Not-for-Profit Entities Expert Panel/Guide Overhaul Task Force

Highlights of the January 25–26, 2011, 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 not-for-profit issues.

I. Guide Revision. Reviewed draft chapters of the proposed revised Audit and Accounting Guide, Not-for-Profit Entities.

II. FASB Update. Heard an update from the FASB staff on the private companies financial reporting project and on the FASB’s Not-for-Profit Advisory Committee. Also heard an update from the FASB staff on certain major FASB projects. The FASB staff asked the EP for examples of issues in lease accounting and revenue recognition that are specific to NFPs. The task force agreed to provide the staff with such examples.

The FASB staff suggested that the EP might have a role that is complementary to FASB’s Not-for-Profit Advisory Committee, with the Advisory Committee looking at broad issues and the EP looking at diversity in practice and issues needing immediate attention by the FASB. The EP agreed to develop summaries in EITF format of certain issues the EP has identified as being in need of standard setting. Subject to clearance by the Financial Reporting Executive Committee, those issues summaries will be provided to the FASB staff.

III. UPMIFA Update. Heard an update on issues related to the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

V. Fair Value Paper Update. Heard on update on plans to finalize the draft Issues Paper, ASC 820, *Fair Value Measurements and Disclosures for Certain Issues Pertaining to Not-for-Profit Entities*.

AICPA staff contact: Fred Gill (fgill@aicpa.org)
Not-for-Profit Entities Expert Panel/Guide Overhaul Task Force

Highlights of the May 23–25, 2011, 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 not-for-profit issues.

I. Fair Value Paper Update. Reviewed and discussed the draft FV issues paper which will be taken to the July 2011 FinREC meeting for final clearance.

II. Guide Revision. Reviewed 4 draft chapters of the Audit and Accounting Guide Not-for-Profit Entities in preparation for clearance at the July 2011 FinREC meeting.

III. FASB Update. Received an update from FASB staff on the role of the NAC in developing recommendations to the FASB Board. Also received an update on major FASB projects including revenue recognition, leases and financial instruments.

IV. Issues Papers. Reviewed and discussed the merits of 6 issues papers for the purpose of clearance by FinREC at the July 2011 meeting which would then be sent to FASB for possible action to resolve diversity in practice issues arising from lack of clarity in GAAP.

AICPA staff contact: Chris Cole (ccole@aicpa.org)

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Not-for-Profit Entities Expert Panel/Guide Overhaul Task Force

Highlights of the September 27–28, 2011, 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 not-for-profit issues.

I. Fair Value Paper Update. Heard update on the disposition of FinREC comments on the draft FV issues paper, which has been retitled as a white paper, Measurement of Fair Value for Certain Transactions of Not-for-Profit Entities.

II. Guide Revision. Reviewed 4 draft chapters of the Audit and Accounting Guide Not-for-Profit Entities in preparation for clearance at the November 2011 FinREC meeting.

III. FASB Update. Received an update from FASB staff on the recent NAC meeting and the recommendations to the FASB Board. Also received an update on major FASB projects including revenue recognition, leases and financial instruments.

IV. Issues Papers. Discussed the merits of various issues papers for the purpose of clearance by FinREC to request action by FASB.

V. Technical Practice Aids. Discussed and reviewed drafts of possible NFP-related TPAs which were developed as a result of AICPA Technical Hotline calls.

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Not-for-Profit Entities Expert Panel/Guide Overhaul Task Force

Highlights of the January 30–31, 2012, Meeting (Phoenix, AZ)

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 not-for-profit issues.

I. Extensive discussion of gifts in kind (GIK) issues. Specifically, bargain purchase or donation, recipient or agent, availability of valuation data, related primarily to pharmaceuticals and food where the NPO is not the final beneficiary. A task force was formed for the purpose of creating Journal of Accountancy articles and possibly a white paper on these GIK issues.

II. Not-for-Profit Entities Audit and Accounting Guide Revision. Reviewed 3 draft chapters of the Audit and Accounting Guide Not-for-Profit Entities in preparation for clearance at the March and May 2012 FinREC meetings.

III. Discussed content for the 2012 Not-for-Profit Audit Risk Alert.

IV. Discussed a variety of FASB exposure drafts and projects to determine if they should be monitored for possible effect on NFPs.

V. Discussed issues to be raised by NFP EP members at the next FASB Not-for-Profit Advisory Committee meeting on March 1-2, 2012.

VI. Discussed continuing opportunities for NFP Expert panel outreach through webinars and webcasts and participation in the Not-for-Profit Industry Conference in Washington, DC.

VII. The next NFP Expert Panel meeting will be held on April 17-18, 2012 in Atlanta, GA.

AICPA staff contact: Chris Cole (ccole@aicpa.org)
Not-for-Profit Entities Expert Panel/Guide Overhaul Task Force

Highlights of the April 17–18, 2012, Meeting (Atlanta, GA)

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 not-for-profit issues.

I. Update on gifts in kind (GIK) issues and the status of creating Journal of Accountancy articles and possibly a white paper on these GIK issues. The task force is working with some valuation experts to try to focus the issue.

