

## STRENGTH MATTERS® Financial Statement Disclosures Sample #6: Property & Equipment

The sixth paper generated from the **STRENGTH MATTERS®** Financial Statement Disclosures Project **Lindquist, von Husen & Joyce LLP** led in 2014 (to read previous issues on *Restricted & Designated Net Assets*, *List of Affiliates*, *Notes Payable*, *Commitments & Contingencies* and *Investments* papers, [click here](#)), provides a suggested format for the disclosure of an organization's **property and equipment**.

The lenders and CFOs from organizations across the nation that we worked with found it meaningful to **separately identify and describe property held for rental, development in progress, property held for investment and property held for sale**.

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

- A list of real estate held for rental is suggested to be included in the list of affiliates (Read a previous issue on the *List of Affiliates* [here](#)), so the property and equipment disclosure reflects the aggregate amounts of each category: land, buildings, furnishings, etc.
- If the organization's offices represent a material amount, that should be separately disclosed since that property is not held for rental to others outside of the consolidated group.
- Disclosure of development in progress should be detailed so that the reader can identify each of the significant properties included in the total, along with

the costs to date, expected dates of completion and the number of units in each development.

- Property held for investment is less common, since developers generally begin developing real property shortly after it is acquired. Occasionally property may be held for a longer term before any development activity is undertaken. A separate disclosure for this category of property should be made, along with information about the significant components of this account balance.
- Property held for sale is typical of single-family home developers but not common for multi-family owners. When a property is held for sale, it should be moved to the current asset section unless an active market for the property type doesn't exist. Since this is unusual for multi-family developers, a disclosure of the significant components of this account balance would be helpful.

Click [here](#) to download a copy of *Property & Equipment* best practice paper on the Strength Matters website ([www.strengthmatters.net](http://www.strengthmatters.net)). Subscription is required.



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