



# New and Proposed Changes to Accounting Standards for Not-for-Profit Organizations Sections

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For the two years ended December 31, 2021



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New and Amended Standards	Date Issued	Effective Date
Section 1501, First-time Adoption by Not-for-Profit Organizations (Amendment)	December 2018	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2021. Earlier adoption is permitted.
Section 1501, First-time Adoption by Not-for-Profit Organizations (Amendment)	November 2019	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier adoption is permitted.
Section 1501, First-time Adoption by Not-for-Profit Organizations (Amendment)	December 2019	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier adoption is permitted.
Section 1501, First-time Adoption by Not-for-Profit Organizations (Amendment)	April 2021	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier adoption is permitted.
Section 3032, Inventories Held by Not-for-Profit Organizations (Amendment)	November 2019	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier adoption is permitted.
Section 3463, Reporting Employee Future Benefits by Not-for-Profit Organizations (Amendment)	November 2020	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier adoption is permitted, but only for all of a not-for-profit organization's defined benefit plans.
Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations (Amendment)	November 2019	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier adoption is permitted.
Section 4449, Combinations by Not-for-Profit Organizations (New)	March 2021	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier adoption is permitted. Prospective application is required.

New and Amended Standards	Date Issued	Effective Date
Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations (Amendment)	December 2018	Effective for annual financial statements relating to fiscal years beginning on or after January 1, 2021. Earlier adoption is permitted.

Exposure Drafts	Date Issued	Effective Date
<b>No current exposure drafts</b>		

## New and Amended Standards

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### S.1501 First-time Adoption by Not-for-Profit Organizations (Amendment)

In December 2018, the Accounting Standards Board (AcSB) issued amendments to s.1501 *First-time Adoption by Not-for-Profit Organizations*. The amendments permit a first-time adopter to apply certain transitional provisions in ASPE 3856 *Financial Instruments*.

On April 15, 2020, the AcSB made the decision to defer the effective date of the Section 3856 amendments by one year from its originally planned effective date due to the impact of the COVID-19 pandemic. As a result, the December 2018 amendments to s.1501 are now also deferred and effective for fiscal years beginning on or after January 1, 2021. Early application continues to be permitted.

### S.1501 First-time Adoption by Not-for-Profit Organizations (Amendment)

In November 2019, the Accounting Standards Board (AcSB) issued amendments to s.1501 *First-time Adoption by Not-for-Profit Organizations*. The amendments permit a first-time adopter to apply the transitional provisions in ASPE 3041 *Agriculture*.

The amendments are effective when an enterprise applies Section 3041. On April 15, 2020, the AcSB made the decision to defer the effective date of Section 3041 by one year from its originally planned effective date due to the impact of the COVID-19 pandemic. Section 3041 is now effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Early application continues to be permitted.

### S.1501 First-time Adoption by Not-for-Profit Organizations (Amendment)

In December 2019, the Accounting Standards Board (AcSB) issued amendments to s.1501 *First-time Adoption by Not-for-Profit Organizations*. The amendments permit a first-time adopter to apply the transitional provisions in ASPE 3400 *Revenue*.

The amendments are effective when an enterprise applies Section 3400. On April 15, 2020, the AcSB made the decision to defer the effective date of Section 3400 by one year from its originally planned effective date due to the impact of the COVID-19 pandemic. Section 3400 is now effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Early application continues to be permitted.

### S.1501 First-time Adoption by Not-for-Profit Organizations (Amendment)

In April 2021, the Accounting Standards Board (AcSB) issued amendments to s.1501 *First-time Adoption by Not-for-Profit Organizations*. The amendments clarify that an organization that had applied Accounting Standards for Not-for-profit Organizations (ASNPO) in a previous reporting

period, but whose most recent annual financial statements were not prepared in accordance with ASNPO, can choose to apply either s.1501 again or can apply the standards retrospectively in accordance with ASPE 1506 *Accounting Changes*, as if the organization had never stopped applying ASNPO. The amendments also introduce additional disclosure requirements, which include disclosure of the reason the organization stopped and the reason the organization is resuming the application of ASNPO as well as whether the organization has chosen to apply s.1501 or ASPE 1506 in doing so. The amendments are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Early application is permitted.

