Best Practices for Using the FASB Codification in your Courses

March 24, 2016

2EST-1CST-Noon MST-11PST
Learning Objectives:

- Learn about the FASB Codification and how to best utilize it in your courses.
- Gain insights into how to integrate critical thinking and research skills into financial accounting topics.
- Learn about how your accounting department can sign up for AAA’s Academic Accounting Access Program to benefit professors and students alike. Not available for academic library subscriptions.
Before the webinar resources:

The Codification Learning Guide:  

About the Codification:  
https://asc.fasb.org/imageRoot/47/49128947.pdf
CPE
March 24, 2016

To receive CPE Credit, be sure to respond to all of the polling questions during the session and fill out the CPE Verification Form at the end of the session.

The link to the CPE Form will be halfway down the page that appears as you click off the webinar.

Your responses, along with your attendance, will comprise the criteria for Continuing Professional Education credit, as regulated by NASBA. Attendees at this presentation who meet the criteria will be awarded 1 CPE Credit Hour in the NASBA Field of Study category, “Specialized Knowledge and Application”

NOTE: The American Accounting Association is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors through its Web site: http://www.learningmarket.org
Today’s Presenters:

Cassy Budd, Scott Hobson, & Melissa Larson of Brigham Young University

Sheila Ammons of Austin Community College

Pamela Stuerke of University of Missouri-St. Louis
Polling Question

I use the FASB Codification in my course(s):

a. Every semester.
b. Some semesters, depending on .....c. Interested but don’t have any good assignments.
d. N/A to what I teach.
Today’s Presenters:
Cassy Budd
Scott Hobson
Melissa Larson

Brigham Young University
Codification

ACC 403
Class 09
Undergraduate Class Usage

• Begin with a simple Codification Exploration Homework assignment

• In class simple research in familiar accounting areas

• Move toward directed short case with an unfamiliar accounting issue

• Follow up throughout the intermediate series with
  • Reading the applicable Codification sections after textbook learning of the same area
  • Independent research cases
  • Assessments
  • Accounting Standards Updates (ASUs)
Homework begins with step by step instructions for accessing the Codification:

1. Read about the Codification from the text pages 1-13 through 1-15
2. Online, go to lib.byu.edu
3. In the search bar for Databases, type “accounting” and press Search
4. Scroll down the page to “F” and click on the FASB Accounting Standards Codification
5. This link will take you to the AAA link for the codification. Click on the green ASC link.
6. Review the License Agreement and click “I accept”
Codification Exploration Homework

7. Explore the structure of the Codification (look at the far left panel of the Codification Page for the major categories) and answer the following questions:
   a. How many Topics are in the Presentation category?
   b. What does ASC Topic 730 cover?
   c. The codification gives specific industry guidance under the Topic of Guarantees for what industry?
   d. Using the Master Glossary, find the definition of “Hybrid Instrument”
   e. Using the Search bar in the upper right corner of the Codification screen, search for “pension.” How many results did you get? Narrow your search using the options to the right of the results area. Click on “obligation” How many results do you have? Narrow your search using the options to the right of the results area and click on “loss.” How many results do you have? Review your results from this narrowed search. What ASC Topic number should you read through to get a better understanding of this area?
   f. Look at the grey tabs near the top of the codification page. Click on the “Cross Reference” tab. Select “FAS” for the Standard Type and “109” for the standard number and click “generate report.” What ASC Topic number contains most of the old FAS 109 content?
   g. Click on “start over.” Type “805” for the Topic and press “generate report.” What is the FAS pronunciation number that provided most of the information for ASC Topic 805?
   h. BRING YOUR LAPTOP TO CLASS
In Class Exercise

Students come to class having already submitted their answers to the basic exploration exercise so we know they have a rudimentary knowledge of the types of tools available to them in the Codification.

