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# Application of the requirements of accounting research bulletins, opinions of the Accounting Principles Board, and statements and interpretations of the Financial Accounting Standards Board to not-for-profit organizations; Statement of position 94-2;

American Institute of Certified Public Accountants. Not-for-Profit Organizations Committee

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**AICPA**

American  
Institute of  
Certified  
Public  
Accountants

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## Statement of Position

94-2

# The Application of the Requirements of Accounting Research Bulletins, Opinions of the Accounting Principles Board, and Statements and Interpretations of the Financial Accounting Standards Board to Not-for-Profit Organizations

September 2, 1994

Prepared by the  
Not-for-Profit Organizations Committee  
Accounting Standards Division

## NOTE

Statements of position of the Accounting Standards Division present the conclusions of at least two-thirds of the Accounting Standards Executive Committee, which is the senior technical body of the Institute authorized to speak for the Institute in the areas of financial accounting and reporting. Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles in the Independent Auditor's Report*, identifies AICPA statements of position as sources of established accounting principles that an AICPA member should consider if the accounting treatment of a transaction or event is not specified by a pronouncement covered by rule 203 of the AICPA Code of Professional Conduct. In such circumstances, the accounting treatment specified by this statement of position should be used, or the member should be prepared to justify a conclusion that another treatment better presents the substance of the transaction in the circumstances.

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## **SUMMARY**

This statement of position (SOP) provides guidance on the application of Accounting Research Bulletins (ARBs), Opinions of the Accounting Principles Board (APB) of the American Institute of Certified Public Accountants (AICPA), and Statements and Interpretations of the Financial Accounting Standards Board (FASB) to not-for-profit organizations. The SOP provides that not-for-profit organizations should follow the guidance in effective provisions of ARBs, APB Opinions, and FASB Statements and Interpretations except for specific pronouncements that explicitly exempt not-for-profit organizations. Also, it includes interpretive comments concerning the application of certain pronouncements.

This SOP is effective for financial statements issued for fiscal years beginning after December 15, 1994, except for not-for-profit organizations that have less than \$5 million in total assets and less than \$1 million in annual expenses. For those organizations, the effective date shall be for fiscal years beginning after December 15, 1995. Earlier application is permitted. Paragraph 22 discusses the effective date and transition further.

# The Application of the Requirements of Accounting Research Bulletins, Opinions of the Accounting Principles Board, and Statements and Interpretations of the Financial Accounting Standards Board to Not-for-Profit Organizations

## Introduction and Background

1. Some believe the applicability of Accounting Research Bulletins (ARBs), Opinions of the Accounting Principles Board (APB) of the American Institute of Certified Public Accountants (AICPA), and Statements of Financial Accounting Standards (Statements) and Interpretations of the Financial Accounting Standards Board (FASB) to not-for-profit organizations is unclear.

2. AICPA Statement on Auditing Standards (SAS) No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles in the Independent Auditor's Report*, states that the guidance provided by FASB Statements and Interpretations, APB Opinions, and ARBs shall be considered established accounting principles pursuant to rule 203 of the AICPA Code of Professional Conduct. (Appendix H of this statement of position [SOP] discusses SAS No. 69 and the hierarchy of sources of generally accepted accounting principles [GAAP].)

3. However, paragraph 5 of the introduction to ARB 43, *Restatement and Revision of Accounting Research Bulletins*, reads in part:

The principal objective of the committee has been . . . to further the development and recognition of generally accepted accounting principles . . . of commercial and industrial companies . . . The committee has not directed its attention to accounting problems or procedures of religious, charitable, scientific, educational, and similar non-profit institutions, municipalities, professional firms,

and the like. Accordingly, except where there is a specific statement of a different intent by the committee, its opinions and recommendations are directed primarily to business enterprises organized for profit.

That paragraph has caused uncertainty about the applicability of ARBs, APB Opinions, and FASB Statements and Interpretations to not-for-profit organizations. Some people believe not-for-profit organizations are exempt from following the guidance in ARB 43, while others believe they are exempt from the guidance in all ARBs. Still others believe not-for-profit organizations are exempt from the guidance in all ARBs, and guidance in all APB Opinions and FASB Statements and Interpretations, unless a particular Opinion, Statement, or Interpretation specifies that it applies to not-for-profit organizations. In addition, others believe the guidance in all ARBs, APB Opinions, and FASB Statements and Interpretations does apply to not-for-profit organizations; they believe paragraph 5 of ARB 43 is merely a caution against applying that guidance blindly.<sup>1</sup> Additionally, the AICPA has issued audit and accounting guides applicable to several kinds of not-for-profit organizations. Financial reporting guidance in these guides is, in some cases, inconsistent with APB Opinions and FASB Statements. Examples are the guidance concerning reporting of majority-owned or -controlled entities in SOP 78-10, *Accounting Principles and Reporting Practices for Certain Nonprofit Organizations*, APB Opinion 18, *The Equity Method of Accounting for Investments in Common Stock*, and FASB Statement No. 94, *Consolidation of All Majority-Owned Subsidiaries*. These inconsistencies have led to confusion on the part of financial statement preparers and users.<sup>2</sup>

4. Certain APB Opinions and certain FASB Statements, for example, APB Opinion 15, *Earnings per Share*, and FASB Statement

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<sup>1</sup> FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*, paragraph 7, states that not-for-profit organizations should follow GAAP that do not specifically exempt not-for-profit organizations. Statement No. 117 is effective for annual financial statements issued for fiscal years beginning after December 15, 1994, except for organizations with less than \$5 million in total assets and less than \$1 million in annual expenses. For those organizations, the effective date is for fiscal years beginning after December 15, 1995. Earlier application is encouraged.

<sup>2</sup> The AICPA is addressing those inconsistencies through its project on reporting of related entities and its project to revise and integrate its audit and accounting guides for not-for-profit organizations.



No. 12, *Accounting for Certain Marketable Securities*, state explicitly that their provisions do not apply to not-for-profit organizations. Others, such as paragraph 1 of FASB Statement No. 14, *Financial Reporting for Segments of a Business Enterprise*, include wording that implies the FASB did not consider their applicability to not-for-profit organizations. For example:

In recent years, many business enterprises have broadened the scope of their activities into different industries, foreign countries, and markets. This Statement requires that the financial statements of a business enterprise (hereinafter enterprise) include information about the enterprise's operations in different industries, its foreign operations and export sales, and its major customers.

5. FASB Statements of Financial Accounting Concepts provide a conceptual framework for the development of financial reporting standards for both businesses and not-for-profit entities. Paragraph 1 of Concepts Statement No. 4, *Objectives of Financial Reporting by Nonbusiness Organizations*, issued in December 1980, states:

Based on its review of the similarities and differences between [the] two sets of objectives, the Board has concluded that it is not necessary to develop an independent conceptual framework for any particular category of entities (e.g., nonbusiness organizations or business enterprises). Rather, its goal is to develop an integrated conceptual framework that has relevance to all entities. . . .

