

January 2021

# Keeping you informed

## Fourth quarter accounting and financial reporting developments



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## Special message from Sydney Garmong, Partner, National Office



Dear readers,

Welcome to 2021. With all that 2020 brought, I hope this message finds you, your friends, your family, and your colleagues safe.

With 2020 in the rearview mirror, speculation on the financial reporting impact of the pandemic remains high. While perhaps we are beginning to have some clarity on the short-term and long-term impact of COVID-19, we still face uncertainty.

We hope you find this report useful, and we welcome any feedback.

See the Crowe [COVID-19 recovery and resilience](#) webpage for additional insights.

# Fourth quarter highlights

During the fourth quarter of the 2020 calendar year, the Financial Accounting Standards Board (FASB) issued new accounting standards on the following topics:

- Long-duration insurance contracts guidance effective date deferral
- Codification improvements
- Securities and Exchange Commission (SEC) registered debt offering disclosure requirements
- Accounting for certain purchased callable debt securities

The FASB also issued proposals addressing goodwill accounting, acquired revenue contracts with customers in a business combination, reference rate reform, modifications of freestanding equity-classified forwards and options, and targeted improvements to lease accounting. Additionally, as part of its post-implementation review, the FASB discussed monitoring, evaluation, and costs and benefits of the current expected credit loss (CECL) standard. The FASB also discussed goodwill amortization considerations at its Private Company Council (PCC) meeting.

The SEC participated in the annual American Institute of CPAs (AICPA) Conference on Current SEC and PCAOB Developments, reported on and held a roundtable discussing U.S. credit market interconnectedness and COVID-19 risks, adopted final rules on resource extraction disclosures, addressed key market infrastructure for securities market data, proposed changes to the compensatory securities offering framework, simplified management's discussion and analysis and other financial disclosures, provided guidance on Regulation S-K changes, amended the exempt offering framework, and updated its auditor independence rules.

The Public Company Accounting Oversight Board (PCAOB) reaffirmed its five-year strategic plan, posted a spotlight report on COVID-19, released resources on the new estimates and specialist requirements, issued an analysis on critical audit matters (CAMs), and provided insights into its inspections.

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The AICPA updated its digital practice aid and continued to update available resources and guidance on the coronavirus and the Paycheck Protection Program.

The Center for Audit Quality (CAQ) released an analysis report on CAMs, a report on perspectives on management review controls, and its auditor committee transparency barometer report.

In addition to these highlights from the quarter, we have included recent developments from the Governmental Accounting Standards Board (GASB).

Checklists for the effective dates of FASB Accounting Standards Updates (ASUs) and GASB statements are provided in the appendix.

# From the FASB

## Final standards

### **Long-duration insurance contracts effective date deferral**

In 2018, the FASB issued ASU 2018-12 and revised its accounting guidance for insurance companies that issue long-duration insurance contracts, including life insurance and annuity contracts. On Nov. 5, 2020, the FASB issued ASU 2020-11, “[Financial Services – Insurance \(Topic 944\): Effective Date and Early Application](#),” which deferred the effective date for all insurance entities applying ASU 2018-12.

#### Effective dates of ASU 2018-12 as amended by ASU 2020-11

For public business entities (PBEs) that meet the definition of an SEC filer and are not smaller reporting companies, ASU 2018-12 is effective for fiscal years beginning after Dec. 15, 2022, and interim periods within. For all other entities, the amendments are effective for fiscal years beginning after Dec. 15, 2024, and interim periods within fiscal years beginning after Dec. 15, 2025. Early adoption is permitted.

### **Various codification improvements**

On Oct. 29, 2020, the FASB issued ASU 2020-10, "[Codification Improvements](#)." This ASU amends various disclosure sections of the codification. Disclosure requirements or options to present information on the face of the financial statements or as a note to the financial statements originally were not included in the appropriate disclosure sections of the codification. The amendments improve the codification by having all disclosure-related guidance available in the disclosure sections of the codification. This ASU amends various other sections of the codification to clarify the codification or correct unintended application of guidance and are not expected to have a significant effect on the current accounting practice.

#### Effective dates

For PBEs, the amendments are effective for fiscal years beginning after Dec. 15, 2020, and interim periods within. For all other entities, the amendments are effective for fiscal years beginning after Dec. 15, 2021, and interim periods within fiscal years beginning after Dec. 15, 2022. Early adoption is permitted.

### **Amendments to SEC paragraphs**

In October 2020, the FASB issued ASU 2020-09, "[Debt \(Topic 470\): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762](#)." This ASU amends and supersedes various SEC paragraphs to reflect SEC Release No. 33-10762, which includes amendments to financial disclosure requirements applicable to registered debt offerings that include credit enhancements, such as subsidiary guarantees. The SEC rules make it easier for a registrant to qualify for an exception to the requirement to file separate audited financial statements of a subsidiary issuer or guarantor of registered debt securities.

#### Effective dates

The SEC rules are effective Jan. 4, 2021. Earlier compliance is permitted.

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## **Improvements in accounting for certain purchased callabl debt securities**

On Oct. 15, 2020, the FASB issued ASU 2020-08, "Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs." This ASU clarifies amendments in ASU 2017-08, which amended the amortization period for certain purchased callable debt securities held at a premium by shortening the period to the earliest call date. The amendments in this ASU clarify that an entity should reevaluate whether a callable debt security that has multiple call dates is within the scope of ASC paragraph 310-20-35-33 for each reporting period.

### Effective dates

For PBEs, the amendments are effective for fiscal years beginning after Dec. 15, 2020, and interim periods within. For all other entities, the amendments are effective for fiscal years beginning after Dec. 15, 2021, and interim periods within fiscal years beginning after Dec. 15, 2022. Early adoption is permitted, but no earlier than for fiscal years beginning after Dec. 15, 2020.

## **Proposals**

### **Goodwill triggering event accounting alternative**

On Dec. 21, 2020, the FASB issued a proposed ASU, "Intangibles – Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events," to reduce the cost and complexity of private companies evaluating triggering events and potentially measuring a goodwill impairment at an interim date. The proposed amendments would provide private companies and not-for-profit entities that report in-scope financial information on only an annual basis with an option to perform the identification and evaluation of a triggering event for goodwill impairment only as of their annual reporting date. An entity that elects the proposed alternative would not be required to monitor for goodwill impairment triggering events in interim periods. The proposed amendments would not be limited to entities that have elected the accounting alternative for amortizing goodwill. An entity that elects the accounting alternative for evaluating triggering events but has not elected the alternative for amortizing goodwill and performs its annual goodwill impairment test on a date other than its annual reporting date will have to evaluate only at its annual reporting date whether impairment between the annual goodwill impairment test date and the entity's annual reporting date has occurred.

- The proposed ASU would be effective prospectively for annual periods beginning after Dec. 15, 2019. Early application would be permitted.

Comments were due on Jan. 20, 2021.

### **Acquired revenue contracts with customers in a business combination**

On Dec. 15, 2020, the FASB issued a proposed ASU, "[Business Combinations \(Topic 805\): Accounting for Contract Assets and Contract Liabilities From Contracts With Customers](#)," to improve accounting for acquired revenue contracts with customers in a business combination. The proposal addresses questions raised in applying Topic 805 to a contract with a customer acquired in a business combination after the acquirer has adopted Topic 606, "Revenue From Contracts With Customers." The proposed amendments would require an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer would assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts (that is, recognizing and measuring acquired contract assets and contract liabilities similar to how they were recognized and measured in the acquiree's GAAP financial statements).

The proposed ASU does not yet include an effective date. Early application would be permitted.

Comments are due on March 15, 2021.

### **Reference rate reform scope adjustments**

On Oct. 29, 2020, the FASB issued a proposed ASU, "[Reference Rate Reform \(Topic 848\): Scope Refinement](#)," to address questions raised about whether the guidance in Topic 848 can be applied to contracts that do not reference a rate that is expected to be discontinued (as required by the scope of Topic 848) but that are affected by reference rate reform as a result of the discounting transition. Changes in the interest rate used in the derivatives market for margining, discounting, or contract price alignment are being implemented as part of the marketwide transition to new reference rates (commonly referred to as the "discounting transition"), and these changes have created particular accounting implications. The proposed amendments would refine the scope of Topic 848 such that contracts effected by the discounting transition would be eligible for certain optional expedients and exceptions in Topic 848.

The proposed ASU would be effective for all entities upon issuance.

Comments were due on Nov. 13, 2020.

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## **Issuer's accounting for certain modifications of freestanding equity-classified forwards and options**

On Oct. 26, 2020, the FASB issued a proposed ASU, "Earnings Per Share (Topic 260), Debt – Modifications and Extinguishments (Subtopic 470-50), Compensation – Stock Compensation (Topic 718), and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Forwards and Options (a Consensus of the Emerging Issues Task Force)," to clarify an issuer's accounting for modifications or exchanges of freestanding equity-classified forwards and options (including warrants) that remain equity classified after modification or exchange. The proposal provides a principles-based framework to determine whether an issuer would recognize the modification or exchange as an adjustment to equity or an expense.

The proposed ASU does not yet include an effective date. Early application would be permitted.

Comments were due on Dec. 28, 2020.