Class time is then spent working through some simple research exercises in familiar accounting areas and culminates with a short case with an unfamiliar accounting issue.
You have a friend who is preparing a cash flow statement for his employer. He has heard that you are studying accounting and has asked your opinion about where interest payments should be included in the statement. You sing the cash flow song for him, but he wants to have something slightly more official. What is the codification reference that will support your position?
"All of the following are cash outflows for operating activities ... (d) Cash payments to lenders and other creditors for interest."
Handout Question #2

What is the official accounting term used for the process of separating a company’s income tax expense into the amount related to continuing operations, the amounts related to the below the line items and the amounts related to other comprehensive income items?
iClicker Question #1

What is the official accounting term used for the process of separating a company’s income tax expense into the amount related to continuing operations, the amounts related to the below the line items and the amounts related to other comprehensive income items?

A. Intraperiod Tax Allocation
B. Tax Splitting
C. Parsed Tax Expense
D. Functional Tax Allocation
Handout Question #3

Review ASC 230-10-45-2 and ASC 230-10-45-25. According to these sections, what are the requirements for the presentation style in the operating section of the cash flow statement?
Review ASC 230-10-45-2 and ASC 230-10-45-25. According to these sections which of the following statements is true?

A. Entities are required to show cash flow from operating activities as a reconciliation of net income and cash flow from operations.
B. Entities are required to show cash flow from operating activities as a series of gross cash payments and gross cash receipts by major category.
C. Entities may choose to show the cash flow from operating activities as either a reconciliation of net income and cash flow from operations or as a series of gross cash payments and gross cash receipts by major category.
D. Entities are required to show the cash flow from operating activities as both a reconciliation of net income and cash flow from operations and as a series of gross cash payments and gross cash receipts by major category.
Go to ASC 606. Click on “join all subtopics.” What is unique about the way the paragraphs in this topic is presented?
What is the significance of the December 16, 2017 “transition date” in ASC 606?

A. Companies are no longer required to use revenue recognition accounting, as explained here, after that date.
B. Companies that begin operations after that date must use revenue recognition accounting, as explained here, after that date.
C. Companies are required to use revenue recognition accounting, as explained here, after that date.
D. No public company recognize revenue until after that date.
Updates

• A change to the Codification is distributed as an Accounting Standards Update (ASU).
  • Numbered by giving the year of issuance and then the number of the update for that year
    • Year-##

• Pending guidance with transition dates shown along side the active guidance (revenue is an exception)
  • (P) December 15, 2017: Guidance is effective for Public companies for fiscal years beginning after 12/15/17
  • (N) December 15, 2018: Guidance is effective for Non-Public companies for fiscal years beginning after 12/15/18
Accounting Standards Update

Accounting Standards Update 2015-01

Income Statement—Extraordinary and Unusual Items (Subtopic 225-20)

Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items

January 2015

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Find the discussion of Nonmonetary Transactions by scanning the topics and sub topics under each category. The codification gives examples of items that are NOT to be reported as Nonmonetary Transactions. What are they?
Several examples are given in the codification of items that are not to be reported as nonmonetary transactions. Which of the following is NOT on that list?

A. A transfer of nonmonetary assets solely between entities under common control
B. Stock received in a stock dividend
C. A pooling of assets in a joint undertaking intended to find oil
D. A transfer of nonmonetary assets which involves a small amount of cash (referred to as boot)
Polluter Corporation (the “Company”), an SEC registrant, operates three manufacturing facilities in the United States. The Company manufactures various household cleaning products at each facility, which are sold to retail customers. The U.S. government granted the Company emission allowances (“EAs”) of varying vintage years (i.e., the years in which the allowance may be used) to be used between 2010 and 2030. Upon receipt of the EAs, the Company recorded the EAs as intangible assets with a cost basis of zero, in accordance with The Federal Energy Regulatory Commission (“FERC”) accounting guidance for EAs. The Company has a fiscal year end of December 31.

