

# Not-for-Profit Entities Expert Panel

## Highlights of the March 15-16, 2016 Meeting



The Not-for-Profit Entities Expert Panel serves the needs of AICPA members on financial and business reporting and audit and attest matters. The expert panel protects the public interest by bringing together knowledgeable parties in the not-for-profit industry to deliberate and come to agreement on key issues.

The following are brief highlights of the meeting:

- I. **FASB Projects and Standards** – The following FASB projects are being monitored or considered by members of the NFP Expert Panel:
  - a. Revenue Recognition – Several members serve on the task force to assess the impact of the standard on NFPs with the goal of participating in the development of implementation guidance. There are ongoing conversations with the FASB Board regarding the accounting treatment of grants. The concept of an exchange transaction will cease to exist upon the effective date of ASU 2014-09. At that transition, it is not clear whether grants would be treated as contracts with customers or contributions.
  - b. NFP Financial Statement Project – The NFP Expert Panel discussed the tentative conclusions reached by the FASB Board and outstanding items related to the FASB proposed ASU that was issued in April 2015. The Expert Panel members are interested in providing information and examples on how the new requirements will impact the financial statements of NFPs.
  - c. Readily Determinable Fair Value – In the FASB ASU no. 2015-10, *Technical Corrections*, the definition of readily determinable fair value was expanded to scope in certain investments that previously qualified for the NAV Practical Expedient. Under the new definition, those investments might be required to be included in the leveling table of the fair value note disclosure. Expert Panel members are assessing the situation to determine how to best address the issue.
  - d. Financial Instruments – ASU 2016-01 was discussed in relation to the immediate removal of the requirement to present the disclosures in FASB ASC 825-10-50-10 to 50-19. ASU 2016-01 also amended paragraph 958-325-15-2, which allowed investments in certain entities to be carried at fair value rather than consolidated by the NFP. The amendment may impact an NFP’s ability to apply this treatment.
  - e. Restricted Cash – NFP Expert Panel members are monitoring and providing input on the EITF project on restricted cash as to how the project could affect NFPs.

- II. **Industry Needs** – Continued the discussion of activities underway or to be undertaken by the EP in identifying NFP industry needs. Opportunities discussed include:
  - a. Delving into how NFPs can deal with F/S prepared under IFRS, get a sense of how common IFRS adoption is in the US NFP Community, and how often IFRS F/S reference US GAAP for NFP specific issues.
  - b. Ongoing discussions on compliance with the first dollar concept.
  - c. Development of articles and publications on issues of interest or that are troublesome to NFPs and their auditors or their constituents.
- III. **Updates on current projects** – Updates were provided on three projects that are currently in process or have been recently completed:
  - a. The *Alternative Investments – Audit Considerations* Practice Aid update is underway
  - b. The AICPA created a new tool to assist practitioners in assessing and improving their competency in a variety of practice areas. The tool is available at [competency.aicpa.org](http://competency.aicpa.org)
  - c. Not-for-Profit Certificate Programs – Both foundational and intermediate/advanced certificate programs are now fully available at [www.cpa2biz.com](http://www.cpa2biz.com).
  - d. Not-for-Profit Section – The AICPA NFP section has launched. Section membership is available to CPAs and non-CPAs who are AICPA members. Topics include NFP audit, accounting, governance and tax. Discussed that the Section content may be able to address many of the previously identified industry needs for NFPs.
- IV. **Near-term Projects** – A project that the NFP Expert Panel wanted to consider in the near-term is:
  - a. Accounting for and auditing of joint costs.

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