



BEACON HILL

FINANCIAL EDUCATORS

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Course Information

Course Title:

The New Allowance for Credit Losses-ASU 2016-13

#314524

Financial Instruments – Credit Losses (Topic 326)

Measurement of Credit Losses on Financial Instruments

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: 2 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 0004761 (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 address the changes made by ASU 2016-13 to the recording of credit losses on financial instruments. ASU 2016-13 introduces new ASC 326 and its new expected credit losses model which replaces the current incurred loss model. ASU 2016-13 provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date.

Topics include reviewing examples of types of assets subject to the expected credit loss model, how to present the new allowance for credit losses on the balance sheet, considering historical, current conditions and forecasted future information to measure credit losses, how to use the new model for trade receivables, loans, held-to-maturity debt securities, the new impairment model for available-for-sale debt securities, examples of entities under common control exempt from the model, disclosures, and more.

Course Content

Course publication/revision date: 3/8/2024

Author: Steven C. Fustolo, CPA, MBA.

Final Exam (online): Ten multiple-choice questions.

Program Delivery Method: QAS Self-Study (interactive)

Subject Codes/Field of Study: Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Level of knowledge: Overview

Prerequisite: Basic understanding of U.S. GAAP and existing lease accounting

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

As a result of studying each assignment, you should be able to meet the objectives listed below for each individual assignment.

Assignment

1. Review the materials in the course by section
2. Study the Review Questions and Suggested Solutions throughout course
3. Answer the Review Questions and compare your answers to the Suggested Solutions within each section.

After reading this course, you will be able to:

- Recognize examples of assets that are and are not subject to the ASC 326-20 expected credit loss model
- Recognize the model that ASU 2016-13 uses to deal with credit losses
- Recall how an entity should present the allowance for credit losses on the balance sheet
- Identify how credit losses should be recorded under new ASU 2016-13
- Recognize some of the disclosures required by ASU 2016-13
- Identify examples of entities that are under common control
- Identify how a decline in fair value of a held-to-maturity debt security should be handled under GAAP
- Recognize the new impairment model for available-for-sale debt securities under ASC 326-30
- Identify how an entity should implement the ASU 2016-13 rules

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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The New Allowance for Credit Losses
ASU 2016-13- Financial Instruments – Credit Losses (Topic 326)
Measurement of Credit Losses on Financial Instruments-2024

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