

Changes to Cryptoassets

Does your Organization hold Cryptoassets? Be aware of some changes which will have an effect on your financial statement presentation.

Per an article from the Journal of Accountancy, the FASB tentatively decided in an Oct. 12 meeting to require an entity to:

-Measure cryptoassets at fair value, using the guidance in FASB ASC Topic 820, Fair Value Measurement.

-Recognize increases and decreases in fair value in comprehensive income each reporting period.

-Recognize certain costs incurred to acquire cryptoassets, such as commissions, as an expense (unless the entity follows specialized industry measurement guidance that requires otherwise).

Check out the full article here:

<https://www.journalofaccountancy.com/news/2022/oct/fasb-moves-toward-standard-fair-value-accounting-cryptoassets.html>

CPA Exam Changes

If you haven't heard yet, the current CPA exam structure is slated to be updated in 2024.

Under the new, proposed design, three of the current core sections will remain:

- Auditing,
- FAR,
- REG.

However, the individuals taking the exam will have an option to choose their fourth section, either:

- Business Analysis and Reporting,
- Information Systems & Controls, OR
- Tax Compliance & Planning.

The AICPA expects to start using revised CPA exam in January 2024.

When is a Roth conversion beneficial?

The Journal of Accountancy recently issued an article which detailed out items in which investors should consider before deciding on converting their traditional IRA account into a Roth IRA. Some of these considerations included:

- **Expected Future Tax Rates** – i.e. if you are a current high-income earner, this could be beneficial as you may have a lower rate in the future upon retirement
- **Tactical Roth Conversions**
- **Required Minimum Distributions** – not required under a Roth IRA presently
- **State of Residence in Retirement** – Need to consider state implications for each type of IRA
- **Qualified Charitable Distributions** – allowable up to \$100k upon reaching 70 ½ from a traditional IRA
- **Estate tax savings** – Treatment of estate tax under each IRA plan varies

For greater details on these considerations, check out the full article - <https://www.journalofaccountancy.com/news/2022/oct/when-roth-conversion-beneficial.html>

SAS 145 – What is it?

This new Statement on Auditing Standard (SAS) is designed to improve the identification and assessment of risks during the audit.

These updates are specifically noted in areas of understanding the system of internal controls in place, and the process for determining risks of material misstatements.

This SAS will go into effect for audits with periods ending on or after December 15, 2023.

New key terminology as a result of the SAS 145 updates includes:

- direct controls – those which effect risks on the assertion level
- indirect controls – those with support the direct controls

Check out this article for a brief summary of this new SAS - <https://www.journalofaccountancy.com/news/2021/oct/asb-sas-145-risk-assessment-auditing-standard.html>