### **S.3032 Inventories Held by Not-for-Profit Organizations (Amendment)**

In November 2019, the Accounting Standards Board (AcSB) issued amendments to s.3032 *Inventories Held by Not-for-Profit Organizations*. The amendments require a not-for-profit organization to account for agricultural inventories in accordance with ASPE 3041 *Agriculture*.

The amendments are effective when an enterprise applies Section 3041. On April 15, 2020, the AcSB made the decision to defer the effective date of Section 3041 by one year from its originally planned effective date due to the impact of the COVID-19 pandemic. Section 3041 is now effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Early application continues to be permitted.

### **S.3463 Reporting Employee Future Benefits by Not-for-Profit Organizations (Amendment)**

In November 2020, the Accounting Standards Board (AcSB) issued amendments to ASPE 3462 *Employee Future Benefits* related to the measurement of defined benefit obligations. As a result of this amendment, the AcSB also amended s.3463 *Reporting Employee Future Benefits by Not-for-Profit Organizations*.

The amendments to s.3463 prescribe how a not-for-profit organization shall apply the amendments under ASPE 3462 upon their effective date.

The amendments are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Earlier application is permitted, but only for all of a not-for-profit organization's defined benefit plans.

### **S.4433 Tangible Capital Assets Held by Not-for-Profit Organizations (Amendment)**

In November 2019, the Accounting Standards Board (AcSB) issued amendments to s.4433 *Tangible Capital Assets Held by Not-for-Profit Organizations*. The amendments require a not-for-profit organization to account for productive biological assets in accordance with ASPE 3041 *Agriculture*.

The amendments are effective when an enterprise applies Section 3041. On April 15, 2020, the AcSB made the decision to defer the effective date of Section 3041 by one year from its originally planned effective date due to the impact of the COVID-19 pandemic. Section 3041 is now effective for annual financial statements relating to fiscal years beginning on or after January 1, 2022. Early application continues to be permitted.

## **S.4449 Combinations by Not-for-Profit Organizations (New)**

In March 2021, the Accounting Standards Board (AcSB) issued new s.4449 *Combinations by Not-for-Profit Organizations* which provides the accounting requirements for the recognition, initial measurement and disclosure of a combination of two or more related or unrelated not-for-profit organizations (NPOs).

The main features of this new section include the following:

- A set of five criteria to determine when a combination is accounted for as a merger or as an acquisition.
  - Where a combination satisfies all criteria, it is accounted for as a merger. The new section outlines the measurement and presentation requirements that would result in accounting for the merger as if the combining entities have always been part of the same entity.
  - If any of the five criteria are not met, the combination is accounted for using the acquisition method as outlined in the new standard.
- Separate disclosure requirements for acquisitions and mergers, including specific requirements for mergers occurring during a fiscal year and mergers that occur after year-end.

This section is effective for fiscal years beginning on or after January 1, 2022. Early adoption is permitted. Prospective application is required.

## **S.4460 Disclosure of Related Party Transactions by Not-for-Profit Organizations (Amendment)**

In December 2018, the Accounting Standards Board (AcSB) issued amendments to s.4460 *Disclosure of Related Party Transactions by Not-for-Profit Organizations*. The amendments clarify that a not-for-profit organization applies ASPE 3856 *Financial Instruments* for the accounting and disclosure of financial instruments in a related party transaction.

On April 15, 2020, the AcSB made the decision to defer the effective date of the Section 3856 amendments by one year from its originally planned effective date due to the impact of the COVID-19 pandemic. As a result, the amendments to s.4460 are now also deferred and effective for fiscal years beginning on or after January 1, 2021. Early application continues to be permitted.



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