

2022 FASB REVIEW

TABLE OF CONTENTS

Chapter	Title
1	Implementing the New Lease Standard- 2022 ASU 2016-02 Leases (Topic 842) and Other Amendments
2	Accounting and Financial Reporting for COVID-19, the CARES Act and PPP Loans 2022 Edition
3	Accounting and Disclosures for the Employee Retention Credit (ERC) and the Pass-Through Entity (PTE) Tax-2022 Edition
4	ASU 2016-13 Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments-2022
5	Current Developments- Accounting and Financial Reporting- 2022
6	Selected Accounting Standards Updates (ASUs) 2022
	Glossary
	Index

Table of Contents

CHAPTER 1 Implementing the New Lease Standard- 2022 ASU 2016-02 Leases (Topic 842) and Other Amendments	14
I. Background	17
II. Basic Concepts of ASU 2016-02	18
A. General Rules.....	18
REVIEW QUESTIONS.....	21
SUGGESTED SOLUTIONS.....	22
III. Scope and Scope Exceptions.....	23
IV. Identifying a Lease.....	23
REVIEW QUESTIONS.....	33
SUGGESTED SOLUTIONS.....	34
V. Lessee Rules.....	36
A. Lease Classification - Lessee	36
B. Initial Measurement of Lease- Lessee	43
C. Lease Modifications - Lessee.....	47
D. Lease Payments - Lessee.....	49
E. Lease Term and Purchase Options- Lessee.....	55
F. Subsequent Reassessment of Lease Elements- Lessee	59
G. Short-Term Leases - Lessee	62
H. Subsequent Measurement and Accounting for Leases- Lessee	63
I. Other Recognition and Measurement Issues- Lessees	69
J. Financial Statement Presentation Matters- Lessee.....	73
K. Disclosures by Lessees.....	75
REVIEW QUESTIONS.....	89
SUGGESTED SOLUTIONS.....	90
VI. Lessor Rules	92
A. Lease Classification	92
B. Amendments Made to Lessor Rules Since ASU 2016-02	97
C. Accounting for Sales-Type Lease- Lessor	100
D. Accounting for a Direct Financing Lease	106
E. Accounting for Operating Leases- Lessor	110
F. Disclosure- Lessor Leases.....	113
REVIEW QUESTIONS.....	116

SUGGESTED SOLUTIONS.....	117
VII. Transition and Effective Date Information	118
A. General- Existing Leases	118
B. Transition	118
REVIEW QUESTIONS.....	121
SUGGESTED SOLUTIONS.....	122
VIII. Impact of Changes to Lease Accounting	123
IX. Impact of Lease Changes on Nonpublic Entities	125
X. Other Considerations- Dealing with Financial Covenants.....	126
XI. Avoiding the New Lease Standard.....	128
REVIEW QUESTIONS.....	129
SUGGESTED SOLUTIONS.....	130
CHAPTER 2 Accounting and Financial Reporting for COVID-19, the CARES Act and PPP Loans 2022 Edition	131
I. Introduction	133
II. Accounting Issues Related to COVID-19	133
III. Disclosure of Risks and Uncertainties- COVID-19 and Supply-Chain Shortages	134
REVIEW QUESTIONS.....	147
SUGGESTED SOLUTIONS.....	148
IV. Asset Impairments- Long-Lived Assets.....	149
A. Overview of Asset Impairment Rules.....	149
B. Goodwill Impairment Issues	150
V. Writedowns and Disclosures of Stock Market Investments	157
A. Disclosure of Stock Losses After Year End.....	157
REVIEW QUESTIONS.....	159
SUGGESTED SOLUTIONS.....	160
VI. Inventory Costs and Valuation Issues	161
A. GAAP Review of Inventories	161
VII. Trade Receivables and the Allowance for Doubtful Accounts	164
VIII. Exit and Termination Costs.....	165
IX. Contingencies and Exposure to Third-Party and Employee Claims.....	166
X. Business Interruption Insurance Recovery and Presentation	167
XI. Going Concern and COVID-19	171
A. GAAP Requirements- Going Concern.....	172
B. Engagement Requirements- Going Concern.....	173

C. The One-Year Going Concern Window and COVID-19.....	175
D. Use of a Financial Support Letter when there is a Going Concern Issue	177
REVIEW QUESTIONS.....	180
SUGGESTED SOLUTIONS.....	182
XII. Revenue and Contracts.....	184
A. Variable Consideration Revenue	184
B. Losses on Onerous Contracts- Impact of COVID-19 and Inflation on Unrealized Losses ...	187
XIII. Loan Modifications and Covenants	191
XIV. Remote Accounting Functions – Post COVID	192
XV. Fraud and the COVID-19 Internal Control Environment	193
REVIEW QUESTIONS.....	194
SUGGESTED SOLUTIONS.....	195
XVI. Income Tax Issues- CARES Act.....	197
A. Deferred Tax Assets from NOLs- the CARES Act	197
B. Limitation on Interest Deduction- the CARES Act	202
REVIEW QUESTIONS.....	205
SUGGESTED SOLUTIONS.....	206
XVII. Accounting for PPP Loans under the CARES Act	207
A. Introduction.....	207
B. Basic Rules for PPP Loans- SBA	207
C. How Should PPP Loans be Accounted for Under GAAP?.....	208
D. Accounting for a PPP Loan as Debt.....	209
E. Forgiveness of PPP Loan	215
F. Tax Effects of PPP Loans	223
G. Disclosures Required- PPP Loan Treated as Debt.....	225
H. Accounting for an Economic Injury Disaster Loan (EIDL)	233
I. Other GAAP Approaches for PPP Loans	235
J. Accountant and Auditor Reporting Issues- PPP Loans	235
K. Accountant Reporting and Disclosure Issues Peculiar to 2021 First- and Second-Draw PPP Loans.....	238
REVIEW QUESTIONS.....	241
SUGGESTED SOLUTIONS.....	243
CHAPTER 3: Accounting and Disclosures for the Employee Retention Credit (ERC) and the Pass-Through Entity (PTE) Tax- 2022 Edition.....	245
I. Introduction	247

