Nonprofit Summit

# FASB GAAP Update

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# Agenda

- FASB Technical Agenda
- Nonprofit Advisory Committee – Overview and Updates
- Leases Under Common Control
- Crypto Assets


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# FASB Agenda (Page 1/2)

FASB FINANCIAL ACCOUNTING STANDARDS BOARD®

801 Main Avenue, PO Box 5116
Norwalk, CT 06856-5116
tel: 203.847.0700
www.fasb.org

## Technical Agenda Overview

**Revised June 30, 2025**

| PROJECTS | Next Milestone | Expected Date |
|---|---|---|
| Accounting for and Disclosure of Software Costs | Final ASU | 3Q 2025 |
| Accounting for Debt Exchanges | Board redeliberations | Ongoing |
| Accounting for Environmental Credit Programs | Board redeliberations | Ongoing |
| Accounting for Government Grants | Final ASU | 4Q 2025 |
| Codification Improvements (Evergreen) | Board redeliberations | Ongoing |
| Credit Losses—Topic 606 Receivables (PCC) | Final ASU | 3Q 2025 |
| Financial Instruments—Credit Losses (Topic 326)—Purchased Financial Assets | Final ASU | 3Q 2025 |
| Interim Reporting—Narrow-Scope Improvements | Final ASU | 4Q 2025 |
| Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock | Exposure Draft | 3Q 2025 |
| Statement of Cash Flows Targeted Improvements | Board deliberations | Ongoing |
| Topic 815—Derivatives Scope Refinements | Final ASU | 3Q 2025 |
| Topic 815—Hedge Accounting Improvements | Final ASU | 3Q 2025 |



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# FASB Technical Agenda (Page 2/2)

| RESEARCH PROJECTS |
| --- |
| Accounting for and Disclosure of Intangibles |
| Accounting for Commodities |
| Accounting for Derivatives |
| Agenda Consultation |
| Consolidation for Business Entities |
| Financial Key Performance Indicators for Business Entities |
| Hedge Accounting |
| Statement of Cash Flows |

| EITF |
| --- |
| Application of Topic 715 to Market-Return Cash Balance Plans |

| POST-IMPLEMENTATION PROJECTS |
| --- |
| Credit Losses |
| Leases |


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# Not-for-Profit Advisory Committee (NAC)

The Not-for-Profit Advisory Committee (NAC) was established in October 2009. The NAC is a standing committee (15 to 20 members) that works closely with the FASB in an advisory capacity to ensure that perspectives from the not-for-profit (NFP) sector are effectively communicated to the FASB on a timely basis in connection with the development of financial accounting and reporting standards.

The principal responsibilities of the NAC are to:

- Provide focused input and feedback relating to proposed and active projects, practice issues related to standard implementation and areas relevant to the NFP sector, and long-term concerns of the NFP sector
- Assist the FASB and its staff with communication and outreach activities to the NFP sector on recent standards and other existing guidance, current and proposed projects, and longer-term issues.
- Advise on other matters for which the FASB may seek guidance.



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# NAC Highlights Key Priorities and Challenges for NFP Reporting

**Meeting Overview:** The NAC meets semiannually. The NAC met on March 20, 2025 and are scheduled to meet again on October 7, 2025. Highlights from the March 20th Meeting are as follows:

- Development of standardized operating measures for NFPs to enhance comparability
- Reevaluate treatment of NFPs with conduit or public debt under GAAP definition of “public entity”.
- Clarify consolidation guidance for NFPs
- Align accounting treatment of Public-private partnerships with parallel GASB standards to reduce reporting disparities
- Enhance liquidity disclosures for clearer insight into resource availability
- Reforming the statement of cash flows
- Disaggregating investment returns on the statement of activities



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# ASU 2023-01 – *Leases (Topic 842): Common Control Arrangements*

## Background

- Response to issues related to applying Topic 842 to related party arrangements between entities under common control brought to the FASB's attention primarily through interactions with private company stakeholders

## Issues

- Terms and Conditions to Be Considered
- Accounting for Leasehold Improvements

## Effective Date

- The amendments in this Update for both Issue 1 and Issue 2 are effective for fiscal years beginning after December 15, 2023 (CY 2024/ FY 2025), including interim periods within those fiscal years.
- Early adoption is permitted for both interim and annual financial statements that have not yet been made available for issuance.



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# Leases Under Common Control

## Leases – Common Control (ASU 2023-01 issued March 2023)

1. Issue 1 (expedient) available to private companies & nonprofits but not available to nonprofits with conduit debt
   - Provide a practical expedient to use written terms to determine if a lease exists and if so its classification

1. Issue 2 available to all entities
   - Leasehold improvements amortized over the economic life of the improvements as long as lessee continues to use the underlying asset (rather than the shorter of life of asset or lease term)
   - If stopped using lease, it is a transfer between entities under common control
   - If the lease between the entities under common control is a sublease agreement (i.e. the ultimate landlord is an entity not under common control), the leasehold improvements can't be amortized over a life that exceeds the third-party lease term


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# Crypto Assets (ASU 2023-08) – Scope and Measurement
**(borrowed from the FASB's AICPA presentation)**

**Scope:** Crypto assets must meet all the following:

| | | |
|---|---|---|
| The definition of ***intangible asset*** as defined in Codification | Do not provide the asset holder with enforceable rights to or claims on underlying goods, services, or other assets | Are created or reside on a distributed ledger based on blockchain or similar technology |
| Are secured through cryptography | Are fungible | Are not created or issued by the reporting entity or its related parties |

## Measurement

- Measure at fair value
- Increases and decreases recognized in net income (changes in net assets)



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# Crypto Assets – Presentation and Disclosure

**Balance Sheet**

Crypto assets separate from other intangible assets measured using other measurement bases

**Income Statement (or Statement of Activities)**

Gains and losses in net income separate from amortization and impairment of other intangible assets

**Statement of Cash Flows**

Classify cash flows from crypto assets received in ordinary course of business or as a contribution and converted nearly immediately into cash as operating activities *

**Disclosures**

- Significant crypto asset holdings
- Restrictions on crypto assets held
- Reconciliation of activity between the beginning and end of the period
- Historical realized gains and losses

* The FASB clarified that an NFP that nearly immediately liquidates crypto assets received **with donor-imposed restrictions for long-term or capital use** would be required to classify the activity as cash flows from **financing activities**.



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# Transition and Effective Date – Crypto Assets

**Transition**

- In year of application, adjust beginning of period retained earnings (or net assets) for transition to fair value.

**Effective Date**

- Guidance will be effective for all entities for fiscal years beginning after December 15, 2024 (CY 2025/ FY 2026), including interim periods within those fiscal years.
- Early adoption is permitted.



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# Contact

**Forvis Mazars**

**Michael Gossman, CPA, CFE, CFF**
Partner, Fort Lauderdale
P: 754.335.9310
mike.gossman@us.forvismazars.com

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