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THE NEWSLETTER FROM BDO'S NATIONAL ASSURANCE PRACTICE

BDO KNOWS: FASB

2017 ACCOUNTING YEAR IN REVIEW

CONTENTS

ENSURING A SMOOTH TRANSITION

Having recently completed several major long-term projects, the Financial Accounting Standards Board (FASB) in 2017 shifted its attention to assisting stakeholders with implementing new standards and resolving practice issues. These efforts reflect the Board's acknowledgement of the recent pace of change in its standard-setting activity. The FASB focused on application issues related to the new revenue recognition, lease, and credit loss standards, resulting in several clarifications to those pronouncements. Currently, preparers and auditors are immersed in efforts to implement these major new standards in the near term. Meanwhile, the FASB has updated its agenda and continues to reduce complexity in U.S. GAAP where possible through its Simplification Initiative.

Our year in review letter summarizes the year's most significant changes in guidance and what to expect in 2018. We've also included a comprehensive list of the effective dates for recently-issued accounting standards in the appendix.

Read more

FINAL FASB GUIDANCE

All final FASB guidance can be accessed on the FASB website at www.fasb.org/home located under the *Standards* tab, *Accounting Standards Updates*.

During 2017, the FASB issued 15 Accounting Standards Updates (ASUs), covering the following topics:

CLARIFYING THE DEFINITION OF A BUSINESS

Applicable to: All entities.

Summary: ASU 2017-01 narrows the definition of a business, a concept fundamental in the determination of whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Under the ASU, the revised definition of a business consists of the following key concepts:

- A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants.
- To be capable of being conducted and managed for the purposes described above, an integrated set of activities and assets requires two essential elements—inputs and a substantive process(es) applied to those inputs.

The ASU introduces a practical "screen" whereby, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not considered a business. The ASU also provides several industry-specific examples.

BDO Observation: Many common transactions that have historically been considered business combinations will now be accounted for as asset acquisitions due to the introduction of the screen. In particular, the real estate, pharmaceutical, biotechnology and financial industries may be significantly impacted.

For additional information, refer to BDO's Alert.

Effective Date: The amendments are effective prospectively for public business entities for annual periods beginning after December 15, 2017, including interim periods within those periods. The amendments are effective prospectively for all other entities for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted when certain criteria are met.

CLARIFYING WHEN A NOT-FOR-PROFIT ENTITY THAT IS A GENERAL PARTNER OR A LIMITED PARTNER SHOULD CONSOLIDATE A FOR-PROFIT LIMITED PARTNERSHIP OR SIMILAR ENTITY

Applicable to: Not-for-profit entities.

Summary: ASU 2017-02 clarifies when a not-for-profit entity (NFP) that is a general partner or a limited partner should consolidate a for-profit limited partnership or similar legal entity once the amendments in ASU 2015-02[1] become effective. ASU 2017-02 retains the consolidation guidance that was in Subtopic 810-20[2] for NFPs by moving it to Subtopic 958-810.[3] Therefore, NFPs that are general partners would continue to be presumed to have control of a for-profit limited partnership, regardless of the extent of their ownership interest, unless that presumption is overcome. The presumption would be overcome if the limited partners have either substantive kick-out rights or substantive participating rights.

For additional information, refer to BDO's Alert.

Effective Date: The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. If an NFP early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.

1 Amendments to the Consolidation Analysis

2 Consolidation—Control of Partnerships and Similar Entities

3 Not-for-Profit Entities—Consolidation

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AMENDMENTS TO SEC PARAGRAPHS PURSUANT TO STAFF ANNOUNCEMENTS AT THE SEPTEMBER 22, 2016 AND NOVEMBER 17, 2016 EITF MEETINGS

Applicable to: Public entities.

Summary: ASU 2017-03 codifies an SEC Staff Announcement made at the September 22, 2016 EITF meeting on disclosing the impact that recently issued accounting standards will have on the financial statements when adopted in a future period (SAB Topic 11.M). The SEC observer commented that if the impact of adopting the new revenue, leases, or credit loss standard is not known or reasonably estimable, that a registrant should make a statement to this effect and provide certain additional qualitative disclosures.

ASU 2017-03 also conforms the language in an SEC paragraph within Topic 323[4] regarding accounting for tax benefits resulting from investments in qualified affordable housing projects to the language used in ASU 2014-01.

Effective Date: The amendments became effective immediately upon issuance.

SIMPLIFYING THE TEST FOR GOODWILL IMPAIRMENT

Applicable to: All entities.

Summary: ASU 2017-04 eliminates Step 2 of the goodwill impairment test. As such, an entity will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize a goodwill impairment charge for the amount by which the reporting unit's carrying amount exceeds its fair value. If fair value exceeds the carrying amount, no impairment should be recorded. Any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Impairment losses on goodwill cannot be reversed once recognized.

An entity may still perform the optional qualitative assessment for a reporting unit to determine if it is more likely than not that goodwill is impaired. However, the ASU eliminates the requirement to perform a qualitative assessment for any reporting unit with zero or negative carrying amount. Therefore, the same one-step impairment assessment will apply to all reporting units.

Further, for a reporting unit with a zero or negative carrying amount, the ASU adds a requirement to disclose the amount of goodwill allocated to it and the reportable segment in which it is included.

For additional information, refer to BDO's Alert.

Effective Date: The amendments have staggered effective dates as follows:

- A public business entity that is a U.S. Securities and Exchange Commission (SEC) filer should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019.
- A public business entity that is not an SEC filer should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020.
- All other entities, including not-for-profit entities, should adopt the amendments for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021.

Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.

CLARIFYING THE SCOPE OF ASSET DERECOGNITION GUIDANCE AND ACCOUNTING FOR PARTIAL SALES OF NONFINANCIAL ASSETS

Applicable to: All entities.

