



BEACON HILL

FINANCIAL EDUCATORS

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Course Information

Course Title:

Tax-Basis Financial Statements and Other Special Purpose Frameworks # 314224

Recommended number of continuing education credit hours for this course:

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

CPA: 10 (5 Accounting, 5 Auditing) (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 0004761 (for Ethics #0011467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

The objective of this course is to discuss the general rules and applications used in the preparation of and reporting on tax-basis financial statements and other bases of accounting found within the special purpose frameworks (also referred to as other comprehensive bases of accounting).

Topics include an overview of the types of special purpose frameworks, advantages and disadvantages of using tax-basis financial statements, tax-basis accrual versus cash basis, reviewing the key differences between GAAP and tax-basis revenue and expenses and other differences, tax-basis disclosures, reporting options for tax-basis financial statements, unusual reporting and presentation issues related to tax-basis financial statements, an overview of other types of special purpose frameworks including pure cash basis, modified cash basis, regulatory basis, contractual basis, and the other basis of accounting, and more.

The course also addresses the presentation and disclosures for PPP loans, Employee Retention Credit (ERC), the Pass-Through Entity (PTE) tax, and leases.

Course Content

Course publication/revision date: 4/10/2024

Author: Steven C. Fustolo, CPA, MBA.

Final Exam (online): Fifty multiple-choice questions

Program Delivery Method: QAS Self-Study (interactive)

Subject Codes/Field of Study: Accounting (5 CPE) and Auditing (5 CPE)

Course Level, Prerequisites, and Advance Preparation Requirements

Level of knowledge: Overview

Prerequisite: General understanding of compilation and review standards

Advance Preparation: None

Instructions for Taking This Course

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- **You must complete this course within one year of purchase** (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

After studying the course material, you should be able to:

- Identify an accounting standard that exempts non-public entities from its application
- Recall a disadvantage of the AICPA's Financial Reporting Framework for SMEs
- Recognize the type of criteria on which the other basis of accounting is based
- Recall whether a one-member LLC is permitted to issue tax-basis financial statements
- Identify the best use for tax-basis accrual financial statements
- Recognize an example of a permanent difference
- Recall an example of a GAAP disclosure that can be eliminated by using tax-basis financial statements
- Identify a situation in which tax-basis financial statements might be misleading
- Recall ways in which nontaxable revenues and nondeductible expenses can be presented in tax-basis financial statements
- Recognize which type of exchange of assets no longer qualifies for like-kind treatment in tax-basis financial statements
- Recall how to account for the installment sales method under GAAP as compared with tax-basis financial statements.
- Recognize how an entity accounts for a change in accounting method in the tax-basis of accounting
- Identify how to account for certain transactions on tax-basis financial statements
- Recognize whether supplementary information is part of the financial statements
- Identify titles that are appropriate and not appropriate for tax-basis financial statements
- Recall types of legends that might be included on pages of tax-basis financial statements
- Recall how a statement of cash flows should be accounted for and presented in tax-basis financial statements
- Recognize the rules for presenting a statement of comprehensive income in tax-basis financial statements
- Identify categories of disclosures that should be included in tax-basis financial statements
- Recognize elements that are and are not relevant to tax-basis financial statements in preparing a summary of significant accounting policies
- Recall how certain GAAP disclosures should be handled in tax-basis financial statements
- Recall how to account for the pass-through entity (PTE) tax under tax-basis financial statements.
- Recognize the reporting requirement for preparation and compilation of tax-basis financial statements engagements under SSARS Nos. 21-25
- Recall the appropriate title for a review report on tax-basis financial statements
- Identify certain language that should be included in an audit report on tax-basis financial statements
- Identify the reporting option when an entity changes from GAAP to tax-basis financial statements
- Recognize how an accountant should report on a grantor trust or one-member LLC
- Identify the disclosures that are required if an accountant issues a report on a tax return
- Recall the rules to issue a compilation report on a tax return
- Identify disclosures that are and are not relevant to cash-basis financial statements
- Recognize an element that would be made in a summary of significant accounting policies for the modified cash basis
- Identify other types of special purpose frameworks other than tax basis

About the Author

STEVEN C. FUSTOLO, CPA

Mr. Fustolo is a partner with the Boston CPA firm of James J. Fox & Company and Director of the National Tax Institute, Inc. He is a frequent lecturer and author of numerous tax and accounting issues affecting closely held businesses. An AICPA author, Mr. Fustolo's articles are regularly featured in *The Practical Accountant* and other publications. He is the author of *Practice Issues: Compilation and Review*, *Accounting and Auditing Reference Guide*, *Everything You Never Wanted to Know About GAAP*, *Enron: Fraud, Deception and the Aftermath*, *FASB Review for Industry*, and *FASB, SSARS and SAS Update and Review* and numerous other books and manuals that have been published by Practitioners Publishing Company (PPC) and Commerce Clearing House (CCH). He is the recipient of several Outstanding Discussion Leader awards from many professional organizations including the New York and Florida Societies of CPAs. Mr. Fustolo's course entitled *FASB, SSARS and SAS Update and Review* continues to receive accolades and is regarded as one of the top live CPE programs in the country today with ratings that average 4.91 on a scale of 5.0. He speaks regularly for professional groups including being a guest lecturer at the AICPA Advanced Accounting and Auditing Technical Symposium. Mr. Fustolo is the recipient of the Elijah Watts Sells Award (AICPA) and Silver Medal (Massachusetts) for scores received on the CPA Examination.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the author and sponsor are not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought-- *From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations.*

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