



A Message from Ned and Brooke

Twenty Years in the Making

After nearly 20 years of limited changes to your financial statements, the Financial Accounting Standard Board (FASB) is proposing some new guidance that would affect the presentation of your School's financial statements.

Some of these proposed changes include:

- Presentation and Disclosure of Liquidity
- Operating Measure
- Net Assets
- Statement of Cash Flow
- Reporting of Expenses
- Presentation of Revenues, Expenses, and Other Changes in Net Assets

The goal of these changes is to make your year-end financials easier for the readers to understand. These readers not only include the bank and your Board of Trustees, but also your ever important donors. Specifically these modifications are focused on improving net asset classification requirements and the information provided in financial statements and notes about liquidity, financial performance, and cash flows.

Please contact us if you have any specific questions about these changes and we'll continue to update you as the final standards are released.

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FINANCIAL STATEMENT TIPS

- Discuss these possible changes with the Finance Committee and Board so they are aware of how the School's financial statements may soon look.
- Continue to classify gifts from donors based on their intent and be sure that intent is documented.
- Stay tuned! Until these are finalized, the FASB can continue to modify by adding or removing parts of the proposal.

**Make sure to visit the redesigned,
reimagined and revamped
BFMM website today,
at bfmmcpa.com**



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Return Service Requested

Good Things Come to Those Who Wait.

The following are some more specifics on the aforementioned proposed changes:

- » **Presentation and Disclosure of Liquidity** - Moving to a classified statement of financial position and even disclosing specific information in the notes to the financials about your School's liquidity.
- » **Operating Measure** - To define an intermediate operating measure on the basis of two key dimensions. A mission dimension based on whether resources are from or directed at carrying out a School's purpose, and an availability dimension based on whether resources are available for current period activities, and reflecting both external limitations and internal actions of the School's Board.
- » **Net Assets** - To replace the existing net asset classifications to two classes of net assets that convey net assets with and without donor-imposed restrictions.
- » **Statement of Cash Flows** - To change from the indirect method of reporting cash flows to the direct method of reporting.
- » **Reporting of Expenses** - To include a net presentation of investment expenses again investment return on the face of the statement of activities.
- » **Presentation of Revenues, Expenses, and Other Changes in Net Assets** - To allow some flexibility to present revenues, expenses, and other changes in net assets using a one or two statement approach.