



NFP FINANCIAL REPORTING STANDARDS IMPLEMENTATION CHECKLIST

Net Asset Classification

- Identify net assets with donor restrictions (formerly temporarily restricted and permanently restricted) and without donor restrictions.
- Reformat the Balance Sheet Net Asset section.
- Reformat the Statement of Activities to remove reference to unrestricted, temporarily restricted and permanently restricted. Use “with donor restriction” and “without donor restriction”.
- Update the notes to the financial statements:
 - Remove reference to unrestricted, temporarily restricted and permanently restricted
 - Show summary of net assets with donor restrictions including:
 - Time restrictions
 - Purpose restrictions and
 - In perpetuity
 - Show board designated net assets separately including amounts and purposes of board designations
- Document your organization’s policy and procedure regarding board designations.



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Liquidity Information

- Develop a board-approved policy for monitoring liquidity (how often, who is responsible, etc.).
 - Compile a list of your financial assets and determine which are liquid and which are illiquid.
 - Identify the liquid financial assets that you have to meet operational cash needs within one year of your year-end date.
 - Cash and cash equivalents
 - Short-term investments
 - Distributions from investments based on spending policy
 - Receivables and pledges due within one year
 - Identify restrictions on availability of financial assets:
 - Donor restrictions
 - Board designations
 - Contractual restrictions
 - Loan covenants
 - Collateralized assets
 - Cash restrictions
 - Other
 - Identify other resources to support operational needs within one year:
 - Lines of credit
 - Other
 - Draft footnote based on above.
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Functional Expenses

- Allocate expenses by function, as well as natural category (if you don't already have a statement of functional expenses).
- Disclose the methods used to allocate costs among function.

Checklist provided by Heveron & Company, CPAs.

Contact us at (585) 232-2956 with any questions.