6. Concepts Statement No. 6, *Elements of Financial Statements*, issued in December 1985, replaced Concepts Statement No. 3, *Elements of Financial Statements of Business Enterprises*, expanding its scope to encompass not-for-profit organizations.

7. The FASB is addressing the applicability of specific financial reporting guidelines to not-for-profit organizations. In March 1986, the FASB added to its agenda a project that addresses two issues: recognition of depreciation by all not-for-profit organizations and financial accounting for contributions. In 1989, the FASB added another phase to the project: financial statement display. The part of the project addressing the applicability of depreciation accounting to all not-for-profit organizations was completed in August 1987, when the board issued FASB Statement No. 93, *Recognition of Depreciation by Not-for-Profit Organizations*. The part of the project addressing

contributions was completed in June 1993, when the board issued FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*. The part of the project addressing display was completed in June 1993, when the board issued FASB Statement No. 117.

8. This SOP provides guidance for financial reporting by not-for-profit organizations.<sup>3</sup>

## Conclusions

9. Not-for-profit organizations should follow the guidance in effective provisions of ARBs, APB Opinions, and FASB Statements and Interpretations unless the specific pronouncement explicitly exempts not-for-profit organizations or their subject matter precludes such applicability. (As noted in paragraphs 14 and 15 of this SOP, not-for-profit organizations should follow the guidance in the AICPA guides in applying the guidance in pronouncements listed in appendix D.)

10. The appendixes to this SOP are aids to the implementation of the guidance in this SOP. The appendixes have been updated through December 31, 1993.

11. Pronouncements issued by the FASB subsequent to this SOP's effective date apply to not-for-profit organizations unless those pronouncements explicitly exempt not-for-profit organizations or their subject matter precludes such applicability.<sup>4</sup>

12. Not-for-profit organizations may follow and are not prohibited from following the guidance in effective provisions of the APB Opinions and the FASB Statements and Interpretations listed in appendix B, which specifically exempt not-for-profit organizations

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<sup>3</sup>The term *not-for-profit organization* in this SOP encompasses not-for-profit organizations described in the Glossary of FASB Statement No. 117.

<sup>4</sup>This SOP addresses only the pronouncements listed in paragraph 9. However, not-for-profit organizations are also subject to other pronouncements included in categories (b)-(d) of paragraph 5 of SAS No. 69 and should apply AICPA Audit and Accounting Guides, SOPs, and Practice Bulletins and FASB Technical Bulletins and the consensus positions of the FASB Emerging Issues Task Force that apply to them. (Appendix H of this SOP discusses SAS No. 69 and the GAAP hierarchy.)

from their application, unless FASB Statement Nos. 116 or 117 or the AICPA not-for-profit audit guides (*Audits of Voluntary Health and Welfare Organizations*, *Audits of Colleges and Universities*, *Audits of Certain Nonprofit Organizations* [which includes SOP 78-10],<sup>5</sup> and *Audits of Providers of Health Care Services*) provide different guidance. (However, the guidance included in the effective provisions of pronouncements listed in appendix B applies to all for-profit entities owned, whether owned all or in part, by not-for-profit entities.) The discussion in paragraphs 14 to 21 of this SOP should be considered in determining the hierarchy of such guidance and of guidance issued by the AICPA.

13. Certain financial reporting guidance listed in appendix C, such as that concerning common stock and convertible debt, generally does not apply to the kinds of entities covered by this SOP because such entities do not enter into the kinds of transactions covered by that guidance. (However, the guidance included in the effective provisions of pronouncements included in appendix C applies to all for-profit entities owned, whether owned all or in part, by not-for-profit entities. Also, not-for-profit organizations should follow the effective provisions of pronouncements in appendix C if they enter into the kinds of transactions covered by that guidance.)

14. Other pronouncements, which are listed in appendix D (ARB 51, *Consolidated Financial Statements*, and APB Opinion 29, *Accounting for Nonmonetary Transactions*), do not exempt not-for-profit organizations from their scope, but the transactions they contemplate also are covered by the AICPA's not-for-profit audit guides and, for certain transactions, by FASB Statement No. 116. Statement No. 116 and the AICPA guides provide guidance for applying the pronouncements to circumstances unique to not-for-profit organizations and not contemplated by the pronouncements and therefore should be followed to apply the guidance in those pronouncements to not-for-profit organizations. (However, the guidance included in the effective provisions of pronouncements included in appendix D should be followed by all for-profit entities owned, whether owned all or in part, by not-for-profit entities.)

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<sup>5</sup>SOP 78-10 was issued without an effective date. This SOP imposes no requirement that organizations within the scope of the guide, *Audits of Certain Nonprofit Organizations*, adopt the accounting and reporting guidance in SOP 78-10 if such organizations have not already done so.

15. Some pronouncements (listed in appendix E), which may include guidance concerning the recognition and measurement of assets, liabilities, revenues, expenses, gains and losses, and financial statement display, state that their provisions apply only to entities operating in certain industries. Such entities generally are business enterprises. An example of such guidance is FASB Statement No. 63, *Financial Reporting by Broadcasters*. However, some not-for-profit organizations conduct activities<sup>6</sup> in some of those industries and should apply the guidance in the pronouncements concerning the recognition and measurement of assets, liabilities, revenues, expenses, and gains and losses to the transactions unique to those industries. However, such not-for-profit organizations should follow the financial statement display guidance in FASB Statement No. 117 and the AICPA not-for-profit audit guides, even though it may conflict with display that would result from applying the guidance in the pronouncements listed in appendix E.

16. Financial reporting pronouncements that have not been superseded as of December 31, 1993, and are not included in appendixes B to E of this SOP are listed in appendix F. Not-for-profit organizations should follow the effective provisions of the pronouncements listed in appendix F.<sup>7</sup>

17. Certain other pronouncements, although they do not exempt not-for-profit organizations and do cover transactions conducted by not-for-profit organizations, include some provisions whose application by not-for-profit organizations may be unclear. Nevertheless, not-for-profit organizations are required to follow the effective provisions of those pronouncements. These provisions and their applicability are discussed below.

### **APB Opinion No. 16, Business Combinations**

18. Because the conditions for applying the pooling of interests method of accounting for a business combination generally include an exchange of common stock of the combining entities, not-for-profit organizations generally would not meet the conditions

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<sup>6</sup>Such activities may be conducted by (a) for-profit entities owned and consolidated by not-for-profit organizations, (b) divisions of not-for-profit organizations, or (c) entire not-for-profit organizations, such as those operating as not-for-profit broadcasters.

