

# EITF Snapshot

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This *EITF Snapshot* summarizes the March 3, 2016, meeting of the Emerging Issues Task Force (EITF or “Task Force”). Initial Task Force consensuses (“consensus-for-exposure”) are exposed for public comment upon ratification by the Financial Accounting Standards Board (FASB). After the comment period, the Task Force considers comments received and redeliberates the issues at a scheduled meeting to reach a final consensus. Those final consensuses are then provided to the FASB for final ratification and, ultimately, issuance as an Accounting Standards Update (ASU).

The FASB plans to consider the EITF’s March 2016 consensus-for-exposure for ratification at a meeting in the near term. After that meeting, the official EITF minutes, including the results of the FASB’s ratification process, will be posted to Deloitte’s [Technical Library](#) and to the [FASB’s Web site](#) (note that the official EITF minutes may contain details that differ from those in this publication). EITF Issue Summaries (released before the meeting and used to frame the discussion) are also available on those sites.

## Issue 16-A, “Restricted Cash”

**Status:** Consensus-for-exposure.

**Affects:** Entities with restricted cash and restricted cash equivalents that prepare a cash flow statement.

**Background:** The classification of restricted cash in the statement of cash flows, along with eight other cash-flow-related issues, was initially addressed in Issue 15-F.<sup>1</sup> At its November 2015 meeting, the EITF decided to address the diversity in practice related to the cash flow classification of restricted cash as a separate EITF issue and reached a consensus-for-exposure on the other issues. (Subsequently, the FASB issued a [proposed ASU](#)<sup>2</sup> on those eight topics; see Deloitte’s February 4, 2016, [Heads Up](#) for more information.)

**Summary:** At this meeting, the EITF reached a consensus-for-exposure that an entity would include in its cash and cash-equivalent balances in the statement of cash flows those amounts that are deemed to be restricted cash and restricted cash equivalents. Further, the Task Force decided that an entity would be required to reconcile, either on the statement of cash flows or in the financial statement footnotes, the cash and cash-equivalent amounts in the statement of cash flows to the amounts in the statement of financial condition (including identification of the line items where those amounts are presented). In addition, an entity would be required to disclose the nature and types of restrictions on the amounts deemed to be restricted cash and restricted cash equivalents. The Task Force decided not to define restricted cash and restricted cash equivalents.

**Effective Date and Transition:** The Task Force decided that the guidance would be applied retrospectively to all periods presented.

**Next Steps:** The EITF will discuss the effective date at a future meeting.

<sup>1</sup> EITF Issue No. 15-F, “Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments.”

<sup>2</sup> FASB Proposed Accounting Standards Update, *Classification of Certain Cash Receipts and Cash Payments* — a consensus of the FASB Emerging Issues Task Force.

Join us on  
March 15 at  
2:00 p.m. EDT  
for a *Dbriefs*  
webcast on the  
FASB's newly  
issued leases  
standard.

**Editor's Note:** In the first half of 2016, the FASB is expected to issue a discussion paper that requests feedback from stakeholders on potential improvements to ASC 230,<sup>3</sup> including (1) further disaggregation of cash flows; (2) amendments to the definitions of operating, investing, and financing activities; and (3) retaining the current definitions but including additional classification guidance on different types of cash flow activities.

## Administrative Matters

At the EITF meeting, the SEC staff announced that the following SEC guidance in the Codification (stemming from SEC observer comments at EITF meetings) will be rescinded:

- Upon the adoption of [ASU 2014-09](#):<sup>4</sup>
  - ASC 605-20-S99-2 (formerly EITF Issue 91-9<sup>5</sup>).
  - ASC 605-45-S99-1 (formerly EITF Issue 00-10<sup>6</sup>).
  - ASC 605-50-S99-1 (formerly EITF Issue 01-9<sup>7</sup>).
  - ASC 932-10-S99-5 (formerly EITF Issue 90-22<sup>8</sup>).
- Upon the adoption of [ASU 2014-16](#):<sup>9</sup>
  - ASC 815-10-S99-3 (formerly EITF Topic D-109<sup>10</sup>).

The next EITF decision-making meeting is tentatively scheduled for June 10, 2016.

<sup>3</sup> For titles of FASB Accounting Standards Codification (ASC) references, see Deloitte's "Titles of Topics and Subtopics in the FASB Accounting Standards Codification."

<sup>4</sup> FASB Accounting Standards Update No. 2014-09, *Revenue From Contracts With Customers*.

<sup>5</sup> EITF Issue No. 91-9, "Revenue and Expense Recognition for Freight Services in Process."

<sup>6</sup> EITF Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs."

<sup>7</sup> EITF Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer."

<sup>8</sup> EITF Issue No. 90-22, "Accounting for Gas-Balancing Arrangements."

<sup>9</sup> FASB Accounting Standards Update No. 2014-16, *Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity* — a consensus of the FASB Emerging Issues Task Force.

<sup>10</sup> EITF Topic No. D-109, "Determining the Nature of a Host Contract Related to a Hybrid Financial Instrument Issued in the Form of a Share Under FASB Statement No. 133."

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