## **Targeted improvements to lease accounting**

On Oct. 20, 2020, the FASB issued a proposed ASU, "Leases (Topic 842): Targeted Improvements," to assist stakeholders with potential implementation issues of the new lease standard (ASU 2016-02).

The proposal would amend lease classification requirements for lessors. Under the proposal, lessors would classify and account for a lease with variable lease payments that do not depend on a reference index or rate as an operating lease. This is to address concerns raised regarding recognition of an immediate loss for a sales-type lease with variable payments that do not depend on a reference index or a rate. With such a lease classified as operating, the lessor would not recognize a lease receivable, would not derecognize the underlying asset, and, therefore, would not recognize a selling profit or loss.

The proposal would provide lessees with the option to make an entitywide accounting policy election to remeasure lease liabilities for changes in a reference index or a rate affecting future lease payments at the date that those changes take effect. This is to address some inconsistencies between generally accepted accounting principles and International Financial Reporting Standards (IFRS) given that IFRS requires a lessee to remeasure the lease liability in subsequent periods when a change to the lease payments resulting from a change in a reference index or a rate takes effect.

The proposal would exempt entities from applying modification accounting to the remaining lease components within a lease contract for transactions in which one or more lease components are terminated before the end of the lease term and that early termination does not economically affect the remaining lease components.

The proposed ASU does not yet include an effective date. Early application would be permitted.

Comments were due on Dec. 4, 2020.

## Post-implementation review

### **Monitoring and evaluation of CECL standard**

At its board meeting on Dec. 2, 2020, as part of its post-implementation review (PIR) process, the FASB discussed feedback received on the post-issuance date implementation monitoring and post-effective date evaluation of costs and benefits related to ASU 2016-13, [“Financial Instruments – Credit Losses \(Topic 326\): Measurement of Credit Losses on Financial Instruments.”](#) From the feedback, the board identified and discussed four issues for which it could consider making certain targeted improvements:

- Issue 1: Accounting for purchased assets that do not qualify as purchased financial assets with credit deterioration
- Issue 2: Accounting for troubled debt restructurings (TDRs) by creditors
- Issue 3: Amending the scope of financial assets included in ASU 2016-13
- Issue 4: Enhancing disclosures for ASU 2016-13

While no tentative decisions were made, the staff concluded that it will take these actions:

- Perform additional research and outreach on the accounting for non-purchased credit deteriorated financial assets and TDRs for consideration as part of future request activities.
- Continue to monitor feedback related to the scope of financial assets included in ASU 2016-13.
- Continue to monitor feedback on disclosures under ASU 2016-13.
- Perform additional general outreach with stakeholders and accumulate feedback for presentation to the board at future meetings.

A recording of the meeting will be available on the FASB site until March 2, 2021.

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### **Initial costs and benefits of CECL standard**

At its quarterly meeting on Sept. 24, 2020, the Financial Accounting Standards Advisory Council (FASAC) discussed post-implementation review of ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” with a focus on the initial costs and benefits of the standard.

This is the first in a series of discussions as part of the FASB’s PIR on the CECL standard and focused on trade receivables. Specifically, members noted that the adoption of the standard had an insignificant financial impact on the allowance for credit losses related to trade receivables. Given the minimal impact, FASAC members discussed whether the standard should be amended to either exclude trade receivables or provide an option to not apply the guidance to trade receivables. It was also noted that there might be a benefit for private companies applying the standard to trade receivables as it might provide more standardization in how entities calculate their trade receivables allowance for credit losses.

## **Private Company Council**

### **Goodwill amortization considerations**

At its Dec. 3, 2020, meeting, the FASB PCC discussed identifiable intangible assets and subsequent accounting for goodwill. At a previous meeting the board had requested that the staff consider adding amortization to the goodwill impairment model as well as changing the impairment model, accounting for identifiable intangible assets, and exploring disclosure, presentation, and transition matters. The PCC was asked to consider amortization period concerns that might arise if a new model was created that harmonizes GAAP for all types of entities including public entities, private entities, and not-for-profits. Questions included the following topics:

- Consideration of a default period other than 10 years for amortization
- Management’s ability to deviate from a default period and justification for that difference
- Cap or floor on an amortization period
- Transition challenges

# From the SEC

## AICPA Conference on Current SEC and PCAOB Developments

### **Focus of chief accountant**

The AICPA held its annual Conference on Current SEC and PCAOB Developments virtually from Washington, D.C., Dec. 7-9, 2020. Chief Accountant Sagar Teotia kicked off the SEC's participation, on Dec. 7, with a discussion of multiple topics, including the important role accountants and auditors play in protecting investors and investor confidence.

In his keynote speech Teotia addressed the focus of the SEC's Office of the Chief Accountant (OCA) on high-quality financial reporting during an unusual year. Teotia acknowledged that 2020 has been a challenging year considering the uncertainty from and impacts of the COVID-19 pandemic and that investors have benefited from high-quality financial information.

He said that the OCA has taken quick and proactive steps to address complex accounting, reporting, and other financial matters in response to the pandemic to continue to foster high-quality financial reporting. Teotia detailed actions taken including issuing public statements, providing staff views on complex issues, working directly and closely with the FASB and the PCAOB, addressing issues related to quality, and playing a key role in rulemaking efforts.

During the year, the OCA has consulted on and addressed topics including interpretation of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), accounting for loan participation agreements, application of the TDR guidance to certain loans affected by COVID-19, application of the asset impairment and leasing frameworks to similarly affected assets, issues related to capital-raising transactions, accounting standards implementation issues, and other complex issues.

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## Office of the chief accountant staff remarks

After the chief accountant outlined the SEC's priorities with respect to oversight of the FASB, various members of OCA staff delivered prepared speeches at the AICPA conference, and several of the speeches addressed the staff's involvement with consultations during the past year on new and existing accounting standards. Speakers and topics included:

- Kevin Cherrstrom, professional accounting fellow, remarked on consultations related to performance obligations under the revenue recognition standard and presentation of cash received from a vendor in the statement of cash flows, including gross versus net cash flows.
- Geoff Griffin, professional accounting fellow, remarked on principal versus agent guidance and accounting for right-of-use assets, including abandonment, under the leases standard.
- Jeffery Joseph, professional accounting fellow, remarked on implementation and post-implementation of the auditor's reporting model under PCAOB AS 3101 specifically related to CAMs, including discussion of boilerplate language versus audit-specific language.
- Sheena Lam, professional accounting fellow, remarked on monitoring group recommendations to strengthen the international audit and ethics standard-setting system and recent amendments to auditor independence rules.
- Jeffrey Nick, professional accounting fellow, remarked on equity method investments, determining significant influence, and consolidation under the voting interest entity model.
- Jillian Pearce, professional accounting fellow, remarked on discontinuation of the London Interbank Offered Rate (LIBOR), evaluating interest-rate reset features, and principal versus agent guidance under the revenue standard.
- Damon Romano, professional accounting fellow, remarked on determining the primary beneficiary in a variable interest entity and customer accounting for consideration received from a vendor or supplier.

### **Focus of the Division of Corporation Finance**

At the AICPA conference, SEC Division of Corporation Finance (Corp Fin) members, including Lindsay McCord, chief accountant; Patrick Gilmore, deputy chief accountant; and Craig Olinger, senior adviser to the chief accountant, provided an overview of recent activities at Corp Fin that affect accounting and reporting for the 2020 year-end filings. They discussed the following topics:

- Response to COVID-19 and previously issued releases on disclosure guidance with emphasis on:
  - Disclosures of how the company has responded to the pandemic and what management is doing to plan for future impacts
  - Cautioning against using boilerplate COVID-19 disclosures
  - Careful consideration of non-GAAP financial measures that include COVID-19 items
  - Non-GAAP measures and key performance indicators
- Current comment letter trends in the areas of revenue recognition and segments
- Special-purpose acquisition companies
- China-based issuers
- Personnel changes at Corp Fin
- Recent rulemakings

## **COVID-19 resources and guidance**

### **Coronavirus response**

The SEC is continuing to update its [COVID-19 response page](#), which describes how the SEC is addressing the impact of COVID-19 through maintaining SEC operations continuity; monitoring markets and engaging with market participants; providing guidance and targeted regulatory assistance and relief, enforcement, examinations, and investor education; and extending comment periods for certain pending actions and rules. The page includes links to all of the current resources and guidance available from the SEC.

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## **Report on U.S. credit market interconnectedness and COVID-19**

The SEC released, on Oct. 5, 2020, a [report](#) titled “U.S. Credit Markets: Interconnectedness and the Effects of the COVID-19 Economic Shock.” It examines the origination, distribution, and secondary market flow of credit across U.S. credit markets and addresses how credit market interconnections operated during the COVID-19 pandemic. The report also discusses certain credit market interdependencies and key stress points exposed by the COVID-19 shock. While the report is intended to inform policymakers seeking to improve our financial markets, it does not make policy recommendations.

Comments on the issues raised in the report may be submitted electronically to [Credit\\_Market\\_Interconnectedness@sec.gov](mailto:Credit_Market_Interconnectedness@sec.gov) and will be posted unchanged on the SEC’s website.