<sup>7</sup>See footnote 4.

for applying that method. The AICPA Accounting Standards Executive Committee (AcSEC) believes that circumstances exist under which reporting on the combination of two or more not-for-profit organizations (or that of a not-for-profit organization with a formerly for-profit entity) by the pooling of interests method better reflects the substance of the transaction than reporting by the purchase method. Therefore, not-for-profit organizations are, under certain circumstances, permitted to report by the pooling of interests method, even though they generally do not issue common stock. Such circumstances include the combination of two or more entities to form a new entity without the exchange of consideration.

19. An example of acceptable practice, in some circumstances, for reporting business combinations by not-for-profit organizations if there has been no exchange of consideration is to report the (a) assets, (b) liabilities, and (c) net asset balances of the combined entities as of the beginning of the year and disclose the information that would be required to be disclosed for a pooling of interests under APB Opinion 16.

#### ***APB Opinion No. 21, Interest on Receivables and Payables***

20. APB Opinion 21 does not state whether it applies to receivables or payables resulting from nonreciprocal transactions, such as unconditional promises to give with payments due in future periods. As a result of the lack of economic consideration exchanged for unconditional promises to give, amounts have not been discounted consistently. Paragraph 20 of the FASB Statement No. 116 states that the present value of estimated future cash flows using a discount rate commensurate with the risks involved is an appropriate measure of fair value of unconditional promises to give cash. The provisions of APB Opinion 21 should be applied to unconditional promises to give that are discounted.

#### ***Provisions of Certain Pronouncements Concerning Financial Statement Display***

21. The following pronouncements include provisions specifying the financial statement display of certain financial statement elements or items such as gains and losses, extraordinary items, translation adjustments, income tax expense, and prepaid or deferred income taxes:

- APB Opinion 9, *Reporting the Results of Operations*
- APB Opinion 26, *Early Extinguishment of Debt*, as amended by APB Opinion 30, *Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*; FASB Statement No. 4, *Reporting Gains and Losses from Extinguishment of Debt*; and FASB Statement No. 76, *Extinguishment of Debt (an amendment of APB Opinion No. 26)*
- APB Opinion 30
- FASB Statement No. 52, *Foreign Currency Translation*
- FASB Statement No. 109, *Accounting for Income Taxes*

None of the preceding pronouncements considers the fund reporting models included in the audit guides that are followed by some not-for-profit organizations or the reporting model included in FASB Statement No. 117. Therefore, preparers of financial statements of not-for-profit organizations should consider the reporting objectives of these APB Opinions and FASB Statements when exercising judgment about how to best display elements such as in which fund or net asset class and where in relation to the excess of revenues over expenses line.

## **Effective Date and Transition**

22. This SOP is effective for financial statements issued for fiscal years beginning after December 15, 1994, except for not-for-profit organizations with less than \$5 million in total assets and less than \$1 million in annual expenses. For those organizations, the effective date shall be for fiscal years beginning after December 15, 1995. Earlier application is permitted. For organizations that adopt FASB Statement No. 117 prior to its effective date, earlier application of this SOP is encouraged. In implementing this SOP, the transition rules of the APB Opinions and FASB Statements adopted, other than their effective dates, should be followed. However, if there is more than one change in accounting principle as a result of applying this SOP, organizations have the option of including the cumulative effect of adopting those accounting principles in the statement of activity or similar statement in the year this SOP is adopted, regardless of the transition rules of the APB Opinions and FASB Statements

adopted,<sup>8</sup> and the financial statements should disclose the nature of the cumulative adjustment. (Paragraphs 19 and 20 of APB Opinion 20, *Accounting Changes*, discuss reporting the cumulative effects of changes in accounting principles.) In circumstances in which there is more than one change in accounting principle resulting from applying this SOP and the cumulative effect of adopting those accounting principles is included in the statement of activity or similar statement in the year the SOP is adopted, this SOP does not require the pro forma disclosures required by paragraphs 19(d) and 21 of APB Opinion 20. This SOP does not defer the effective date of any pronouncements that explicitly cover not-for-profit organizations.

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<sup>8</sup> Organizations that adopt this SOP in the same year in which they adopt FASB Statement No. 116 are permitted to apply the provisions of paragraph 17 of that Statement, concerning recognition of expirations of restrictions, prospectively, as specified in that Statement, regardless of whether they report the cumulative effect of adopting other accounting principles as a result of applying this SOP.

## APPENDIX A

### Discussion of Conclusions

#### Need for the SOP

A-1. This section discusses considerations that were deemed significant by members of AcSEC in reaching the conclusions in this SOP. It includes reasons for accepting certain views and rejecting others. Individual AcSEC members gave greater weight to some factors than to others.

A-2. Paragraph 3 of this SOP discusses the uncertainty concerning the applicability of certain GAAP to not-for-profit organizations. As discussed in footnote 1, that uncertainty will be eliminated on the effective date of FASB Statement No. 117. Also, FASB Interpretation No. 40, *Applicability of Generally Accepted Accounting Principles to Mutual Life Insurance and Other Enterprises*, states that authoritative accounting pronouncements apply to any enterprise that prepares financial statements intended to be in conformity with GAAP, except to the extent that a pronouncement explicitly exempts that type of enterprise or that enterprise does not have the transaction, event, or circumstances addressed in the pronouncement. In light of the guidance in Statement No. 117 and Interpretation No. 40, AcSEC considered whether the exposure draft of this SOP should be rescinded. However, AcSEC believes this SOP should be issued because it provides explicit guidance to help implement GAAP for not-for-profit organizations.

#### GAAP Hierarchy

A-3. Paragraph 15 states that not-for-profit organizations should follow the display guidance in FASB Statement No. 117 and the AICPA not-for-profit guides, even though that guidance may conflict with display that would result from applying the guidance in certain pronouncements included in appendix E. (The guidance in appendix E is included in category (a) of the GAAP hierarchy and is a higher category of GAAP than the AICPA guides, as discussed in appendix H.) Paragraph 15 does not imply that guidance in the AICPA guides is a higher category of GAAP than guidance in category (a). Paragraph 15 merely addresses the fact that not-for-profit organizations use a financial reporting display model that differs from the model used by for-profit entities and the not-for-profit model may not have been contemplated in developing the guidance in some category (a) pronouncements.



## **Transition**

A-4. If there is more than one change in accounting principle as a result of applying this SOP, the transition rules include an option of either using the transition rules in the principles being adopted or reporting the cumulative effect of adopting those principles. AcSEC considered requiring all changes in accounting principles that result from applying this SOP to be reported using the transition rules of the pronouncements being adopted. Also, AcSEC considered requiring reporting the cumulative effect of all such changes, even in circumstances in which only one principle is adopted. AcSEC permitted reporting the cumulative effect in circumstances in which there is more than one change in accounting principle because applying the transition rules in each principle adopted may result in confusing information, the benefits of which would not exceed its costs. However, AcSEC concluded that in circumstances in which there is only one change in accounting principle, it would be inconsistent with the principle being adopted to conclude that the cost of applying the transition rules of the principle being adopted exceeds the benefits of applying those transition rules.