II. Not-for Profit Entities Audit and Accounting Guide Revision. Reviewed four draft chapters of accounting guidance for the Audit and Accounting Guide Not-for-Profit Entities in preparation for clearance at the June 2012 FinREC meeting. Discussed the AICPA NFP Tax Resource Panel comments on the tax issues chapter of the guide, Also, reviewed the proposed changes to the topical auditing material in each of the accounting chapters.

III. Discussed continuing opportunities for NFP Expert Panel outreach through webinars and webcasts and participation in the Not-for-Profit Industry Conference in Washington, D.C.

IV. The next NFP Expert Panel meeting will be scheduled when needed to address review or public comments on the guide.

AICPA staff contact: Chris Cole (ccole@aicpa.org)

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Not-for-Profit Entities Expert Panel/Guide Overhaul Task Force

Highlights of the November 5–6, 2012, Meeting (New York, NY)

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 not-for-profit issues.

I. Not-for Profit Entities Audit and Accounting Guide Revision. Reviewed and addressed public comments received on the accounting guidance in the working draft of the Audit and Accounting Guide Not-for-Profit Entities, in preparation for clearance by FinREC on calls to be held in November and December. Also, cleared all remaining changes resulting from comments by the AICPA Auditing Standards Board.

II. Discussed continuing opportunities for NFP Expert panel outreach through webinars and webcasts and participation in the Not-for-Profit Industry Conference in Washington, DC.

III. The next NFP Expert Panel meeting will be scheduled when needed to address review or public comments on the guide or to discuss accounting and auditing issues facing NFPs.

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Not-for-Profit Entities Expert Panel
Highlights of the June 19, 2013, Meeting (Washington, D.C.)

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 not-for-profit issues.

I. Industry Needs – The EP wrapped up the Not-for-Profit Entities Audit and Accounting Guide Overhaul project and began the discussion of future activities to be undertaken by the EP in identifying NFP industry needs. Opportunities discussed include:
   a. Production of Webcasts/Webinars on NFP Hot Topics
   b. Review and comment on FASB Exposure Drafts and auditing standards that will affect NFPs
   c. Development of articles and publications on issues of interest or that are troublesome to NFPs and their auditors
   d. Development of resources such as toolkits that would be of use to NFPs and their auditors
   e. Developing a list of topics and potential speakers that could be used as a resource for the AICPA and other Not-for-Profit Industry conferences

II. Near-term Projects – Two projects that the NFP Expert Panel wanted to consider in the near-term are:
   a. An update to the Alternative Investments – Audit Considerations Practice Aid
   b. Preparation of an article to discuss the application of the Joint Costs model.

III. FASB Projects – The following FASB projects are being monitored 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.
   b. Leases – a member of the NFP Expert Panel is serving on the AICPA comment letter task force to represent NFP interests/concerns about the FASB Leases Accounting Standards Update exposure draft.
   c. NFP Financial Statement Project – The NFP Expert Panel is closely monitoring the project and has had several discussions relating to the recently approved operating measure concept.

AICPA staff contact: Chris Cole (ccole@aicpa.org)
Not-for-Profit Expert Panel
Highlights of the January 22-23, 2014, Meeting (Atlanta, Ga)

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 not-for-profit issues.

I. Industry Needs – Continued the discussion of future activities to be undertaken by the EP in identifying NFP industry needs. Opportunities discussed include:

   a. Production of Webcasts/Webinars on NFP Hot Topics

   b. Review and comment on FASB Exposure Drafts and auditing standards that will affect NFPs particularly after issuance of ASU 2013-12.

   c. Development of articles and publications on issues of interest or that are troublesome to NFPs and their auditors

   d. Development of resources such as toolkits that would be of use to NFPs and their auditors

   e. Developing a list of topics and potential speakers that could be used as a resource for the AICPA and other Not-for-Profit Industry conferences

II. Updates on current projects – Two projects that the NFP Expert Panel wanted to consider in the near-term are:

   a. The Alternative Investments – Audit Considerations Practice Aid update is almost ready to begin the review process

   b. Preparation has begun on an article to discuss the application of the Joint Costs model.

   c. A project was begun to provide a summary of issues that would assist NFP management and board members to understand their responsibilities.

III. Near-term Projects – Two projects that the NFP Expert Panel wanted to consider in the near-term are:
a. Providing additional training in NFP Accounting.

b. Benchmarking data for NFPs.

IV. **FASB Projects** – The following FASB projects are being monitored 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.

b. NFP Financial Statement Project – The NFP Expert Panel is closely monitoring the project and has had several discussions relating to FASB board deliberations and decisions to date.

c. Application of PCC standards to NFPs. The expert panel discussed the benefits of expanding application of the standards issued as ASUs 2014-02 and 2014-03.