As background, in an effort to control or reduce the emission of pollutants and greenhouse gases, governing bodies typically issue rights or EAs to entities to emit a specified level of pollutants. Each individual EA has a vintage year designation. EAs with the same vintage year designation are fungible and can be used by any party to satisfy pollution control obligations. Entities can choose to buy EAs from, and sell EAs to, other entities. Such transactions are typically initiated through a broker. At the end of a compliance period, participating entities are required to either (1) deliver to the governing bodies EAs sufficient to offset the entity's actual emissions or (2) pay a fine.

The Company currently emits a significant amount of greenhouse gases because of its
Polluter Corporation Case

Refer to the Polluter Corporation Case (the one you read before class). Using the codification, determine the following:

a. What is the appropriate classification in the statement of cash flows in the Company’s December 31, 2010 financial statements for its purchase of 2012 EAs from Clean Air Corp.?

b. What is the income statement impact, if any, of the sale of the EAs with a vintage year of 2016 for $2 million?

c. What is the appropriate classification in the statement of cash flows in the Company’s December 31, 2010 financial statements for its sale of 2016 EAs to Dirty Chemical Corp.?
Polluter Corporation Case

a. What is the appropriate classification in the statement of cash flows in the Company’s December 31, 2010 financial statements for its purchase of 2012 EAs from Clean Air Corp.?

ASC 230-10-45-13c (payments at the time of purchase or soon before or after purchase to acquire...other productive assets)

Investing! ASC 230-10-20
Polluter Corporation Case

b. What is the income statement impact, if any, of the sale of the EAs with a vintage year of 2016 for $2 million?

Since the company didn’t pay anything for the EA, the full $2 million will be recognized as a gain in the year of sale.
Polluter Corporation Case

c. What is the appropriate classification in the statement of cash flows in the Company’s December 31, 2010 financial statements for its sale of 2016 EAs to Dirty Chemical Corp.?

ASC 230-10-45-12c (receipts from sales of...other productive assets)

Investing! ASC 230-10-20
Revenue Recognition Case

BioTech, Inc., a software developer, enters into an agreement with Raptor LLC to provide a license to their web-based wellness software program, install the software, and provide unspecified software updates and technical support (online and telephone) for a three-year period. BioTech sells the software license, installation, and support separately to other customers in the marketplace. The installation service includes minor modifications to the web screen for each customer type (e.g., service, manufacturing, and information technology). The installation service is routinely performed by other companies and does not significantly modify the software. The software remains functional without the updates and the technical support.
Required:

Prepare a memo to Brent Savage, BioTech CFO, giving your recommendations to the following questions:

Assume that the agreement represents a valid contract with Raptor. In order to properly recognize revenue from this agreement, BioTech needs to determine the separate performance obligations.

What are the separate performance obligations in the agreement in Part A, and why?

Does your answer change in Part B, and why or why not?

Your memo should include a discussion of the relevant Codification section(s) that you used in developing your answer. Summarize what you discovered in your research in your own words – do not simply quote from the Codification. Your memo should be no longer than 2 pages in length.
Multiple Elements

Manini Manufacturing (Manini), a U.S. SEC registrant, develops, manufactures, sells, installs and provides maintenance and support services for precision manufacturing equipment used in semiconductor manufacturing.

Manini is experienced in, and has a history of successfully installing the precision equipment. Prior to shipment from the factory, Manini performs extensive factory tests to evaluate whether the equipment will meet the agreed-upon specifications of the equipment. Generally, these tests take up to 30 days to perform. After it is determined that the equipment has completed all factory

**Required:** For each of the 5 items listed below, indicate whether it should be considered a separate unit of accounting or not. For each item, indicate how you arrived at your conclusion. You must cite the relevant paragraph from ASC 605-25-25 to support your conclusion (the relevant paragraphs are provided as the last page of this exam).
Student Assignment Pre-class:

- Prepare: Exercise 21-6, 15; Problem 21-13; CA 21-4.
- Watch: Pencast on Sales-type Lease accounting. (See data for this problem and the pencast file under Documents below.)