Summary: ASU 2017-05 was issued to clarify the scope of Subtopic 610-20[5] and to add guidance for partial sales of nonfinancial assets, including partial sales of real estate. Historically, U.S. GAAP contained several different accounting models to evaluate whether the transfer of certain assets qualified for sale treatment. Moving forward, the new standard reduces the number of potential accounting models that might apply and clarifies which model does apply in various circumstances.

Specifically, ASU 2017-05 clarifies the scope of Subtopic 610-20 by defining the term *in substance nonfinancial asset*. If substantially all of the fair value of the assets (recognized and unrecognized) promised to a counterparty in a contract is concentrated in nonfinancial assets, a financial asset in the same arrangement would still be considered part of an in substance nonfinancial asset.

4 Investments—Equity Method and Joint Ventures

5 Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets

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Nonfinancial assets may include nonfinancial assets contained within a legal entity that is transferred to a counterparty (e.g., through transfer of ownership interest). It clarifies also that derecognition of a business is not in scope of Subtopic 610-20, but rather, is governed by Topic 810.

In addition, the ASU indicates an entity should identify each distinct nonfinancial asset (e.g., real estate and inventory) or in substance nonfinancial asset promised to a counterparty and derecognize each asset when a counterparty obtains control of it.

Finally, the ASU adds guidance on accounting for partial sales of nonfinancial assets. It requires an entity to derecognize a distinct nonfinancial asset or distinct in substance nonfinancial asset in a partial sale transaction when two criteria are met: 1) the entity does not have (or ceases to have) a controlling financial interest in the legal entity that holds the asset in accordance with Topic 810, and 2) the entity transfers control of the asset in accordance with Topic 606.[6]

For additional information, refer to BDO's Alert.

Effective Date: The effective date and transition requirements for ASU 2017-05 are the same as the effective date and transition requirements of Topic 606, and must be applied at the same date that Topic 606 is initially applied.

EMPLOYEE BENEFIT PLAN MASTER TRUST REPORTING

Applicable to: Employee benefit plans.

Summary: ASU 2017-06 requires an employee benefit plan within the scope of Topic 960,[7] 962,[8] or 965[9] to present its interest in a master trust and the change in its interest in that master trust as single line items in the statement of net assets available for benefits and the statement of changes in net assets available for benefits, respectively. In addition, the amendments update and align the disclosure requirements for an interest in a master trust across Topics 960, 962, and 965.

For additional information, refer to BDO's Alert.

Effective Date: The amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.

IMPROVING THE PRESENTATION OF NET PERIODIC PENSION COST AND NET PERIODIC POSTRETIREMENT BENEFIT COST

Applicable to: All entities.

Summary: ASU 2017-07 requires that an employer disaggregate the service cost component from the other components of net benefit cost, as follows:

- Service cost must be presented in the same line item(s) as other employee compensation costs. These costs are generally included within income from continuing operations, but in some cases may be eligible for capitalization, if certain criteria are met.
- All other components of net benefit cost must be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. These generally include interest cost, actual return on plan assets, amortization of prior service cost included in accumulated other comprehensive income, and gains or losses from changes in the value of the projected benefit obligation or plan assets. If a separate line item is used to present the other components of net benefit cost, it must be appropriately described. If a separate line item is not used, an entity must disclose the line item(s) in the income statement that includes the other components of net benefit cost. The ASU clarifies that these costs are not eligible for capitalization.

For additional information, refer to BDO's Alert.

Effective Date: The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those years. For other entities, the amendments are effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of an annual period.

6 Revenue from Contracts with Customers

7 Plan Accounting—Defined Benefit Pension Plans

8 Plan Accounting—Defined Contribution Pension Plans

9 Plan Accounting—Health and Welfare Benefit Plans

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PREMIUM AMORTIZATION ON PURCHASED CALLABLE DEBT SECURITIES

Applicable to: All entities.

Summary: ASU 2017-08 shortens the amortization period for premiums on purchased callable debt securities to the earliest call date (i.e., yield-to-earliest call amortization), rather than amortizing over the full contractual term. The ASU does not change the accounting for securities held at a discount.

The amendments apply to callable debt securities with explicit, noncontingent call features that are callable at fixed prices and on preset dates. If a security may be prepaid based upon prepayments of the underlying loans, not because the issuer exercised a date specific call option, it is excluded from the scope of the new standard. However, for instruments with contingent call features, once the contingency is resolved and the security is callable at a fixed price and preset date, the security is within the scope of the amendments. Further, the amendments apply to all premiums on callable debt securities, regardless of how they were generated.

The amendments require companies to reset the effective yield using the payment terms of the debt security if the call option is not exercised on the earliest call date. If the security has additional future call dates, any excess of the amortized cost basis over the amount repayable by the issuer at the next call date should be amortized to the next call date.

For additional information, refer to BDO's **Alert**.

Effective Date: The amendments are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those years. For all other entities, the amendments in this Update are effective for annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period.

SCOPE OF MODIFICATION ACCOUNTING

Applicable to: All entities.

Summary: ASU 2017-09 clarifies Topic 718[10] such that that an entity must apply modification accounting to changes in the terms or conditions of a share-based payment award unless all of the following criteria are met:

1. The fair value of the modified award is the same as the fair value of the original award immediately before the modification. The standard indicates that if the modification does not affect any of the inputs to the valuation technique used to value the award, the entity is not required to estimate the value immediately before and after the modification.
2. The vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the modification.
3. The classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the modification.

For additional information, refer to BDO's **Alert**.

BDO Observation: The FASB decided not to specify whether the first test above is a binary assessment (that is, the value is either *exactly* the same immediately before and after the modification). Instead, entities will be able to apply judgment on this point, as they do in other areas of Topic 718.

Effective Date: The amendments are effective for all entities for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted, including adoption in an interim period.

10 Compensation – Stock Compensation

DETERMINING THE CUSTOMER OF THE OPERATION SERVICES

Applicable to: All entities.