## **Roundtable on U.S credit markets interconnectedness and risk**

The SEC hosted, on Oct. 14, 2020, [Roundtable on Interconnectedness and Risk in U.S. Credit Markets](#) to discuss the issues raised in the report “U.S. Credit Markets: Interconnectedness and the Effects of the COVID-19 Economic Shock,” released on Oct. 5, 2020. The event was [livestreamed](#) and included a fireside chat with Chairman Jay Clayton and two panel discussions. The first panel discussion focused on market perspective and the impact of COVID-19 on the six credit markets covered in the report. The second panel discussion addressed the interconnectedness of the market from a regulatory perspective, including which areas of the markets performed well, which showed stress, and where vulnerabilities might still exist.

## **Rules and guidance**

### **Resource extraction issuers payment disclosures**

On Dec. 16, 2020, the SEC [adopted](#) final rules to require resource extraction issuers that are required to file reports under the *Securities Exchange Act of 1934* Section 13 or 15(d) to disclose payments made to the U.S. federal government or foreign governments for the commercial development of oil, natural gas, or minerals. The rules are designed to:

- Increase the transparency of payments to governments for the purpose of the commercial development of their oil, natural gas, and minerals
- Comply with the *Congressional Review Act*

The rules will require a domestic or foreign reporting issuer to disclose such payments made by the issuer or a subsidiary or entity controlled by the issuer, and they will require disclosure of company-specific, project-level payment information. The rules also define certain terms, provide conditional exemptions, and extend the deadline for providing the payment disclosures.

The final rules will be effective March 16, 2021.

### **Key market infrastructure for securities market data**

The SEC adopted, on Dec. 9, 2020, a final rule modernizing the infrastructure for market data collection, consolidation, and dissemination for exchange-listed national market system (NMS) stocks. The changes reflect an “update and significantly expand the content of NMS market data to better meet the diverse needs of investors in today’s equity markets.” The SEC has not extensively updated the rules addressing the content and dissemination of NMS market data since original implementation in the late 1970s. Under the rules, competitive forces are included in the national market system, which will increase the NMS market data and potentially benefit all market participants.

These rules are the latest initiative in the SEC’s efforts to modernize the national market system to better fit the needs of investors and other market participants.

The rule will be effective 60 days after publication in the Federal Register.

### **Proposal for board diversity**

On Dec. 4, 2020, Nasdaq filed with the SEC a proposal to adopt new listing rules related to board diversity and disclosure to address findings that a link exists between diverse boards and better financial performance and corporate governance. These proposed standards focus on clearer disclosures of a company’s board composition and increased information provided to investors that listed companies are considering diversity when selecting directors.

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Under the proposal, most Nasdaq listed companies would be required to have, or explain why they do not have, at least two directors with diverse backgrounds. In accordance with the proposal, boards should include at least one woman and one LGBTQ person or person who is an underrepresented minority. All listed companies also will be required to disclose consistent and clear diversity statistics regarding their board of directors.

If the proposal is approved by the SEC, Nasdaq would become the first major U.S. stock exchange to require boardroom diversity. Companies would have up to one year to disclose board diversity statistics, and the board composition diversity requirement would need to be met within five years, depending on the size of the company.

Nasdaq's proposed changes to exchange listing rules are subject to SEC review and a public comment period.

Comments were due Jan. 4, 2021.

### **Proposed changes to compensatory securities offering framework**

On Nov. 24, 2020, the SEC proposed amendments to Rule 701 of the *Securities Act of 1933* as well as to Form S-8, the *Securities Act* registration statement for compensatory offerings by reporting issuers. Rule 701 provides an exemption from registration for the issuance of compensatory securities by nonreporting issuers.

Additionally, the SEC proposed rules to permit, temporarily and subject to certain conditions, an issuer to provide equity compensation to certain workers who provide services available through the issuer's technology-based marketplace platform.

Significant changes in compensatory offerings and composition of the workforce have happened since the SEC last amended Rule 701 and Form S-8. The proposed amendments are designed to modernize the framework for compensatory securities offerings, allowing employees and other workers to receive equity compensation from their company while maintaining important investor protections.

Comments on the proposed rule are due Feb. 9, 2021.

### **MD&A and other financial disclosures**

The SEC, on Nov. 19, 2020, adopted amendments that will simplify and enhance certain financial disclosure requirements in Regulation S-K. The amendments are expected to eliminate duplicative disclosures and modernize and improve management's discussion and analysis (MD&A) for the benefit of investors while simplifying compliance efforts for registrants. Specifically, the requirement for selected financial data (item 301) has been eliminated, the requirement to disclose supplementary (quarterly) financial information (item 302) has been eliminated unless there has been a material retrospective change, and MD&A (item 303) requirements have been amended.

Changes to item 303 include clarifying disclosure requirements for liquidity and capital resources, streamlining disclosure requirement for results of operations, adding a new required item for critical accounting estimates that previously was part of staff interpretative guidance, replacing a separate requirement for off balance sheet arrangements with a requirement to discuss such obligations in a broader context, eliminating tabular disclosure of contractual obligations, and streamlining required information regarding interim periods.

The rule will be effective Feb. 10, 2021. Registrants are required to comply with the rule beginning with the first fiscal year ending on or after Aug. 9, 2021.

### **Transitional guidance on Regulation S-K Items 101, 103 and 105**

Corp Fin issued, on Nov. 5, 2020, ["Transitional FAQs Regarding Amended Regulation S-K Items 101, 103, and 105,"](#) addressing guidance on the disclosure requirements and related rules adopted in the ["Modernization of Regulation S-K Items 101, 103, and 105"](#) final rule (*Securities Act* Release No. 33-10825). The amendments to modernize the description of business (item 101), legal proceedings (item 103), and risk factor disclosures (item 105) are effective Nov. 9, 2020. Corp Fin's guidance answers three questions and provides views on transition to these new rules. Corp Fin also released, on Nov. 6, 2020, a [Small Entity Compliance Guide](#) that summarizes and explains the final rule requirements.

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## **Exempt offering framework**

On Nov. 2, 2020, the SEC amended its rules to address gaps and complexities in the exempt offering framework. The amendments are designed to promote capital formation and expand investment opportunities while preserving or improving investor protections as well as increasing access to capital for issuers.

In general, the amendments:

- Establish – in one broadly applicable rule – the ability of issuers to move from one exemption to another
- Expand the offering limits for Regulation A, Regulation Crowdfunding, and Rule 504 offerings, and adjust certain individual investment limits
- Provide specific rules governing certain offering communications, including permitting some “test-the-waters” and “demo day” activities
- Standardize certain disclosure and eligibility requirements and bad actor disqualification provisions

The final rules are effective March 15, 2021, except for certain rules and the amendments to the introductory paragraph in the “Optional Question and Answer Format for an Offering Statement” section of Form C, which are effective from Jan. 14, 2021, until March 1, 2023.

## **Auditor independence rules**

On Oct. 16, 2020, the SEC issued final amendments to codify certain staff consultations and update certain aspects of its auditor independence framework. To address the significant changes in the capital markets and those who participate in those markets, the amendments more effectively structure the independence rules and analysis so that relationships and services that would not pose threats to an auditor’s objectivity and impartiality do not trigger nonsubstantive rule breaches or potentially time-consuming audit committee review of nonsubstantive matters.

Among other changes, the amendments:

- Revise the definitions of “affiliate of the audit client” and “investment company complex” to address specific affiliate relationships, including entities under common control
- Shorten the lookback period for domestic first-time filers to assess compliance with independence standards by amending the definition of audit and professional engagement period
- Establish the concept of beneficial owners with significant influence to replace substantial stockholders in the business relationships rule
- Update the transition framework to address merger and acquisition transactions

The rule will be effective June 9, 2021.

### **Shareholder proposal rule**

The SEC, on Sept. 23, 2020, adopted amendments to the shareholder proposal rule included in *Exchange Act* Rule 14a-8. The amendments seek to balance the interests of shareholders who submit proposals with the costs a company and other shareholders bear when the proposals are included in the company’s proxy statement. The final rules apply to any proposal submitted for an annual or special meeting to be held on or after Jan. 1, 2022, and also provide for a transition period with respect to certain revised ownership thresholds for proposals submitted for an annual or special meeting to be held prior to Jan. 1, 2023.

### **Quotations for OTC securities**

The SEC adopted, on Sept. 16, 2020, amendments to *Exchange Act* Rule 15c2-11. The amendments enhance disclosure and investor protection in the over-the-counter (OTC) market by requiring that broker-dealers do not publish quotations for an issuer’s security when current issuer information is not publicly available, subject to certain exceptions.

The SEC says the amendments:

- Provide greater transparency to investors and other market participants by requiring that information about the issuer and its security be current and publicly available before a broker-dealer can begin quoting that security.
- Limit broker-dealers’ reliance on certain exceptions when issuer information is not available.

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- Provide exceptions to reduce unnecessary burdens on broker-dealers to quote certain OTC securities that may be less susceptible to fraud and manipulation.

The final rule was effective Dec. 28, 2020, but it has a general compliance date nine months after the effective date and a compliance date two years after the effective date for certain financial information requirements.

## Staffing updates

On Dec. 10, 2020, the SEC announced that Stephanie Avakian, Division of Enforcement director, will be leaving the SEC by the end of December 2020. Avakian has led the division as co-director and then director for the past four years. The announcement said that Avakian “maintained the Division’s focus on protecting investors, addressing misconduct and market threats in a timely and effective manner, and improving the efficiency and effectiveness of the more than 1400-person Division, which has resulted in thousands of high-quality cases.” Upon Avakian’s departure, Marc P. Berger, deputy director, will serve as acting director.

