



Route To:

- | | |
|-----------------------------------|--------------------------------|
| <input type="checkbox"/> Partners | <input type="checkbox"/> Staff |
| <input type="checkbox"/> Managers | <input type="checkbox"/> File |

LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

PPC's Guide to Preparing Nonprofit Financial Statements

Twenty-sixth Edition (March 2019)

Highlights of this Edition

The following are some of the important new features of the 2019 Edition of *PPC's Guide to Preparing Nonprofit Financial Statements*:

- **Updates for Major New Accounting Standards.** The changes required by these new ASUs are extensive, and our coverage will help you understand and apply the revised requirements. Among other matters, your *Guide* provides expanded coverage of new standards that will impact your organization including:
 - **Nonprofit Reporting.** ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, to improve the financial reporting model for nonprofit organizations. The guidance reduces the required classes of net assets from three to two, requires all organizations to provide information about expenses by both nature and function, and changes presentation and disclosure requirements by simplifying some requirements and enhancing others. Your *Guide* has been fully updated to provide detailed coverage, implementation guidance, and example financial statement illustrations and disclosures for the new requirements showing you how nonprofit organizations' financial statements will be affected. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 (that is, for fiscal years ending December 31, 2018, and thereafter).
 - **Revenue Recognition.** FASB ASC 606, *Revenue from Contracts with Customers*, and FASB ASC 610, *Other Income*. The new guidance introduced by ASU 2014-09 and related amending ASUs is effective for most nonprofit organizations for years beginning on or after December 15, 2018. This edition of the *Guide* has integrated the revenue recognition guidance and has added illustrative application examples. Your *Guide* also retains the previous revenue recognition guidance for your continued use in preparing financial statements that have not yet implemented the new revenue recognition guidance.
 - **Contributions.** ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, has the following effective dates: transactions in which the entity is the resource recipient in years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019; and transactions in which the entity is the resource provider in years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020. Early adoption is permitted for all entities. Your *Guide* also retains the previous accounting guidance for contributions for your continued use in preparing financial statements that have not yet implemented the new guidance.
 - **Financial Instruments.** ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, and related amending

ASU, which amends guidance for equity securities, financial liabilities under the fair value option, and related presentation and disclosure requirements, is effective for most nonprofit organizations for years beginning on or after December 15, 2018. This edition of your *Guide* integrates the revised financial instruments guidance and retains the previous accounting guidance for your continued use in preparing financial statements in which this new guidance is not yet effective.

- **Leases.** ASU 2016-02, *Leases (Topic 842)*, and related amending ASUs, which supersedes FASB ASC 840, is effective for most nonprofit organizations for years beginning after December 15, 2019. This edition of your *Guide* integrates the revised lease guidance and retains the previous accounting guidance for your continued use in preparing financial statements in which this new guidance is not yet effective.
 - **Reporting Cash Flows.** ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, and ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which amends and clarifies the presentation of certain items in the statement of cash flows, are effective for nonprofit organizations for fiscal years beginning after December 15, 2018. This edition of your *Guide* fully integrates the revised guidance for the statement of cash flows.
 - **Collections.** ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which amends the criteria for classifying items as collections, is effective for annual periods beginning after December 15, 2019. This edition of your *Guide* fully integrates the revised guidance for collections.
- **Expanded Coverage of Recently Issued Standards with Delayed Effective Dates.** The changes required by these new ASUs are extensive, and our coverage will help you understand and apply the revised requirements. Among other matters, your *Guide* provides expanded coverage of new standards that will impact your organization.
 - **Other New Accounting Literature.** The FASB's busy project agenda resulted in the issuance of 18 new ASUs since the last edition of your *Guide*. We assess all the new guidance to determine which ASUs are relevant to nonprofit organizations.
 - **Timely Information on Other Upcoming FASB Standards.** The FASB continues with its active agenda. We give you the latest information about relevant FASB projects so you can understand where changes in accounting and financial reporting for nonprofit organizations may occur.
 - **Updated Disclosure Checklist.** Your *Guide* includes a comprehensive disclosure checklist tailored for nonprofit organizations. The checklist includes the applicable requirements from the ASUs issued since our last update.

In addition to these featured items, your *Guide* includes the following update items detailed below.