Summary: ASU 2017-10 amends Topic 853[11] to clarify that when applying Topic 606, an operating entity in a service concession arrangement should consider the grantor to be its customer for the services it provides in all cases. This includes the construction of the infrastructure, if any, as well as operating services.

The FASB ultimately concluded the operating entity is acting as the grantor's service provider to operate and maintain the infrastructure, which is controlled by the grantor, and the only parties to the executed service concession arrangement are the grantor and the operating entity.

For additional information, refer to BDO's Alert.

Effective Date: The effective date of ASU 2017-10 depends on whether an entity has already adopted Topic 606:

- For an entity that has not adopted Topic 606 before the issuance of this ASU, the effective date and transition requirements for the amendments generally are the same as the effective date and transition requirements for Topic 606. An entity may apply this ASU earlier, including within an interim period, even though the entity has not yet adopted Topic 606, but specific transition requirements apply.
- For an entity that has adopted Topic 606 before the issuance of this ASU, the effective date of the amendments is as follows:
    1. For a public business entity the amendments are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.
    2. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

11 Service Concession Arrangements

ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH DOWN ROUND FEATURES, AND REPLACEMENT OF THE INDEFINITE DEFERRAL FOR MANDATORILY REDEEMABLE FINANCIAL INSTRUMENTS OF CERTAIN NONPUBLIC ENTITIES AND CERTAIN MANDATORILY REDEEMABLE NONCONTROLLING INTERESTS WITH A SCOPE EXCEPTION

Applicable to: All entities.

Summary: ASU 2017-11 simplifies the accounting for certain financial instruments with down round features. This new standard will reduce income statement volatility for many companies that issue warrants and convertible instruments containing such features.

Part I of the ASU changes the classification analysis of certain equity-linked financial instruments, such as warrants and embedded conversion features, such that a down round feature is disregarded when assessing whether the instrument is indexed to an entity's own stock under Subtopic 815-40. As a result, a down round feature—by itself—no longer requires an instrument to be remeasured at fair value through earnings each period, although all other aspects of the indexation guidance under Subtopic 815-40 continue to apply. Part II of the ASU recharacterizes the indefinite deferral of certain provisions of Topic 480[12] (currently presented as pending content in the Codification) as a scope exception.

12 Distinguishing Liabilities from Equity

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No change in practice is expected as a result of these amendments.

For additional information, refer to BDO's **Alert**.

Effective Date: For public business entities, the amendments in Part I of the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments in Part I of the ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all entities, including adoption in an interim period.

The amendments in Part II have no accounting impact and therefore do not have an associated effective date.

TARGETED IMPROVEMENTS TO ACCOUNTING FOR HEDGING ACTIVITIES

Applicable to: All entities.

Summary: ASU 2017-12 improves Topic 815[13] by simplifying and expanding the eligible hedging strategies for financial and nonfinancial risks by more closely aligning hedge accounting with a company's risk management activities, and also simplifies its application through targeted improvements in key practice areas. This includes expanding the list of items eligible to be hedged and amending the methods used to measure the effectiveness of hedging relationships. In addition, the ASU prescribes how hedging results should be presented and requires incremental disclosures. These changes are intended to allow preparers more flexibility and to enhance the transparency of how hedging results are presented and disclosed. Further, the new standard provides partial relief on the timing of certain aspects of hedge documentation and eliminates the requirement to recognize hedge ineffectiveness separately in earnings in the current period.

For additional information, refer to BDO's **Alert**.

Effective Date: The amendments are effective for public business entities, for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods beginning after December 15, 2020.

Early application is permitted in any interim period after issuance of the amendments for existing hedging relationships on the date of adoption.

AMENDMENTS TO SEC PARAGRAPHS PURSUANT TO THE STAFF ANNOUNCEMENT AT THE JULY 20, 2017 EITF MEETING AND RESCISSION OF PRIOR SEC STAFF ANNOUNCEMENTS AND OBSERVER COMMENTS

Applicable to: Certain public business entities.

Summary: ASU 2017-13 adds SEC paragraphs pursuant to an SEC Staff Announcement made at the July 20, 2017 Emerging Issues Task Force (EITF) meeting. The SEC staff announced that it will not object if an entity that qualifies as a public business entity solely because its financial statements or financial information is included in another entity's filing with the SEC adopts ASU 2014-09[14] and ASU 2016-02[15] using the effective dates applicable to private entities.

BDO Observation: The FASB's recent standard on credit losses (ASU 2016-13[16]) contains favorable transition guidance that differs from the transition rules for revenue and leasing. As such, there was no need for the SEC staff to provide transition relief for the credit loss standard. That is, the effective date for the credit loss standard already coincides with the SEC staff's effective date guidance in ASU 2017-13 for revenue and leases.

For additional information, refer to BDO's **Alert**.

Effective Date: The amendments represent guidance related to the effective dates of the standards noted above, therefore, the amendments themselves do not have an effective date.

13 Derivatives and Hedging

14 Revenue from Contracts with Customers (Topic 606)

15 Leases (Topic 842)

16 Measurement of Credit Losses on Financial Instruments (Topic 326)

AMENDMENTS TO SEC PARAGRAPHS PURSUANT TO STAFF ACCOUNTING BULLETIN NO. 116 AND SEC RELEASE NO. 33-10403

Applicable to: Public entities.

Summary: ASU 2017-14 adds SEC paragraphs pursuant to SEC Staff Bulletin No. 116 stating that SAB Topic 13[17] and SAB Topic 8[18] are no longer applicable once a registrant adopts Topic 606. It also modifies Section A, *Operating-Differential Subsidies* of SAB Topic 11[19] to clarify that revenues from operating-differential subsidies presented under a revenue caption should be presented separately from revenue from contracts with customers accounted for under Topic 606 or as a credit in the costs and expenses section of the statement of comprehensive income. Release No. 33-10403 adds updated SEC guidance regarding accounting for sales of vaccines and bioterror countermeasures to the Federal Government for placement into the pediatric vaccine stockpile or the Strategic National Stockpile, and states that vaccine manufacturers should recognize revenue and provide the disclosures required under Topic 606 when vaccines are placed into Federal Governmental stockpile programs because control of the vaccines will have been transferred to the customer and the criteria to recognize revenue in a bill-and-hold arrangement under Topic 606 will have been met.