On Dec. 8, 2020, the SEC announced that Robert B. Stebbins, SEC general counsel, plans to leave the SEC in early January 2021 after serving as general counsel for more than three and a half years. During his time as general counsel, Stebbins led the Office of the General Counsel, which supports an extensive range of functions including providing advice on all rulemaking, guidance, and policy matters.

On Nov. 16, 2020, the SEC announced that Jay Clayton, SEC chairman, plans to leave the SEC and end his tenure as chairman at the end of 2020. In his more than three and a half years at the SEC, Clayton focused resources on advancing the interests of Main Street investors through initiatives that promoted economic growth, investment opportunity, market integrity, and investor protection. In addition, the SEC increased the ability of businesses to raise capital in public and private markets.

On Oct. 27, 2020, the SEC announced that William Hinman, director of Corp Fin, plans to leave the SEC later this year. Since joining Corp Fin in May 2017, Hinman has led and directed a number of significant initiatives including modernizing the offering process and enhancing investor protections, improving disclosures to investors while reducing unnecessary compliance cost, providing guidance on emerging issues, and modernizing and updating the proxy process. Upon Hinman’s departure, Shelley Parratt, current deputy director of Corp Fin, will serve as the division’s acting director.

# From the PCAOB

## Strategic plan

On Nov. 19, 2020, the PCAOB approved its fiscal year 2021 budget and reaffirmed its five-year strategic plan through 2024. The strategic plan guides the PCAOB's programs, operations, and budget.

The plan includes the following goals:

- “Drive improvement in the quality of audit services through a combination of prevention, detection, deterrence, and remediation.”
- “Anticipate and respond to the changing environment, including emerging technologies and related risks and opportunities.”
- “Enhance transparency and accessibility through proactive stakeholder engagement.”
- “Pursue operational excellence through efficient and effective use of our resources, information, and technology.”
- “Develop, empower, and reward our people to achieve our shared goals.”

## Board speeches

At the Dec. 7-9, 2020, AICPA Conference on Current SEC and PCAOB Developments, the PCAOB provided its perspectives in three separate sessions:

- The five members of the board engaged in a panel discussion. Topics included responses to COVID-19, improvements in audit quality, CAMs, proposed changes to auditor independence, quality control feedback, China inspections, tailoring of 2021 inspections, and the board's top focus areas for 2021.

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- Barbara Vanich, the PCAOB acting chief auditor, provided an update on PCAOB standard-setting activities including quality control systems, supervision of audits involving other auditors, audit evidence, and data and technology. Vanich also discussed COVID-19 audit resources, implementation reminders related to CAMs, and the new standards and amendments on estimates and specialists.
  - George Botic, director of the Division of Registration and Inspections, and Patrick Bryan, director of the Division of Enforcement and Investigations, each presented prepared remarks in a joint session. Botic and Bryan shared information on the PCAOB's recent inspection observations, registration issues, and enforcement actions. Topics included effects of COVID-19 on audits, trends observed, and PCAOB efforts to optimize program efficiency and effectiveness.

## COVID-19 spotlight

The PCAOB, on Dec. 2, 2020, [posted "Staff Observations and Reminders During the COVID-19 Pandemic."](#) This report offers lessons learned from recent PCAOB inspections of reviews of interim financial information and audits, and it provides important reminders for auditors to consider as they plan for and perform audits in the current pandemic environment. Reminders and key takeaways include insights into concerns over internal control over financial reporting, significant judgments and accounting estimates, and the need for consideration of COVID-19 disclosures and risks.

## Resource on new estimates and specialists requirements

On Nov. 12, 2020, the PCAOB released a new resource, ["Audit Committee Resource: New PCAOB Requirements Regarding Auditing Estimates and Use of Specialists,"](#) to help audit committees increase their understanding of the new requirements, which are effective for audits of financial statements for fiscal years ending on or after Dec. 15, 2020. This resource provides the basics of the new requirements, important takeaways for audit committees, and questions to consider asking auditors.

## Critical audit matter requirements

The PCAOB, on Oct. 29, 2020, issued an interim analysis report and two accompanying white papers related to the initial impact of CAM requirements.

The [interim analysis report](#) provides insights and the perspectives of the PCAOB on the initial impact of CAM requirements on the primary audit process stakeholders. Findings highlighted in the report include:

- Significant investments were made by audit firms to support initial implementation of CAM requirements.
- Investor awareness of CAMs communicated in the auditor's report continues to develop; however, some investors already find the CAMs information helpful.
- No evidence of significant unintended consequences from auditors' implementation of CAM requirements for audits of large accelerated filers in the initial year has been identified.

The PCAOB staff white paper titled "[Stakeholder Outreach on the Initial Implementation of CAM Requirements](#)" presents results from surveys of engagement partners and audit firms, structured interviews with audit committee chairs and financial statement preparers, an investor survey, and a public request for comment.

The PCAOB staff white paper titled "[Econometric Analysis on the Initial Implementation of CAM Requirements](#)" is based on analysis of data gathered from a number of sources, including the PCAOB's inspection program and third parties.

At the AICPA conference, the PCAOB recommended review of the publication "[The PCAOB's Use of Economic Analysis and Stakeholder Input in Standard Setting](#)," as it provides a useful discussion of stakeholder engagement in the adoption of CAM requirements.

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## Auditor independence

The PCAOB has proposed amendments to the PCAOB interim independence standards and PCAOB rules to align with the changes that the SEC recently has made to its auditor independence rules. The SEC published the proposed amendments for public comment, and comments were due Dec. 18, 2020.

## Inspection insights and observations

### Insights into 2021 inspections

At the AICPA conference, the PCAOB provided insights into the 2021 inspections, which will consider the impacts of the COVID-19 pandemic. The PCAOB plans to look closely at industries that have experienced the most significant disruption from the pandemic. Other areas that will be considered include:

- Remote work environments
- Time constraints
- Changes in controls as a result of the changing work environment
- Auditor risk assessments and procedures to consider COVID-19 impacts
- Availability of information including digital information
- Access to management
- Nontraditional focus areas

### 2019 inspection observations

The PCAOB issued, on Oct. 8, 2020, a publication, "Spotlight: Staff Update and Preview of 2019 Inspection Observations," that provides observations from the 2019 inspections of audits of issuers prior to issuance of the inspection reports, which audit committees might find useful when engaging with their auditors. The report highlights an update on PCAOB inspection transformation activities, observations on good practices, activities of the target team focusing on current audit risks and emerging topics, recurring audit deficiencies, the effect of technology, and audit committee communications. While recurring deficiencies are similar to those in prior years, one area identified for improvement is auditing accounting estimates, specifically related to allowance for loans losses.

# From the AICPA

## **Resource sites for coronavirus, Paycheck Protection Program**

The AICPA [coronavirus resource center](#) webpage is designed to help the accounting profession stay up to date on matters affected by COVID-19. The site offers information on:

- CARES Act news and resources
- COVID-19 resources addressing audit and assurance, accounting and reporting, technology, and tax, among other topics
- Advocacy and tax relief matters
- Virtual and other learning opportunities

In addition, the AICPA has a separate [Small Business Administration \(SBA\) Paycheck Protection Program resources](#) webpage, which brings together many different resources including loan forgiveness information and frequently asked questions. From this resources page, users can link to additional information on the newly released loan necessity questionnaires that were provided to lenders by the SBA for distribution to borrowers. The two new forms for borrowers with loans greater than \$2 million are SBA Form 3509, "[Loan Necessity Questionnaire \(For-Profit Borrowers\)](#)," and SBA Form 3510, "[Loan Necessity Questionnaire \(Non-Profit Borrowers\)](#)." According to each form, each borrower, including its affiliates, that received PPP loans with an original principal amount of \$2 million or greater is required to complete the form and submit it, with the required supporting documents, to the lender servicing the loan. The form is sent by the lender to the borrower. The borrower has 10 business days to submit the completed form to the lender. Both questionnaires are nine pages and cover borrower information, business or non-profit activity assessments, and liquidity assessments.

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## **Digital assets practice aid**

To address the quickly evolving ecosystem of digital assets, the AICPA released, on Oct. 8, 2020, an updated practice aid, [“Accounting for and Auditing of Digital Assets,”](#) adding 13 new questions and answers to the aid originally issued in December 2019.

The practice aid provides nonauthoritative guidance for financial statement preparers and auditors on accounting and auditing under GAAP and generally accepted auditing standards for digital assets, which are defined broadly as “digital records that are made using cryptography for verification and security purposes, on a distributed ledger.”

The new questions and answers address the following areas:

- Meeting the definition of an investment company when engaging in digital asset activities
- Accounting by an investment company for digital assets it holds as an investment
- Recognition, measurement, and presentation of digital assets specific to broker-dealers
- Considerations for crypto assets that require fair value measurement
- Accounting for stablecoin holdings

# From the CAQ

## **COVID-19 resources site**

The CAQ continues to update its [COVID-19 resources page](#), which brings together resources from various sources to provide management, audit committees, auditors, and investors information to help them understand the impact of the coronavirus on financial reporting and oversight responsibilities.

