

ASNPO At a Glance

Section 1501 - First-time Adoption
by Not-for-Profit Organizations

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Effective Date
Fiscal years beginning on or after January 1, 2012¹

Scope		
<ul style="list-style-type: none">• Section 1501 applies to the first set of financial statements an organization prepares in accordance with accounting standards for not-for-profit organizations (ASNPO).• An enterprise that previously applied ASNPO, but whose most recent annual financial statements were not prepared in accordance with ASNPO may either apply this section or Section 1506, Accounting Changes as if they had never stopped applying ASNPO.		
General requirements		
<ul style="list-style-type: none">• Select ASNPO accounting policies - using latest version of the standards that are currently effective at the reporting date of the organization’s first financial statements prepared under ASNPO.• Recognize / derecognize assets and liabilities where necessary so as to comply with ASNPO.• Reclassify items that the organization recognized under its previous accounting framework as one type of asset, liability or component of net assets, but are a different type of asset, liability or component of net assets under ASNPO.• Remeasure all assets and liabilities recognized under ASNPO.• An opening ASNPO Statement of Financial Position is prepared at the date of transition.• The date of transition is the beginning of the earliest period for which an organization presents full comparative information under ASNPO.		
Recognition and measurements		
Optional exemptions	Mandatory exceptions	Accounting policies
<ul style="list-style-type: none">• An organization may elect to use one or more of the following exemptions related to standards in Part II of the Handbook (ASPE) on adoption of ASNPO:<ul style="list-style-type: none">• Business combinations;• Fair value;• Agricultural inventories or productive biological assets;• Employee future benefits;• Cumulative translation differences;• Financial instruments;• Asset retirement obligations;• Collections;• Revenue;• Customer’s accounting for cloud computing arrangements; and• Accounting for life insurance contracts with cash surrender value.	<ul style="list-style-type: none">• Section 1501 prohibits retrospective application in relation to the following standards in Part II of the Handbook (ASPE):<ul style="list-style-type: none">• Derecognition of financial assets and financial liabilities;• Hedge accounting;• Estimates; and• Non-controlling interests.	<ul style="list-style-type: none">• Use the same accounting policies in the opening ASNPO Statement of Financial Position and throughout all periods presented in the first ASNPO financial statements.• Those accounting policies must comply with each ASNPO effective at the end of the first ASNPO reporting period.• If the accounting policies an organization uses in its opening ASNPO Statement of Financial Position differ from those used for the same date under its previous accounting policies, any resulting adjustments are recognized directly in net assets at the date of transition.
Presentation and disclosure		
<ul style="list-style-type: none">• An organization’s first set of ASNPO financial statements are required to present three Statements of Financial Position.• In the year of adoption of ASNPO an organization must disclose:<ul style="list-style-type: none">• The amount of each charge to net assets at the date of transition resulting from the adoption of ASNPO and the reason therefor; and• A reconciliation of the excess of revenue over expenses reported in the organization’s most recent previously issued financial statements to its excess of revenue over expenses under ASNPO for the same period.• The disclosures must provide sufficient detail to enable users to understand the material adjustments to the Statement of Financial Position, Statement of Operations and Statement of Cash Flows.• All exemptions used by the organization must be disclosed.		

¹ Except as specified in paragraph 1501.35.

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