For additional information, refer to BDO's **Alert**.

Effective Date: The amendments became effective on August 29, 2017.

CODIFICATION IMPROVEMENTS TO TOPIC 995, U.S. STEAMSHIP ENTITIES—ELIMINATION OF TOPIC 995

Applicable to: All entities.

Summary: ASU 2017-15 eliminates Topic 995. As part of its ongoing Codification Improvements project, the FASB identified this Topic as no longer relevant. Steamship entities that had statutory reserve deposits originating from a Department of Transportation program made prior to December 15, 1992 were given an option not to recognize deferred income taxes related to these deposits. The Board noted all steamship entities with statutory reserve funds should be reporting in accordance with Topic 740[20] as the Internal Revenue Service provided a 25-year time frame to use the reserves or forfeit the tax deferral. Statutory funds deposited before December 15, 1992 have reached their 25-year limit, making Topic 995 irrelevant.

Steamship entities are required to report deferred taxes resulting from deposits made on or before December 15, 1992, in accordance with Topic 740 (1) when those unrecognized temporary differences reverse or (2) in their entirety at the beginning of the fiscal year for which FASB Statement No. 109 was first applied.

Effective Date and Transition: The amendments are effective for fiscal years beginning after December 15, 2018. Early application is permitted for all entities including adoption in an interim period. A modified retrospective basis should be used to apply the amendments through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. In the period of adoption, disclosures should include the change in accounting principle. Entities also should disclose the amounts and types of temporary differences for which a deferred tax liability had not previously been recognized.

17 Revenue Recognition

18 Retail Companies

19 Miscellaneous Disclosure

20 Income Taxes

IMPLEMENTATION CONSIDERATIONS

Having completed its landmark projects on revenue, leases, financial instruments, and hedging, the FASB has shifted to a "continuous improvement" approach intended to assist preparers and other stakeholders in their efforts to implement these significant new standards. The Board has developed various resources to help with implementation, including educational webinars, targeted outreach, transition resource groups, and a technical inquiry service. During 2017, the FASB introduced the **Implementing New Standards** web portal, which brings together all implementation resources on a given standard.

The staff of the Securities and Exchange Commission have consistently stressed their expectation that registrants will continue to expand disclosures in MD&A regarding the implementation status and the anticipated impact of adopting the new standards. For additional information, refer to **BDO's 2017 SEC Year in Review**.

In this context, we have summarized some of the more noteworthy developments related to implementing these significant new accounting standards.

REVENUE FROM CONTRACTS WITH CUSTOMERS (TOPIC 606)

Shortly after issuing the new revenue standard in 2014, the FASB and the IASB established a joint Transition Resource Group (TRG) for Revenue Recognition to solicit, analyze, and discuss stakeholder issues arising from implementation of the standard. The TRG met last in November 2016. To date, the TRG has received 108 issue submissions, 72 of which were discussed at TRG meetings. TRG issue papers provide additional insight into the FASB staff's views regarding how the standard is to be applied in practice, and are available here. Several of the TRG issues resulted in amendments to clarify the intent of the guidance.

In addition, the AICPA has established sixteen industry task forces to develop a new revenue recognition accounting guide that will provide illustrative examples for how to apply the new guidance. In 2017, many working drafts on industry-specific implementation issues were released for public comment as a result of task force research. The AICPA has continued to publish updates to its Revenue Recognition Audit and Accounting Guide as these implementation issues are finalized. Refer to AICPA Financial Reporting Executive Committee, below.

For additional information including publications, practice aids, and webinars, refer to **BDO's Revenue Recognition Resource Center**.

LEASES (TOPIC 842)

The FASB issued ASU 2016-02 in February 2016 establishing a complete leasing model for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the balance sheet for all arrangements with terms longer than 12 months. The pattern of expense recognition in the income statement will depend on a lease's classification. It takes effect in 2019 for public companies and in 2020 for all other companies.

During 2017, the FASB published two exposure drafts which would impact the new leases guidance:

- **Land Easements Practical Expedient for Transition to Topic 842** would (1) clarify that land easements should be evaluated under Topic 842 and (2) address stakeholder concerns about the costs and complexity of complying with the transition requirements in Topic 842 for land easements not previously assessed under Topic 840[21] by providing an optional transition expedient. A final standard is expected in the first quarter of 2018. Refer to BDO's **comment letter**.
- **Technical Corrections and Improvements** would affect narrow aspects of the leases standard. Refer to BDO's **comment letter**.

The Board is also expected to issue an exposure draft early in 2018 proposing changes to simplify transition requirements and provide lessors a practical expedient for the separation of nonlease components from lease components.

For end-to-end implementation assistance related to the new lease standard, visit BDO's Accounting Advisory **page**, which includes information about our technology solution **partnership** with CoStar.

21 Leases

Read more

FINANCIAL INSTRUMENTS – CREDIT LOSSES (TOPIC 326)

The FASB issued ASU 2016-13 in June 2016 establishing the current expected credit loss (CECL) model. It has tiered effective dates beginning in calendar year 2020. The FASB also established a Transition Resource Group (TRG) for Credit Losses to solicit, analyze, and discuss implementation issues that could arise when organizations implement ASU 2016-13. The group will then share their views with the FASB, which will help the Board determine what, if any, action is appropriate to address those issues. The TRG also will provide stakeholders with a forum to learn about the new standard from others involved with implementation. The TRG met in June and September 2017 to discuss the following topics: use of the effective interest rate; scope of PCD assets for beneficial interests; transition guidance for PCD assets; troubled debt restructurings; and estimated life of a credit card receivable.