## APPENDIX B

## Financial Reporting Pronouncements That Specifically Exempt Not-for-Profit Organizations From Their Application

<i>Pronouncement</i>	<i>Other References, if Any*</i>	<i>Status of Other References</i>
APB Opinion 15, <i>Earnings per Share</i> , as amended by APB Opinions 20 and 30 and FASB Statement Nos. 21 and 85, and including FASB Interpretation Nos. 28 and 31	None	None
APB Opinion 18, <i>The Equity Method of Accounting for Investments in Common Stock</i> , as amended by APB Opinions 23 and 30 and FASB Statement Nos. 13, 58, 94, and 115, and including FASB Interpretation No. 35	AICPA Audit Guide <i>Audits of Providers of Health Care Services</i> (chapter 6)  SOP 94-3, <i>Reporting of Related Entities by Not-for-Profit Organizations</i>	The audit guides, other than <i>Audits of Providers of Health Care Services</i> , provide no guidance for the equity method of accounting for common stock. However, they do provide guidance for accounting for investments in common stock. Paragraph 6.02 (b) of <i>Audits of Providers of Health Care Services</i> states that unconsolidated affiliates should be accounted for in accordance with APB Opinion 18.
APB Opinion 28, <i>Interim Financial Reporting</i> , as amended by FASB Statement Nos. 3, 95, and 109, and including FASB Interpretation No. 18	None	None

FASB Statement No. 3, <i>Reporting Accounting Changes in Interim Financial Statements</i>	None	None
FASB Statement No. 14, <i>Financial Reporting for Segments of a Business Enterprise</i> , as amended by FASB Statement Nos. 18, 21, 24, 30, 95, and III	None	None
FASB Statement No. 18, <i>Financial Reporting for Segments of a Business Enterprise—Interim Financial Statements</i>	None	None
FASB Statement No. 21, <i>Suspension of the Reporting of Earnings per Share and Segment Information by Nonpublic Enterprises</i> , as amended by FASB Statement No. 95	None	None
FASB Statement No. 24, <i>Reporting Segment Information in Financial Statements That Are Presented in Another Enterprise's Financial Report</i> , as amended by FASB Statement No. 95	None	None

(Continued)

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\* References in this column are provided as a guide to other sources of information about the topic covered by the listed pronouncement.

(Continued)

Pronouncement	Other References, if Any	Status of Other References
FASB Statement No. 30, <i>Disclosure of Information about Major Customers</i>	None	None
FASB Statement No. 85, <i>Yield Test for Determining whether a Convertible Security Is a Common Stock Equivalent</i>	None	None
FASB Statement No. 89, <i>Financial Reporting and Changing Prices</i> , as amended by FASB Statement No. 109	None	None
FASB Statement No. 115, <i>Accounting for Certain Investments in Debt and Equity Securities</i>	AICPA Audit Guides: – <i>Audits of Voluntary Health and Welfare Organizations</i> (chapter 2) – <i>Audits of Colleges and Universities</i> (paragraphs 2.15-2.21) – <i>Audits of Providers of Health Care Services</i> (chapter 6) SOP 78-10 (paragraphs 77-83)	Guidance in the applicable audit guides and SOP should be followed.
FASB Interpretation No. 18, <i>Accounting for Income Taxes in Interim Periods</i> , as amended by FASB Statement Nos. 71, 96, 109, and 111	None	None

*FASB Interpretation No. 31, Treatment of Stock Compensation Plans in EPS Computations*

See APB Opinion 15.

See APB Opinion 15.

*FASB Interpretation No. 35, Criteria for Applying the Equity Method of Accounting for Investments in Common Stock*

See APB Opinion 18.

See APB Opinion 18.

## APPENDIX C

### **Financial Reporting Pronouncements That, by the Nature of Their Subject Matter, Generally Do Not Apply to Not-for-Profit Organizations**

APB Opinion 14, *Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants*

APB Opinion 25, *Accounting for Stock Issued to Employees*, as amended by FASB Statement No. 109, and including FASB Interpretation Nos. 28 and 38

FASB Statement No. 84, *Induced Conversions of Convertible Debt*

FASB Interpretation No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans*, as amended by FASB Interpretation No. 31

FASB Interpretation No. 38, *Determining the Measurement Date for Stock Option, Purchase, and Award Plans Involving Junior Stock*

APPENDIX D

**Financial Reporting Pronouncements Whose Application to Not-for-Profit Organizations Is Subject to Additional FASB or AICPA Guidance**

<i>Pronouncement</i>	<i>Additional Guidance</i>
ARB 51, <i>Consolidated Financial Statements</i> , as amended by APB Opinions 10, 16, 18, and 23, and FASB Statement Nos. 58, 71, and 94	AICPA Audit Guide <i>Audits of Providers of Health Care Services</i> (chapter 13) SOP 94-3, <i>Reporting of Related Entities by Not-for-Profit Organizations</i>
APB Opinion 29, <i>Accounting for Nonmonetary Transactions</i> , as amended by FASB Statement Nos. 71 and 109, and including FASB Interpretation No. 30	AICPA Audit Guides: <ul style="list-style-type: none"><li>— <i>Audits of Voluntary Health and Welfare Organizations</i> (paragraphs 5.01–5.07)</li><li>— <i>Audits of Colleges and Universities</i> (paragraphs 2.11–2.14, 2.26–2.27, and 9.19)</li><li>— <i>Audits of Providers of Health Care Services</i> (paragraphs 2.07 and 2.08)</li></ul> SOP 78-10 (paragraphs 67–71)
FASB Statement No. 94, <i>Consolidation of All Majority-Owned Subsidiaries</i>	FASB Statement No. 116 provides accounting guidance for contributions. See ARB 51.
FASB Interpretation No. 30, <i>Accounting for Involuntary Conversions of Nonmonetary Assets to Monetary Assets</i> , as amended by FASB Statement No. 109	See APB Opinion No. 29.

## APPENDIX E

### **Financial Reporting Pronouncements Pertaining to Specialized Industry Practices of Business Enterprises**

This appendix includes pronouncements that apply only to entities operating in certain industries, generally business enterprises. However, some not-for-profit organizations conduct activities in some of those industries and should apply the guidance concerning recognition and measurement of assets, liabilities, revenues, expenses, and gains and losses in those pronouncements to the transactions unique to those industries. In addition, those not-for-profit organizations should follow the financial statement display guidance in Financial Accounting Standards Board (FASB) Statement No. 117, *Financial Statements of Not-for-Profit Organizations*, and the American Institute of Certified Public Accountants' not-for-profit audit guides, although it may conflict with display that would result from applying the guidance in the pronouncements included in this appendix.

