What’s new from EY

To the Point: FASB allows NFPs to simplify their accounting for goodwill and intangible assets

The FASB issued final guidance that allows not-for-profit (NFP) entities to apply accounting alternatives that simplify the subsequent accounting for goodwill and the accounting for certain intangible assets they acquire. The guidance is effective immediately.

Accounting for digitally distributed content (after adoption of ASU 2019-02) – Media and entertainment

As traditional distribution mediums evolve, questions have arisen about how digital download and streaming service providers should account for the licensing and production of movies and television shows. The FASB recently amended the cost guidance in ASC 920-350 and ASC 926-20 for costs incurred to license content and costs incurred to produce content, respectively, in light of evolving business models in the media and entertainment industry. These changes apply to traditional producers and broadcasters, as well as entities with over-the-top streaming platforms.

This publication describes considerations for entities that have adopted the guidance in ASU 2019-02. Entities that have not yet adopted ASU 2019-02 should refer to our publication, Accounting for digitally distributed content (before adoption of ASU 2019-02).

Updated FRD on bankruptcies, liquidations and quasi-reorganizations

Our Financial reporting developments (FRD) publication on bankruptcies, liquidations and quasi-reorganizations has been updated. See Appendix A for a summary of important changes.
Redefining and communicating long-term value

A new EY Center for Board Matters (CBM) report highlights how several market-driven and regulatory initiatives illustrate a shift to a longer-term, broader perspective of value. The CBM also published a list of considerations for boards following the announcement by proxy advisory firm Institutional Shareholder Services that it will include economic value-added metrics in proxy research reports this year.

Did you know ...

Credit impairment implementation considerations

All entities should be taking steps to prepare for the changes they will need to make. For example, entities will need to determine whether they have relevant and reliable data to estimate expected credit losses and decide how to identify information (internal or external) that they can use to develop the “reasonable and supportable” forecast needed to estimate expected credit losses on receivables. Entities will need to modify their policies and processes, regardless of whether their allowance is expected to change significantly.

The standard has tiered effective dates, beginning with public business entities that are SEC filers for annual periods beginning after 15 December 2019. Refer to our Financial reporting developments publication, Credit impairment for short-term receivables under ASC 326, for further discussion.

This is part of a series of reminders about accounting and implementation considerations for the new credit impairment standard.

Regulatory matters

Securities and Exchange Commission (SEC)

Bricker to leave SEC

The SEC said Wesley R. Bricker, Chief Accountant, plans to leave the agency. Mr. Bricker has been Chief Accountant since 2016. He previously served as deputy chief accountant and as a professional accounting fellow at the agency.

As Chief Accountant, Mr. Bricker is the principal adviser to the Commission on accounting and auditing matters and leads the Commission's Office of the Chief Accountant.

The SEC named Sagar Teotia as Acting Chief Accountant following Mr. Bricker’s departure in June.

Standard Setter updates

Financial Accounting Standards Board (FASB)

29 May 2019 FASB meeting

The Board discussed its project on Segment reporting and implementation guidance on Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. For details, see the FASB's Tentative Board Decisions.
Upcoming meetings

5 June 2019 FASB meeting

The Board will discuss implementation issues related to its new standard on credit losses. For details, see the FASB’s calendar.

Governmental Accounting Standards Board (GASB)

GASB amends guidance on conduit debt obligations

The GASB amended its guidance on conduit debt obligations and related commitments to address diversity in practice. The new guidance clarifies what a conduit debt obligation is and eliminates the option for government issuers to recognize conduit debt obligations, thereby providing a single reporting method. The guidance also broadens the definition of conduit debt obligations and clarifies how government issuers should account for and report (1) commitments they extend or voluntarily provide and (2) arrangements associated with conduit debt obligations, which often are characterized in practice as leases but are not leases for financial reporting purposes. The guidance also enhances note disclosures. The guidance is effective for reporting periods beginning on or after 15 December 2020. Earlier application is encouraged.

International standard setter updates

International Accounting Standards Board (IASB)

Proposed annual improvements to IFRS Standards

The IASB published an Exposure Draft of proposed amendments to IFRS Standards as part of its annual improvements process. The annual improvements process provides a mechanism for dealing efficiently with a collection of minor amendments to IFRS Standards. Comments are due by 20 August 2019.

Upcoming Thought Center webcasts and podcasts

EY Q2 2019 financial reporting update
13 June 2019, 1 p.m. Eastern time

Accounting for income taxes: a quarterly perspective
18 June 2019, 11 a.m. Eastern time

Information regarding upcoming events can be found on the Thought Center webcasts and podcasts site.