For more information on the credit losses standard, refer to BDO's **Alert**.

INVESTMENTS - EQUITY SECURITIES (TOPIC 321)

The FASB issued ASU 2016-01[22] in January 2016 addressing recognition and measurement of financial instruments. The update provides measurement guidance for investments in certain equity securities. In November 2017, the SEC staff released **SAB No. 117** to clarify that the guidance within SAB Topic 5.M is no longer applicable upon a registrant's adoption of Topic 321. SAB Topic 5.M addresses the recognition of other than temporary impairment (OTTI) of investments of equity securities measured at fair value with the changes in fair value recorded through other comprehensive income. Upon adoption of Topic 321, a registrant will record the changes in fair value through income rather than other comprehensive income. Consequently, the guidance within Topic 5.M will no longer be applicable. Prior the adoption of Topic 321, a registrant should follow the guidance within Topic 5.M.

22 Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities

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ON THE HORIZON

In 2017, the FASB recalibrated its technical agenda. The Board continues to develop narrower improvements and simplifications to accounting standards. The following is a summary of significant ongoing FASB projects. All proposed FASB guidance can be accessed on the FASB website at **www.fasb.org/home** located under the Exposure Documents tab. In addition, BDO comment letters on proposals can be accessed at **www.bdo.com/insights**.

BALANCE SHEET CLASSIFICATION OF DEBT

Summary: The FASB proposed amendments during the year which would simplify the classification of debt by introducing a principle for determining whether a debt arrangement or similar instrument should be classified as a noncurrent liability as of the balance sheet date, which would replace a collection of fact-specific rules under current guidance. That principle is that an entity should classify an instrument as noncurrent if either of the following criteria is met as of the balance sheet date:

1. The liability is contractually due to be settled more than one year (or operating cycle, if longer) after the balance sheet date.

2. The entity has a contractual right to defer settlement of the liability for at least one year (or operating cycle, if longer) after the balance sheet date.

Refer to BDO's **comment letter**.

CONSOLIDATION

Summary: As part of its Simplification Initiative, the FASB issued two exposure drafts during 2017 affecting consolidation guidance.

- **Consolidation (Topic 812)**—Reorganization would update the organization of Topic 810[23] and would clarify certain areas within the consolidation guidance to make the guidance easier to understand without the intent of (a) changing analyses performed or (b) outcomes currently reached. Topic 810 would be reorganized into a new Topic 812, with separate Subtopics 812-20, *Consolidation—Variable Interest Entities* and 812-30, *Consolidation—Voting Interest Entities*. Current Topic 810 guidance for not-for-profit entities, "Consolidation of Entities Controlled by Contract," would be moved to Topic 958. The guidance currently in Subtopic 810-30 for research and development arrangements would be superseded. Refer to BDO's **comment letter**.

- **Targeted Improvements to Related Party Guidance for Variable Interest Entities** would improve the following areas of the variable interest entity (VIE) guidance:

  - Private company alternative - A private company (reporting entity) may elect an accounting policy whereby it would not have to apply VIE guidance to legal entities under common control (including common control leasing arrangements) if both the parent and the legal entity being evaluated for consolidation are not public business entities.

  - Decision-making fees - Indirect interests held through related parties in common control arrangements would be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. This change would provide consistency with how indirect interests held through related parties under common control are considered for determining whether a reporting entity must consolidate a VIE.

  - VIE related party guidance – The proposed amendments would eliminate mandatory consolidation when power is shared among related parties or when commonly controlled related parties, as a group, have the characteristics of a controlling financial interest but no reporting entity individually has a controlling financial interest. Instead, the guidance would provide a framework, based on qualitative factors, by which a reporting entity should determine if it has a controlling financial interest and therefore should consolidate a VIE. Refer to BDO's **comment letter**.

23 Consolidation

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NON-EMPLOYEE SHARE-BASED PAYMENT ACCOUNTING

Summary: The FASB proposed amendments during the year which would simplify the accounting for nonemployee share-based payments by superseding Subtopic 505-50[24] and expanding the scope of Topic 718 to include payments for goods and services to nonemployees. As a result, the accounting models for nonemployee and employee share-based payments would be more closely aligned.

The ASU proposes six amendments. The last two apply only to nonpublic entities:

- The proposal will allow for the measurement of the fair value of the award issued to nonemployees to be based on the instrument itself, and removes the possibility of basing the fair value on the consideration received by the grantor.
- The proposal generally conforms the measurement date to the grant date, consistent with the accounting for employee share-based payment transactions.
- Expense recognition for awards with performance conditions is based on the same probability analysis as for employee awards under Topic 718, rather than the lowest aggregate value.
- Awards remain subject to Topic 718 after the goods or services have been rendered, rather than becoming subject to other GAAP guidance, unless subsequently modified.
- Nonpublic entities may use calculated volatility rather than having to estimate their own expected volatility.
- Nonpublic entities may make a one-time election to use intrinsic value to measure liability awards issued to nonemployees, which is then marked-to-market until settlement date based on the intrinsic value, as opposed to using Fair Value.

For additional information, refer to BDO's **Alert** and **comment letter**.

DISCLOSURE FRAMEWORK

Summary: The FASB has proposed amendments to its disclosure framework for specific topics: defined benefit plans, fair value measurement, income taxes, inventory, interim reporting, and government assisting. The Board has continued to redeliberate these proposals, and intends to finalize its work on this project in 2018.

TARGETED IMPROVEMENTS TO THE ACCOUNTING FOR LONG-DURATION CONTRACTS

Summary: The FASB continued to redeliberate its proposed amendments to improve the guidance in Topic 944[25] for insurance companies that issue long-duration contracts, such as life insurance, disability income, long-term care, and annuities. The Board intends to issue a final standard in 2018.

