

Example 5

Examples of the qualitative and quantitative disclosure requirements.

Liquidity Disclosure

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As part of this policy, the Organization holds in its short-term investment account a balance of securities equal to at least three months of operating expenses that can be readily liquidated to pay for operating needs.

Cash and cash equivalents include \$1,100,000 designated internally for capital replacement which are planned for 20X3 and will not be available in the upcoming year.

Long-term investments include endowment funds consisting of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowment has a spending rate of 5 percent. Accordingly, \$500,000 of appropriations from the quasi-endowment will be available within the next 12 months. The quasi-endowment could be made available in its entirety if needed. No appropriations from donor-restricted endowments have been made available for operations as of June 30, 20X1. There are certain limitations on availability of long-term investment funds totaling approximately \$2,500,000 at June 30, 20X1 and 20X0 which are subject to certain lockup restrictions. The Organization would be able to access these funds at the end of any calendar year with a 60-day redemption notice but would otherwise not be available to support general expenditures within one-year from the statements of financial position. As of June 30, 20X1, the Organization does not intend to redeem such investments.

Certificates of deposit of approximately \$200,000 are required as collateral for the notes payable on the Organization's facilities. These funds are not available for use until the balance of the note is paid in full.

Short-term contributions receivable consists of unconditional promises to give expected to be received within one year from June 30, 20X1. The Organization is currently during a capital campaign to raise operating funds which will be available to fund general operations and funds to build a new program site which are not available for general operations. Unrestricted short-term contributions receivable will be available to support general operations of the Organization.

The Organization has a line of credit available for use. The balance available at June 30, 20X1 is \$750,000.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 20X1 to fund general expenditures and other obligations as they become due:

Financial Assets

Cash and cash equivalents	6,620,000
Contributions receivable	5,451,000
Long-term investment appropriation	500,000
Short-term investments	15,000,000
Long-term investments	15,000,000
Certificates of deposit	200,000
Total Financial Assets	42,571,000

Less: amounts unavailable for general expenditure within one year:

Donor-imposed restrictions

Long-term contributions receivable	(2,951,000)
Endowment investments	(6,000,000)
Endowment earnings not yet appropriated for expenditure	(1,100,000)

Contractual

Certificates of deposit	(200,000)
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Financial Assets that Cannot be Converted to Cash

Long-term investments	(2,500,000)
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Board - designations

Board-designated endowment investments	(4,000,000)
Capital replacement reserves	(1,100,000)

Financial assets available to meet cash needs for general expenditures within one year

24,720,000

Financial assets available - Line of Credit

750,000