Chapter	Substantive Changes and Additions	Reference
Throughout the <i>Guide</i>	1. Updated throughout the <i>Guide</i> for the implementation of ASU 2016-14, <i>Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities</i> , including moving guidance and illustrative examples located in section 104 and 105 to applicable chapters throughout the <i>Guide</i> , expanding current guidance, and updating financial statement illustrations located in the appendixes.	Various
CHAPTER 1 Introduction and Applicability of Standards	1. Added a discussion on the AICPA Accounting and Auditing Guide, <i>Revenue Recognition</i> .	Paragraph 100.21

Chapter	Substantive Changes and Additions	Reference
	2. Updated the discussion on presenting comparative financial statements.	Paragraph 101.5
	3. Updated the discussion and a footnote discussing ASU 2016-01, <i>Recognition and Measurement of Financial Assets and Financial Liabilities</i> .	Paragraph 103.8
	4. Updated the discussion and a footnote discussing ASU 2016-02, <i>Leases</i> .	Paragraph 103.8
	5. Revised the definition and discussion of <i>materiality</i> for amendments to FASB Statement of Financial Accounting Concepts No. 8, Conceptual Framework for Financial Reporting—Chapter 3, “Qualitative Characteristics of Useful Financial Information.”	Paragraph 103.17
CHAPTER 2 Form and Style Considerations	1. Added a discussion on providing a legend when preparing financial statements under the guidance of AR-C 70.	Paragraph 204.12
	2. Updated a footnote discussing ASU 2016-02, <i>Leases</i> .	Paragraph 208.10
CHAPTER 3 The Statement of Financial Position	1. Incorporated dual guidance for prior to and after the adoption of ASU 2016-01, <i>Recognition and Measurement of Financial Assets and Financial Liabilities</i> .	Various
	2. Updated a footnote discussing the effective date of ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> .	Various
	3. Added a footnote and a discussion for the issuance of ASU 2018-09, <i>Codification Improvements</i> .	Paragraphs 300.48 and 316.11
	4. Added a discussion on fair value disclosures after the issuance of ASU 2018-13, <i>Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement</i> .	Paragraphs 300.70–.74
	5. Expanded the discussions and added an example disclosure for restricted cash after the adoption of ASU 2016-18, <i>Restricted Cash</i> .	Paragraphs 303.3, 303.7, and 303.16
	6. Added a footnote discussing ASU 2017-12, <i>Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</i> .	Paragraph 304.36
	7. Expanded the guidance on equity investments measured at fair value.	Paragraphs 304.114–.115
	8. Expanded the guidance on unconditional and conditional promises to give and incorporated dual guidance for prior to and after the adoption of ASU 2018-08, <i>Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made</i> .	Paragraphs 307.1–.3 and 307.7–.18
	9. Expanded the discussion on notes receivable.	Paragraphs 308.11–.12

Chapter	Substantive Changes and Additions	Reference
	10. Updated the discussion about the effective date of ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> .	Paragraphs 308.31–.33 and 308.43
	11. Expanded the discussion on inventory to add measurement illustrations.	Paragraphs 309.10–.14
	12. Added a discussion on the issuance of ASU 2019-03, <i>Not-for-Profit Entities (Topic 958): Updating the Definition of Collections</i> .	Paragraphs 310.2 and 310.10
	13. Incorporated dual guidance throughout the section for prior to and after the adoption of ASU 2016-02, <i>Leases</i> .	Section 311
	14. Added a discussion on the proposed ASU, <i>Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities</i> .	Paragraph 312.10
	15. Incorporated dual guidance for prior to and after the adoption of ASU 2018-08, <i>Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made</i> .	Paragraphs 314.36–.40 and 314.45
	16. Expanded the discussion on debt issuance costs.	Paragraph 316.21
	17. Updated the guidance on deferred tax assets and liabilities to fully reflect the amendments to FASB ASC 740, which were included in ASU 2015-17, <i>Balance Sheet Classification of Deferred Taxes</i> .	Paragraph 317.5
	18. Updated a footnote on the proposed ASU, <i>Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)</i> .	Paragraph 317.7
CHAPTER 4 The Statement of Activities	1. Incorporated dual guidance for prior to and after the adoption of ASU 2018-08, <i>Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made</i> .	Various
	2. Added a discussion of a series of distinct goods and services under FASB ASC 606.	Paragraph 405.35
	3. Expanded the discussions of constraints on variable consideration and significant financing components under FASB ASC 606.	Paragraph 405.37
	4. Added a paragraph about measuring progress on performance obligations under FASB ASC 606.	Paragraph 405.43
	5. Expanded the discussion on contract assets under FASB ASC 606.	Paragraph 405.48
	6. Expanded the discussion on disclosures under FASB ASC 606.	Paragraphs 405.53–.57