EMERGING ISSUES TASK FORCE (EITF)

Summary: The EITF reached several final consensuses that were endorsed by the FASB and issued as ASUs during 2017 (included within the summary of final guidance above). Currently, the Task Force is researching and discussing different alternatives to address a customer's accounting for implementation, setup, and upfront costs (implementation costs) incurred in a cloud computing arrangement that is considered a service contract. This issue is a result of stakeholder feedback after the issuance of ASU 2015-05.[26]

PRIVATE COMPANY COUNCIL

The Private Company Council (PCC) was established by the Financial Accounting Foundation (FAF) in 2013 to evaluate possible alternatives within U.S. GAAP to address the needs of users of private company financial statements, as well as to advise the FASB on private company accounting matters.

During the year, the PCC continued to provide input on several ongoing and completed FASB technical projects and agenda. It will continue to function primarily as an advisor to the FASB moving forward.

24 Equity-Based Payments to Nonemployees

25 Financial Services—Insurance

26 Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

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OTHER CURRENT FASB PROJECTS

In August 2016, the FASB issued an Invitation to Comment on the future of its technical agenda. BDO's comment letter is available **here**. In September 2017, the FASB finalized its agenda consultation with a vote that added three projects to its technical agenda, and removed four projects. At the 2017 AICPA Conference on Current SEC and PCAOB Developments, FASB Chairman Russ Golden highlighted "We selected these issues for a few reasons. One, because they were identified as priorities by diverse stakeholders. Two, because the Board felt that the issues raised could be successfully addressed through standard-setting solutions. And, three, because we could complete them with existing resources." The three projects added to the agenda are: a project on distinguishing liabilities and equity that would improve understandability and reduce complexity; a component of the financial performance reporting project focused on the disaggregation of performance reporting by function and nature; and a narrow-scope project on segment reporting intended to improve the aggregation criteria and segment disclosures.

A complete list of the FASB's technical agenda and the timeline for each project can be accessed on the FASB's **website**.

AICPA ACTIVITIES

AICPA FINANCIAL REPORTING EXECUTIVE COMMITTEE

Summary: The Financial Reporting Executive Committee (FinREC) is the senior committee of the AICPA for financial reporting. It is authorized to make public statements on behalf of the AICPA on financial reporting matters. During the year, significant topics discussed by FinREC included:

Revenue Recognition: FinREC has issued multiple working drafts that provide industry-specific considerations and illustrative examples related to the implementation of ASU 2014-09. FinREC continued to issue working drafts for comment throughout 2017 affecting a variety of industry sectors. Comment periods are generally 60 days.

In January 2017, the AICPA published the first edition of its *Audit and Accounting Guide: Revenue Recognition*, and has issued updates periodically thereafter. This guide addresses general accounting considerations, general auditing considerations, and accounting implementation issues in specific industries. The AICPA plans to update the online edition as additional accounting implementation issues are finalized. At its completion, the guide will include 16 industry-specific chapters that address accounting implementation issues, and provide industry- specific illustrative examples of how to apply the new standard. It will also provide detailed coverage of audit considerations.

Complete details and additional AICPA resources are available **here**.

Accounting and Valuation Guide: FinREC continued making progress on a new interpretive practice guide, Valuation of Portfolio Company Investments of Venture Capital and Private Equity Firms and Other Investment Companies.

Refer to the AICPA website at: **www.aicpa.org/interestareas/frc/accountingfinancialreporting/pages/finrec.aspx**.

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AICPA TECHNICAL QUESTIONS AND ANSWERS

Summary: The AICPA publishes Technical Questions and Answers (TQA) based on selected practice matters identified by the staff of the AICPA's Technical Hotline and various other sources. These TQAs do not represent authoritative guidance.

Q&A Section 7100, Definition of a Public Business Entity (October 2017): This TQA is intended to address questions regarding the definition of a public business entity (PBE) as defined by FASB ASU 2013-12. Key points arising from the TQA include:

- **OTC Market –** The FASB staff has interpreted this broadly to include any system that brought buyers and sellers together. The TQA says that, based on recent discussions with the FASB staff, markets that are not generally accessible by the public or that do not publish information such as security listings, bid/ask pricing or price and volume trade data are not OTC markets. Markets that only certain investors (e.g., qualified institutional, accredited investors) have access to also are not considered accessible by the public. Examples of those markets are TRACE (Trade Reporting and Compliance Engine), EMMA (Electronic Municipal Market Access), and PORTAL (Private Offering, Resale and Trading through Automated Linkages).
- **Private Placements & Resales under Rule 144A –** There are various scenarios in which an entity that has gone through a transaction under Rule 144A may or may not be a PBE. For example, resales under Rule 144A do not cause the issuer to be considered a PBE under criterion d because the securities can generally be sold only to qualified institutional buyers and cannot be traded by the public. However, if the securities become registered with the SEC and the issuer is therefore required to file or furnish financial statements with the SEC, this would cause the issuer to meet the definition of a PBE under criterion a. However, if the security holder and purchaser in transactions under Rule 144A have the right to obtain certain financial and nonfinancial information from the issuer, but there may not be a requirement for the issuer to file or furnish financial statements with the SEC or to make its financial statements (including footnotes) publicly available on a periodic basis, it may not be a PBE. But further, if that entity is required to make financial statements available on a periodic basis under another regulation, such as the Federal Deposit Insurance Corporation Improvement Act, it would be a PBE.
- **Conduit bond obligor -** The definition of a PBE excludes conduit bond obligors that meet the definition of a "not-for-profit entity" in the FASB Codification Master Glossary and are within the scope of ASC 958, Not-for-Profit Entities.
- **Contractual restrictions to transfer –** The TQA clarifies that restrictions can be explicit in the contract or implicit based on an entity's ownership structure. For example, management preapproval of a resale is an explicit contractual restriction, and provisions that limit transfers of securities to existing shareholders are contractual restrictions because the securities cannot be sold to new investors without the involvement of management. Whereas, an implicit contractual restriction on transfer exists if the entity is wholly owned by a single parent entity that controls it. In effect, the parent entity controls the subsidiary and must approve the transfer of any of the securities currently outstanding, which constitutes an implicit restriction requiring the involvement of management.

