

## Board Meeting Handout

### Not-for-Profit Financial Reporting: Financial Statements September 4, 2013

The purpose of today's meeting is to seek the Board's discussion and tentative decisions on recommendations related to the presentation, classification, and disclosure of information about net assets of not-for-profit entities (NFPs). The Board will also discuss the pros and cons of alternative financial statement formats that reflect those recommendations but is not expected to reach tentative decisions on particular formats at this meeting (Appendix A).

Based on its research, including feedback from project resource group members and others, the staff recommends that the Board:

- a) Replace the existing requirements to present totals for each of three classes of net assets on the face of a statement of financial position and for changes in each of those classes on the face of a statement of activities with similar requirements for each of the two classes of net assets that convey net assets *with donor-imposed restrictions* and *without donor-imposed restrictions*
- b) Retain the current requirement to provide information about the nature and amounts of different types of donor-imposed restrictions but modify the requirement to (1) remove the hard-line distinction between temporary and permanent restrictions and (2) focus instead on describing differences in the nature with a focus on both how *and* when the resources (net assets) can be used.
- c) Require disclosure of information about designated amounts and their purposes if any portion of net assets *without donor-imposed restrictions* has been board-designated or otherwise authorized for particular uses

In conjunction with net asset classifications and presentations, the staff explored whether it is possible to convey information about liquidity through net assets. However, the staff remains convinced that striving to convey liquidity through net assets is not feasible because net assets are merely a residual ( $\text{Assets} - \text{Liabilities} = \text{Net Assets}$ ) and liquidity by definition relates to the nearness to cash of assets and liabilities. Therefore, the staff believes that although the net asset classification scheme and liquidity may have an interrelationship, it is not feasible to demonstrate the liquidity through net assets alone.

### Question 1 – Net Asset Classification

Does the Board agree with the staff's recommendation to:

(a) Replace the existing requirements to present totals for each of three classes of net assets on the face of a statement of financial position (paragraph 958-210-45-1) and for changes in each of those classes on the face of a statement of activities (paragraph 958-225-45-1); and

(b) Require that totals for each two classes of net assets that convey net assets *with donor-imposed restrictions* and *without donor-imposed restrictions* be presented on the face of a statement of financial position and for changes in each of those classes on the face of a statement of activities (or changes in net assets) ?

Consistent with its recommendation for the classification of net assets, the staff recommends that the Board replace the definitions of the two donor-restricted classes of net assets (*temporarily restricted net assets* and *permanently restricted net assets*) with a definition for net asset *with donor-imposed restrictions*. The staff also recommends retaining the substance of the definition of *unrestricted net assets* but changing its label (the defined term) to a more technically precise term such as *net assets without donor-imposed restrictions*.

### Question 2 – Definitions and Terminology

Does the Board agree with the staff's recommendation to replace the definitions of the two donor-restricted classes of net assets (*temporarily restricted net assets* and *permanently restricted net assets*) with a definition for *net asset with donor-imposed restrictions*?

Does the Board also agree with the staff's recommendation to retain the substance of the definition of *unrestricted net assets* but change its label to a more technically precise term such as *net assets without donor-imposed restrictions*?

To avoid the loss of important information, the staff recommends providing information about the composition of net assets at the end of period through notes to financial statements. Two alternative presentations are provided in Appendix A4-1 and 4-2. The second alternative provides more robust information in the form of a roll-forward reconciliation of the changes in each of the provided subclasses of the two required classes of net assets. The staff thinks that roll-forward information would be useful but that information may add confusion rather than clarity. Therefore, the staff is not yet convinced that the benefits of that more robust information will justify the cost to provide such details.

### Question 3 – Composition of Net Assets

Does the Board agree with the staff's recommendation to require information about the composition of net assets at the end of period be provided through notes to financial statements. And to:

(a) Modify the requirement of paragraph 958-210-50-3(d) and (e) to (1) remove the hard-line distinction between temporary and permanent restrictions and (2) focus instead on describing differences in the nature with a focus on both how *and* when the resources (net assets) can be used; and

(b) Require that *if any* portion of net assets without donor-imposed restrictions has been board-designated or otherwise authorized for particular uses, information be provided about those designated amounts and purposes?