- Read: Go to the FASB website (http://www.fasb.org/jsp/FASP/Page/BridgePage&cid=1351027207574) and read the lease section titled "Why do we need a new standard on leasing?", "How will the new standard change current GAAP? "Core principles," "What documents have been issued to date?", and "What are the next steps in the process?"
- Prepare Exercise 21-12(a) and (b) under the terms of the Leases (Topic 842) Exposure Draft issued May 16, 2013. Assume that the lessor's implicit rate is unknown and that the lessee's incremental borrowing rate is 6%. (You may find it helpful to read ASC 842-20-55-10 through 55-21.) The solution to this exercise is included in Documents below.
Undergraduate Class Usage Recap

• Begin with a simple Codification Exploration Homework assignment
• In class simple research in familiar accounting areas
• Move toward directed short case with an unfamiliar accounting issue
• Follow up throughout the intermediate series with
  • Reading the applicable Codification sections after textbook learning of the same area
  • Independent research cases
  • Assessments
  • Accounting Standards Updates (ASUs)
Polling Question

Which of the following best describes your feeling about the use of these types of activities in your classes?

a. I already use strategies similar to these in my undergraduate courses.

b. I have some new ideas about how to present the codification to my undergraduate students.

c. I do not think these learning strategies are appropriate for my undergraduate students.
Graduate Class Usage

• Begin with a “boot camp” designed to explore
  • finer points of codification structure
    • Scope
    • Recognition
    • Measurement
    • Disclosure
    • Examples
  • Use of ASU’s to find FASB basis for conclusions
  • Proposed ASU’s
  • Concepts Statements
Graduate Class Usage

- Remainder of course is based on cases (Deloitte Trueblood)
  - Student groups use the codification as foundation for research
  - Written technical memos
    - Proper citation of the codification
    - Authoritative vs Non-authoritative
  - Formal presentations of findings
  - Discussion of alternative approaches supported by the codification
  - 6 to 7 cases per semester
Today’s Presenter:

Sheila Ammons

Austin Community College

sammons@austincc.edu
Using the FASB Codification

◆ Sheila Ammons, Accounting Professor
  • Austin Community College
  • sammons@ aust incc.edu
Motivating Students

• Benefits from the time investment
  • Reinforcement/review of GAAP covered in other courses
  • Knowledge of pending changes
  • Mastery of skills and knowledge needed for
    • other accounting courses
    • CPA exam
    • resume
    • career
Prof: It is taking so much time!!!

• Prof’s response: The ‘dead ends’ provide
  • GAAP review and access to selected SEC content/pending changes
  • Experience with key words
    • The Codification is not a textbook.
  • Efficiency and effectiveness
  • Confidence gained from the hands on experiences.
About My Courses

• The Texas State Board of Public Accountancy
  • Accepts upper-level accounting and ethics courses from ACC
    • For students who have completed a baccalaureate degree.

• The FASB Codification is covered in two of my courses:
  • Governmental and Not-for-Profit Accounting
  • Financial Accounting Research
Governmental and Not-for-Profit Accounting

◆ I currently
  - Use *Essentials of Accounting for Governmental and Not-for-Profit Accounting*, 12 e, Paul A. Copley, McGraw Hill.
  - Create the Codification training and assignments which are administered as part of the required course lab.

◆ Summer 2016, I will add a second text.
  - *Skills for Accounting Research: FASB Codification and eIFRS Text and Cases*, 3e, Shelby Collins Cambridge Business Publishers
    - This provides coverage of how to use the FASB Codification and how to perform governmental accounting research.
    - I will continue to create activities for private not-for-profit entities.
Governmental and Not-For-Profit

• The AAA access includes:

AAA Home Page

Thank You

Thank you for logging in. Please use the link below to proceed.