BDO Observation: For purposes of Topic 606, an NFP that has issued, or is a conduit bond obligor, is still considered a public entity and therefore must apply the same effective dates as a PBE.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS

This appendix was prepared with a calendar year-end company in mind. Therefore standards with an effective date in 2016 have been included since many companies applied them for the first time in 2017, e.g., the first interim or annual period beginning on or after December 15, 2016. Standards that do not require adoption before 2018 (although they may have early adoption provisions) are highlighted in gray.

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 230, Statement of Cash Flows		
ASU 2016-18, *Restricted Cash*	Effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.	Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.
ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted.	Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted.
ASC 310-20, Receivables—Nonrefundable Fees and Other Costs		
ASU 2017-08, *Premium Amortization on Purchased Callable Debt Securities*	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.	Effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.
ASC 323, Investments – Equity Method and Joint Ventures		
ASU 2016-07, *Simplifying the Transition to the Equity Method of Accounting*	The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the application of the equity method. Early adoption is permitted.	The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the application of the equity method. Early adoption is permitted.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 326, Credit Losses		
ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*	For public business entities that are SEC filers, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other public business entities, the amendments are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.	For all other entities, including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.
ASC 330, Inventory		
ASU 2015-11, *Simplifying the Measurement of Inventory*	Effective prospectively for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted as of the beginning of an interim or annual reporting period. If an entity has previously written down inventory (within the scope of the ASU) below its cost, that reduced amount is considered the cost upon adoption. Upon adoption, the change from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of the ASU will be accounted for as a change in accounting principle	Effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted as of the beginning of an interim or annual reporting period. If an entity has previously written down inventory (within the scope of the ASU) below its cost, that reduced amount is considered the cost upon adoption. Upon adoption, the change from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of the ASU will be accounted for as a change in accounting principle
ASC 350, Intangibles—Goodwill and Other		
ASU 2017-04, *Simplifying the Test for Goodwill Impairment*	A public business entity that is a U.S. Securities and Exchange Commission (SEC) filer should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. A public business entity that is not an SEC filer should adopt the amendments for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.	All other entities, including not-for-profit entities, should adopt the amendments for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.