## **Appendix A: Illustrative Examples of Financial Statement Presentations and Key Notes**

The following Appendix is divided into the following sections:

- A1. Pros and Cons of Four Alternative Presentations of Statement of Activities and Changes in Net Assets
- A2. Illustrative Examples of Statement of Operations and Changes in Net Assets
  - 1. Alternative 1: One-Statement, Multiple Column Approach
  - 2. Alternative 2: One-Statement, Single Column Approach
  - 3. Alternative 3: Two-Statement Approach
    - a. Statement of Operations
    - b. Statement of Changes in Net Assets.
  - 4. Alternative 4: Two-Statement Approach with Transfer Presentation
    - a. Statement of Operations
    - b. Statement of Changes in Net Assets.
- A3. Pros and Cons of Two Alternative Presentations of Note Disclosure on Composition of Net Assets
- A4. Illustrative Examples of Note Disclosures on Composition of Net Assets
  - 1. Alternative 1: Composition by Two Classes of Net Assets
  - 2. Alternative 2: Composition by Activities (roll-forward).
- A5. Illustrative Example of Statement of Financial Position (Work-In-Process)
- A6. Illustrative Example of Statement of Cash Flows (Work-In-Process).

## **A1. Pros and Cons of Four Alternative Presentations of Statement of Operations and Changes in Net Assets**

- A1-1. *Alternative 1* is a single statement, multiple column approach that provides a holistic view of all activities of the period. An advantage of this presentation is that it shows total revenues and supports, which the charity-type organizations seem to prefer. However, some might argue that the statement contains too much information on one page, does not sufficiently emphasize current operating activities, and impedes multi-year comparisons.
- A1-2. *Alternative 2* is a single statement, single column approach. An advantage of this alternative is that it facilitates multi-year comparisons. Similar to Alternative 1, however, some might argue that the statement contains too much information on one page. To address this issue, the statement could be broken out into two statements in order to emphasize net operating excess/(deficit) in the statement of operations. The horizontal line represents a potential page break.
- A1-3. *Alternative 3* is a two-statement approach. The statement of operations (B-3a) will present current operating activities with a net operating excess/(deficit) as the bottom line. An advantage of this alternative is that it emphasizes the operating metric by separating current operations from other changes and transfers. Based on our outreach, healthcare and college/university-type organizations seem to prefer a two-statement approach with emphasis on the operating metric. A disadvantage of this approach is that the presentation of releases from restriction and other transfers to/from operations is not as clear as the single-statement approach.
- A1-4. *Alternative 4*, another two-statement approach, is a variation of alternative 3. The difference is that its statement of changes in net assets (B-4b) starts with gross operating excess/(deficit). This alternative attempts to improve the disadvantage of Alternative 3 by presenting the transfers between net asset classes in the same statement. One drawback of this alternative is that the transfers in the statement of operations (B-4b) are repeated in the statement of changes in net assets (B-4b), which some might perceive as undue redundancy.

## A2-1: One Statement, Multiple Column Approach

## Example NFP

## Statement of Current Operations and Changes in Net Assets

For the year ended June 30, 201X

	Current Operations	Non Operating		Total
		Without Donor Restrictions	With Donor Restrictions	
<b>Revenues and supports:</b>				
Fees for services	\$ 495			\$ 495
Bequests	600			600
Other contributions	425		1,500	1,925
Interest and dividends	5 *	50	100	155
Use of restricted support for current operations	1,325		(1,325)	-
<b>Total revenues and supports</b>	<b>2,850</b>	<b>50</b>	<b>275</b>	<b>\$ 3,175</b>
<b>Expenses:</b>				
Program activities:				
Program A	600			250
Program B	1,200			500
Program C	-			-
Total program expenses	1,800	-	-	1,800
Supporting activities:				
Management and General				
Fundraising				
Total supporting activities expenses	150	-	-	150
<b>Total expenses</b>	<b>1,950</b>	<b>-</b>	<b>-</b>	<b>1,950</b>
<b>Gross Excess/(Deficit) before transfers</b>	<b>900</b>	<b>50</b>	<b>275</b>	<b>\$ 1,225</b>
<b>Other changes:</b>				
Change in the fair value of investments	-	100	300	400
Change in fair value of interest rate swap	-	50	-	50
Change in retirement benefit	-	(35) **	-	(35)
Change in beneficial interest in split-interest agreement	-	-	45	45
<b>Total</b>	<b>-</b>	<b>115</b>	<b>345</b>	<b>460</b>
<b>Board Designated Transfers:</b>				
Investment returns appropriated from quasi-endowment	150	(150)		-
Bequests transferred to quasi-endowment	(500)	500		-
Investment returns appropriated from donor-restricted endowment	50		(50)	-
<b>Total transfers to/(from) Operations:</b>	<b>(300)</b>	<b>350</b>	<b>(50)</b>	<b>-</b>
<b>Net Operating measure</b>	<b>\$ 600</b>			
<b>Total Excess/(Deficit)</b>		<b>515</b>	<b>570</b>	<b>1,685</b>
<b>Changes in Net Assets</b>		<b>1,115</b>	<b>570</b>	<b>1,685</b>
<b>Net assets at the beginning of the period</b>		<b>1,500</b>	<b>2,100</b>	<b>3,600</b>
<b>Net assets at the end of the period</b>		<b>\$ 2,615</b>	<b>\$ 2,670</b>	<b>\$ 5,285</b>