• FASB Accounting Standards Codification
• GASB Governmental Accounting Research System Online

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Governmental (2/3 semester)

• Thanks to the AAA, students
  • reinforce SLG GAAP and
  • gain skills and knowledge in using the GARS.
Private Not-For-Profits (1/3 semester)

• Students use the Codification to
  • Locate the sources of GAAP
  • Review new terminology
  • Work with ASUs
  • Make proper citations
  • Reinforce text material

• Activities: These work for any financial accounting course.
  • Perform basic Codification research
  • Find the citations for the text material
  • Work with financial statements for not-for-profit entities to
    • Locate the Codification citations for footnotes and presentation

NOTE: In addition to the results of research, I require students to discuss the steps taken to conduct the research. This is required in both courses.
Private NFP Activity

Use the Codification to locate the definition of a not-for-profit entity:

105-10-20 Glossary

Not-for-Profit Entity

An entity that possesses the following characteristics, in varying degrees, that distinguish it from a business entity:

a. Contributions of significant amounts of resources from resource providers who do not expect commensurate or proportionate pecuniary return
b. Operating purposes other than to provide goods or services at a profit
c. Absence of ownership interests like those of business entities.

Entities that clearly fall outside this definition include the following:

a. All investor-owned entities
b. Entities that provide dividends, lower costs, or other economic benefits directly and proportionately to their owners, members, or participants, such as mutual insurance entities, credit unions, farm and rural electric cooperatives, and employee benefit plans.
Using the latest annual report for American National Red Cross:
Locate the footnote for recording contributed services and materials.

Contributed Services and Materials:
Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.
Private NPF Activity – Using Financial Statements
(continued)

Use the Codification to find the citation for the accounting treatment for recording contributed services and materials.

Codification: narrowed research results

958 Not-for-Profit Entities > 605 Revenue Recognition > 25 Recognition

Contributed Services
by donation. Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen. Contributed services and promises to give services that do not meet these criteria shall not be recognized. See Examples 7 through 11 (paragraph 958-605-55-52 through 55-68) for illustrations of this guidance.

1 - 5 of 5 results for: contributed services

◆ Some students want to cut and paste the support for a conclusion from this screen.

◆ Students must narrow and click on the links to
  • Determine if the hit is the correct citation
  • Cut and paste the words of the Codification.
Private NPF Activity – Using Financial Statements (continued)

Use the Codification to find the citation for the accounting treatment for recording contributed services and materials.

**Contributed Services**

958-605-25-16  [Contributions of services shall be recognized if the services received meet any of the following criteria: [FAS 116, paragraph 9, sequence 23.1]

] a. [They create or enhance nonfinancial assets. [FAS 116, paragraph 9, sequence 23.2.1] ]

b. [They require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. [FAS 116, paragraph 9, sequence 23.2.2.1] ][ Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen. [FAS 116, paragraph 9, sequence 23.2.2.2.1] ]

NOTE: I seldom ask my students to print with sources, but they need to understand how to connect to the pre Codification sources.
TIP: Cutting and Pasting

- When students cut and paste directly from the Codification, the result includes Codification navigation, which is not needed.

Contributed services and promises to give services that do not meet these criteria shall not be recognized. See Examples 7 through 11 (paragraph 958-605-55-52 through 55-68) for illustrations of this guidance.

Note: The area selected may not include the full citation.
Cutting and Pasting

• Encourage students to use the print options.

This applies to all Codification activities.

Printing

The FASB Accounting Standards Codification® Research System website provides several printing options on the "Print" menu. On pages where print is allowed, the "Print" menu is located on the toolbar at the bottom of the browser window.

- Printer-Friendly
- Printer-Friendly with TOC
- Printer-Friendly with Sources
- Large Image Display - Browser Settings

Printer Friendly

To print Codification content as it appears in the system, select "Printer Friendly" from the "Print" menu. The "Printer Friendly" option is available on most web pages that include Codification content.

Printer Friendly with TOC

To print Codification content as it appears in the system together with the associated table of contents (TOC), select the "Printer Friendly with TOC" option from the "Print" menu.

