

## **CICA handbook – accounting highlight summary no. 50 September 2008**

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### **HIGHLIGHT SUMMARY**

(Note: New Handbook material or changes in existing material are identified in each HANDBOOK REVISIONS RELEASE.)

#### **Cash flow statements, Section 1540**

#### **Interim financial statements, Section 1751**

These Sections have been amended to include not-for-profit organizations within their scope. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

#### **Introduction to accounting standards that apply only to not-for-profit organizations**

The Introduction has been amended to provide not-for-profit organizations with additional guidance to be used in applying GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, Section 1100. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

#### **Financial statement presentation by not-for-profit organizations, Section 4400**

This Section has been amended to:

- eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so;
- clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions;
- make CASH FLOW STATEMENTS, Section 1540, applicable to not-for-profit organizations; and
- make INTERIM FINANCIAL STATEMENTS, Section 1751, applicable to not-for-profit organizations that prepare interim financial statements in accordance with GAAP.

The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

#### **Capital assets held by not-for-profit organizations, Section 4430**

This Section has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities in paragraph 4430.03. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

#### **Disclosure of related party transactions by not-for-profit organizations, Section 4460**

This Section has been amended to make the language in Section 4460 consistent with RELATED PARTY TRANSACTIONS, Section 3840. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

#### **Disclosure of allocated expenses by not-for-profit organizations, Section 4470**

This new Section establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The main features of the new Section are:

- A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made; and
- A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

#### **EIC Abstracts**

Amended

- Reporting revenue gross as a principal versus net as an agent, EIC-123
- A number of Abstracts of Issues Discussed are amended as a consequence of the release of GOODWILL AND INTANGIBLE ASSETS, Section 3064

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