

Discrepancies Between ASU No. 2016-14 and Form 990

Many ASU No. 2016-14 contains changes to NFP financial reporting standards that generally do not correspond to the presentation in the current Form 990. Awaiting conforming changes from the IRS, Form 990 filers who have implemented ASU No. 2016-14 in conformity with GAAP will have to decide how they will navigate their reporting on “non-updated” IRS forms.

Ultimately, the largest issue that early adopters of ASU No. 2016-14 and 2018 (and beyond) Form 990 filers will have to navigate relates to Form 990, Part X, Lines 27–29. Currently, those lines read as follows:

- 27. Unrestricted net assets
- 28. Temporarily restricted net assets
- 29. Permanently restricted net assets

ASU No. 2016-14 replaces three classes of net assets with two:

- Net assets without donor restrictions
- Net assets with donor restrictions

In addition, Form 990, Part IV, Line 10 is a “trigger” question that currently asks, “Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If ‘Yes,’ complete Schedule D, Part V.”

Following that line of reporting, Schedule D (Form 990), Part V, Endowment Funds, requires detailed information reporting of endowment funds for the most recent five-year period. Part of that reporting includes reporting on Part V, Lines 2a–2c the percentage of the total endowment funds at the end of the current year broken out among:

- Line 2a Board designated or quasi-endowment _____%
- Line 2b Permanent endowment _____%
- Line 2c Temporarily restricted endowments _____%

On May 10, 2017, the AICPA’s Exempt Organizations Taxation Technical Resource Panel sent a letter to Margaret Von Lienen (Acting Director, Exempt Organizations, Internal Revenue Service) respectfully requesting updates to Form 990 to align with the tenets of ASU No. 2016-14.

The updates requested in the letter concern the following parts of Form 990 and its associated schedules (along with the corresponding instructions):

- Form 990, Part IV, Line 10
- Form 990, Part X, Lines 27–29
- Schedule D (Form 990), Part V
- Form 990 Glossary

The letter recommended specific updates to the form as well as methods for those who have adopted ASU No. 2016-14 early to complete the form if it is not updated by their filing deadline.

Read the letter at

www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/aicpa-comments-on-asu-2016-14-form-990-impact-5-10-17.pdf.

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