\* Interest income and/or expense related to cash management activities included

\*\* Requires further discussion whether any components should be presented in current operations

**A2-2: One-Statement, Single Column Approach****Example NFP****Statement of Current Operations and Changes in Net Assets****For the year ended June 30, 201X****Current Operating Revenue and Support:**

Fees for services	\$ 495
Bequests	600
Other contributions	425
Interest and dividends	5 *
Use of restricted support for current operations	1,325 a
<b>Total Current Operating Revenue and Support</b>	<b>2,850</b>

**Operating Expenses:**

Program activities:	
Program A	600
Program B	1,200
Program C	-
<b>Total program expenses</b>	<b>1,800</b>
Supporting activities:	
Management and General	
Fundraising	
<b>Total Supporting activities expenses</b>	<b>150</b>
<b>Total Operating Expenses</b>	<b>1,950</b>

<b>Gross Operating Excess/(Deficit) before transfers</b>	<b>900</b>
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**Board transfers to/(from) Operations:**

Investment returns appropriated from quasi-endowment	150 c
Bequests transferred to quasi-endowment	(500) d
Investment returns appropriated from donor-restricted endowment	50 e
<b>Total Board transfers to/(from) Operations:</b>	<b>(300)</b>

<b>Net Operating Excess/(Deficit)</b>	<b>\$ 600</b>
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**Non-operating items**

Interest and dividends	50
Change in fair value of interest rate swap	50
Change in fair value of investments	100
Change in retirement benefit	(35) **
Investment returns appropriated to current operations	(150) c
Bequests added to quasi-endowment	500 d
<b>Total non-operating items</b>	<b>\$ 515</b>

<b>Increase in net asset without donor restrictions</b>	<b>\$ 1,115</b>
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**Change in net assets with donor restriction**

Contributions	1,500
Interest and dividends	100
Investment returns appropriated to current operations	(50) e
Change in the fair value of investments	300
Change in beneficial interest in split-interest agreement	45
Restrictions released for current operations	(1,325) a
<b>Increase in net asset with donor restrictions</b>	<b>570</b>

<b>Increase in net assets</b>	<b>\$ 1,685</b>
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<b>Net assets at the beginning of the period</b>	<b>3,600</b>
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<b>Net assets at the end of the period</b>	<b>\$ 5,285</b>
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\*Interest income and/or expense related to cash management activities included

\*\* Requires further discussion whether any components should be presented in current operations

**A2-3a: Two-Statement Approach**  
**Example NFP**  
**Statement of Current Operations**  
**For the year ended June 30, 201X**

**Current Operating Revenue and Support:**

Fees for services	\$ 495
Bequests	600
Other contributions	425
Interest Income	5 *
Use of restricted support for current operations	1,325 a
<b>Total Current Operating Revenue and Support</b>	<b>2,850</b>

**Operating Expenses:**

Program activities:	
Program A	600
Program B	1,200
Program C	-
Total program expenses	1,800
Supporting activities:	
Management and General	
Fundraising	
Total supporting activities expense	150
<b>Total Operating Expenses</b>	<b>1,950</b>