## **CAQ reports on CAMS analysis**

The CAQ released, on Dec. 3, 2020, a report, “[Critical Audit Matters: A Year in Review](#),” providing data and analysis on the first year of including CAMs in auditor reports. The CAQ report revealed that CAMs for S&P 100 companies focused on some of the most complex accounting issues that require a high degree of judgment by the auditor and that the four most common areas were income taxes, goodwill and intangibles, other contingent liabilities, and revenue. Additionally, the average number of CAMs included in the auditor reports for the S&P 100 companies was 1.98 CAMs per report.

## **CAQ releases perspectives on management review controls**

On Nov. 18, 2020, the CAQ and the Financial Education & Research Foundation of Financial Executives International released “[Perspectives on Management Review Controls: Challenges and Solutions](#)” for preparers, auditors, and regulators. It includes information on issues surrounding the design, execution, and documentation of management review controls. Insights are based on interviews with audit engagement teams and accounting personnel that are involved in management review controls that include a significant degree of subjective management judgment. The report provides key findings, identifies challenges, and offers suggested actions for preparers, auditors, and regulators.

## **CAQ releases annual audit committee transparency report**

On Oct. 13, 2020, the CAQ and Audit Analytics issued the “[2020 Audit Committee Transparency Barometer](#),” which tracks S&P 1500 proxy disclosures to evaluate transparency regarding audit committee oversight of the external auditor and other important financial reporting topics.

This edition reports positive trends in audit firm evaluation and supervision and in disclosures of risk oversight in cybersecurity, COVID-19, and discussion of CAMs. However, disclosures related to auditor compensation and explanations for changes in fees paid to the external auditor have remained stagnant and provide opportunity for improvement. The publication also provides disclosure examples.

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# From the GASB

## Proposals

### **Implementation guidance update**

On Nov. 17, 2020, the GASB issued an exposure draft, "[Implementation Guidance Update – 2021](#)," to clarify, explain, or elaborate on certain GASB pronouncements.

The exposure draft proposes 28 new questions and answers to address application of existing GASB standards covering various topics including the following:

- Accounting and financial reporting for derivative investments
- Fiduciary activities
- Leases
- Accounting and financial reporting for nonexchange transactions

In addition, the exposure draft proposes amendments to four previously issued questions and answers from Implementation Guides 2015-1 and 2019-1.

Comments are due to the GASB by Feb. 15, 2021.

## COVID-19 resources

### **GASB emergency toolbox**

The GASB continues to maintain a [toolbox](#) on its website to assist governments and other stakeholders in quickly identifying authoritative GASB guidance that could be relevant to the current circumstances related to COVID-19. In addition, the toolbox includes links to other professional organizations from which stakeholders might get nonauthoritative recommendations for financial reporting and other activities as governments deal with the pandemic's effects.

# Accounting Standards Updates (ASU) effective dates

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Checklist A – ASU effective dates  
for public business entities (PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Goodwill Impairment Testing (ASU 2017-04)</b></p> <p>Removes step two – the requirement to perform a hypothetical purchase price allocation when the carrying value of a reporting unit exceeds its fair value – of the goodwill impairment test.</p> <p><b>ASU 2019-10</b> – Deferral of effective dates.</p>	<p><b>For SEC filers, excluding smaller reporting companies, tests performed on or after Jan. 1, 2020</b></p> <p><b>For all other PBEs, including smaller reporting companies, tests performed on or after Jan. 1, 2023</b></p>	<p><b>Permitted for interim or annual goodwill impairment tests performed on testing dates on or after Jan. 1, 2017</b></p>
<p><b>Codification Updates to SEC Sections (ASU 2020-02)</b></p> <p>Modifies FASB codification to reflect previously issued SEC interpretations (SAB 119) on accounting for loan losses by registrants engaged in lending activities subject to Topic 326. Modifies FASB codification to include SEC staff announcement within Topic 842 that SEC staff would not object to a PBE that otherwise would not meet the definition of a PBE except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC from adopting Topic 842 for fiscal year Dec. 31, 2021, annual financial statement for calendar year-end entities in accordance with ASU 2019-10.</p>	<p><b>Upon issuance, January 2020</b></p>	<p><b>Not applicable</b></p>
<p><b>Codification Improvements to Financial Instruments (ASU 2020-03)</b></p> <p>Clarifies and improves various financial instruments topics including: applicability of portfolio exception in measuring fair value for nonfinancial items accounted for as derivatives; disclosure requirements in Topic 320 apply to disclosure requirements in Topic 942 for depository and lending institutions; adds cross-reference to line-of-credit or revolving-debt arrangements guidance to guidance in accounting for fees between debtor and creditor and third-party costs directly related to exchanges or modifications of debt instruments in Subtopic 470-50; and fair value measurement disclosure requirements do not apply to entities using the net asset value per share practical expedient.</p> <p>(Also contains clarification and improvements to ASU 2016-13, which is included as clarifying standard.)</p>	<p><b>March 31, 2020</b></p>	<p><b>Permitted</b></p>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Optional Guidance in Accounting for Impacts of Reference Rate Reform (ASU 2020-04)</b></p> <p>Provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The optional guidance does not apply to contract modifications made and hedging relationships entered into or evaluated after Dec. 31, 2022, except for hedging relationships existing as of Dec. 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship.</p>	<p><b>March 31, 2020</b></p>	<p><b>Not applicable</b></p>
<p><b>Credit Losses (ASU 2016-13)</b></p> <p>Replaces the incurred loss model with the current expected credit loss (CECL) model for financial assets, including trade receivables, debt securities, and loan receivables.</p> <p>Clarifying standards:</p> <p><b>ASU 2018-19</b> – Clarifies that impairment of operating lease receivables is in the scope of ASC Topic 842, “Leases,” and not the CECL model.</p> <p><b>ASU 2019-04</b> – Provides specific improvements and clarifications to the guidance in Topic 326. Addresses accrued interest, transfers between classifications or categories for loans and debt securities, recoveries, vintage disclosures, and contractual extensions and renewal options.</p> <p><b>ASU 2019-05</b> – Targeted transition relief provides an option to irrevocably elect the fair value option, on an instrument-by-instrument basis, for certain financial assets (excluding held-to-maturity debt securities) previously measured at amortized cost.</p> <p><b>ASU 2019-10</b> – Deferral of effective dates.</p> <p><b>ASU 2019-11</b> – Provides specific improvements and clarifications to the guidance in Topic 326. Addresses expected recoveries for purchased financial assets with credit deterioration, transition relief for troubled debt restructurings, disclosures related to accrued interest receivables, financial assets secured by collateral maintenance provisions, and conforming cross-references to Subtopic 805-20.</p> <p><b>ASU 2020-03</b> – Aligns contractual term to measure expected credit losses for a net investment in a lease to be consistent with the lease term determined under Topic 842. Clarifies that when an entity regains control of financial assets sold, an allowance for credit losses should be recorded.</p>	<p><b>For SEC filers, excluding smaller reporting companies, March 31, 2020</b></p> <p><b>For all other PBEs, including smaller reporting companies, March 31, 2023</b></p> <p><b>For ASU 2019-04, ASU 2019-05, ASU 2019-11, and ASU 2020-03, March 31, 2020, for entities that have adopted ASU 2016-13; otherwise effective dates the same as ASU 2016-13</b></p>	<p><b>Permitted as of the fiscal years beginning after Dec. 15, 2018, including interim periods within</b></p>

Checklist A – ASU effective dates  
for public business entities (PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Fair Value Measurement Disclosure (ASU 2018-13)</b></p> <p>Removes, modifies, or adds certain fair value measurement disclosures related to financial instrument transfers and Level 3 instruments, among others.</p>	March 31, 2020	Permitted
<p><b>Implementation Costs for Cloud Computing Arrangements (CCAs) (ASU 2018-15)</b></p> <p>Aligns accounting for implementation costs of CCAs with or without a license (that is, regardless of whether the CCA is a service contract) by capitalizing implementation costs during the application development stage and amortizing the costs over the term of the arrangement.</p>	March 31, 2020	Permitted, including in an interim period
<p><b>Variable Interest Entity (VIE) Model – Targeted Improvements for Related Parties (ASU 2018-17)</b></p> <p>Revises the analysis for determining whether a decision-making fee paid by a VIE is a variable interest such that indirect interests in a VIE held through related parties in common control arrangements would be considered on a proportional basis (instead of as the equivalent to a direct interest).</p>	March 31, 2020	Permitted, including in an interim period
<p><b>Collaborative Arrangements (Topic 808) (ASU 2018-18)</b></p> <p>Requires that Topic 606 be applied to collaborative arrangements when the arrangement participant is a customer and aligns the unit-of-account guidance in Topic 808 with Topic 606. Revenue in the scope of Topic 606 should be presented separately from revenue outside its scope.</p>	March 31, 2020	Permitted, including in an interim period
<p><b>Certain Costs in Media and Entertainment Industry (ASU 2019-02)</b></p> <p>Applies to broadcasters and entities that produce and distribute films and episodic television series. Aligns the accounting of episodic television series with films, and provides more relevant financial reporting information to users of financial statements.</p>	March 31, 2019	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Improvements to Recognition and Measurement of Financial Instruments and Accounting for Hedging Activities (ASU 2019-04)</b></p> <p>Contains various improvements to ASU 2016-01, including scope, fair value measurement alternative, held-to-maturity debt securities fair value disclosures, and remeasurement of equity securities at historical exchange rates.</p> <p>Provides specific improvements and clarifications to ASU 2017-12. Among other areas, addresses partial-term fair value hedges of interest-rate risk, amortization and disclosure of fair value hedge basis adjustments, and consideration of hedged contractually specified interest rate under the hypothetical derivative method.</p> <p>(Also contains clarification and improvements to ASU 2016-13, which is included as a clarifying standard.)</p>	<p><b>March 31, 2020</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Share-Based Consideration Payable to a Customer (ASU 2019-08)</b></p> <p>Requires that an entity apply the guidance in Topic 718 to measure and classify share-based payment awards granted to a customer. The amount recorded as a reduction in the transaction price, and therefore revenue, should be based on the grant-date fair value of the share-based payment award.</p>	<p><b>March 31, 2020</b></p>	<p><b>Permitted, including in an interim period, but no earlier than the adoption of ASU 2018-17</b></p>
<p><b>Defined Benefit Plan Disclosure for Sponsors (ASU 2018-14)</b></p> <p>Removes and clarifies certain disclosures for sponsors of defined benefit plans. Adds disclosure for weighted-average interest credit rates for certain plans, and the reasons for significant gains and losses in the benefit obligation.</p>	<p><b>Dec. 31, 2020</b></p>	<p><b>Permitted</b></p>
<p><b>Updating the Definition of Collections (ASU 2019-03)</b></p> <p>Improves the definition of collections. Requires additional disclosure. Although the ASU primarily affects not-for-profits, it applies to all entities that maintain collections.</p>	<p><b>Dec. 31, 2020</b></p>	<p><b>Permitted including in an interim period</b></p>

