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Accounting Updates **+ IMPACT ON YOUR ORGANIZATION**

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OBJECTIVE & AGENDA

To provide information about recent accounting pronouncements to allow organizations to plan for changes in accounting.

1. Recent Accounting Pronouncements that May Change Your Life
2. Proposed Rules
3. Other Recent Accounting Pronouncements
4. Q&A

NEW ACCOUNTING PRONOUNCEMENTS

- **FASB ASU No. 2014-09**, *Revenue from Contracts with Customers* (Topic 606)
Effective for annual periods beginning after December 15, 2018**
- **FASB ASU No. 2016-02**, *Leases* (Topic 842)
Effective for annual periods beginning after December 15, 2019**
- **FASB ASU No. 2018-17**, *Targeted Improvements to Related Party Guidance for Variable Interest Entities* (Topic 810)
Effective for annual periods beginning after December 15, 2020**
- **FASB ASU No. 2016-15**, *Statement of Cash Flows* (Topic 230)
Effective for annual periods beginning after December 15, 2018**
- **FASB ASU No. 2016-18**, *Statement of Cash Flows* (Topic 230): Restricted Cash
Effective for annual periods beginning after December 15, 2018**
- **FASB ASU No. 2018-08**, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958)
Effective for annual periods beginning after December 15, 2018**
- **FASB ASU No. 2019-06**, *Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*(Topic 350)
Effective now

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)

ACCOUNTING STANDARDS UPDATE (ASU)

**EFFECTIVE DATE IS FOR NON-PUBLIC BUSINESS ENTITIES

ASU 2014-09

REVENUE RECOGNITION IMPACT

Five-step process under the new standard

1. Identify the contract with the patient (can be written, oral, or implied)
2. Identify separate performance obligations (if applicable)
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations in the contract (if applicable)
5. Recognize revenue when, or as, the entity satisfies the performance obligation (point in time or over the time the services are provided)

ASU 2016-02

LEASES

- Principle of when to book
- Internal control recommendations
- Deferred date



ASU 2016-15

STATEMENT OF CASH FLOWS

Classification of Certain Cash Receipts and Cash Payments

- Effective for fiscal years beginning after December 15, 2018
- Provides guidance on classification of certain cash receipts and payments



ASU 2016-18

STATEMENT OF CASH FLOWS

Restricted cash

- Effective for fiscal years beginning after December 15, 2018
- Requires an explanation in the SCF of the change in total cash, cash equivalents, and restricted cash





ASU 2018-08

CLARIFYING THE SCOPE AND THE ACCOUNTING GUIDANCE FOR CONTRIBUTIONS RECEIVED AND CONTRIBUTIONS MADE

Effective for fiscal years beginning after December 15, 2018

Exchange revenue vs. contribution



ASU 2019-06

Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities



PROPOSED ITEMS

- **ASU 2016-13** – *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)
- **ASU 2018-16** – *Derivatives and Hedging* (Topic 815): Inclusion of Secured Overnight Financing Rate (SOFR) Overnight Index Swap

OTHER PRONOUNCEMENTS

- **ASU 2016-13** – *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)
- **ASU 2017-04** – *Intangibles-Goodwill and Other* – Simplifying the Test for Goodwill Impairment
- **ASU 2017-07 and 2018-14** – *Compensation – Retirement Benefits* (Topic 715) – Defined Benefit Plans
- **ASU 2017-12** – *Derivatives and Hedging* (Topic 815): Targeted Improvements to Accounting for Hedging Activities
- **ASU 2018-13** – *Fair Value Measurement* (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement
- **ASU 2018-15** – *Intangibles—Goodwill and Other—Internal-Use Software* (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)

*IF YOU HAVE THESE DISCUSS WITH YOUR CURRENT ACCOUNTING FIRM/BERRYDUNN



QUESTIONS & DISCUSSION

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