- APB Opinion 12, *Omnibus Opinion—1967* (guidance under the heading “Capital Changes”)
- APB Opinion 13, *Amending Paragraph 6 of APB Opinion No. 9, Application to Commercial Banks*
- FASB Statement No. 7, *Accounting and Reporting by Development Stage Enterprises*, as amended by FASB Statement Nos. 71 and 95, and including FASB Interpretation No. 7
- FASB Statement No. 19, *Financial Accounting and Reporting by Oil and Gas Producing Companies*, as amended by FASB Statement Nos. 25, 69, 71, and 109, and including FASB Interpretation Nos. 33 and 36
- FASB Statement No. 25, *Suspension of Certain Accounting Requirements for Oil and Gas Producing Companies (an amendment of FASB Statement No. 19)*, as amended by FASB Statement No. 111
- FASB Statement No. 35, *Accounting and Reporting by Defined Benefit Pension Plans*, as amended by FASB Statement Nos. 75 and 110
- FASB Statement No. 44, *Accounting for Intangible Assets of Motor Carriers (an amendment of Chapter 5 of ARB No. 43 and an Interpretation of APB Opinions 17 and 30)*, as amended by FASB Statement No. 109
- FASB Statement No. 45, *Accounting for Franchise Fee Revenue*
- FASB Statement No. 50, *Financial Reporting in the Record and Music Industry*
- FASB Statement No. 51, *Financial Reporting by Cable Television Companies*, as amended by FASB Statement No. 71



- FASB Statement No. 53, *Financial Reporting by Producers and Distributors of Motion Picture Films*
- FASB Statement No. 60, *Accounting and Reporting by Insurance Enterprises*, as amended by FASB Statement Nos. 91, 97, 109, 113, 114, and 115
- FASB Statement No. 61, *Accounting for Title Plant*
- FASB Statement No. 63, *Financial Reporting by Broadcasters*
- FASB Statement No. 65, *Accounting for Certain Mortgage Banking Activities*, as amended by FASB Statement Nos. 91 and 115
- FASB Statement No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects*, as amended by FASB Statement No. 111
- FASB Statement No. 69, *Disclosures About Oil and Gas Producing Activities (an amendment of FASB Statements 19, 25, 33, and 39)*, as amended by FASB Statement Nos. 89, 95, and 109
- FASB Statement No. 71, *Accounting for the Effects of Certain Types of Regulation*, as amended by FASB Statement Nos. 90, 92, and 109
- FASB Statement No. 72, *Accounting for Certain Acquisitions of Banking or Thrift Institutions (an amendment of APB Opinion No. 17, an interpretation of APB Opinions 16 and 17, and an amendment of FASB Interpretation No. 9)*
- FASB Statement No. 73, *Reporting a Change in Accounting for Railroad Track Structures (an amendment of APB Opinion No. 20)*
- FASB Statement No. 75, *Deferral of the Effective Date of Certain Accounting Requirements for Pension Plans of State and Local Governmental Units (an amendment of FASB Statement No. 35)*
- FASB Statement No. 90, *Regulated Enterprises—Accounting for Abandonments and Disallowances of Plant Costs (an amendment of FASB Statement No. 71)*, as amended by FASB Statement Nos. 92 and 109
- FASB Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases (an amendment of FASB Statements No. 13, 60, and 65 and a rescission of FASB Statement No. 17)*, as amended by FASB Statement Nos. 98, 114, and 115
- FASB Statement No. 92, *Regulated Enterprises—Accounting for Phase-in Plans (an amendment of FASB Statement No. 71)*
- FASB Statement No. 97, *Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments*, as amended by FASB Statement Nos. 113 and 115

- FASB Statement No. 101, *Regulated Enterprises—Accounting for the Discontinuation of Application of FASB Statement No. 71*, as amended by FASB Statement No. 109
- FASB Statement No. 110, *Reporting by Defined Benefit Pension Plans of Investment Contracts (an amendment of FASB Statement No. 35)*
- FASB Statement No. 113, *Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts*
- FASB Interpretation No. 7, *Applying FASB Statement No. 7 in Financial Statements of Established Operating Enterprises*
- FASB Interpretation No. 9, *Applying APB Opinions No. 16 and 17 When a Savings and Loan Association or a Similar Institution Is Acquired in a Business Combination Accounted for by the Purchase Method*, as amended by FASB Statement No. 72
- FASB Interpretation No. 33, *Applying FASB Statement No. 34 to Oil and Gas Producing Operations Accounted for by the Full Cost Method*
- FASB Interpretation No. 36, *Accounting for Exploratory Wells in Progress at the End of a Period*

## APPENDIX F

### **Financial Reporting Pronouncements (as of December 31, 1993), Not Subsequently Superseded and Not Included in Appendixes B to E of This SOP**

As stated in paragraph 9 of this statement of position, not-for-profit organizations should follow the guidance in effective provisions of Accounting Research Bulletins, Accounting Principles Board Opinions, and Financial Accounting Standards Board (FASB) Statements and Interpretations, except for specific pronouncements that explicitly exempt not-for-profit organizations and pronouncements for which the American Institute of Certified Public Accountants (AICPA) not-for-profit audit guides provide guidance. This appendix includes pronouncements, not subsequently superseded, that (a) do not exempt not-for-profit organizations from their application, (b) by the nature of their subject matter, apply to the kinds of transactions not-for-profit organizations engage in, (c) are subject to no additional FASB or AICPA guidance, and (d) do not pertain to specialized industry practices of business enterprises. Not-for-profit organizations should follow the guidance in the effective provisions of the pronouncements included in this appendix.