Checklist A – ASU effective dates  
for public business entities (PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Amendments to Various SEC Paragraphs (ASU 2020-09)</b></p> <p>Amends and supersedes various SEC paragraphs to reflect SEC Release No. 33-10762, which includes amendments to financial disclosure requirements applicable to registered debt offerings that include credit enhancements, such as subsidiary guarantees. SEC rules make it easier for a registrant to qualify for an exception to the requirement to file separate audited financial statements of a subsidiary issuer or guarantor of registered debt securities.</p>	<p><b>SEC rules are effective Jan. 4, 2021</b></p>	<p><b>Permitted</b></p>
<p><b>Simplifying Accounting for Income Taxes (ASU 2019-12)</b></p> <p>Simplifies the accounting for income taxes by removing certain exceptions in Topic 740. Improves consistent application of other areas of guidance within Topic 740 by clarifying and amending existing guidance.</p>	<p><b>March 31, 2021</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Interaction Between Accounting for Equity Securities, Equity Method Investments, and Certain Derivative Instruments (ASU 2020-01)</b></p> <p>Clarifies the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contract and purchased options accounted for under Topic 815.</p>	<p><b>March 31, 2021</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Accounting for Purchased Callable Debt Securities (ASU 2020-08)</b></p> <p>Clarifies amendments in ASU 2017-08, which amended the amortization period for certain purchased callable debt securities held at a premium by shortening the period to the earliest call date. The amendments require an entity to reevaluate whether a callable debt security that has multiple call dates is within the scope of paragraph 310-20-35-33 for each reporting period.</p>	<p><b>March 31, 2021</b></p>	<p><b>Not permitted</b></p>
<p><b>Various Codification Improvements (ASU 2020-10)</b></p> <p>Amendments improve codification by having all disclosure-related guidance available in the disclosure sections of the codification. Prior to this ASU, various disclosure requirements or options to present information on the face of the financial statements or as a note to the financial statements were not included in the appropriate disclosure sections of the codification. Contains various other minor amendments to codification that are not expected to have a significant effect on current accounting practice.</p>	<p><b>March 31, 2021</b></p>	<p><b>Permitted, including in an interim period</b></p>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)</b></p> <p>Clarifies the accounting for certain financial instruments with characteristics of liabilities and equity. The amendments reduce number of accounting models for convertible debt instruments and convertible preferred stock. The cash conversion and beneficial conversion feature models were removed. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract. Improves disclosure requirements for convertible instruments and earnings-per-share guidance. Revises derivatives scope exception guidance to reduce form-over-substance-based accounting conclusions driven by remote contingent events.</p>	<p><b>For SEC filers, excluding smaller reporting companies, March 31, 2022</b></p> <p><b>For all other PBEs, including smaller reporting companies, March 31, 2024</b></p>	<p><b>Permitted as of the fiscal years beginning after Dec. 15, 2020. An entity must adopt the guidance as of the beginning of the fiscal year and not in a subsequent interim.</b></p>
<p><b>Long-Duration Insurance Contracts (ASU 2018-12)</b></p> <p>Revises the accounting for life insurance and annuity contracts by eliminating the method of locking in liability assumptions and the premium deficiency test for traditional and limited-payment contracts, among other methodology changes. Requires additional disclosure.</p> <p>Clarifying standards:</p> <p><b>ASU 2019-09</b> – Deferral of effective dates.  <b>ASU 2020-11</b> – Deferral of effective dates.</p>	<p><b>For SEC filers, excluding smaller reporting companies, March 31, 2023</b></p> <p><b>For all other PBEs, including smaller reporting companies, Dec. 31, 2025</b></p>	<p><b>Permitted</b></p>

# Checklist B

## ASU effective dates for nonpublic business entities (non-PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Revenue Recognition (ASU 2014-09)</b></p> <p>For all entities, the transaction- and industry-specific recognition methods are eliminated and revenue is recognized by applying a defined principles-based approach.</p> <p>Clarifying standards:</p> <p><b>ASU 2015-14</b> – Deferral of Effective Date</p> <p><b>ASU 2016-08</b> – Principal Versus Agent Considerations (Gross Versus Net Reporting)</p> <p><b>ASU 2016-10</b> – Identifying Performance Obligations and Licensing</p> <p><b>ASU 2016-11</b> – Rescission of SEC Staff Observer Comments (Staff Announcements at March 3, 2016, EITF Meeting)</p> <p><b>ASU 2016-12</b> – Narrow-Scope Improvements and Practical Expedients</p> <p><b>ASU 2016-20</b> – Technical Corrections and Improvements</p> <p><b>ASU 2017-14</b> – Rescission of SEC Staff Accounting Bulletin (SAB) Topic 13, “Revenue Recognition”</p>	<p><b>Dec. 31, 2019<sup>1</sup></b></p>	<p><b>Permitted only as of annual periods beginning after Dec. 15, 2016, including interim periods within</b></p>
<p><b>Codification Improvements (ASU 2018-09)</b></p> <p>Contains 30 improvements in all, including income taxes for certain quasi reorganizations, fair value option debt extinguishments, financial instruments, excess tax benefits, tax allocation methods, offsetting derivative assets and liabilities, transfer restrictions for fair value measurement, balance sheet offsetting for broker-dealers, and valuation for a stable value common collective trust fund.</p>	<p><b>Varies by issue (see pages 8 and 9 of the ASU)</b></p> <p><b>Upon issuance, July 16, 2018</b></p> <p><b>Dec. 31, 2019</b></p> <p><b>Dec. 31, 2020</b></p>	<p><b>Permitted, including in an interim period</b></p>

<sup>1</sup> ASU 2020-05 defers, for one year, the required effective date for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) as of June 3, 2020. Those entities may elect to adopt the guidance for annual reporting periods beginning after Dec. 15, 2019, and for interim reporting periods within annual reporting periods beginning after Dec. 15, 2020

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Codification Improvements to Financial Instruments (ASU 2020-03)</b></p> <p>Clarifies and improves various financial instruments topics including: all entities (not just PBEs) are required to provide fair value option disclosures; applicability of portfolio exception in measuring fair value for nonfinancial items accounted for as derivatives; disclosure requirements in Topic 320 apply to disclosure requirements in Topic 942 for depository and lending institutions; adds cross-reference to line-of-credit or revolving-debt arrangements guidance to guidance in accounting for fees between debtor and creditor and third-party costs directly related to exchanges or modifications of debt instruments in Subtopic 470-50; and fair value measurement disclosure requirements do not apply to entities using the net asset value per share practical expedient.</p> <p>(Also contains clarification and improvements to ASU 2016-13, which is included as clarifying standard.)</p>	<p><b>March 31, 2020 (regarding alignment of disclosure requirements for depository and lending institutions)</b></p> <p><b>Dec. 31, 2020 (other improvements)</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Optional Guidance in Accounting for Impacts of Reference Rate Reform (ASU 2020-04)</b></p> <p>Provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The optional guidance does not apply to contract modifications made and hedging relationships entered into or evaluated after Dec. 31, 2022, except for hedging relationships existing as of Dec. 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship.</p>	<p><b>March 31, 2020</b></p>	<p><b>Not applicable</b></p>
<p><b>Improvements to Recognition and Measurement of Financial Instruments (ASU 2019-04)</b></p> <p>Contains various improvements to ASU 2016-01, including scope, fair value measurement alternative, held-to-maturity debt securities fair value disclosures, and remeasurement of equity securities at historical exchange rates. (Also contains clarification and improvements to ASU 2016-13 and ASU 2017-12, which are included as clarifying standards.)</p>	<p><b>Dec. 31, 2020</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Contributions Received and Made for Not-for-Profit Entities (ASU 2018-08)</b></p> <p>Improves the guidance on contributions and exchange transactions. Although the ASU primarily affects not-for-profit entities, it applies to all entities, including business entities, that receive or make contributions of cash and other assets.</p>	<p><b>For contributions received, Dec. 31, 2019</b></p> <p><b>For contributions made, Dec. 31, 2020</b></p>	<p><b>Permitted</b></p>
<p><b>Share-Based Consideration Payable to a Customer (ASU 2019-08)</b></p> <p>Requires that an entity apply the guidance in Topic 718 to measure and classify share-based payment awards granted to a customer. The amount recorded as a reduction in the transaction price, and therefore revenue, should be based on the grant-date fair value of the share-based payment award.</p>	<p><b>March 31, 2020 (if ASU 2018-17 has been adopted)</b></p> <p><b>Dec. 31, 2020 (if ASU 2018-17 has not been adopted)</b></p>	<p><b>Permitted, including in an interim period, but no earlier than the adoption of ASU 2018-17</b></p>