II.	Accounting -Financial Disclosures for the Employee Retention Credit (ERC)	248
A.	Overview.....	248
B.	GAAP Accounting for the ERC.....	251
C.	OPTION 1: ASC 958-605- Not-for-Profit Entities: Revenue Recognition	253
D.	OPTION 2: IAS 20, Accounting for Government Grants and Disclosure of Government Assistance	256
E.	Disclosures for the ERC.....	262
F.	Fixing the 2020 Financial Statements and Disclosures for the ERC	267
G.	Tax-Basis Financial Statements and the ERC.....	280
	REVIEW QUESTIONS.....	283
	SUGGESTED SOLUTIONS.....	285
III.	Accounting - Financial Disclosures for the Pass-Through Entity (PTE) Tax.....	287
A.	Overview.....	287
B.	Use of the Pass-Through Entity (PTE) Tax Election.....	289
C.	GAAP Accounting and Disclosures- PTE Tax	293
D.	GAAP Accounting Rules for the PTE Tax	294
E.	GAAP Disclosures for the PTE Tax	294
F.	PTE Tax and Tax-Basis Financial Statements.....	299
	REVIEW QUESTIONS.....	301
	SUGGESTED SOLUTIONS.....	302
CHAPTER 4 ASU 2016-13 Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments-2022.....		304
I.	Objective	306
II.	Background	306
A.	Existing GAAP	306
B.	New ASC 326, Financial Instruments- Credit Losses	308
C.	Recent FASB ASUs Targeted at ASC 326’s Credit Losses	309
III.	Scope of ASC 326.....	310
A.	Overall scope.....	310
IV.	ASU 2016-13 Amendments	311
A.	General Amendments.....	311
B.	Financial Statement Presentation of Allowance Balance and Activity.....	312
C.	New Expected Credit Loss Model	312
D.	Subsequent Measurement -Reporting Changes in Expected Credit Losses	313
E.	Writeoffs and Recoveries of Financial Assets	314
F.	Financial Assets Secured by Collateral.....	314

G. Available-For-Sale Debt Securities- Impairment	315
H. Related-Party Loans	316
I. Disclosures	316
J. Purchased Financial Assets With Credit Deterioration NEW per ASC 326-10	318
K. Implementation	318
L. Examples from ASU 2016-13	319
REVIEW QUESTIONS.....	323
SUGGESTED SOLUTIONS.....	324
CHAPTER 5 Current Developments- Accounting and Financial Reporting- 2022.....	326
I. Latest Developments on the Accounting Front.....	328
A. Significant GAAP Changes in 2022 and Beyond	328
B. Significant FASB Disaggregation- Income Statement Expenses Project.....	330
C. The Gradual Demise of Company Pension Plans	332
REVIEW QUESTIONS.....	344
SUGGESTED SOLUTIONS.....	345
D. LIFO in a New High-Inflation Environment	347
E. Recent Fair Value Accounting Standards	352
REVIEW QUESTIONS.....	359
SUGGESTED SOLUTIONS.....	360
F. Sustainability and ESG Standards Is a Hot Issue.....	361
REVIEW QUESTIONS.....	370
SUGGESTED SOLUTIONS.....	371
G. Post-Petition Update on Revenue Recognition Standard.....	372
H. FASB Move to Amortize Goodwill Again	381
REVIEW QUESTIONS.....	384
SUGGESTED SOLUTIONS.....	385
I. Miscellaneous Tax Issues for GAAP	386
J. Accounting, Auditing and Tax Issues Related to Marijuana	392
K. Order of Placement of Financial Statements.....	399
L. Risk of Unrecorded Sales Tax Liabilities- Wayfair Decision.....	402
REVIEW QUESTIONS.....	404
SUGGESTED SOLUTIONS.....	405
CHAPTER 6 Selected Accounting Standards Updates (ASUs) 2022	406
I. Accounting Standards Updates (ASUs).....	408

A. Selected Accounting Standards Updates (ASUs) 411

ASU 2021-03: Intangibles—Goodwill and Other (Topic 350), Accounting Alternative for
Evaluating Triggering Events 412

ASU 2019-12: Income Taxes (Topic 740)- Simplifying the Accounting for Income Taxes 415

ASU 2018-17: Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for
Variable Interest Entities 422

REVIEW QUESTIONS..... 442

SUGGESTED SOLUTIONS..... 444

GLOSSARY 447

INDEX 454