



Not-For-Profit organization insights

A summary of year-end accounting reminders for not-for-profit organizations

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Overview

We are pleased to provide PwC's **Not-for-Profit organization insights**, designed to help you navigate the accounting and reporting implications of recent standard setting developments. This resource offers a concise summary of the standards most relevant to not-for-profit (NFP) entities and provides insights into the potential impacts of adoption. We also include references to PwC publications where you can explore each topic in more detail. A complete list of standards required (or eligible) for adoption by NFPs is available in the Appendix.

Additionally, in the content below, we highlight resources to help you stay informed on broader macroeconomic, geopolitical, and industry-specific developments that may affect your organization.

About Us: Health industries

PwC's Health Industries practice is dedicated to helping not-for-profit organizations, along with payers, providers, pharmaceutical, biotech, life sciences, and medtech entities respond to the industry's most pressing challenges and opportunities. Our team delivers tailored solutions that enable organizations to innovate, manage financial performance, and deliver on their missions more successfully. Whether it's navigating accounting changes, implementing digital strategies, or improving operational efficiency, we're here to help you uncover new value and transform your business through our consulting, audit, tax, and technology solutions. To learn more, visit <https://www.pwc.com/us/en/industries/health-industries.html>.

Next in Health services

The health industry is undergoing significant transformation, driven in part by recent policy shifts under the Trump administration. The administration's Department of Government Efficiency (DOGE) initiative has resulted in proposed budget cuts to the Department of Health and Human Services (HHS) as well as the consolidation and restructuring of other federal agencies. Additionally, billions in federal health grants have been paused or canceled, affecting programs in infectious disease tracking, mental health, and biomedical research. At the same time, new tariffs and threats of additional tariffs are increasing costs and pushing organizations to reevaluate their supply chains. These developments underscore the urgent need for health organizations to focus on supply chain resilience, financial sustainability, and regulatory compliance. PwC's [Next in health services 2025](#) series offers insights to help organizations adapt and thrive amid these changes.

Perspectives in higher education

Actions taken by the Trump administration have also significantly impacted institutions of higher education. Pauses and terminations of research funding and changes to indirect cost rates may have a significant impact on institutions. Additionally, institutions face a host of uncertainty surrounding the ultimate outcome of executive orders and other ongoing policy proposals, including the potential dismantling of the

Department of Education, reforms to accreditation, tax and student loan policies, and efforts to eliminate diversity, equity, and inclusion (DEI) programs.

In the 2025 edition of Perspectives in higher education, we not only highlight these items but also explore topics such as resilience and crisis management on campus, how to navigate an evolving governance landscape, and the future of college athletics. Additionally, we provide our annual update on developments in Washington and share insights on how industry trends are impacting all institutions.

Health industries perspectives

Our Health industries site includes the latest accounting and reporting insights exclusively for Health industries. To receive updates directly to your inbox, create an account in the PwC Preference Center and subscribe by navigating to **My preferences > Industry news > Next in Health services**.



Select standards applicable to NFP organizations

This section outlines the most significant accounting standards required to be adopted by NFP organizations. Each standard is presented with its applicable adoption year, including both calendar and fiscal year references for NFPs that do not follow a calendar year end. For a comprehensive list of standards applicable for adoption in the current and future fiscal years, refer to the Appendix on page 10.

Business Combinations (Topic 805): Accounting for Contract Assets & Contract Liabilities from Contracts with Customers



ASU 2021-08: Effective calendar year 2024, fiscal year 2025

ASU 2021-08 updates how contract assets and liabilities from customer contracts are recognized when acquired in a business combination. Under prior GAAP, acquirers measured these balances at fair value, which often resulted in differences from how the acquiree recognized revenue pre-acquisition. The new guidance requires acquirers to apply ASC 606, *Revenue from Contracts with Customers*, to these contracts as if they had originated them, promoting consistency in revenue recognition before and after the acquisition date.

For not-for-profit organizations that engage in mergers or acquisitions, this change simplifies the accounting for customer contracts by eliminating fair value complexities and ensuring alignment with ASC 606. The result is more consistent and comparable financial reporting across organizations, which is especially important for stakeholders assessing ongoing revenue streams tied to acquired contracts.



