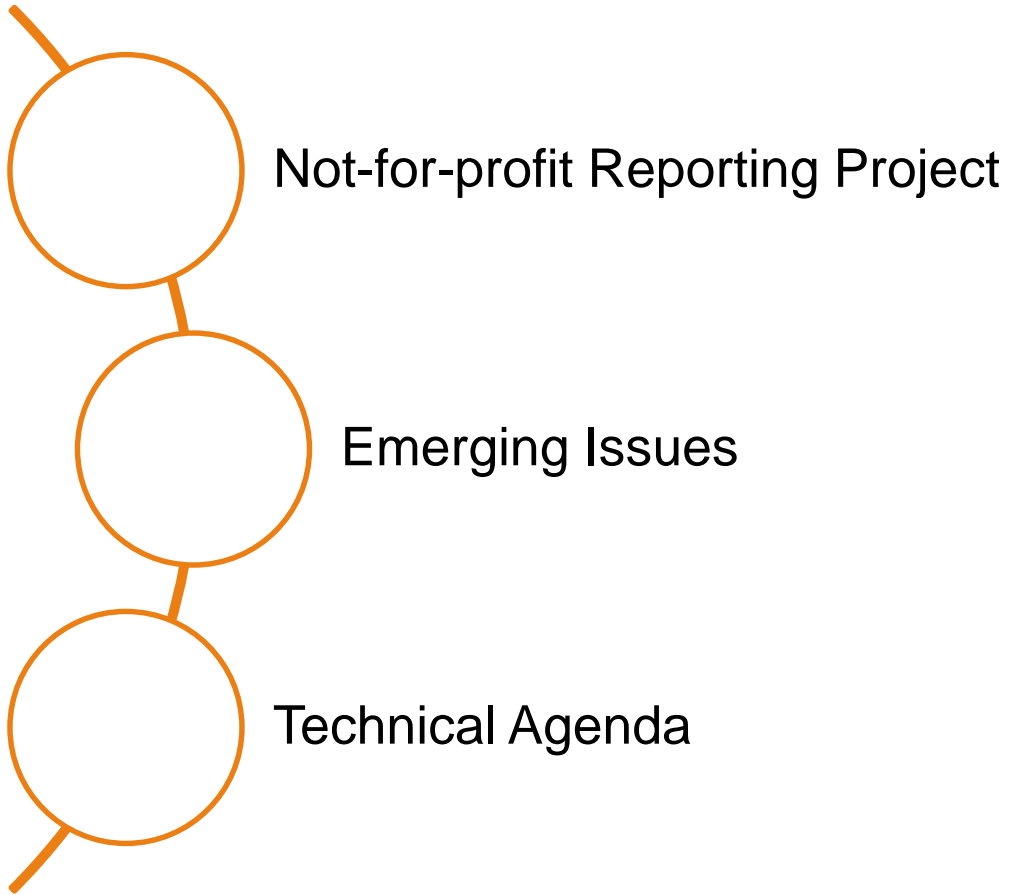


2015's Top Issues

Understand the Impact of the Most Substantial Revision in Over 20 Years and Other Key Topics



