

Not-for-Profit Entities Expert Panel

August 7-8, 2019 Meeting Highlights



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 revisited the discussion of ASU 2018-08 on recognition of grants and contracts revenue by NFPs. Since the last meeting, we worked with FASB Staff on the issuance of Staff FAQs to address budget and cost sharing as barriers. Overall, EP members were pleased with the result. Additional implementation issues were identified including how to account for property purchased under a conditional contribution grant where title doesn't transfer to the NFP but likely will at the end of the grant.
 - b. Collections – Since the last meeting, the EP participated in the issuance of a nonauthoritative technical question and answer to provide some information on the definition of *direct care*.
 - c. Restricted Cash – The EP is proposing language to be included in the NFP Guide that discusses the types of assets that typically are or include restricted cash in NFPs. The changes will be submitted to FinREC for review and approval.
 - d. NFP Financial Statements – There was discussion about alternative labels for net asset classes under 2016-14, particularly for use by NFPs that do not receive contributions. We will follow up with FASB staff to discuss what options were envisioned when drafting the 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. Although not directly in the purview of the EP, the impact of the TCJA (Tax reform legislation) on NFPs was discussed. There are some significant changes that impact NFPs.
 - b. Delving into how NFPs are approaching technology and cybersecurity, including cryptocurrency.
 - c. Each member brought an issue of interest or that are troublesome to NFPs and their auditors or their constituents for discussion. The goal is to educate, provide input and gain understanding. Articles and webcasts can be developed as deemed necessary to provide education to the industry.
- III. **Updates on current projects** – Updates were provided on one project that are currently in process or have been recently completed:
 - a. The EP is considering the extent to which guidance can be included in the AICPA NFP Guide relating to the Restricted cash ASU.
- 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.

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