Printer Friendly with sources

To print Codification content that includes references to the as-amended sources, select the "Printer Friendly with sources" option from the "Print" menu. The "Printer Friendly with sources" option is available on most web pages that include Codification content, although it is not on the Archive...
Financial Accounting Research

◆ Texts:

1. *Accounting & Auditing Research Tools & Strategies*, 8e, Weirich, Pearson, Churyk, Wiley

   - Professor Collins is finalizing a new text: *Guide to Intermediate Accounting Research*
     - Chapter 1: The FASB Codification: Introduction and Search Strategies
     - Chapter 2: The Research Process
     - Chapter 3: Creating Effective Documentation

◆ Cases:

- Small, medium and large cases from
  - Required texts
  - Deloitte Trueblood cases
  - AAA journals
  - My creations/Students also create cases.
Financial Accounting Research

◆ Required for the CPA exam (or Tax Research)
  • Pre-req – 21 hours of upper-level accounting

◆ Students work with:
  1. Process – research skills
  2. Product – client letters and research memos
  3. History of GAAP, role of the FASB, SEC, and IASB, nonauthoritative sources, ways to stay current, critical thinking and communication skills

◆ The following slides cover:
  • Codification Resources
  • Codification Sections
  • SEC Content
  • Concepts Statements
Codification Resources

• From the Codification Homepage*:

* How to Use the Codification and About the Codification are also available at www.fasb.org (Accounting Standards Codification tab)

Note: Accessing from the FASB website may be confusing to some students because these documents are located on the page that asks for a log-in and provides subscription info. Students may feel they have to pay for this instead of using the free AAA access provided by the school.
Codification Resources

- **How to Use the Codification:** 213 pages – last updated 10/26/15
  - 17 lessons – same structure across all sections
  - Lesson Scenario to set the stage
  - Learning Objectives
  - Instructional Content – tied to learning objectives
  - Side Bars – Look Now and Try it Now
  - Tips for Success Boxes
  - Lesson Summary
  - Reinforce Your Learning – questions, exercises, and problems
    - Solutions are provided

- **About the Codification:** 45 pages – last updated 1/14
  - Excellent source of background and basic Codification information
Codification Sections

• See it – Use it
  • Students
    • generally start this process by using the first citation they find
    • like to use Section 50 or 55 to support every conclusion.

• Find it – Evaluate it
  • Students must use the appropriate section to support their research findings.

• Strive to cite the best Section for the research issue.
Codification Sections

- 05 Overview and Introduction — use for basic guidance
- 10 Objectives — basic principles — not actual requirements
- 15 Scope — It is critical to understand the scope.
- 20 Glossary — definitions provide an understanding
- 25 Recognition
- 30 Initial measurement
- 35 Subsequent measurement
- 40 Derecognition
- 45 Other Presentation Matters
- 50 Disclosure — use for disclosure issues
- 55 Implementation Guidance — helpful guidance and examples

Not every Section is presented in every Subtopic.
SEC Content

Course coverage includes:

◆ Role of the SEC

◆ SEC content in the Codification
  • For non SEC registrants, this may be
    • used for companies planning to go public.
    • the highest nonauthoritative GAAP available.
    ◆ The SEC content is nonauthoritative for these entities.
Concepts Statements and Other Sources

OTHER SOURCES

- Accounting Standards Updates
- Proposed Accounting Standards Updates
- Other Exposure Documents
- Pre-Codification Standards
- Concepts Statements
- Maintenance Updates
Concepts Statements

• Access via the Codification links to the FASB site
  • This keeps the researcher from having to go to the FASB site to view Concepts Statements.

• The Concepts Statements may provide background information and guidance for elements of financial statements and definitions not found in the Codification.

• If authoritative GAAP is not found:
  • The nonauthoritative Concepts Statements may provide the best level of support.
    • This may be needed for basic research regarding definitions of financial statement elements.
    • Students must first exhaust the Codification (authoritative) research.
Prof: I practiced and now I can work with the Codification!!!

◆The learning tools, practice and feedback have paid off.