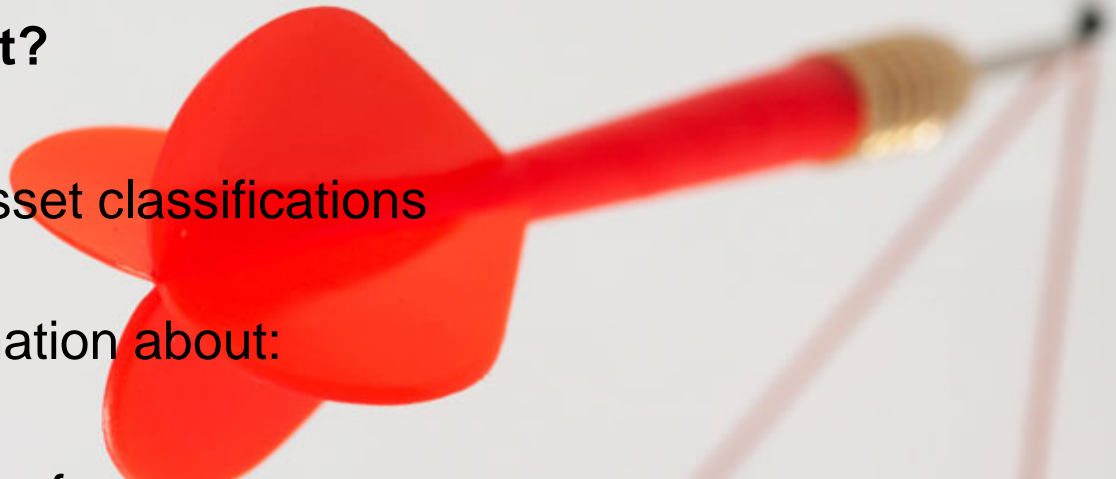
AGENDA



THE NFP REPORTING PROJECT

What is the point?

- Improve net asset classifications
- Provide information about:
 - Liquidity
 - Financial performance
 - Cash flows



