

STRENGTH MATTERS® Financial Statement Disclosures Sample #9: Accounts Receivable

The ninth paper generated from the **STRENGTH MATTERS® Sample Disclosure Project** Lindquist, von Husen & Joyce LLP (LvHJ) led in 2015 (Read previous issues on *Restricted & Designated Net Assets, List of Affiliates, Notes Payable, Commitments and Contingencies, Investments, Property and Equipment, and Related Party Transactions, and Notes Receivable* papers [here](#)), provides a suggested format for the disclosure of an organization's **accounts receivable**.

Accounts receivable appearing on a real estate developer's consolidated financial statements generally includes contributions receivable, cost reimbursement contracts receivable and rental income receivable. **Each type of receivable should either have a separate section within one accounts receivable note disclosure, or each type may have its own separate note disclosure.**

This sample disclosure **does not** include related party receivables, since those were already covered in the seventh paper in the series on sample disclosures for *Related Party Transactions*.

Here are some of the additional insights and suggestions included in the paper:

- Providing the names of donors among the details in the contributions receivable disclosure is not necessarily meaningful to the readers. However, **the type of contribution (e.g. unrestricted, or restricted contributions aggregated by similar purpose or time restrictions) is informative.**

- Although GAAP doesn't require this distinction to be disclosed with respect to accounts receivable, readers would obtain more information about an organization's liquidity by **understanding the nature of the contributions receivable**. For example, a capital contribution to be used for construction of property would be less liquid than a contribution restricted to fund next year's activities.
- Cost reimbursement contract receivable disclosures often provide the name of the governmental agency that provides funding, yet readers may find it more helpful to **identify the nature of the program that is being funded**. For example, after-school programs or job training programs could be aggregated onto separate lines in the disclosure, if material.
- The rental income receivable disclosure should **aggregate the receivable by type of renter**, such as residential rental income from tenants, residential rental subsidies, commercial rental income, etc.
- The each of the categories of accounts receivable described above, **the sample disclosure contains columns for the parent company, the consolidated affiliate companies and a grand total**. This information helps readers obtain more information about the parent company's liquidity.

Click [here](#) to download a copy of Accounts Payable best practice paper on the Strength Matters website. Subscription is required.



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