

Learning Objectives

- Recognize accounting principles for real estate project costs (capitalization vs. expensed)
- Identify the revenue recognition requirements applied to sales of real estate.
- Recognizes key concepts in lease accounting applied to lessors (landlords) and lessees (tenants)

PART I: REAL ESTATE PROJECT COSTS

- Acquisition, Development, and Construction Costs
 - Preacquisition Costs
 - Property Taxes and Insurance
 - Amenities
 - Initial Rental Operations
- Costs Incurred to Rent
- Costs Incurred to Sell
 - Costs of Obtaining a Contract
 - Costs to Fulfill a Contract
- Allocation of Capitalized Costs

PART II: REAL ESTATE SALES

- Five-Step Revenue Recognition Model
- Real Estate Sales Q&As
- Partial Sales
- Repurchase Agreements
 - Forward or Call Option
 - Put Option
- Other Considerations
 - Combining Contracts
 - Modifying Contracts
 - Changes to the Transaction Price
- Comprehensive Illustrations: Assessing Whether a Performance Obligation Is Satisfied at a Point in Time or Over Time

PART III: PROPERTY RENTALS

- Lease Classification
- Accounting Model
 - Lessor (Landlord)
 - Lessee (Tenant)
- Other Considerations
 - Lease Commence Date
 - Lease Term and Purchase Options
 - Lease Payments
 - Initial Direct Costs
- Sale-Leaseback Transactions
- Comprehensive Illustrations: Activities or Costs That Are Not Components of a Contract