Read more ▶

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 405, Liabilities		
ASU 2016-04, *Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products*	Effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted.	Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted.
ASC 606, Revenue; and ASC 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets		
ASU 2014-09, *Revenue from Contracts with Customers* **ASU 2015-14,** *Revenue from Contracts with Customers: Deferral of the Effective Date* **ASU 2016-08,** *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* **ASU 2016-10,** *Identifying Performance Obligations and Licensing* **ASU 2016-12,** *Narrow-Scope Improvements and Practical Expedients* **ASU 2016-20,** *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers* **ASU 2017-05,** *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*	Effective for annual periods beginning after December 15, 2017, including interim periods therein. Entities may adopt using a retrospective approach (with certain optional practical expedients) or a cumulative effect approach. Under the this alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. GAAP at the date of initial application (e.g. January 1, 2018) and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. That is, prior years would not be restated and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. GAAP. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that year.	Effective for annual periods beginning after December 15, 2018. In addition, the new standard is effective for interim periods within annual periods that begin after December 15, 2019. The same transition alternatives apply. Early adoption is permitted as of either: ▸ An annual reporting period beginning after December 15, 2016, including interim periods within that year, or ▸ An annual reporting period beginning after December 15, 2016 and interim periods within annual reporting periods beginning one year after the annual period in which the entity first applies the new standard.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 715, Compensation—Retirement Benefits		
ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*	Effective for public business entities for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted as of the beginning of an annual period.	Effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted as of the beginning of an annual period.
ASU 2015-04, *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*	Effective prospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.	Effective prospectively for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted.
ASC 718, Compensation—Stock Compensation		
ASU 2017-09, *Scope of Modification Accounting*	Effective for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted, including adoption in an interim period.	Effective for fiscal years beginning after December 15, 2017, including interim periods within those years. Early adoption is permitted, including adoption in an interim period.
ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*	Effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted.	Effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted.
ASC 740, Income Taxes		
ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*	Effective for annual reporting periods beginning after December 15, 2017 and interim reporting periods within those fiscal years. An entity may elect early adoption, but it must do so for the first interim period of an annual period if it issues interim financial statements.	Effective for annual reporting periods beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2019. An entity may elect early adoption, but it must do so for the first interim period of an annual period if it issues interim financial statements.
ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*	Effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted as of the beginning of any interim or annual reporting period.	Effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted as of the beginning of any interim or annual reporting period.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 805, Business Combinations		
ASU 2017-01, *Clarifying the Definition of a Business*	Effective for annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is permitted if certain criteria are met.	Effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted if certain criteria are met.
ASU 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*	Effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted.	Effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted.
ASC 810, Consolidation		
ASU 2016-17, *Interests Held through Related Parties That Are under Common Control*	Effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. However, if an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of that fiscal year.	Effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted. However, if an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of that fiscal year.
ASU 2015-02, *Amendments to the Consolidation Analysis*	Effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015.	Effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017.
ASU 2014-13, *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity*	Effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted as of the beginning of an annual period. Entities may adopt using either a full or modified retrospective approach. The modified approach only impacts the annual period of adoption by recording a cumulative-effect adjustment to equity.	Effective for annual periods beginning after December 15, 2016, and interim and annual periods thereafter. Early adoption is permitted as of the beginning of an annual period. Entities may adopt using either a full or modified retrospective approach. The modified approach only impacts the annual period of adoption by recording a cumulative-effect adjustment to equity.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 815, Derivatives and Hedging		
ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*	Effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early application is permitted in any interim period after issuance of the amendments for existing hedging relationships on the date of adoption.	Effective for fiscal years beginning after December 15, 2019, and interim periods beginning after December 15, 2020. Early application is permitted in any interim period after issuance of the amendments for existing hedging relationships on the date of adoption.
ASU 2017-11, *(Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*	The amendments in Part I of the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period. The amendments in Part II have no accounting impact and therefore do not have an associated effective date.	The amendments in Part I of the ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all entities, including adoption in an interim period. The amendments in Part II have no accounting impact and therefore do not have an associated effective date.
ASU 2016-06, *Contingent Put and Call Options in Debt Instruments*	Effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted. However, if an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of that fiscal year.	Effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. However, if an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of that fiscal year.
ASU 2016-05, *Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*	Effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted.	Effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted.
ASC 820, Fair Value Measurement		
ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (a consensus of the Emerging Issues Task Force)*	Effective retrospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.	Effective retrospectively for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 825, Financial Instruments		
ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Certain provisions of the ASU are eligible for early adoption.	Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019 with early adoption permitted for fiscal years beginning after December 15, 2017 including interim periods within those years. Certain provisions of the ASU are eligible for early adoption prior to December 15, 2017.
ASC 842, Leases		
ASU 2016-02, *Leases*	Effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. Specific transition requirements apply.	Effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. Specific transition requirements apply.
ASC 853, Service Concession Arrangements		
ASU 2017-10, *Determining the Customer of the Operation Services*	For an entity that has not adopted Topic 606 before the issuance of this ASU, the effective date and transition requirements for the amendments generally are the same as the effective date and transition requirements for Topic 606. An entity may apply this ASU earlier, including within an interim period, even though the entity has not yet adopted Topic 606, but specific transition requirements apply. For a public business entity that has adopted Topic 606 before the issuance of this ASU, the ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.	For an entity that has not adopted Topic 606 before the issuance of this ASU, the effective date and transition requirements for the amendments generally are the same as the effective date and transition requirements for Topic 606. An entity may apply this ASU earlier, including within an interim period, even though the entity has not yet adopted Topic 606, but specific transition requirements apply. For a nonpublic entity that has adopted Topic 606 before the issuance of this ASU, the ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 915, Development Stage Entities		
ASU 2014-10, *Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*	**DSE requirements** – Effective for annual reporting periods beginning after December 15, 2014 and interim periods therein. While the elimination of the DSE financial reporting requirements applies retrospectively, the new disclosures about related risks and uncertainties are required prospectively. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance. **Consolidation update** – Effective for annual reporting periods beginning after December 15, 2015 and interim periods therein. The amendments apply retrospectively and also generally incorporate the transition provisions of Statement 167 to address situations in which it may not be practicable to obtain the necessary information for prior years. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance.	**DSE requirements** – Effective for annual reporting periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015. While the elimination of the DSE financial reporting requirements applies retrospectively, the new disclosures about related risks and uncertainties are required prospectively. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance. **Consolidation update** – Effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods beginning after December 15, 2017. The amendments apply retrospectively and also generally incorporate the transition provisions of Statement 167 to address situations in which it may not be practicable to obtain the necessary information for prior years. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance.
ASC 944, Financial Services—Insurance		
ASU 2015-09, *Disclosures about Short-Duration Contracts*	Effective for annual reporting periods beginning after December 15, 2015 and interim reporting periods within annual periods beginning after December 15, 2016. Early adoption is permitted.	Effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods within annual periods beginning after December 15, 2017. Early adoption is permitted.
ASC 958, Not-for-Profit Entities and Topic 954, Health Care Entities		
ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*	Not applicable.	Effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early adoption is permitted.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 958-810, Not-for-Profit Entities—Consolidation		
ASU 2017-02, *Clarifying When a Not-for-Profit Entity That Is a General Partner or a Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*	Not applicable.	Effective for annual financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. If an NFP early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.
ASC 960, Defined Benefit Pension Plans; ASC 962, Defined Contribution Pension Plans; and ASC 965, Health and Welfare Benefit Plans		
ASU 2017-06, *Employee Benefit Plan Master Trust Reporting (a consensus of the Emerging Issues Task Force)*	Not applicable.	Effective for fiscal years beginning after December 15, 2018, and should be applied retrospectively. Early adoption is permitted.
Other		
ASU 2017-15, *Codification Improvements to Topic 995, U.S. Steamship Entities—Elimination of Topic 995*	Effective for fiscal years beginning after December 15, 2018. Early application is permitted.	Effective for fiscal years beginning after December 15, 2018. Early application is permitted.
ASU 2017-14, *Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 116 and SEC Release No. 33-10403*	The amendments became effective on August 29, 2017.	Not applicable.
ASU 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842), Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments*	The amendments represent guidance related to the effective dates of the standards noted in the title, therefore, the amendments themselves do not have an effective date.	Not applicable.

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PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASU 2017-03, *Accounting Changes and Error Corrections (Topic 250) and Investments—Equity Method and Joint Ventures (Topic 323): Amendments to SEC Paragraphs Pursuant to Staff Announcements at the September 22, 2016 and November 17, 2016 EITF Meetings*	Effective immediately upon issuance.	Not applicable.
ASU 2016-19, *Technical Corrections and Improvements*	Most of the amendments do not require transition guidance and are effective upon issuance. Several amendments have specific transition requirements, and early adoption is permitted for those items.	Most of the amendments do not require transition guidance and are effective upon issuance. Several amendments have specific transition requirements, and early adoption is permitted for those items.
ASU 2016-11, *Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting*	The amendments within Topics 605 and 932 are effective upon adoption of Topic 606. Paragraph 815-10-S99-3 is rescinded to coincide with the effective date of ASU 2014-16.	The amendments within Topics 605 and 932 are effective upon adoption of Topic 606. Paragraph 815-10-S99-3 is rescinded to coincide with the effective date of ASU 2014-16.

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