

Accounting Standards Aren't Just for the Accountants Anymore

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LEARNING OBJECTIVES

- Gain an understanding of the clarifications and improvements to guidance for contributions contained in ASU 2018-08:
 - Distinguishing contributions from exchange transactions
 - Distinguishing conditional from unconditional contributions
 - Implementation issues and options
- Discuss options for implementation of the liquidity disclosures required by ASU 2016-14 and strategies in communicating an organization's operating liquidity.

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Scope of ASU 2018-08

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

- Applies to all entities, NFPs and business entities, that receive or make contributions.
- Applies to transfers of assets from governments to NFPs.
- Does not apply to transfers of assets from governments to business entities.
- Adoption:

Resource recipient: 12/31/2019

Resource provider: 12/31/2020

Early adoption permitted, Modified prospective or retrospective



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TERMINOLOGY

- Labels used in documents and in financial statements are NOT a factor in determining whether revenue is within scope of guidance.
 - Contributions
 - Grants
 - Contracts
 - Government grants
 - Agreements
 - Other



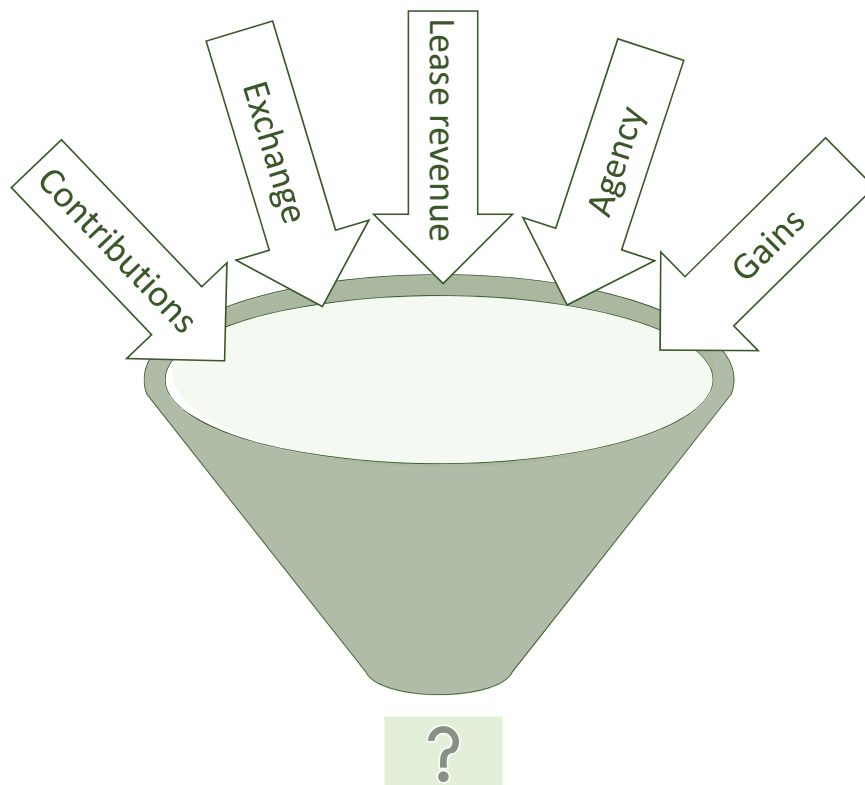
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SYMMETRY OF GUIDANCE NOT NECESSARILY OF RESULTS

- Same guidance applies to both resource provider and recipient of a contribution.
- Non-governmental grantors must follow same guidance with respect to contribution vs. exchange transaction and conditional vs. unconditional.
- No requirement to achieve the same reporting results.
- No requirement to obtain validation from grantors relating to overcoming barriers.
- Each exercises their own judgment in determining accounting treatment.



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