NET ASSET CLASSIFICATIONS: AND THEN THERE WERE TWO

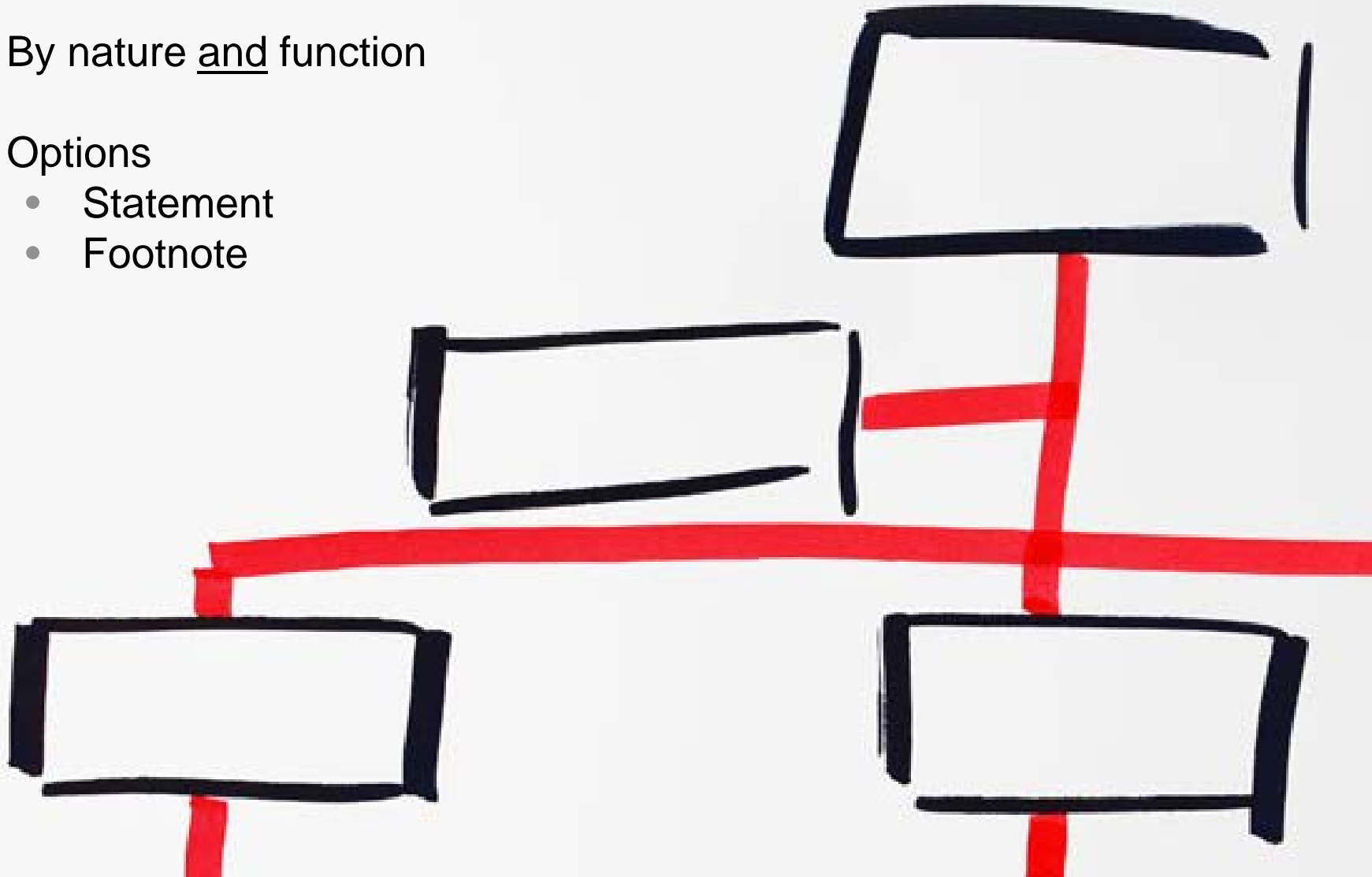


CASH FLOWS

Changes to better align
with the Statement of
Activities

ENHANCED EXPENSE REPORTING

- By nature and function
- Options
 - Statement
 - Footnote



MEASURES OF OPERATING ACTIVITIES

- Before internal transfers
- After internal transfers

The background of the slide features a fuel gauge with a needle pointing towards the 'E' (Empty) mark, and a large stack of US dollar bills, with a \$100 bill prominently visible at the top. The fuel gauge is labeled 'FUEL LEVEL' and has markings for 1/4, 1/2, and 3/4. The stack of bills is thick and appears to be a large sum of money.

LIQUIDITY DISCLOSURES

- Availability to meet short term needs
- Liabilities that require cash in the near term
- How liquidity is managed



OTHER EMERGING ISSUES

- Revenue recognition
- Debt issuance costs
- Consolidation analysis
- Going concern
- Discontinued operations
- Cloud computing
- Services from affiliates

REVENUE RECOGNITION

ASU 2014-09



EFFECTIVE DATES

	Public Entity	Non-public Entity
Annual periods beginning after	December 15, 2017	December 15, 2018
Interim periods within annual periods beginning after	December 15, 2017	December 15, 2019
Early application	Yes*	Yes*

* Earliest application permitted is for annual and interim reporting periods beginning after December 15, 2016

FIVE-STEP PROCESS

1

Identify the contract with customer

2

Identify separate performance obligations

3

Determine transaction price

4

Allocate transaction price to separate performance obligations

5

Recognize revenue when (or as) entity satisfies performance obligation

DISCLOSURES

Sufficient for users to understand

- Nature
- Timing
- Amount
- Uncertainty of revenue
- Cash flows arising from contracts with customers

Qualitative and quantitative information about

- Contracts with customers
- Significant judgments or changes thereto
- Assets recognized from costs to obtain or fulfill contracts

DOES NOT APPLY TO

Lease contracts
(Topic 840)

Financial instruments
(various topics)

Guarantees – other than
product warranties
(Topic 460)

Insurance contracts
(Topic 944)

Other contractual rights or
obligations
(various topics)

Non-monetary exchanges
between entities in same
LOB to facilitate customer
sales other than the
parties to the exchange

STAY TUNED!

Revenue Recognition - All x

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Revenue Recognition

Quick Links

- [Brief: Revenue Recognition Primer for Audit Committees](#)
- [Learning and Implementation Plan](#)
- [CPA2Biz Revenue Recognition Resources](#)
- [Revenue Recognition News](#)

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▼ By Topic

- [Accounting \(21\)](#)
- [Revenue Recognition \(3\)](#)
- [Audit and Attest \(2\)](#)
- [Tax \(1\)](#)

Revenue from Contracts with Customers

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard will eliminate the transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. This standard has the potential to affect every entity's day-to-day accounting and, possibly, the way business is executed through contracts with customers.