- ARB 43, *Restatement and Revision of Accounting Research Bulletins*, as amended by APB Opinions 6, 9, 10, 16, 17, 20, 21, 25 and 26, and FASB Statement Nos. 5, 6, 44, 52, 78, 94, 109, 111, and 115
- ARB 45, *Long-Term Construction-Type Contracts*
- ARB 46, *Discontinuance of Dating Earned Surplus*
- APB Opinion 2, *Accounting for the "Investment Credit,"* as amended by APB Opinion 4 and FASB Statement Nos. 71 and 109
- APB Opinion 4 (Amending No. 2), *Accounting for the "Investment Credit"*
- APB Opinion 6, *Status of Accounting Research Bulletins*, as amended by APB Opinions 16, 17, and 26, and FASB Statement Nos. 52, 71, 109, and 111
- APB Opinion 9, *Reporting the Results of Operations* (paragraph 21 of this SOP discusses this pronouncement), as amended by APB Opinions 13, 15, 20, and 30, and FASB Statement No. 16
- APB Opinion 10, *Omnibus Opinion—1966*, as amended by APB Opinions 12, 14, 16, 18, and FASB Statement No. 111, and including FASB Interpretation No. 39
- APB Opinion 12, *Omnibus Opinion—1967* (except guidance under the heading, "Capital Changes"), as amended by APB Opinion 14 and FASB Statement Nos. 87, 106, and 111

- APB Opinion 16, *Business Combinations* (paragraph 18 of this SOP discusses this pronouncement), as amended by FASB Statement Nos. 10, 38, 71, 79, 87, 106 and 109, and including FASB Interpretation Nos. 4, 9, and 21
- APB Opinion 17, *Intangible Assets*, as amended by APB Opinion 30 and FASB Statement Nos. 2, 71, 72, and 109, and including FASB Interpretation No. 9
- APB Opinion 20, *Accounting Changes*, as amended by FASB Statement Nos. 16, 58, 71, 73, 95, and 111, and including FASB Interpretation Nos. 1 and 20
- APB Opinion 21, *Interest on Receivables and Payables* (paragraph 20 of this SOP discusses this pronouncement), as amended by FASB Statement Nos. 34 and 109
- APB Opinion 22, *Disclosure of Accounting Policies*, as amended by FASB Statement Nos. 2, 52, 95 and 111
- APB Opinion 23, *Accounting for Income Taxes—Special Areas*, as amended by FASB Statement Nos. 60, 71, 94, 109
- APB Opinion 26, *Early Extinguishment of Debt* (paragraph 21 of this SOP discusses this pronouncement), as amended by APB Opinion 30 and FASB Statement Nos. 4, 15, 71, 76, and 84
- APB Opinion 30, *Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions* (paragraph 21 of this SOP discusses this pronouncement), as amended by FASB Statement Nos. 4, 16, 60, 97, 101, and 109, and including FASB Interpretation No. 27
- FASB Statement No. 2, *Accounting for Research and Development Costs*, as amended by FASB Statement Nos. 71 and 86, and including FASB Interpretation Nos. 4 and 6
- FASB Statement No. 4, *Reporting Gains and Losses from Extinguishment of Debt (an amendment of APB Opinion No. 30)* (paragraph 21 of this SOP discusses this pronouncement), as amended by FASB Statement Nos. 64 and 71
- FASB Statement No. 5, *Accounting for Contingencies*, as amended by FASB Statement Nos. 11, 16, 60, 71, 87, 111, 112, 113, and 114, and including FASB Interpretation Nos. 14 and 34
- FASB Statement No. 6, *Classification of Short-Term Obligations Expected to Be Refinanced (an amendment of ARB No. 43, Chapter 3A)*, and including FASB Interpretation No. 8
- FASB Statement No. 10, *Extension of “Grandfather” Provisions for Business Combinations (an amendment of APB Opinion No. 16)*

- FASB Statement No. 11, *Accounting for Contingencies—Transition Method (an amendment of FASB Statement No. 5)*
- FASB Statement No. 13, *Accounting for Leases*, as amended by FASB Statement Nos. 22, 23, 27, 28, 29, 34, 71, 77, 91, 94, 98, and 109, and including FASB Interpretation Nos. 19, 21, 23, 24, 26, and 27
- FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*, as amended by FASB Statement Nos. 71, 111, and 114
- FASB Statement No. 16, *Prior Period Adjustments*, as amended by FASB Statement Nos. 71 and 109
- FASB Statement No. 22, *Changes in the Provisions of Lease Agreements Resulting from Refundings of Tax-Exempt Debt (an amendment of FASB Statement No. 13)*, as amended by FASB Statement Nos. 71 and 76
- FASB Statement No. 23, *Inception of the Lease (an amendment of FASB Statement No. 13)*
- FASB Statement No. 27, *Classification of Renewals or Extensions of Existing Sales-Type or Direct Financing Leases (an amendment of FASB Statement No. 13)*
- FASB Statement No. 28, *Accounting for Sales with Leasebacks (an amendment of FASB Statement No. 13)*, as amended by FASB Statement No. 66
- FASB Statement No. 29, *Determining Contingent Rentals (an amendment of FASB Statement No. 13)*, as amended by FASB Statement No. 98
- FASB Statement No. 34, *Capitalization of Interest Cost*, as amended by FASB Statement Nos. 42, 58, 62, and 71, and including FASB Interpretation No. 33
- FASB Statement No. 37, *Balance Sheet Classification of Deferred Income Taxes (an amendment of APB Opinion No. 11)*, as amended by FASB Statement No. 109
- FASB Statement No. 38, *Accounting for Preacquisition Contingencies of Purchased Enterprises (an amendment of APB Opinion No. 16)* (paragraph 18 of this SOP discusses this pronouncement), as amended by FASB Statement No. 109
- FASB Statement No. 42, *Determining Materiality for Capitalization of Interest Cost (an amendment of FASB Statement No. 34)*
- FASB Statement No. 43, *Accounting for Compensated Absences*, as amended by FASB Statement Nos. 71 and 112
- FASB Statement No. 47, *Disclosure of Long-Term Obligations*
- FASB Statement No. 48, *Revenue Recognition When Right of Return Exists*

- FASB Statement No. 49, *Accounting for Product Financing Arrangements*, as amended by FASB Statement No. 71
- FASB Statement No. 52, *Foreign Currency Translation* (paragraph 21 of this SOP discusses this pronouncement), as amended by FASB Statement Nos. 95 and 109, and including FASB Interpretation No. 37
- FASB Statement No. 57, *Related Party Disclosures*, as amended by FASB Statement Nos. 95 and 109
- FASB Statement No. 58, *Capitalization of Interest Cost in Financial Statements That Include Investments Accounted for by the Equity Method (an amendment of FASB Statement No. 34)*
- FASB Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants (an amendment of FASB Statement No. 34)*
- FASB Statement No. 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements (an amendment of FASB Statement No. 4)*
- FASB Statement No. 66, *Accounting for Sales of Real Estate*, as amended by FASB Statement No. 98
- FASB Statement No. 68, *Research and Development Arrangements*
- FASB Statement No. 76, *Extinguishment of Debt (an amendment of APB Opinion No. 26)* (paragraph 21 of this SOP discusses this pronouncement), as amended by FASB Statement No. 111
- FASB Statement No. 77, *Reporting by Transferors for Transfers of Receivables with Recourse*, as amended by FASB Statement No. 105
- FASB Statement No. 78, *Classification of Obligations That Are Callable by the Creditor (an amendment of ARB No. 43, Chapter 3A)*
- FASB Statement No. 79, *Elimination of Certain Disclosures for Business Combinations by Nonpublic Enterprises (an amendment of APB Opinion No. 16)* (paragraph 18 of this SOP discusses this pronouncement)
- FASB Statement No. 80, *Accounting for Futures Contracts*, as amended by FASB Statement No. 115
- FASB Statement No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*
- FASB Statement No. 87, *Employers' Accounting for Pensions*, as amended by FASB Statement Nos. 106 and 109
- FASB Statement No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*
- FASB Statement No. 93, *Recognition of Depreciation by Not-for-Profit Organizations*, as amended by FASB Statement No. 99

