

**CALCPA Accounting Principles and
Auditing Standard (APAS) State Committee
Zoom Meeting
May 28, 2020**

Meeting called to order by Committee Chair, Nancy Rix at 9:05 a.m.

Quick introductions by committee members

Appointment of morning minutes secretary, Jillian Phan

Introduction by Nancy Rix of APAS purpose

Introduction of guest speaker Sue Cosper, FASB member

FASB Response to COVID-19

- Diverting resources to deal with this issue at hand
- Working with AICPA and banking regulators for a collective effort
- FASB website has guidance and resources focused on the FASB response to COVID-19

Effective Date Deferrals

- This will provide near-term relief for certain entities by allowing a one-year deferral of major standards that are either currently effective or imminently effective. Final standards expected to be issued during June 2020.
- Topic 606 (Revenue Recognition)
 - Applies to all entities that have not yet issued their financial statements
 - Eligible entities may elect to adopt Topic 606 for annual reporting periods after December 15, 2019 with early adoption permitted
 - Board will explore solutions to issues related to recognition of initial franchise fees for all franchisors
- Topic 842 (Leases)
 - Public not-for-profit (NFP) entities that have not issued financial statements may elect to adopt Topic 842 for annual reporting periods after December 15, 2019
 - Private companies and private NFPs may elect to adopt Topic 842 for annual reporting periods after December 15, 2021
 - Early application continues to be permitted

Accounting for Leases Concessions

- FASB Staff Q&A addresses the impacts of COVID-19 and the expectation that many lessors will provide lease concessions to lessees for a significant number of lease contracts.
- Entities may elect to account for concessions related to COVID-19 as if enforceable rights and obligations for those concessions existed in the original agreement.

Accounting for Cash Flow Hedges

- FASB Staff Q&A addresses the impacts of COVID-19 on discontinued cash flow hedges.
- Delays in forecasted transactions may be considered rare cases caused by extenuating circumstances outside the control of the entity if related to the effects of COVID-19.

Disclosures of Significant Accounting Policies

- Q&A will be available in a couple of weeks on FASB website addressing the disclosure requirements related to the SBA PPP loans.
- NFP entities have specific guidance related to government assistance that they should follow. For-profit entities do not have similar guidance on disclosing government assistance.

Technical Agenda Highlights

- Conceptual framework will address Elements, Measurement and Presentation
- Recognition and Measurement will address some of these topics
 - Distinguished liabilities and equity
 - Identifiable intangible assets and subsequent accounting for goodwill
- Presentation & disclosure projects will include
 - Disclosure review projects including income taxes, inventory, government assistance
 - NFP reporting of gifts in kind
- Research projects will address disclosure reviews of items like intangibles, foreign currency, hedge accounting, structure of the performance statement, etc.

Other Areas of Interest

- Continuing to monitor COVID-19 matters
- Government assistance – accounting and disclosure
- Debt modifications – educational materials to assist companies in applying the guidance
- Gifts in kind
- Revenue recognition related to franchisor accounting
- Monitor the shift from Libor
- Process and technology improvements

Challenges Facing the FASB and Its Members

- This includes the importance of independent standards setting, priorities in agenda setting, board turnover, convergence, evaluating competing perspective and evaluating of costs and benefits

10:55 – 11:10 a.m. Break

EITF & FASB Updates – Alex Zabreyko and Matt Lombardi

- Alex stated that there are no updates from the EITF.
- Matt discusses our comment letter regarding GIK. The letter along with collaboration with Jason Fox will addresses measurement guideline. He also mentioned the deferral of effective dates on Topics 606 and 842 for one year

IAASB – Howard Sibelman

- ISA 600 exposure draft is available and comments on this draft have been requested. Our committee will respond. Mark Wille stated that we should include our opposing or negative comments when we need to submit a comment letter. Discussions took place regarding the use of Doodle surveys in order to obtain a majority vote allowing the committee to move forward.

12:00 – 12:30 p.m. Lunch