Where can I learn more?

Podcast: [New rules on acquired revenue contracts](#)

[Business combinations and noncontrolling interests guide](#), Chapter 2

ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*



Effective date

Fiscal years beginning after December 15, 2023, including interim periods within those years

Leases (Topic 842): Common Control Arrangements



ASU 2023-01: Effective calendar year 2024, fiscal year 2025

ASU 2023-01 provides targeted relief for not-for-profit entities (excluding conduit bond obligors) by simplifying the accounting for leases with related parties under common control. Previously, organizations had to evaluate legally enforceable terms to determine lease existence and classification, often resulting in complex and costly analyses. Under the new guidance, eligible entities may now use written terms and conditions to assess and account for such arrangements. This update simplifies compliance and promotes consistency in reporting, offering a more practical and economically accurate approach to related-party lease arrangements.

The ASU also updates the treatment of leasehold improvements for all reporting entities (including conduit bond obligors). These must now be amortized over their useful lives to the common control group, rather than the shorter of the lease term or useful life. If control of the asset ends, any remaining value is treated as a transfer within the common control group.



Where can I learn more?

Leases guide, Chapters 3 and 8

ASU 2023-01, Leases (Topic 842)—Common Control Arrangements



Effective date

Fiscal years beginning after December 15, 2023, including interim periods within those years

Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions



ASU 2022-03: Effective calendar year 2025, fiscal year 2026

ASU 2022-03 addresses the accounting treatment for equity securities that are subject to contractual restrictions on their sale. Previously, there was diversity in practice regarding whether such restrictions should impact the fair value measurement of these securities. The update clarifies that contractual sale restrictions are not considered part of the unit of account of the equity security itself and, therefore, should not be factored into its fair value measurement. This means that the fair value should reflect the price of the equity security without adjustments for any contractual sale restrictions.

Additionally, ASU 2022-03 introduces new disclosure requirements for entities holding equity securities subject to contractual sale restrictions. Entities must now disclose:

1. The fair value of such equity securities reflected in the balance sheet,
2. The nature and remaining duration of the restriction(s), and
3. The circumstances that could cause a lapse in the restriction(s).



Where can I learn more?

Fair value guide, Chapter 4

Financial statement presentation guide, Chapter 20

ASU 2022-03, Fair Value Measurement (Topic 820)—Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions



Effective date

Fiscal years beginning after December 15, 2024, including interim periods within those years

Early adoption is permitted

Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets



ASU 2023-08: Effective calendar year 2025, fiscal year 2026

ASU 2023-08 updates the accounting treatment for certain crypto assets. Previously, crypto assets were accounted for as indefinite-lived intangible assets under a cost-less-impairment model. Under the new guidance, entities are required to measure eligible crypto assets at fair value each reporting period, with changes in the fair value recognized in net income (or change in net assets). This update is intended to provide investors and other financial statement users with more relevant, timely information that better reflects the economics of crypto asset holdings.

ASU 2023-08 also enhances disclosures by requiring organizations to separately present crypto assets from other intangible assets. Additionally, organizations will be required to disclose information such as the nature and quantity of crypto assets held, their fair value, cost basis, and any applicable contractual sale restrictions. Lastly, organizations will need to include a rollforward showing activity from the beginning to the end of the period for total crypto asset holdings.

This new standard is not likely to impact non-healthcare NFPs that hold crypto assets in an investment portfolio managed for total return (such as an endowment) because that portfolio is likely already measured at fair value. However, for NFPs that do not hold crypto assets in an investment portfolio (or the portfolio-wide fair value option is not available to them), it is likely that the crypto assets are held as intangibles and thus the accounting would change.



Where can I learn more?

[Crypto assets guide](#), Chapter 1

In depth: [FASB issues guidance on accounting for crypto assets](#)

[ASU 2023-08, Intangibles—Goodwill and Other—Crypto Assets \(Subtopic 350-60\)—Accounting for and Disclosure of Crypto Assets](#)



Effective date

Fiscal years beginning after December 15, 2024, including interim periods within those years

Early adoption is permitted

Income Taxes (Topic 740): Improvements to Income Tax Disclosures



ASU 2023-09: Effective calendar year 2026, fiscal year 2027

ASU 2023-09 updates the tax disclosure requirements to provide stakeholders with more useful and transparent insights. While many not-for-profit organizations are exempt from income tax, those with taxable activities, such as unrelated business income (UBI), taxable subsidiaries, or the net investment income (endowment) tax, will be affected by certain provisions of this update.