On August 12, 2015, FASB issued Accounting Standards Update (ASU) No. 2015-14, *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date*, formally delaying for one year the effective date of its new revenue recognition standard.

New Resources

The AICPA has developed the following new resources for understanding and implementing the new ASU.

[Financial Reporting Brief: Tax Effects of ASU 2014-09](#)

This Financial Reporting Brief acknowledges that this standard will have a large impact on the financial reporting standards of almost every company (public, private, and not-for-profit). But, what tax consequences could also result? The brief examines this question.

[Financial Reporting Brief: Roadmap to Understanding the New Revenue Recognition Standards](#)

Introduction to the New Revenue Recognition Standard



aicpa revenue recognition



DEBT ISSUANCE COSTS

ASU 2015-03



DEBT ISSUANCE COSTS

ASU 2015-03

For non-public entities, effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption permitted.



CONSOLIDATION ANALYSIS

ASU 2015-02

- Applies to all entities
- Effective dates:
 - Public - for periods beginning after December 15, 2015
 - Others - for annual periods beginning after December 15, 2016 and for interim periods, beginning after December 15, 2017
- Early adoption permitted



CONSOLIDATION ANALYSIS

ASU 2015-02

- Changes analysis to be performed to determine whether certain types of legal entities should be consolidated.
- The amendments:
 - Modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities.
 - Eliminate the presumption that a general partner should consolidate a limited partnership
 - Alter the consolidation analysis of reporting entities involved with VIEs, particularly those with fee arrangements and related party relationships
- VIE disclosure requirements

GOING CONCERN

ASU 2014-15

- Applies to all entities
- Annual and interim periods ending after December 15, 2016
- Early application permitted



GOING CONCERN - ASU 2014-15

“**Management** is required to determine, for each reporting period, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the **financial statements are issued** (for public entities, including conduit debt obligors) or within one year after the **date that the financial statements are available to be issued** (for nonpublic entities)”

GOING CONCERN – ASU 2014-15

Disclosures - If substantial doubt is alleviated as a result of management's plans:

- Principal conditions or events that raise substantial doubt before consideration of management's plans
- Management's evaluation of those conditions or events
- Management's plans that alleviate substantial doubt

GOING CONCERN – ASU 2014-15

Disclosures - If substantial doubt is not alleviated as a result of management's plans:

- Statement indicating substantial doubt about entity's ability to continue as a going concern within one year after date financial statements are issued
- Principal conditions or events that raise substantial doubt before consideration of management's plans
- Management's evaluation of those conditions or events
- Management's plans that are intended to mitigate conditions that raise substantial doubt

DISCONTINUED OPERATIONS

ASU 2014-08



WHAT'S CHANGED?

Definition of a discontinued operation:

Old GAAP:

- Single component
- Disposed of, or held for sale
- No continuing involvement
- No continuing cash flows

New GAAP – either:

1. Component or group of components
 - Disposed of, or held for sale
 - Represents strategic shift with major impact on operations and results
2. Acquired business or non-profit classified as held for sale on date of acquisition

Component – operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

ASU 2015-05: Customer's
Accounting for Fees Paid
in a Cloud Computing
Arrangement



CLOUD COMPUTING FEES

ASU 2015-05

Applies to:

- Public entities – effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015
- All other entities – effective for annual periods beginning after December 15, 2016

Early adoption permitted



CLOUD COMPUTING FEES – ASU 2015-05

Prospective Disclosures:

- The nature of and reason for the change in accounting principle
- The transition method
- A qualitative description of the financial statement line items affected

Retrospective Disclosures:

- All of the prospective disclosures
- Quantitative information about the effects of the accounting change



SERVICES FROM AFFILIATES

ASU 2013-06



LOOKING AHEAD



TECHNICAL PROJECTS LIST

- Accounting for leases
- Goodwill

“ASK THE EXPERTS”
FREE RANGE Q&A
SESSION



INTERESTED IN MORE? CONTACT US.



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