



cash equivalent

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Cash Equivalent

An [asset](#) that can easily be changed into [cash](#). Examples of cash equivalents include [savings account](#), [bonds](#) (especially near their [maturities](#)), and [money markets](#). [Cash and cash equivalents](#) represent a company's or individual's [liquidity](#), which can be important for [investors](#) and [banks](#). See also: [M1](#), [M2](#).

cash equivalent

1. An asset such as property or stock that has a realizable cash value equivalent to a specific sum of money.
2. An asset that is so easily and quickly convertible to cash that holding it is essentially equivalent to holding cash. A Treasury bill is a cash equivalent.

Cash equivalent.

Short-term, low-risk investments, such as US Treasury bills or short-term certificates of deposit (CDs), are considered cash equivalents.

The Financial Accounting Standards Board (FASB) defines cash equivalents as highly liquid securities with maturities of less than three months. Liquid securities typically are those that can be sold easily with little or no loss of value.

cash equivalent

(1) In finance, assets easily converted to cash. Lenders like to see large percentages of assets held in cash and cash equivalents rather than tied up in real estate or stock in small corporations.(2) In appraisal,the conversion of a sales price with favorable or unfavorable financing terms into the equivalent price if the consideration had been all cash. A seller might demand an above-market price for a property but be willing to hold the financing at below-market rates, for example.Such a transaction would require analysis for the cash equivalent sales price.

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Instead of paying \$100,000 cash for a supply of widgets, the buyer would pay \$75,000 or \$80,000 cash and the balance in **cash equivalent** credits.

FINDING BARGAINS THROUGH BARTER

Cash equivalents serve two basic purposes: as a place to store emergency funds to help meet living expenses in the event of a sudden drop in income or to pay for large, unexpected expenses such as a medical or legal bill; and as a parking place for investment money until one is ready to put it into more attractive assets such as stocks, real estate, or long-term bonds.

Cashing in on cash equivalents

Some auditors are continuing to allow ARS or VRDN to be classified as a **cash equivalent** if the amount is not material to the financial statements.

AFP Calls on Financial Accounting Standards Board (FASB) to Update FAS-95 Definitions of Cash Equivalents

Moldflow Corporation Unaudited Condensed Consolidated Statement of Cash Flows (in thousands) Three Months Ended Year Ended June 30, June 30, June 30, June 30, 2008 2007 2006 2005 Cash provided by operating activities \$ 484 \$ 4,250 \$ 4,000 \$

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