For NFPs, ASU 2023-09 requires organizations to disclose the year-to-date amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign. Organizations are also required to further disaggregate the amount of income taxes paid (net of refunds received) to an individual jurisdiction equal to or greater than 5% of total income taxes paid (net of refunds).



Where can I learn more?

In depth: [FASB issues guidance on income tax disclosures](#)

Podcast: [New income tax disclosure requirements - getting ready](#)

[ASU 2023-09, Income Taxes \(Topic 740\)—Improvements to Income Tax Disclosures](#)



Effective date

Fiscal years beginning after December 15, 2025, including interim periods within those years

Early adoption is permitted

Appendix

Upcoming accounting standards relevant to NFPs

ASU No.	Standard name	Effective date	Early adoption?
Calendar year 2024, fiscal year 2025			
ASU 2020-04	<i>Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting</i>	Upon issuance through December 31, 2024, as amended by ASU 2022-06	Not applicable
ASU 2020-06	<i>Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging— Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity</i>	Fiscal years beginning after December 15, 2023 and interim periods within those fiscal years	Yes, but only as of the beginning of a fiscal year beginning after December 15, 2020
ASU 2021-08	<i>Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers</i>	Fiscal years beginning after December 15, 2023 and interim periods within those fiscal years (guidance needs to be applied to all business combinations that occurred in the year of adoption)	Yes
ASU 2022-01	<i>Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method</i>	Fiscal years beginning after December 15, 2023 and interim periods within those fiscal years	Yes, if ASU 2017-12 has been adopted for the corresponding period
ASU 2022-04	<i>Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations</i>	Amendment on rollforward information is effective for fiscal years beginning after December 15, 2023.	Yes
ASU 2022-06	Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848	Upon issuance (December 21, 2022) through December 31, 2024	Not applicable
ASU 2023-01	<i>Leases (Topic 842): Common Control Arrangements</i>	Fiscal years beginning after December 15, 2023 and interim periods within those fiscal years	Yes

ASU No.	Standard name	Effective date	Early adoption?
Calendar year 2025, fiscal year 2026			
ASU 2022-03	<i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i>	Fiscal years beginning after December 15, 2024 and interim periods within those fiscal years	Yes
ASU 2023-02	<i>Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method</i>	Fiscal years beginning after December 15, 2024 and interim periods within those fiscal years	Yes
ASU 2023-05	<i>Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement</i>	Effective prospectively for all joint venture formations with a formation date on or after January 1, 2025	Yes, in any interim or annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively
ASU 2023-08	<i>Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets</i>	Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years	Yes, for both interim and annual financial statements that have not yet been issued (or made available for issuance) If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period
Calendar year 2026, fiscal year 2027			
ASU 2023-09	<i>Income Taxes (Topic 740): Improvements to Income Tax Disclosures</i>	Annual periods beginning after December 15, 2025	Yes, in any annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively
ASU 2024-04	<i>Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments</i>	Fiscal years beginning after December 15, 2025, including interim periods within those fiscal years	Yes, if ASU 2020-06 has been adopted

PwC reference library

PwC's accounting podcast series

PwC's [accounting podcast series](#) includes a library of podcasts covering the most significant accounting and reporting trends. For all of our podcasts on today's most compelling accounting and financial reporting issues, subscribe to our podcast feed on your podcast platform of choice.

Accounting and reporting webcasts

Register for our [Quarterly accounting and reporting webcast](#) to earn CPE while staying up to date on accounting and reporting trends every quarter. Additionally, be sure to register for the [Health industries webcast](#) on June 12. The webcast will cover key topics in accounting and reporting within the health industries such as the new administration's actions on healthcare, a global healthcare update, and a comprehensive overview of accounting and regulatory developments affecting the sector.

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