**Gross Operating Excess/(Deficit) before transfers** 900

**Transfers to/(from) Operations:**

Investment returns appropriated from quasi-endowment	150 b
Bequests transferred to quasi-endowment	(500) c
Investment returns appropriated from donor-restricted endowment	50 d
	<u>50</u>

**Total Board transfers to/(from) Operations:** (300)

**Net Operating Excess/(Deficit)** **\$ 600** e

\* Interest expense related to cash management activities included



**A2-3b: Two-Statement Approach**  
**Statement of Changes in Net Assets**  
**For the year ended June 30, 201X**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
<b>Net Operating Excess/(Deficit)</b>	<b>\$ 600</b> e	\$ -
Contributions	-	1,500
Interest and dividends	50	100
Investment returns appropriated to current operations	-	(50) d
Change in the fair value of investments	100	300
Change in fair value of interest rate swap	50	-
Change in beneficial interest in split-interest agreement	-	45
Change in retirement benefit	(35) **	-
Restrictions released for current operations	-	(1,325) a
<b>Transfers:</b>		
Investment returns appropriated to current operations	(150) b	-
Bequests added to quasi-endowment	500 c	-
<b>Changes in Net Assets</b>	<b>1,115</b>	<b>570</b>
<b>Net assets at the beginning of the period</b>	<b>1,500</b>	<b>2,100</b>
<b>Net assets at the end of the period</b>	<b>\$ 2,615</b>	<b>\$ 2,670</b>

\*\* Requires further discussion whether any components should be presented in current operations

**A2-4a: Two-Statement Approach with Transfer Presentation****Example NFP****Statement of Current Operations****For the year ended June 30, 201X****Current Operating Revenue and Support:**

Fees for services	\$ 495
Bequests	600
Other contributions	425
Interest Income	5 *
Use of restricted support for current operations	1,325 a
<b>Total Current Operating Revenue and Support</b>	<b><u>2,850</u></b>

**Operating Expenses:**

Program activities:	
Program A	600
Program B	1,200
Program C	-
Total program expenses	<u>1,800</u>
Supporting activities:	
Management and General	
Fundraising	
Total supporting activities expense	<u>150</u>
<b>Total Operating Expenses</b>	<b><u>1,950</u></b>

<b>Gross Operating Excess/(Deficit) before transfers</b>	<b>900</b>
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**Transfers to/(from) Operations:**

Investment returns appropriated from quasi-endowment	150 b
Bequests transferred to quasi-endowment	(500) c
Investment returns appropriated from donor-restricted endowment	<u>50</u>
<b>Total Board transfers to/(from) Operations:</b>	<b><u>(300)</u></b>

<b>Net Operating Excess/(Deficit)</b>	<b><u>\$ 600</u></b> d
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\* Interest expense related to cash management activities included

**A2-4b: Two-Statement Approach with Transfer Presentation**  
**Example NFP**  
**Statement of Changes in Net Assets**  
**For the year ended June 30, 201X**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
<b>Gross Operating Excess/(Deficit) before transfers</b>	\$ 900	\$ -
<b>Transfers:</b>		
Investment returns appropriated from quasi-endowment	150 <b>b</b>	-
Bequests transferred to quasi-endowment	(500) <b>c</b>	-
Restrictions released for current operations	-	(1,325) <b>a</b>
Investment returns appropriated from donor-restricted endowment	50	(50)
<b>Total transfers:</b>	<u>(300)</u>	<u>(1,375)</u>
<b>Net Operating Excess/(Deficit)</b>	<b>600</b> <b>d</b>	-
<b>Other changes:</b>		
Contributions	-	1,500
Interest and dividends	50	100
Change in the fair value of investments	100	300
Change in fair value of interest rate swap	50	-
Change in beneficial interest in split-interest agreement	-	45
Change in retirement benefit	(35) <b>**</b>	-
<b>Transfers to/from operations:</b>		
Investment returns appropriated from quasi-endowment	(150) <b>b</b>	-
Bequests transferred to quasi-endowment	500 <b>c</b>	-
<b>Changes in Net Assets</b>	<u>1,115</u>	<u>570</u>
<b>Net assets at the beginning of the period</b>	<u>1,500</u>	<u>2,100</u>
<b>Net assets at the end of the period</b>	<u><b>\$ 2,615</b></u>	<u><b>\$ 2,670</b></u>