Thanks to the AAA for making the Codification available!
Polling Question

Integrating Codification activities into each financial accounting course

a. Takes up too much time.
b. Allows students to become efficient and effective with using the Codification.
c. Is not needed since students will learn this skill in a CPA review course and on the job.
d. Costs my school too much money.
Today’s Presenter:

Pamela Stuerke

University of Missouri-St. Louis
Structure of the ASC - Categories

- General Principles
- Presentation
- Assets
- Liabilities
- Equity
- Revenues
- Expenses
- Broad Categories
- Industry
- Master Glossary
Structure of a Topic Within the ASC
Sections of Topics and Subtopics

- 05 Overview and Introduction
- 10 Objectives
- 15 Scope
- 20 Glossary
- 25 Recognition
- 30 Initial measurement
- 35 Subsequent measurement
- 40 Derecognition
- 45 Other Presentation Matters
- 50 Disclosure
- 55 Implementation Guidance
Structure of a Topic Within the ASC Sections of Topics and Subtopics

- 05 Overview and Introduction
- 10 Objectives
- 15 Scope
- 20 Glossary
- 25 Recognition
- 30 Initial measurement
- 35 Subsequent measurement
- 40 Derecognition
- 45 Other Presentation Matters
- 50 Disclosure
- 55 Implementation Guidance

These are the basic issues of accounting, in the order of the life of a balance-sheet item.
An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The term *more likely than not* means a likelihood of more than 50 percent; the terms *examined* and *upon examination* also include resolution of the related appeals or litigation processes, if any. For example, if an entity determines that it is certain that the entire cost of an acquired asset is fully deductible, the more-likely-than-not recognition threshold has been met. The more-likely-than-not recognition threshold is a positive assertion that an entity believes it is entitled to the economic benefits associated with a tax position. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold shall consider the facts, circumstances, and information available at the reporting date. The level of evidence that is necessary and appropriate to support an entity's assessment of the technical merits of a tax position is a matter of judgment that depends on all available information.
Break It Down

An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

The term *more likely than not* means a likelihood of more than 50 percent; the terms *examined* and *upon examination* also include resolution of the related appeals or litigation processes, if any.
Break It Down

For example, if an entity determines that it is certain that the entire cost of an acquired asset is fully deductible, the more-likely-than-not recognition threshold has been met.

The more-likely-than-not recognition threshold is a positive assertion that an entity believes it is entitled to the economic benefits associated with a tax position.
Break It Down

The determination of whether or not a tax position has met the more-likely-than-not recognition threshold shall consider the facts, circumstances, and information available at the reporting date.

The level of evidence that is necessary and appropriate to support an entity's assessment of the technical merits of a tax position is a matter of judgment that depends on all available information.
A tax position that meets the more-likely-than-not recognition threshold shall initially and subsequently be measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. Measurement of a tax position that meets the more-likely-than-not recognition threshold shall consider the amounts and probabilities of the outcomes that could be realized upon settlement using the facts, circumstances, and information available at the reporting date. As used in this Subtopic, the term *reporting date* refers to the date of the entity's most recent statement of financial position.
Break It Down

A tax position that meets the more-likely-than-not recognition threshold shall initially and subsequently be measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.
Break It Down

Measurement of a tax position that meets the more-likely-than-not recognition threshold shall consider the amounts and probabilities of the outcomes that could be realized upon settlement using the facts, circumstances, and information available at the reporting date.

As used in this Subtopic, the term *reporting date* refers to the date of the entity's most recent statement of financial position.
Polling Question

Many students initially have difficulty reading and applying guidance from the ASC. Which of the following do you think contributes most to that difficulty for your students?

a. The sentence structures are complex.

b. The vocabulary is sometimes challenging.

c. Material is not restated in alternate ways as it is in a textbook.

d. The concepts and procedures are inherently difficult.
Academic Access Program

The AAA will provide direct services to accounting departments through its Academic Access program to the:

-- FASB’s Professional view of the Codification of Accounting Standard
-- GASB’s GARS Online database

Authentication credentials for faculty and students are made available through a low annual institutional fee of $250.

This Academic Access program is available to post-secondary accounting programs or departments worldwide. Access expires each year at the end of August, ensuring that access does not continue beyond the school year.

This program is NOT available for academic library subscriptions.
Who is eligible for access?