Checklist B – ASU effective dates for nonpublic business entities (non-PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Premium Amortization on Purchased Callable Debt (ASU 2017-08)</b> Shortens the amortization period for premiums on purchased callable debt securities to the earliest call date, instead of to the maturity date.</p> <p>Clarifying standards: <b>ASU 2020-08</b> – Clarifies that an entity should reevaluate whether a callable debt security that has multiple call dates is within the scope of paragraph 310-20-35-33 for each reporting period.</p>	<p><b>Dec. 31, 2020</b></p> <p><b>For ASU 2020-08, Dec. 31, 2021</b></p>	<p><b>Permitted, including in an interim period</b></p> <p><b>For ASU 2020-08, permitted only as of annual periods beginning after Dec. 15, 2020, including interim periods within</b></p>
<p><b>Financial Instruments With Down-Round Features (Part I) and Scope Exception for Certain Mandatorily Redeemable Financial Instruments (Part II) (ASU 2017-11)</b></p> <p><b>Part I</b> – Simplifies the accounting for certain financial instruments with down-round features by eliminating the requirement to consider the down-round feature in the liability or equity classification determination. For entities that present earnings per share (EPS), requires the effect of the down-round feature in a warrant or other freestanding equity-classified instrument to be presented as a dividend and an adjustment to EPS when it is triggered. Regardless of whether the entity presents EPS, requires the effect of the down-round feature in a convertible instrument such as debt or preferred stock to follow existing guidance for contingent beneficial conversion features and be presented as a discount to the convertible instrument with an offsetting credit to paid-in capital when it is triggered.</p> <p><b>Part II</b> – Changes the indefinite deferral available to private companies with mandatorily redeemable financial instruments and certain noncontrolling interests to a scope exception, which does not have an accounting effect.</p>	<p><b>Dec. 31, 2020</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Additional Benchmark Interest Rate for Hedging (ASU 2018-16)</b></p> <p>Expands the number of benchmark interest rates that can be used in accounting hedge designations to include the Overnight Index Swap (OIS) rate based on the Secured Overnight Financing Rate (SOFR) and stems from concerns about the sustainability of the London Interbank Offered Rate (LIBOR).</p>	<p><b>Dec. 31, 2020 (consistent with ASU 2017-12)</b></p> <p><b>March 31, 2020, if ASU 2017-12 was early adopted</b></p>	<p><b>Permitted, including in an interim period, if ASU 2017-12 was early adopted</b></p>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Nonemployee Stock Compensation Simplifications (ASU 2018-07)</b></p> <p>Aligns the accounting guidance for nonemployee stock payments with the guidance for employee stock compensation in ASC Topic 718.</p>	Dec. 31, 2020	Permitted, including in an interim period, but no earlier than the adoption of Topic 606
<p><b>Fair Value Measurement Disclosure (ASU 2018-13)</b></p> <p>Removes, modifies, or adds certain fair value measurement disclosures related to financial instrument transfers and Level 3 instruments, among others.</p>	Dec. 31, 2020	Permitted
<p><b>Updating the Definition of Collections (ASU 2019-03)</b></p> <p>Improves the definition of collections. Requires additional disclosure. Although the ASU primarily affects not-for-profits, it applies to all entities that maintain collections.</p>	Dec. 31, 2020	Permitted, including in an interim period
<p><b>Hedging Activities (ASU 2017-12)</b></p> <p>Expands the nonfinancial and financial risk components that can qualify for hedge accounting and simplifies financial reporting for hedging activities.</p> <p>Clarifying standards:</p> <p><b>ASU 2019-04</b> – Provides specific improvements and clarifications to the guidance in Topic 815. Among other areas, addresses partial-term fair value hedges of interest-rate risk, amortization and disclosure of fair value hedge basis adjustments, and consideration of hedged contractually specified interest rate under the hypothetical derivative method.</p> <p><b>ASU 2019-10</b> – Deferral of effective dates.</p>	Dec. 31, 2021	Permitted, including in an interim period
<p><b>Certain Costs in Media and Entertainment Industry (ASU 2019-02)</b></p> <p>Applies to broadcasters and entities that produce and distribute films and episodic television series. Aligns the accounting of episodic television series with films, and provides more relevant financial reporting information to users of financial statements.</p>	Dec. 31, 2021	Permitted, including in an interim period

Checklist B – ASU effective dates for nonpublic business entities (non-PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Defined Benefit Plan Disclosure for Sponsors (ASU 2018-14)</b></p> <p>Removes and clarifies certain disclosures for sponsors of defined benefit plans. Adds disclosure for weighted-average interest credit rates for certain plans, and the reasons for significant gains and losses in the benefit obligation.</p>	Dec. 31, 2021	Permitted
<p><b>Implementation Costs for Cloud Computing Arrangements (CCAs) (ASU 2018-15)</b></p> <p>Aligns accounting for implementation costs of CCAs with or without a license (that is, regardless of whether the CCA is a service contract) by capitalizing implementation costs during the application development stage and amortizing the costs over the term of the arrangement.</p>	Dec. 31, 2021	Permitted, including in an interim period
<p><b>Variable Interest Entity (VIE) Model – Targeted Improvements for Related Parties (ASU 2018-17)</b></p> <p>Provides a private company accounting alternative not to apply VIE consolidation guidance to any arrangement with legal entities that are under common control if neither the parent nor the legal entity is a PBE (thus expanding the alternative for common control leasing arrangements to all common control arrangements). Also, revises the analysis for determining whether a decision-making fee paid by a VIE is a variable interest such that indirect interests in a VIE held through related parties in common control arrangements would be considered on a proportional basis (instead of as the equivalent to a direct interest).</p>	Dec. 31, 2021	Permitted, including in an interim period
<p><b>Collaborative Arrangements (Topic 808) (ASU 2018-18)</b></p> <p>Requires that Topic 606 be applied to collaborative arrangements when the arrangement participant is a customer and aligns the unit-of-account guidance in Topic 808 with Topic 606. Revenue in the scope of Topic 606 should be presented separately from revenue outside its scope.</p>	Dec. 31, 2021	Permitted, including in an interim period
<p><b>Simplifying Accounting for Income Taxes (ASU 2019-12)</b></p> <p>Simplifies the accounting for income taxes by removing certain exceptions in Topic 740. Improves consistent application of other areas of guidance within Topic 740 by clarifying and amending existing guidance.</p>	Dec. 31, 2022	Permitted, including in an interim period
<p><b>Interaction Between Accounting for Equity Securities, Equity Method Investments, and Certain Derivative Instruments (ASU 2020-01)</b></p> <p>Clarifies the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contract and purchased options accounted for under Topic 815.</p>	Dec. 31, 2022	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Leases (ASU 2016-02)</b></p> <p>Revises recognition and measurement for lease contracts by lessors and lessees; operating leases are recorded on the balance sheet for lessees. Replaces Topic 840 with Topic 842.</p> <p>Clarifying standards:</p> <p><b>ASU 2018-01</b> – Provides a practical expedient in transition to not evaluate existing or expired land easements under Topic 842 that were not previously accounted for as leases under Topic 840.</p> <p><b>ASU 2018-10</b> – Provides 16 improvements and clarifications to the guidance in Topic 842.</p> <p><b>ASU 2018-11</b> – Provides an optional transition method for adopting Topic 842 that will eliminate comparative period reporting under the new guidance in the adoption year. Provides a practical expedient for lessors to not separate nonlease components from the associated lease component in specified circumstances.</p> <p><b>ASU 2018-20</b> – Provides improvements specific to lessors for evaluating sales taxes, recording reimbursed costs, and allocating variable payments to lease and nonlease components.</p> <p><b>ASU 2019-01</b> – Provides improvements in determining fair value of underlying assets by lessors that are not manufacturers or dealers, presentation of the statement of cash flows for sales-type and direct financing leases, and transition disclosures.</p> <p><b>ASU 2019-10</b> – Deferral of effective dates</p> <p><b>ASU 2020-05</b> – Deferral of effective dates.</p>	<p><b>Dec. 31, 2021</b></p>	<p><b>Permitted</b></p>
<p><b>Contributed Nonfinancial Assets of Not-for-Profit Entities (ASU 2020-07)</b></p> <p>Improves financial reporting for not-for-profit entities by providing specific presentation and disclosure requirements for contributed nonfinancial assets other than contributed services.</p>	<p><b>Dec. 31, 2022</b></p>	<p><b>Permitted for interim or annual goodwill impairment tests performed on testing dates on or after Jan. 1, 2017</b></p>
<p><b>Various Codification Improvements (ASU 2020-10)</b></p> <p>Amendments improve codification by having all disclosure-related guidance available in the disclosure sections of the codification. Prior to this ASU, various disclosure requirements or options to present information on the face of the financial statements or as a note to the financial statements were not included in the appropriate disclosure sections of the codification. Contains various other minor amendments to codification that are not expected to have a significant effect on current accounting practice.</p>	<p><b>Dec. 31, 2022</b></p>	<p><b>Permitted</b></p>

