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A&A ADVISOR

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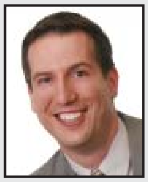
Accounting for Extraordinary and Unusual Items

The FASB issued ASU 2015-01, Income Statement—Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. The amendments in ASU 2015-01 eliminate from GAAP the concept of extraordinary items. Entities still must report as a separate component of income from continuing operations a material event or transaction that an entity considers to be of an unusual nature or of a type that indicates infrequency of occurrence, or both.

The amendments in ASU 2105-01 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption.

Welcome to our June 2015 edition of the **A&A Advisor**. Our A&A Advisor continues to focus on issues impacting the Commercial, Governmental and Non-Profit Sectors; providing you with insight and guidance on new rules, proposed changes and views of standard setters to assist you in the management of the financial and reporting aspects of your organization. I encourage you to contact us with any comments or questions you may have.



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Push Down Accounting

The FASB has issued ASU 2014-17, Business Combinations (Topic 805)- Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force). The amendments in ASU 2014-17 provide an acquired entity and its subsidiaries that are a business or non-profit activity, with an option to apply pushdown accounting in its separate financial statements upon the occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs.

If pushdown accounting is not applied in the reporting period in which the change-in-control event occurs, a company will have the option to apply pushdown accounting to an acquired entity in a subsequent reporting period in which a change-in-control event occurs.

An election to apply pushdown accounting in a reporting period after the reporting period in which the change-in-control event occurred should be considered a change in accounting principle in accordance with Topic 250, Accounting Changes and Error Corrections. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. If a company elects the option to apply pushdown accounting in its separate financial statements, it should disclose information in the current reporting period that enables users of financial statements to evaluate the effect of pushdown accounting.

Revenue Recognition Standard Update

The FASB has issued for public comment a proposed accounting standards update, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, that would defer the effective date of the new revenue recognition standard for by one year. Comments on the document were due on May 29, 2015.

If the proposed accounting standards update is approved, the revenue recognition standard for non-public companies will be effective for annual reporting periods beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019. The proposal would require public companies to apply the standard for annual and interim periods beginning after December 15, 2017. The FASB has also proposed that early adoption would be permitted for year-ends beginning after December 15, 2016 which was the original date for public companies.

Accounting for Leases Update

The FASB is currently in the process of finalizing the new leasing standard which would require the capitalization of substantially all leases onto the balance sheet unless they are immaterial individually or in the aggregate or if the term of the lease is equal to or less than a year. The FASB expects to finalize the standard during the second half of 2015. The effective date for this standard has not yet been finalized by the FASB. We will advise you on any new developments associated with the new leasing standard.

Accounting for Debt Issuance Cost

The FASB has issued Accounting Standard Update ("ASU") 2015-03 "Interest- Imputation of Interest" The ASU simplifies the presentation of debt issuance costs by requiring debt issuance costs to be a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. Debt issuance costs will no longer be reported as an asset on the financial statements. The expense associated with debt issuance costs should be recorded as interest expense.

For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years.

For all other entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016.

An entity should apply the new guidance on a retrospective basis, therefore, the balance sheet of each individual period presented should be adjusted to reflect the effects of applying the new guidance. An entity should disclose the nature and reason for the change in accounting principle, the transition method, a description of the prior-period information that has been retrospectively adjusted, and the effect of the change on the financial statement line items.

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