**\*\*** Requires further discussion whether any components should be presented in current operations

### A3. Pros and Cons of Two Alternative Presentations of Note Disclosure on Composition of Net Assets

- A3-1. Following two alternative presentations attempt to prevent a potential loss of information due to the staff recommendation stated in paragraph 2(c) of Memo 12. In order to address the concern, both alternatives provide detailed compositions about the nature of the restrictions whether it is due to specific purpose or time at the end of the period. In our examples, the Endowment Fund, included in the *with donor-imposed restriction* class, is subject to the compliance with UPMIFA and it includes any unappropriated amounts.
- A3-2. **Alternative 1** provides the composition of net assets in a single column for each presented net asset class: *with donor-imposed restriction* and *without donor-imposed restriction*. An advantage of this alternative is that it facilitates multi-year comparisons. Another advantage of Alternative 1 is that it is the most direct and concise presentation that effectively communicates the end-of-period composition of each net asset class. However, some might argue that the note disclosure may not present all of the information about activities within net asset classes.
- A3-3. **Alternative 2** provides two different presentations. The upper roll-forward communicates end-of-period compositions that are disaggregated by operating, investing, and financing activities. The lower roll-forward provides more robust and detailed information about activities within net asset classes. An advantage of Alternative 2 is that combining both roll-forwards provides specific activities and transfers within the net assets classes in addition to the ending balances of each net asset in a period. However, some might argue that the roll-forwards are too granular and complex for most readers of the financial statements.

**A4-1: Composition by Two Classes of Net Assets****Note Disclosures****June 30, 201X****Note X: Composition of Net Assets and Use of Donor-Restricted Net Assets**

The following note discloses the compositions of net assets at June 30, 201X, and the use of donor-restricted net assets for the period ending in June 30, 201X.

<b>Net Assets</b>	<u>201X</u>	<u>201Y</u>
Without donor restrictions:		
Available for Use	\$ 785	
Net investment in PP&E	655	
Board Designation:		
Capital projects	50	
Operating reserves	25	
Quasi-Endowment	1,100	
<b>Total net assets without donor restrictions</b>	<u>2,615</u>	<u>          </u>
With donor restrictions:		
Purpose restrictions:		
Program A	\$ 55	
Program B	123	
Program C	-	
Time restrictions:		
Less than 12 months	325	
12 month and Beyond	617	
Endowment Fund	1,550	
<b>Total net assets with donor restrictions</b>	<u>2,670</u>	<u>          </u>
<b>Net assets released from donor restrictions</b>	<u>201X</u>	<u>201Y</u>
Purpose restrictions accomplished:		
Program A	\$ 110	
Program B	207	
Program C		
Time restrictions expired	1,008	
<b>Total restrictions released</b>	<u>1,325</u>	<u>          </u>

**A4-2: Composition by Activities**  
**Note Disclosures**  
**June 30, 201X**

**Note X: Composition of Net Assets**

The following footnote is to help communicate the composition of the net assets classes at June 30, 2013 and the change in net asset by subclass for each of the classes of net assets for the year ending June