Chapter	Substantive Changes and Additions	Reference
	7. Updated the discussion on implementing the new revenue recognition standards.	Paragraphs 405.62–.64
	8. Expanded the discussion on reporting gains and losses in the statement of activities.	Paragraph 407.2
	9. Added a summary of ASU 2018-15, <i>Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement</i> .	Paragraphs 411.32–.34
	10. Added a summary of ASU 2018-18, <i>Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606</i> .	Paragraph 411.52
	11. Added a discussion on the use of spot rates in determining the projected benefit obligation of a defined benefit pension plan.	Paragraph 411.64
	12. Added guidance on advertising and advertising barter transactions under FASB ASC 606.	Paragraphs 411.141–.159
CHAPTER 5 The Statement of Functional Expenses	1. Expanded the discussion on comparative financials.	Paragraphs 501.13–.14
CHAPTER 6 The Statement of Cash Flows	1. Incorporated dual guidance throughout the chapter for prior to and after the adoption of ASU 2016-15, <i>Classification of Certain Cash Receipts and Cash Payments</i> , and ASU 2016-18, <i>Restricted Cash</i> .	Various
	2. Added footnotes and updated discussion for guidance prior to and after the adoption of ASU 2016-01, <i>Financial Instruments</i> .	Paragraphs 603.1 and 603.20
	3. Updated the discussion on installment sales after the implementation of FASB ASC 606.	Paragraph 603.13
CHAPTER 7 Notes to the Financial Statements	1. Expanded the discussion on accounting changes for disclosures relating to implementing ASU 2016-14 <i>Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities</i> .	Paragraphs 703.8–.9
	2. Incorporated dual guidance for prior to and after the adoption of ASU 2016-01, <i>Recognition and Measurement of Financial Assets and Financial Liabilities</i> .	Paragraphs 703.10, 704.8–.12, and 705.101
	3. Incorporated dual guidance for prior to and after the adoption of ASU 2019-03, <i>Not-for-Profit Entities (Topic 958): Updating the Definition of Collections</i> .	Paragraphs 703.10 and 704.36
	4. Incorporated dual guidance for prior to and after the implementation of FASB ASC 606.	Paragraphs 703.10
	5. Added a discussion, a footnote, and updated guidance for the issuance of ASU 2018-13, <i>Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement</i> .	Paragraphs 704.3–.7, 705.79, 705.83–.84, and 705.87; Appendix 7B
	6. Added a footnote discussing ASU 2016-02, <i>Leases</i> .	Paragraph 704.29

Chapter	Substantive Changes and Additions	Reference
	7. Incorporated dual guidance for prior to and after the adoption of ASU 2018-08, <i>Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made</i> .	Paragraphs 704.54–.55
	8. Added a summary of ASU 2018-14, <i>Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans</i> .	Paragraph 705.34
	9. Updated a footnote on the proposed ASU, <i>Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)</i> .	Paragraph 705.53
	10. Updated the discussion on the effective date of ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> .	Paragraph 707.51
	11. Updated the disclosure checklist for new pronouncements.	Appendix 7A
	12. Added illustrative disclosures for significant accounting policies relating to accounts receivable, collections and donated collection items, investment policies, and revenue recognition.	Appendix 7B
	13. Added illustrative disclosures for advertising, a reconciliation of cash and cash equivalents to the statement of cash flows, change in accounting principle, collection items, fair value measures, and liquidity.	Appendix 7B
CHAPTER 8 Supplementary Information	1. Expanded the discussion on disclosures related to portfolios of debt securities.	Paragraph 804.7
CHAPTER 9 Special Purpose Framework	1. Added a discussion on the new Statement on Auditing Standards (SAS) on the Auditor's Report.	Paragraph 901.6
	2. Expanded the discussion on financial statements included in Form 990.	Paragraph 902.9
	3. Updated the discussion measurement of investments for tax reporting.	Paragraph 906.6
	4. Added a discussion on installment sales under FASB ASC 606.	Paragraph 906.12
CHAPTER 10 Affiliated Organizations and Other Related Entities	1. Incorporated dual guidance for prior to and after the adoption of ASU 2016-01, <i>Recognition and Measurement of Financial Assets and Financial Liabilities</i> .	Various
	2. Updated a footnote discussing the effective date of ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> .	Various
	3. Added a discussion on accounting for acquired leases after the adoption of ASU 2016-02, <i>Leases</i> .	Paragraphs 1002.26–.28

Chapter	Substantive Changes and Additions	Reference
	4. Added a discussion on purchased assets with credit deterioration after the adoption of ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> .	Paragraph 1002.29
	5. Added a footnote on the proposed ASU, <i>Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternative on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities</i> .	Paragraph 1002.34
	6. Updated the guidance on the presentation of the statement of cash flows after the adoption of ASU 2016-15, <i>Classification of Certain Cash Receipts and Cash Payments</i> .	Paragraphs 1002.59 and 1013.15
	7. Updated the guidance on the acquisition of assets after the adoption of ASU 2017-05, <i>Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets</i> .	Paragraph 1002.64
	8. Expanded the discussion on transactions that are not revocable, repayable, or reciprocal.	Paragraphs 1014.3 and 1014.5
CHAPTER 11 Interim Financial Reporting	1. Added a discussion on disclosures required in interim financial statements when there has been a change in accounting policy.	Paragraph 1101.2
CHAPTER 12 Reporting for Certain Special Nonprofit Organizations	1. Expanded the discussion on faith promises.	Paragraph 1201.16
	2. Expanded the discussion on reporting ticket revenues.	Paragraph 1202.2
	3. Updated the discussion on AICPA Guide, <i>Revenue Recognition</i> .	Paragraphs 1203.3 and 1206.5

