Foreign Currency Accounting & Translation (ASC 830) Cheat Sheet

Transactions vs. Translations, Current Rate Method vs. Temporal Method & CTA in OCI | US GAAP

1. FOREIGN CURRENCY TRANSACTIONS (IMPORT / EXPORT)

Step in Transaction	Exchange Rate Applied	Financial Statement Accounting Treatment
1. Transaction Date	**Spot Exchange Rate** on date transaction agreed.	Record purchase/sale and A/R or A/P at current USD equivalent value.
2. Balance Sheet Date	**Current Spot Rate** on fiscal year-end balance sheet date.	Adjust unsettled foreign currency A/R or A/P to spot rate. Recognize unrealized foreign exchange gain/loss in **Net Income**.
3. Settlement Date	**Spot Rate** on final cash payment or collection date.	Recognize realized foreign exchange gain/loss in **Net Income** for rate change since last balance sheet date.

2. TRANSLATION (CURRENT RATE) VS. REMEASUREMENT (TEMPORAL) METHOD

Method & Functional Currency	Balance Sheet & Income Statement Rates	Gain / Loss Placement
Translation: Current Rate Method (Functional Currency = Local Currency of Foreign Entity)	• **Assets & Liabilities:** Current Year-End Spot Rate • **Common Stock & APIC:** Historical Rates • **Revenues & Expenses:** Weighted Average Rate for year	**Cumulative Translation Adjustment (CTA)** reported in **OCI / Accumulated OCI (AOCI)** in Stockholders' Equity.
Remeasurement: Temporal Method (Functional Currency = USD or Highly Inflationary Economy)	• **Monetary Assets/Liabilities:** Current Spot Rate • **Non-Monetary (Inv, PP&E):** Historical Rates • **Depreciation/COGS:** Historical Rates of assets	Foreign currency remeasurement gain/loss recognized directly in **NET INCOME (Income Statement)**.