Faculty and students of enrolled college/university accounting departments (enrolled means registered with the AAA which includes paying an administrative fee of $250 annually for Academic Access). This includes all faculty: emeritus, instructors, and all faculty included in the accounting program.

Registered departments pay the small administrative fee and manage the security for access by passwords for their faculty and students which change each year.

The AAA manages the administrative side by providing secure access through accounting departments.

For more information, go to: http://aaahq.org/research/FASB-GARS-Academic-Accounting-Access
Who pays the annual fee to the AAA? What are the program benefits?

College/university accounting department or program or campus pays the $250 annual administrative fee.

Annually, AAA assigns and sends each registered program one login for all faculty and another login for all students.

AAA provides help desk support to campus contact and faculty.

Center for Advancing Accounting Education facilitates best practices in courses and curricula, i.e., webinars, sessions at AAA meetings.
Is this “Academic Access” something my library can or should subscribe to?

“Academic Access” is for faculty and students in registered accounting programs/departments. It is NOT a library subscription, it is special access solely for faculty and students - available for a low administrative fee of $250 annually.

Libraries can subscribe through a completely different process. That subscription would provide access to the university’s entire community of users, and would be at a different rate/fee.
How will information be disseminated to faculty and students?

After login credentials are sent to the department chair, it will be that person’s responsibility to manage a process in the department to disseminate necessary information to their faculty and students only.

For each registered campus, one login is assigned for all faculty and another login for all students.

Posting this login information publically where it would be available to others is prohibited (online or via hard copy).
What if a student changes major and no longer takes accounting or business courses? What are their responsibilities as to then denying them access?

*Their access will automatically expire on August 31. Renewing schools will receive new passwords each year, either on August 1 or September 1.*

For more information, go to: [http://aaahq.org/research/FASB-GARS-Academic-Accounting-Access](http://aaahq.org/research/FASB-GARS-Academic-Accounting-Access)
Is this available to all AAA members and not just those whose school has paid for it. Or available only to AAA members?

Access is not connected to AAA membership. Only faculty and students in accounting or business departments that have paid for the service have access. AAA members will only have access if their department has enrolled.

The AAA provides secure access to faculty and students, and makes it available for all faculty and students at registered schools, not just for AAA members.

For more information, go to: http://aaahq.org/research/FASB-GARS-Academic-Accounting-Access
If access is available via password, how often do you require this to be updated?

Departments enroll for access annually – so they will need to renew and be updated annually by September.

For more information, go to: http://aaahq.org/research/FASB-GARS-Academic-Accounting-Access
My school’s situation is unique and/or my question has not been addressed in this presentation.

Send your question(s) to Pat@aaahq.org
How to Register:
Go to: http://aaahq.org/research/FASB-GARS-Academic-Accounting-Access

FASB User Login

Online Enrollment | Online Renewal | Frequently Asked Questions | Payment by Check Form

Academic Accounting Access to the FASB Accounting Standards Codification® Professional View and Governmental Accounting Research System™ Benefits Professors and Students Alike

The American Accounting Association (AAA) provides access to the Professional View of the FASB Codification and GARS Online to accounting faculty and students at colleges and universities worldwide through its Academic Accounting Access program. This program is offered exclusively to accounting programs on an annual basis.

- "Best Practices for Using the FASB Codification and GARS Online in Your Courses" March 24, 2016 Recorded Webinar
- March 24, 2016 Webinar Presentation slides (pdf)

How to get access
To receive CPE Credit, be sure to respond to all of the polling questions during the session and fill out the CPE Verification Form at the end of the session.

(The link to the CPE Form will be half way down the page that appears as you click off the webinar)

Your responses, along with your attendance, will comprise the criteria for Continuing Professional Education credit, as regulated by NASBA. Attendees at this presentation who meet the criteria will be awarded 1 CPE Credit Hour in the NASBA Field of Study category, “Specialized Knowledge and Application”

NOTE: The American Accounting Association is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors through its Web site: http://www.learningmarket.org