	Without Donor Restrictions						With Donor Restrictions					
	Available for Use	Net Investment in PP&E	Board Designated Capital Projects	Board Designated Operating Reserve	Board Designated Endowment	Total	Purpose Restricted A	Purpose Restricted B	Time Restricted Less than 12 months	Time Restricted 12 months and Beyond	Endowment Fund	Total
Operating	785	-	-	25	-	810	55	123	325	-	-	503
Investing	-	655	-	-	1,100	1,755	-	-	-	617	325	942
Financing	-	-	50	-	-	50	-	-	-	-	1,225	1,225
<b>Total</b>	<b>785</b>	<b>655</b>	<b>50</b>	<b>25</b>	<b>1,100</b>	<b>2,615</b>	<b>55</b>	<b>123</b>	<b>325</b>	<b>617</b>	<b>1,550</b>	<b>2,670</b>
	Without Donor Restrictions						With Donor Restrictions					
	Available for Use	Net Investment in PPE	Board Designated Capital Projects	Board Designated Operating Reserve	Board Designated Endowment	Total	Purpose Restricted A	Purpose Restricted B	Time Restricted Less than 12 months	Time Restricted 12 months and Beyond	Endowment Fund	Total
Beginning of the year	270	555	50	25	600	1,500	125	50	1,013	662	250	2,100
Operations	600	-	-	-	-	600	-	-	-	-	-	-
Restricted Contribution	-	-	-	-	-	-	25	250	225	-	1,000	1,500
Bequest Transferred	-	-	-	-	500	500	-	-	-	-	-	-
Transfers between sub-classes	-	-	-	-	-	-	15	30	55	(100)	-	-
Appropriation	-	-	-	-	(150)	(150)	-	-	-	-	(50)	(50)
Release from restriction	-	-	-	-	-	-	(110)	(207)	(1,008)	-	-	(1,325)
Purchase of PP&E	(25)	25	-	-	-	-	-	-	-	-	-	-
Depreciation	5	(5)	-	-	-	-	-	-	-	-	-	-
Interest and dividends	-	-	-	-	50	50	-	-	-	-	100	100
Payment of debt service	(30)	30	-	-	-	-	-	-	-	-	-	-
Change in fair value of investments	-	-	-	-	100	100	-	-	40	10	250	300
Change in fair value of beneficial interest in split interest agreements	-	-	-	-	-	-	-	-	-	45	-	45
Change in retirement benefit	(35)	-	-	-	-	(35)	-	-	-	-	-	-
Change in fair value of interest rate swap	-	50	-	-	-	50	-	-	-	-	-	-
<b>End of the year</b>	<b>785</b>	<b>655</b>	<b>50</b>	<b>25</b>	<b>1,100</b>	<b>2,615</b>	<b>55</b>	<b>123</b>	<b>325</b>	<b>617</b>	<b>1,550</b>	<b>2,670</b>

## Example NFP

## Statement of Financial Position

June 30, 201X

	<u>201X</u>	<u>201Y</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 700	
Accounts receivable, net	195	
Pledge receivables	1,050	
Investments	2,500	
Beneficial interest in split-interest agreement	800	
Prepaid expenses and other assets	25	
Fixed assets, net	<u>2,800</u>	
<b>Total Assets</b>	<u>\$ 8,070</u>	
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 450	
Accrued expenses	190	
Notes payable	1,850	
Interest rate swap	<u>295</u>	
<b>Total Liabilities</b>	2,785	
<b>Net Assets</b>		
Without Donor Restrictions	<u>2,615</u>	
With Donor Restrictions	<u>2,670</u>	
<b>Total Net Assets</b>	5,285	
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,070</u>	
	\$ -	

## A6. Illustrative Examples of Statement of Cash Flows (Work-In-Process)

Appendix A

### Example NFP

#### Statement of Cash flows

June 30, 201X

#### Cash flows from operating activities:

Cash received from service recipients	
Cash received from donors	
Cash collected on contributions receivable	
Interest and dividends received	
Miscellaneous receipts	
Interest paid	
Cash paid to employees and suppliers	
Grants paid	
<b>Net cash provided from/ (used by) operating activities</b>	<u>                    </u>

#### Cash flows from investing activities:

Purchase of equipment	(25)
Proceeds from sale of investments	
Purchase of investments	(1,500)
<b>Net cash provided from/(used by) investing activities</b>	<u>(1,525)</u>

#### Cash flows from financing activities:

Proceeds from contributions restricted for:	
Investment in endowment	1,000
Investment in term endowment	
Investment in plant	
Investment subject to annuity agreements	
Other financing activities:	
Interest and dividends restricted for reinvestment	
Payments of annuity obligations	
Payments on notes payable	
Payments on long-term debt	(30)
<b>Net cash provided from/(used by) financing activities</b>	<u>970</u>

<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>                    </u>
<b>Cash and cash equivalents at beginning of year</b>	<u>                    </u>
<b>Cash and cash equivalents at end of year</b>	<u><u>700</u></u>

#### Reconciliation of net operating excess/(deficit)

<b>to net cash used by operating activities:</b>	
Net operating excess/(deficit)	\$ 600
Adjustments to reconcile net operating excess/(deficit)	
to net cash used by operating activities:	
Depreciation	5
Increase in accounts and interest receivables	
Decrease in prepaid expenses	
Increase in contributions receivable	
Increase in accounts payable	
<b>Net cash used by operating activities</b>	<u><u>-</u></u>