

## **ASU 2016-14 Are You Ready?**

### **IMPLEMENTATION CHECKLIST**

#### **Review or create policies for:**

- Cost allocation methodologies**
  - How are costs allocated among program and support functions?
  - Which expenses are based on actual costs and which are allocated?
  - How are salaries of supporting staff allocated?
- Liquidity management**
  - What level of financial assets does your organization strive to maintain for daily requirements?
  - What is the policy for how cash in excess of daily requirements is handled?
  - What resources are available for unanticipated needs?
- Board-designated funds (aka “quasi-endowment”) spending**
  - Does your organization have a policy for the commitment of board-designated funds?
  - Does the board periodically review a report of disbursements?
- Endowment spending (specifically, in regard to underwater endowments)**
  - What is your board’s interpretation of its ability to allow spending from donor-restricted endowment funds if amounts fall below original gift amounts?
  - How are appropriation amounts determined?
  - Has your organization followed its own endowment spending policy?
- Approach for reporting expirations on gifts of capital assets**
  - Does your organization use the placed-in-service approach?
  - If not, your organization will have to adopt it – talk to your auditors

#### **Adoption:**

- Prepare schedules and drafts for the new footnote disclosures (as applicable)**
  - Expense analysis with disclosure of cost allocation methods
  - Qualitative and quantitative information on liquidity and cash availability
  - Board-designated net assets
  - Composition of net assets with donor restrictions
  - Underwater endowment funds
  - Operating measures
- With auditors, decide whether to present comparative statements in the year of adoption**

#### **Financial report changes:**

- Revise report columns to reflect new net asset classes
- Consider whether it would be helpful to prepare a “classified” Statement of Financial Position