



clarity
GAINED

Gain Control of Your Financial Reporting with New Accounting Updates





OBJECTIVE & AGENDA

To provide information about recent accounting pronouncements and a tax update to allow organizations to plan for changes in accounting and tax regulation.

- Recent Accounting Pronouncements
- Tax Update
- Q&A



MY REVENUE TO-DO LIST

CONTRACTS

- Do I receive revenue from providing goods and/or services to customers?
- Do I have a contract with a customer?
- Do I have multiple contracts with the same customer?
- Has the contract been modified?



MY REVENUE TO-DO LIST

PERFORMANCE OBLIGATIONS

- How many promises have I made?
- Is there a warranty?
- Are there customer options for additional goods or services?
- Do I charge upfront fees?
- Am I providing the goods/services, or arranging for others to do so?



MY REVENUE TO-DO LIST

THE TRANSACTION PRICE

- Have there been any change orders or claims?
- Does the contract have bonuses/incentives?
- Does the contract have penalties/liquidated damages?
- Who pays shipping/handling or other out-of-pocket costs?



MY REVENUE TO-DO LIST

RECOGNIZING REVENUE

- Do I offer discounts?
- When does the customer obtain control of the product/service?
 - At a point in time
 - Over time
- Does all or part of my promise consist of “standing ready” to perform?



MY REVENUE TO-DO LIST

RECOGNIZING REVENUE

- If recognizing revenue over time:
 - Is there significant waste?
 - Are there uninstalled materials?
- In licensing situations, am I selling a license, or providing access to the licensed item?
- Do I incur material costs to:
 - Obtain a contract?
 - Fulfill a contract?



STAY TUNED!

<https://www.aicpa.org/interestareas/frc/accountingfinancialreporting/revenue/recognition.html>



MY LEASES TO-DO LIST

- Inventory my leases
- Do I have renewal options or penalties for not renewing?
- Is some of my rent variable?
- Do I have leases with related parties?



MY LEASES TO-DO LIST

HOW DOES THIS PRONOUNCEMENT AFFECT MY:

- Balance sheet?
- Loan covenants?



MY NEW TAX LAW TO-DO LIST

ACCOUNTING MATTERS

- Do I have deferred tax assets or liabilities?
- Do any of them relate to items recorded in “other comprehensive income”?
- Will the new revenue rules cause me to recognize revenue before I would report it for tax purposes?



INTERESTED IN MORE?

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