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 – The NFP Expert Panel and FASB staff discussed the recently issued 2018-08 on recognition of grants and contracts revenue by NFPs. Some implementation areas were considered. One area is when a budget could be considered to limit discretion on spending to the point of becoming a barrier to entitlement. Another area discussed is whether further clarification is needed when, in the context of certain government grants, the term *matching* refers to a cost-sharing arrangement, as opposed to the FASB ASC term which establishes a barrier to entitlement.

   b. Collections – FASB staff discussed issues raised in public comment on the ability to apply of funds received from the sale of non-capitalized collection items to the direct care of collection items, rather than acquisition of collection items. Enhanced definitions and guidelines will be proposed to the FASB board in December.

   c. Goodwill – FASB staff provided an update on a soon-to-be-released exposure draft of a proposed ASU that will extend the option to amortize goodwill under the Private Company Committee practical expedient to all NFPs.

   d. Consolidations – The NFP Expert Panel discussed areas of NFP consolidations that could benefit from additional standard setting.

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 NFP are approaching technology and cybersecurity, including cyberecurity.

   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. Updating the content of Technical Question and Answers section 6140, *Not-for-Profit Entities*, to reflect the issuance of new standards has been completed and was issued on November 29, 2018.

   b. An article addressing application issues of the new leases standard in NFPs has been posted on the Not-for-Profit Member Section. Of particular interest is accounting for free and discounted rent. ASU No. 2016-02, FASB ASC 842, *Leases*. Is effective in 2019 and 2020 for NFPs with and without conduit debt obligations, respectively.
c. Implementation examples of liquidity and availability disclosures under the new NFP financial statement standard are available for AICPA members at https://www.aicpa.org/interestareas/notforprofit/resources/financialaccounting.html.

IV. Near-term Projects – Projects that the NFP Expert Panel wanted to consider in the near-term is:
   a. Providing implementation examples for NFPs under the new leases standard.
   b. Continuing to assess how technology will impact NFPs and the audit.

AICPA staff contact: Chris Cole (Christopher.cole@aicpa-cima.com)