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## FASB Codification Change – what does it mean to you?

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Often times performing accounting research can feel like a daunting task and leafing through the myriads of information can result in an individual inadvertently relying on one piece of literature when another standard maybe be more relevant. In order to organize and simplify this, The Financial Accounting Standards Board (FASB) is currently undergoing a major restructuring of the codification of accounting literature.

Preparers of financial reports need to be aware of, and prepared for, the significant changes that will go into effect on July 1, 2009, at which time the *FASB Accounting Standards Codification*<sup>™</sup> is expected to become the single source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP).

The Codification Will:

- **Simplify**
  - The primary goal is to simplify user research to all authoritative GAAP pronouncements. All four authoritative levels of GAAP will now be combined into one level in a user-friendly online research tool.
- **Restructure**
  - The structure of existing accounting and reporting standards will be modified in order to achieve the one level of GAAP. All information will now be sorted by topic, in one area. Users will now be able to research by subject, such as "Liabilities," or by industry, such as "Long-term health care."

The Codification Will Not:

- **Change GAAP**
  - All existing standards will still be applicable and attempts were made to change the wording as little as possible. The Codification is simply rearranging the information into an easier research format.
- **Provide Guidance on Non-GAAP Issues**
  - There will not be information in the Codification relating to textbooks, concept statements, articles, etc, which is commonly referred to as "Other Accounting Literature."

#### Benefits Provided by the Codification:

- Reduced time and effort required to locate accounting research since all literature related to a topic will now be listed in one place.
- Mitigated risk of a relevant piece of guidance being overlooked.
- All information will be updated within the search system on a real time basis. This will result in much less confusion and reading as the FASB will no longer issue statements, staff positions, interpretations, etc

#### How to Prepare for the Codification:

- Find the latest announcements and information or perform the free online tutorial offered by FASB, by logging onto [www.fasb.org](http://www.fasb.org)
- Watch the archived webcast on the Codification from the AICPA by visiting [www.aicpa.org](http://www.aicpa.org)
- Consider taking a CPE Self-Study course offered by an organization such as the AICPA. This can be found by visiting the AICPA website at [www.cpa2biz.com](http://www.cpa2biz.com)