- FASB Statement No. 95, *Statement of Cash Flows*, as amended by FASB Statement Nos. 102, 104, and 117
- FASB Statement No. 98, *Accounting for Leases*:
  - *Sale-Leaseback Transactions Involving Real Estate*
  - *Sales-Type Leases of Real Estate*
  - *Definition of the Lease Term*
  - *Initial Direct Costs of Direct Financing Leases*
 (an amendment of FASB Statements No. 13, 66, and 91 and a rescission of FASB Statement No. 26 and Technical Bulletin No. 79-11)
- FASB Statement No. 99, *Deferral of the Effective Date of Recognition of Depreciation by Not-for-Profit Organizations* (an amendment of FASB Statement No. 93)
- FASB Statement No. 102, *Statement of Cash Flows—Exemption of Certain Enterprises and Classification of Cash Flows from Certain Securities Acquired for Resale* (an amendment of FASB Statement No. 95), as amended by FASB Statement No. 115
- FASB Statement No. 104, *Statement of Cash Flows—Net Reporting of Certain Cash Receipts and Cash Payments and Classification of Cash Flows from Hedging Transactions* (an amendment of FASB Statement No. 95)
- FASB Statement No. 105, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, as amended by FASB Statements Nos. 107 and 111, including FASB Interpretation No. 39
- FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*
- FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, as amended by FASB Statement No. 112
- FASB Statement No. 109, *Accounting for Income Taxes* (paragraph 21 of this SOP discusses this pronouncement), as amended by FASB Statement No. 115
- FASB Statement No. 111, *Rescission of FASB Statement No. 32 and Technical Corrections*
- FASB Statement No. 112, *Employers' Accounting for Postemployment Benefits* (an amendment of FASB Statements No. 5 and 43)
- FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan* (an amendment of FASB Statements No. 5 and 15)
- FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*
- FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*

- FASB Interpretation No. 1, *Accounting Changes Related to the Cost of Inventory*
- FASB Interpretation No. 4, *Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method*
- FASB Interpretation No. 6, *Applicability of FASB Statement No. 2 to Computer Software*, as amended by FASB Statement No. 86
- FASB Interpretation No. 8, *Classification of a Short-Term Obligation Repaid Prior to Being Replaced by a Long-Term Security*
- FASB Interpretation No. 14, *Reasonable Estimation of the Amount of a Loss*
- FASB Interpretation No. 19, *Lessee Guarantee of the Residual Value of Leased Property*
- FASB Interpretation No. 20, *Reporting Accounting Changes under AICPA Statements of Position*, as amended by FASB Statement No. 111
- FASB Interpretation No. 21, *Accounting for Leases in a Business Combination*
- FASB Interpretation No. 23, *Leases of Certain Property Owned by a Governmental Unit or Authority*
- FASB Interpretation No. 24, *Leases Involving Only Part of a Building*
- FASB Interpretation No. 26, *Accounting for Purchase of a Leased Asset by the Lessee during the Term of the Lease*
- FASB Interpretation No. 27, *Accounting for a Loss on a Sublease*
- FASB Interpretation No. 34, *Disclosure of Indirect Guarantees of Indebtedness of Others*
- FASB Interpretation No. 37, *Accounting for Translation Adjustments upon Sale of Part of an Investment in a Foreign Entity*
- FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*, as amended by FASB Statement No. 113
- FASB Interpretation No. 40, *Applicability of Generally Accepted Accounting Principles to Mutual Life Insurance and Other Enterprises*, as amended by FASB Statement No. 115



APPENDIX G

**All Financial Reporting Pronouncements (as of December 31, 1993), Cross-Referenced by Appendix**

<u>Pronouncement</u>	<u>Appendix</u>
ARB 1 to ARB 42	Superseded
ARB 43	F
ARB 44	Superseded
ARB 44 (Revised)	Superseded
ARB 45	F
ARB 46	F
ARB 47 to ARB 50	Superseded
ARB 51	D
APB Opinion 1	Superseded
APB Opinion 2	F
APB Opinion 3	Superseded
APB Opinion 4	F
APB Opinion 5	Superseded
APB Opinion 6	F
APB Opinions 7 and 8	Superseded
APB Opinion 9	F
APB Opinion 10	F
APB Opinion 11	Superseded
APB Opinion 12	E, F
APB Opinion 13	E
APB Opinion 14	C
APB Opinion 15	B
APB Opinion 16	F
APB Opinion 17	F
APB Opinion 18	B
APB Opinion 19	Superseded
APB Opinion 20	F
APB Opinion 21	F
APB Opinion 22	F
APB Opinion 23	F
APB Opinion 24	Superseded
APB Opinion 25	C
APB Opinion 26	F
APB Opinion 27	Superseded
APB Opinion 28	B
APB Opinion 29	D
APB Opinion 30	F
APB Opinion 31	Superseded
FASB Statement No. 1	Superseded
FASB Statement No. 2	F

<i>Pronouncement</i>	<i>Appendix</i>
FASB Statement No. 3	B
FASB Statement No. 4	F
FASB Statement No. 5	F
FASB Statement No. 6	F
FASB Statement No. 7	E
FASB Statement No. 8	Superseded
FASB Statement No. 9	Superseded
FASB Statement No. 10	F
FASB Statement No. 11	F
FASB Statement No. 12	Superseded
FASB Statement No. 13	F
FASB Statement No. 14	B
FASB Statement No. 15	F
FASB Statement No. 16	F
FASB Statement No. 17	Superseded
FASB Statement No. 18	B
FASB Statement No. 19	E
FASB Statement No. 20	Superseded
FASB Statement No. 21	B
FASB Statement No. 22	F
FASB Statement No. 23	F
FASB Statement No. 24	B
FASB Statement No. 25	E
FASB Statement No. 26	Superseded
FASB Statement No. 27	F
FASB Statement No. 28	F
FASB Statement No. 29	F
FASB Statement No. 30	B
FASB Statement No. 31	Superseded
FASB Statement No. 32	Superseded
FASB Statement No. 33	Superseded
FASB Statement No. 34	F
FASB Statement No. 35	E
FASB Statement No. 36	Superseded
FASB Statement No. 37	F
FASB Statement No. 38	F
FASB Statement No. 39	Superseded
FASB Statement No. 40	Superseded
FASB Statement No. 41	Superseded
FASB Statement No. 42	F
FASB Statement No. 43	F
FASB Statement No. 44	E
FASB Statement No. 45	E
FASB Statement No. 46	Superseded
FASB Statement No. 47	F
FASB Statement No. 48	F