Checklist B – ASU effective dates for nonpublic business entities (non-PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Goodwill Impairment Testing (ASU 2017-04)</b></p> <p>Removes step two – the requirement to perform a hypothetical purchase price allocation when the carrying value of a reporting unit exceeds its fair value – of the goodwill impairment test.</p> <p>Clarifying standards:</p> <p><b>ASU 2019-10</b> – Deferral of effective dates.</p>	<p><b>Tests performed on or after Jan. 1, 2023</b></p>	<p><b>Permitted for interim or annual goodwill impairment tests performed on testing dates on or after Jan. 1, 2017</b></p>
<p><b>Credit Losses (ASU 2016-13)</b></p> <p>Replaces the incurred loss model with the CECL model for financial assets, including trade receivables, debt securities, and loan receivables.</p> <p>Clarifying standards:</p> <p><b>ASU 2018-19</b> – Clarifies the effective date for non-PBEs and that impairment of operating lease receivables is in the scope of ASC Topic 842, “Leases,” and not the CECL model.</p> <p><b>ASU 2019-04</b> – Provides specific improvements and clarifications to the guidance in Topic 326. Addresses accrued interest, transfers between classifications or categories for loans and debt securities, recoveries, vintage disclosures, and contractual extensions and renewal options.</p> <p><b>ASU 2019-05</b> – Targeted transition relief provides an option to irrevocably elect the fair value option, on an instrument-by-instrument basis, for certain financial assets (excluding held-to-maturity debt securities) previously measured at amortized cost.</p> <p><b>ASU 2019-10</b> – Deferral of effective dates.</p> <p><b>ASU 2019-11</b> – Provides specific improvements and clarifications to the guidance in Topic 326. Addresses expected recoveries for purchased financial assets with credit deterioration, transition relief for troubled debt restructurings, disclosures related to accrued interest receivables, financial assets secured by collateral maintenance provisions, and conforming cross-references to Subtopic 805-20.</p> <p><b>ASU 2020-03</b> – Aligns contractual term to measure expected credit losses for a net investment in a lease to be consistent with the lease term determined under Topic 842. Clarifies that when an entity regains control of financial assets sold, an allowance for credit losses should be recorded.</p>	<p><b>Dec. 31, 2023</b></p> <p><b>For ASU 2019-04, ASU 2019-05, ASU 2019-11, and ASU 2020-03, March 31, 2020, for entities that have adopted ASU 2016-13; otherwise, effective dates the same as ASU 2016-13</b></p>	<p><b>Permitted as of the fiscal years beginning after Dec. 15, 2018, including interim periods within</b></p>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)</b></p> <p>Clarifies the accounting for certain financial instruments with characteristics of liabilities and equity. The amendments reduce number of accounting models for convertible debt instruments and convertible preferred stock. The cash conversion and beneficial conversion feature models were removed. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract. Improves disclosure requirements for convertible instruments and earnings-per-share guidance. Revises derivatives scope exception guidance to reduce form-over-substance-based accounting conclusions driven by remote contingent events.</p>	<p><b>March 31, 2024</b></p>	<p><b>Permitted as of the fiscal years beginning after Dec. 15, 2020, including interim periods within</b></p>
<p><b>Long-Duration Insurance Contracts (ASU 2018-12)</b></p> <p>Revises the accounting for life insurance and annuity contracts by eliminating the method of locking in liability assumptions and the premium deficiency test for traditional and limited-payment contracts, among other methodology changes. Requires additional disclosure.</p> <p>Clarifying standards:</p> <p><b>ASU 2019-09</b> – Deferral of effective dates.</p> <p><b>ASU 2020-11</b> – Deferral of effective dates.</p>	<p><b>Dec. 31, 2025</b></p>	<p><b>Permitted</b></p>

# Governmental Accounting Standards Board (GASB) statement effective dates

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**Checklist C – Effective dates for all GASB statements .....C-1**

# Checklist C

## Effective dates for all GASB statements

GASB statement	Effective dates – reporting periods beginning after	Early adoption
<p><b>Postponement of the Effective Dates of Certain Authoritative Guidance (GASB Statement 95)</b></p> <p>Postpones the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.</p>	<p>Upon issuance, May 8, 2020</p>	<p>Not applicable</p>
<p><b>Certain Asset Retirement Obligations (GASB Statement 83)</b></p> <p>Applies when a government has legal obligations to perform future asset retirement activities related to its tangible capital assets. Under this statement, the government is required to recognize a liability and a corresponding deferred outflow of resources related to such obligations. This guidance also identifies the circumstances that trigger recognition of these transactions.</p>	<p>June 15, 2019</p>	<p>Permitted</p>
<p><b>Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements (GASB Statement 88)</b></p> <p>Clarifies which liabilities governments should include in their note disclosures related to debt and requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt.</p>	<p>June 15, 2019</p>	<p>Permitted</p>
<p><b>Fiduciary Activities (GASB Statement 84)</b></p> <p>Improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities.</p> <p>Establishes criteria for identifying fiduciary activities of all state and local governments focused on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.</p>	<p>Dec. 15, 2019</p>	<p>Permitted</p>
<p><b>Majority Equity Interests (GASB Statement 90)</b></p> <p>Revises and clarifies the guidance for reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.</p>	<p>Dec. 15, 2019</p>	<p>Permitted</p>

Checklist C – Effective dates  
for all GASB statements

GASB statement	Effective dates – reporting periods beginning after	Early adoption
<p><b>Replacement of Interbank Offered Rates (GASB Statement 93)</b></p> <p>Addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notably the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments tied to LIBOR.</p>	<p><b>June 15, 2020, except: Paragraph 11b, periods ending after Dec. 15, 2021 Paragraphs 13 &amp; 14, June 15, 2021</b></p>	<p><b>Permitted</b></p>
<p><b>Accounting for Interest Cost Incurred Before the End of a Construction Period (GASB Statement 89)</b></p> <p>Supersedes guidance set forth in Statement 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” which generally required capitalization of interest cost incurred before the end of a construction period. Statement 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus and not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.</p>	<p><b>Dec. 15, 2020</b></p>	<p><b>Permitted</b></p>
<p><b>Leases (GASB Statement 87)</b></p> <p>Revises recognition and measurement for lease contracts by lessors and lessees by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.</p>	<p><b>June. 15, 2021</b></p>	<p><b>Permitted</b></p>
<p><b>Omnibus 2020 (GASB Statement 92)</b></p> <p>Addresses a variety of topics including the effective date of Statement 87 and Implementation Guide No. 2019-3 for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements 73 and 74 to reporting assets accumulated for postemployment benefits (PEBs); the applicability of certain requirements of Statement 84 to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments.</p>	<p><b>Varies by issue (see pages 5 and 6 of the statement and page 2 of statement 95) Upon issuance, Feb. 5, 2020 June 15, 2021</b></p>	<p><b>Permitted by topic</b></p>

GASB statement	Effective dates – reporting periods beginning after	Early adoption
<p><b>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (GASB Statement 97)</b></p> <p>Clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution pension and OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). Establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans.</p>	<p>Varies by issue (see pages 4 and 5 of the statement)</p> <p>Upon issuance, June 23, 2020</p> <p>June 15, 2021</p>	<p>Permitted by topic</p>
<p><b>Conduit Debt Obligations (GASB Statement 91)</b></p> <p>Clarifies the definition of a conduit obligation and stipulates that a conduit debt obligation is a liability of the third-party obligor, not the issuer, thus eliminating the option for government issuers to recognize a conduit debt obligation as a liability. Establishes standards for accounting and financial reporting of additional commitments extended by issuers and arrangements associated with conduit debt obligations and improves required note disclosures.</p>	<p>Dec. 15, 2021</p>	<p>Permitted</p>
<p><b>Public-Private and Public-Public Partnerships and Availability Payment Arrangements (GASB Statement 94)</b></p> <p>Provides guidance for public-private and public-public partnership arrangements (PPPs), including those that are outside of the scope of the GASB’s existing guidance for those transactions – namely Statement 60, “Accounting and Financial Reporting for Service Concession Arrangements,” and Statement 87, “Leases.” The statement also makes certain improvements to the guidance previously included in Statement 60 and provides accounting and financial reporting guidance for availability payment arrangements (APAs).</p>	<p>June 15, 2022</p>	<p>Permitted</p>
<p><b>Subscription-Based Information Technology Arrangements (GASB Statement 96)</b></p> <p>Provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. Defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.</p>	<p>June 15, 2022</p>	<p>Permitted</p>



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