

## Non-Profit Notes

# FASB Delays Revenue Recognition and Leases Standard for NFPs in Response to COVID-19 Concerns

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At its meeting on Wednesday, May 20, 2020, the Financial Accounting Standards Board (FASB or Board) voted on or clarified three issues involving the standards for: revenue recognition, leases, and contributions received and made.

### Revenue Recognition

The Board voted to delay, by one year, the effective date of ASU 2014-09 (ASC Topic 606), *Revenue from Contracts with Customers*, for all nonpublic entities, including not-for-profits (NFPs), that have not yet issued their financial statements.

The FASB previously indicated that the one-year deferral would only be available to private franchisors but decided to expand the deferral to include all nonpublic entities after receiving feedback during the public comment period that entities were struggling with daily accounting tasks caused by the coronavirus pandemic.

It is expected that the final ASU issued will give entities the option to implement the standard using the current implementation date or to defer it by one year.

### Leases

At the same meeting, the FASB also clarified that all not-for-profit entities, including those that have issued, or are conduit debt obligors for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, that have not yet issued financial statements prepared in accordance with generally accepted accounting principles or made those financial statements available to be issued, can defer, by one year, the implementation date of ASU 2016-02 (ASC Topic 842), *Leases*.

### Contributions Received/Contributions Made

Lastly, the FASB decided *not* to defer the implementation date of ASU 2018-08 (ASC Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Board concluded that the guidance and requirements contained in the ASU would be useful to the recipients of the various grants and loans provided under the CARES Act and by the Small Business Administration.

### Contact Us

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

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