<u>Pronouncement</u>	<u>Appendix</u>
FASB Statement No. 49	F
FASB Statement No. 50	E
FASB Statement No. 51	E
FASB Statement No. 52	F
FASB Statement No. 53	E
FASB Statement No. 54	Superseded
FASB Statement No. 55	Superseded
FASB Statement No. 56	Superseded
FASB Statement No. 57	F
FASB Statement No. 58	F
FASB Statement No. 59	Superseded
FASB Statement No. 60	E
FASB Statement No. 61	E
FASB Statement No. 62	F
FASB Statement No. 63	E
FASB Statement No. 64	F
FASB Statement No. 65	E
FASB Statement No. 66	F
FASB Statement No. 67	E
FASB Statement No. 68	F
FASB Statement No. 69	E
FASB Statement No. 70	Superseded
FASB Statement No. 71	E
FASB Statement No. 72	E
FASB Statement No. 73	E
FASB Statement No. 74	Superseded
FASB Statement No. 75	E
FASB Statement No. 76	F
FASB Statement No. 77	F
FASB Statement No. 78	F
FASB Statement No. 79	F
FASB Statement No. 80	F
FASB Statement No. 81	Superseded
FASB Statement No. 82	Superseded
FASB Statement No. 83	Superseded
FASB Statement No. 84	C
FASB Statement No. 85	B
FASB Statement No. 86	F
FASB Statement No. 87	F
FASB Statement No. 88	F
FASB Statement No. 89	B
FASB Statement No. 90	E
FASB Statement No. 91	E
FASB Statement No. 92	E
FASB Statement No. 93	F
FASB Statement No. 94	D

<i>Pronouncement</i>	<i>Appendix</i>
FASB Statement No. 95	F
FASB Statement No. 96	Superseded
FASB Statement No. 97	E
FASB Statement No. 98	F
FASB Statement No. 99	F
FASB Statement No. 100	Superseded
FASB Statement No. 101	E
FASB Statement No. 102	F
FASB Statement No. 103	Superseded
FASB Statement No. 104	F
FASB Statement No. 105	F
FASB Statement No. 106	F
FASB Statement No. 107	F
FASB Statement No. 108	Superseded
FASB Statement No. 109	F
FASB Statement No. 110	E
FASB Statement No. 111	F
FASB Statement No. 112	F
FASB Statement No. 113	E
FASB Statement No. 114	F
FASB Statement No. 115	B
FASB Statement No. 116	F
FASB Statement No. 117	E
FASB Interpretation No. 1	F
FASB Interpretation No. 2	Superseded
FASB Interpretation No. 3	Superseded
FASB Interpretation No. 4	F
FASB Interpretation No. 5	Superseded
FASB Interpretation No. 6	F
FASB Interpretation No. 7	E
FASB Interpretation No. 8	F
FASB Interpretation No. 9	E
FASB Interpretation No. 10	Superseded
FASB Interpretation No. 11	Superseded
FASB Interpretation No. 12	Superseded
FASB Interpretation No. 13	Superseded
FASB Interpretation No. 14	F
FASB Interpretation No. 15	Superseded
FASB Interpretation No. 16	Superseded
FASB Interpretation No. 17	Superseded
FASB Interpretation No. 18	B
FASB Interpretation No. 19	F
FASB Interpretation No. 20	F
FASB Interpretation No. 21	F
FASB Interpretation No. 22	Superseded
FASB Interpretation No. 23	F

<i>Pronouncement</i>	<i>Appendix</i>
FASB Interpretation No. 24	F
FASB Interpretation No. 25	Superseded
FASB Interpretation No. 26	F
FASB Interpretation No. 27	F
FASB Interpretation No. 28	C
FASB Interpretation No. 29	Superseded
FASB Interpretation No. 30	D
FASB Interpretation No. 31	B
FASB Interpretation No. 32	Superseded
FASB Interpretation No. 33	E
FASB Interpretation No. 34	F
FASB Interpretation No. 35	B
FASB Interpretation No. 36	E
FASB Interpretation No. 37	F
FASB Interpretation No. 38	C
FASB Interpretation No. 39	F
FASB Interpretation No. 40	F

## APPENDIX H

### The Hierarchy of GAAP

Statement on Auditing Standards (SAS) No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles in the Independent Auditor's Report*, establishes the hierarchy of generally accepted accounting principles (GAAP). For financial statements of entities other than governmental entities, the hierarchy is summarized as follows:

Category (a). Rule 203 literature consists of officially established accounting principles, which are Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins.

Category (b). This consists of FASB Technical Bulletins and, if cleared by the FASB, American Institute of Certified Public Accountants (AICPA) Industry Audit and Accounting Guides, and AICPA Statements of Position.

Category (c). This consists of AICPA AcSEC Practice Bulletins that have been cleared by the FASB and consensus positions of the FASB Emerging Issues Task Force.

Category (d). This consists of AICPA accounting interpretations and implementation guides ("Qs and As") published by the FASB staff, and practices that are widely recognized and prevalent either generally or in the industry.

If the accounting treatment of a transaction or event is not specified by rule 203 literature, the auditor should consider whether the accounting treatment is specified by another source of established accounting principles. If an established accounting principle from one or more sources in category (b), (c), or (d) is relevant to the circumstances, the auditor should be prepared to justify a conclusion that another treatment is generally accepted. If there is a conflict between accounting principles relevant to the circumstances from one or more sources in category (b), (c), or (d), the auditor should follow the treatment specified by the source in the higher category—for example, follow category (b) treatment over category (c)—or be prepared to justify a conclusion that a treatment specified by a source in the lower category better presents the substance of the transaction in the circumstances.

SAS No. 69 is effective for audits of financial statements for periods ending after March 15, 1992. An entity following an accounting treatment in category (c) or (d) as of March 15, 1992, need not change to an accounting treatment in a category (b) or (c) pronouncement whose effective date is

before March 15, 1992. For entities initially applying an accounting principle after March 15, 1992 (except for FASB Emerging Issues Task Force consensus positions issued before March 16, 1992, which become effective in the hierarchy for initial application of an accounting principle after March 15, 1993), the auditor should follow the applicable hierarchy established by SAS No. 69.

**Accounting Standards Executive Committee**  
(1993–1994)

NORMAN N. STRAUSS, *Chair*  
PHILIP D. AMEEN  
ERNEST F. BAUGH, JR.  
G. MICHAEL CROOCH  
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