

## Non-Profit Notes Newsletter

# FASB Votes to Delay Application of New Leases Standard for Not-for-Profits

By Mark Piszko, CPA, CGMA, Partner

The Financial Accounting Standards Board (FASB) voted to delay the effective dates for changes to accounting for leases for most not-for-profits, private companies and small reporting companies. The delay would also apply to several other major accounting standards, including credit losses, hedging and long-duration insurance contracts. An Accounting Standards Update (ASU) is expected to be issued in November to formalize the adoption of the new effective dates.

### New Effective Dates

Under the ASU, the effective dates for the leases accounting standard will be as follows:

- For SEC filers and all other public business entities, including not-for-profit organizations that have issued or are conduit debt obligors for securities that are traded, listed, or quoted on an exchange or over-the-counter market: the effective date will remain unchanged and be effective for fiscal years beginning after December 15, 2018. The same effective date will also apply to employee benefit plans that file or furnish statements with or to the SEC.
- For private companies and all others, *including most not-for-profit entities*: the effective date will be delayed by one year to fiscal years beginning after December 15, 2020. Early adoption is still permitted.

### Reason for Proposed Change

The FASB reacted to concerns expressed by not-for-profits and smaller private companies that they were facing obstacles in implementing the new standards, particularly the leases standard. Limited financial staff and resources, time necessary to educate staff, effort required to gather all necessary information (including lease contracts), and limitations in IT applications and solutions are some of the reasons given as implementation challenges.

### Contact Us

If your not-for-profit organization needs assistance understanding the revisions to the leases standard, or with any accounting, auditing, tax or business consulting services, please contact the partner in charge of your account or:

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