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Not-for-Profit Entities Expert Panel
Highlights of the June 10, 2014, 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. **Industry Needs** – Continued the discussion of future activities to be undertaken by the EP in identifying NFP industry needs. Opportunities discussed include:
   a. Production of Webcasts/Webinars on NFP Hot Topics
   b. Review and comment on FASB Exposure Drafts and auditing standards that will affect NFPs.
   c. Development of articles and publications on issues of interest or that are troublesome to NFPs and their auditors.
   d. Development of resources such as toolkits that would be of use to NFPs and their auditors.
   e. Developing a list of topics and potential speakers that could be used as a resource for the AICPA and other Not-for-Profit Industry conferences

II. **Updates on current projects** – Two projects that the NFP Expert Panel wanted to consider in the near-term are:
   a. The *Alternative Investments – Audit Considerations* Practice Aid update currently on hold pending input from the EBP and Investment Companies Expert Panels
   b. The EP is providing final comments on an article to discuss the application of the Joint Costs model which is scheduled to appear in the JofA this fall.
   c. A project is in process to provide a summary of issues that would assist NFP management and board members to understand their responsibilities. Issues include:
      i. How to read NFP financial statements.
      ii. What does it mean to be on the board
      iii. NFP organizational risks

III. **Near-term Projects** – Two projects that the NFP Expert Panel wanted to consider in the near-term are:
   a. Providing additional training in NFP Accounting.
   b. Benchmarking data for NFPs.

IV. **FASB Projects** – The following FASB projects are being monitored 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.

b. NFP Financial Statement Project – The NFP Expert Panel is closely monitoring the project and has had several discussions relating to FASB board deliberations and decisions to date.

c. Application of PCC standards to NFPs. The expert panel discussed the benefits of expanding application of the standards issued as ASUs 2014-02 and 2014-03.

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Not-for-Profit Entities Expert Panel
Highlights of the January 21-22, 2015 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. **Industry Needs** – Continued the discussion of future activities to be undertaken by the EP in identifying NFP industry needs. Opportunities discussed include:
   a. Production of Webcasts/Webinars on NFP Hot Topics
   b. Review and comment on FASB Exposure Drafts and auditing standards that will affect NFPs particularly after issuance of the exposure draft for the NFP Financial Statement Project.
   c. Development of articles and publications on issues of interest or that are troublesome to NFPs and their auditors
   d. Development of resources such as toolkits that would be of use to NFPs and their auditors
   e. Developing a list of topics and potential speakers that could be used as a resource for the AICPA and other Not-for-Profit Industry conferences

II. **Updates on current projects** – Two projects that the NFP Expert Panel wanted to consider in the near-term are:
   a. The *Alternative Investments – Audit Considerations* Practice Aid update is underway
   b. Not-for-Profit Certificate Program – components are now available at [www.cpa2biz.com](http://www.cpa2biz.com). Entire certificate program to be available this summer
   c. Not-for-Profit Section – The AICPA NFP section is scheduled to launch on May 1. Section membership will be available to CPAs and non-CPAs who are AICPA members. Topics include NFP audit, accounting, governance and tax.

III. **Near-term Projects** – Two projects that the NFP Expert Panel wanted to consider in the near-term are:
   a. Treatment of donated advertising time.
   b. Identifying accounting, audit, tax and governance issues for NFPs that are expected to develop over the next 18-24 months.
IV. **FASB Projects** – The following FASB projects are being monitored 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.

b. **NFP Financial Statement Project** – The NFP Expert Panel is closely monitoring the project and has had several discussions relating to FASB board deliberations and decisions to date.

AICPA staff contact: Chris Cole (ccole@aicpa.org)
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** – The following FASB projects are being monitored 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.
   b. NFP Financial Statement Project – The NFP Expert Panel and representatives from the AICPA Healthcare Expert Panel spent the majority of the meeting discussing the FASB proposed ASU that was issued in April. The Expert Panels will be providing input for the drafting of the AICPA comment letter on the proposed ASU.

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. Production of Webcasts/Webinars on NFP Hot Topics
   b. Review and comment on FASB Exposure Drafts and auditing standards that will affect NFPs particularly after issuance of the exposure draft for the NFP Financial Statement Project.
   c. Development of articles and publications on issues of interest or that are troublesome to NFPs and their auditors
   d. Development of resources such as toolkits that would be of use to NFPs and their auditors
   e. Developing a list of topics and potential speakers that could be used as a resource for the AICPA and other Not-for-Profit Industry conferences

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. Not-for-Profit Certificate Program – components are now available at [www.cpa2biz.com](http://www.cpa2biz.com). Entire certificate program to be available this summer
   c. 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 interests held by NFPs in other entities.

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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.

AICPA staff contact: Chris Cole (ccole@aicpa.org)
Not-for-Profit Entities Expert Panel
Highlights of the June 27, 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 – FASB staff provided an update on the recently added FASB project on grant revenue recognition. The FASB staff is currently in the process of researching the issues and educating the FASB Board members. The NFP Expert Panel supports the direction that FASB staff is taking on this project and will continue to monitor developments.
   b. NFP Financial Statement Project – FASB staff provided an update on the recently approved phase I of the NFP Financial Statement project. The standard should be issued in early August. The Expert Panel discussed phase II with FASB staff. The concept of segment reporting has been added for research, in addition to the operating measure and cash flows statement changes that were previously proposed.
   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 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 financial statements prepared under IFRS, get a sense of how common IFRS adoption is in the US NFP Community, and how often IFRS financial statements 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


c. 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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