆ Restricted Support
- ◆ Unconditional Promise
- ◆ Long Lived Assets
Restricted Support
- ◆ Recognize in Period
Received or Pledged

Expiration of Restricted Support

- ◆ Recognize in Period of Expiration
 - ◆ Decrease in Temporary Restricted Net Assets
 - ◆ Increase in Unrestricted Net Assets
 - ◆ ↑ & ↓ always equal amount



Expiration of Restricted Support cont...

- ◆ Depreciable Asset Expiration
 - ◆ Policy exists – reclassify depreciation amount every period
 - ◆ No policy exists – reclassify capitalized amount in period purchased



Contributed Collection Items

- ◆ **Do Not Recognize If:**
 - ◆ Held for public exhibition, education or research
 - ◆ Protected, unencumbered, preserved



...Contributed Collection Items

- ◆ **Do Not Recognize If:**
 - ◆ Proceeds from sales used to acquire more collection items (policy exists)
 - ◆ Cash flows related to items create increases and decreases in net assets

...Contributed Collection Items

- ◆ Retroactive capitalization encouraged, prospective recognition allowed





SFAS 117:

Financial Statements of Not-for-Profit Organizations

- ◆ General Purpose Financial Statements:

- Required Statements Include:

- ◆ Statement of Financial Position
 - ◆ Statement of Activities
 - ◆ Statement of Cash Flows



SFAS 117:

Financial Statements of Not-for-Profit Organizations

- ◆ General Reporting Goals
- ◆ Specific Reporting Goals
- ◆ How to Report,
Not When or How to Measure
- ◆ Basic Information
- ◆ Additional Statements





Reporting and Disclosure Requirements

- ◆ Unconditional Promise Receivables
- ◆ Conditional Promises
- ◆ Contributed Services
- ◆ Collections





Exhibit 1

Not-For-Profit Organization Statement of Financial Position June 30, 19X1 and 19X0...

Assets:

- \$ Cash and cash equivalents
- \$ Accounts & interest receivable
- \$ Inventories & prepaid expenses
- \$ Contributions receivable
- \$ Short-term investments
- \$ Assets restricted to investment in land, buildings, & equipment
- \$ Land, buildings, & equipment
- \$ Long-term investments

Total assets



Liabilities and Net Assets:

Accounts payable

Refundable advance

Grants payable

Notes payable

Annuity obligations

Long-term debt

Total Liabilities





Net assets:

Unrestricted

Temporarily restricted

Permanently restricted

Total net assets

Total liabilities and net assets





Exhibit 2, Format B

Not-for-Profit Organization Statement of Activities Year Ended June 30, 19X1



**Revenues, gains &
other support:**

*Unrestricted
Temp.
Restricted
Perm.
Restricted
Total*

Contributions

Fees

Income on long-term
investments

Other investment income

Net unrealized & realized
gains on long-term
investments

**Revenues, gains &
other support:**

Unrestricted
Temp.
Restricted
Perm.
Restricted
Total

Other

**Net assets released from
restrictions**

**Satisfaction of programs
restrictions**

**Satisfaction of equipment
acquisition restrictions**

Expiration of time restric.

**Total revenues, gains,
and other support**

Expenses & Losses:

Unrestricted
Temp.
Restricted
Perm.
Restricted
Total

Program A
Program B
Program C
Mgmt & General
Fund Raising
Total Expenses

Expenses & Losses:

	Unrestricted	Temp. Restricted	Perm. Restricted	Total
Fire loss				
Actuarial loss on annuity obligations				
Total expenses & losses				
Change in net assets				
Net assets at beginning of year				
Net assets at end of year				



Exhibit 4

Functional and Natural Classification



**Expenses incurred
were for:**

Total
Program
A B C
Mgmt &
General
Fund
Raising

Salaries, wages, &
benefits

Grants to other
organizations

Supplies & travel

Services & pro. fees

Office & Occupancy

Depreciation

Interest

Total expenses



SFAS No. 93

Recognition of Depreciation by Not-for-Profit Organizations





SFAS 124

Accounting for Certain Investments Held by Not-for-Profit Organizations

A. All categories carried
at fair value.

1. Current asset
exchange price



...SFAS 124

B. Realized and Unrealized Gains / Losses

1. Gains
2. Losses
3. Net Appreciation Value
 - a. Income / gains
 - b. Losses



...SFAS 124

D. Related Investment Standards

1. SFAS 105 Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentration of Credit Risk





FASB 136

**Accounting for Transfers of Assets to
a Not-for-Profit Organization or
Charitable Trust that Raises or
Holds Contributions for Others.**



FASB 136 Cont...

- ◆ Variance power exists:
recognize contribution
income
- ◆ Variance power does not
exist: recognize liability

