



FASB DEFERS NEW REVENUE RECOGNITION STANDARD

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OVERVIEW

At its July 9, 2015, meeting, the Financial Accounting Standards Board voted to defer the effective date of the guidance in Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, for all entities by one year.

The core guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps should be applied in the revenue recognition process:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

ANNUAL PERIODS

Public business entities, not-for-profit entities that have issued, or are a conduit

bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and employee benefit plans that file or furnish financial statements to the SEC (collectively “public entities”) will now be required to adopt the new revenue standard in annual reporting periods beginning after December 15, 2017 (calendar year 2018). All other entities will be required to adopt the new revenue standard in annual reporting periods beginning after December 15, 2018 (calendar year 2019).

INTERIM PERIODS

Public entities will be required to adopt the new revenue standard beginning in the first interim period in the year of adoption. All other entities are not required to adopt the new revenue standard in the interim periods within the year of adoption.

EARLY ADOPTION

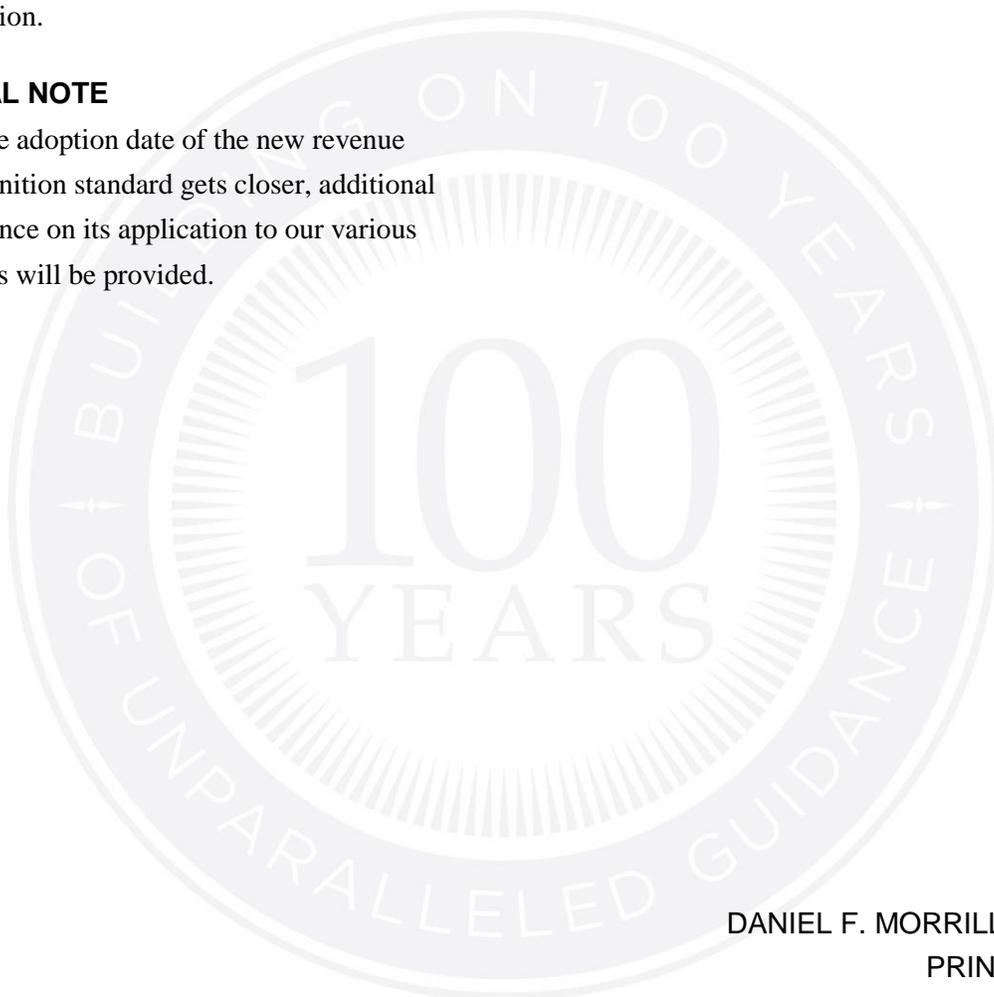
All entities can apply the new revenue standard early, but not before the original effective date for public business entities, which was, annual periods beginning after December 15, 2016. Public entities choosing to adopt early will apply the new revenue



standard to all interim reporting periods within the year of adoption. All other entities that adopt early will not be required to apply the new revenue standard until interim periods after the first year of adoption.

FINAL NOTE

As the adoption date of the new revenue recognition standard gets closer, additional guidance on its application to our various niches will be provided.



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