

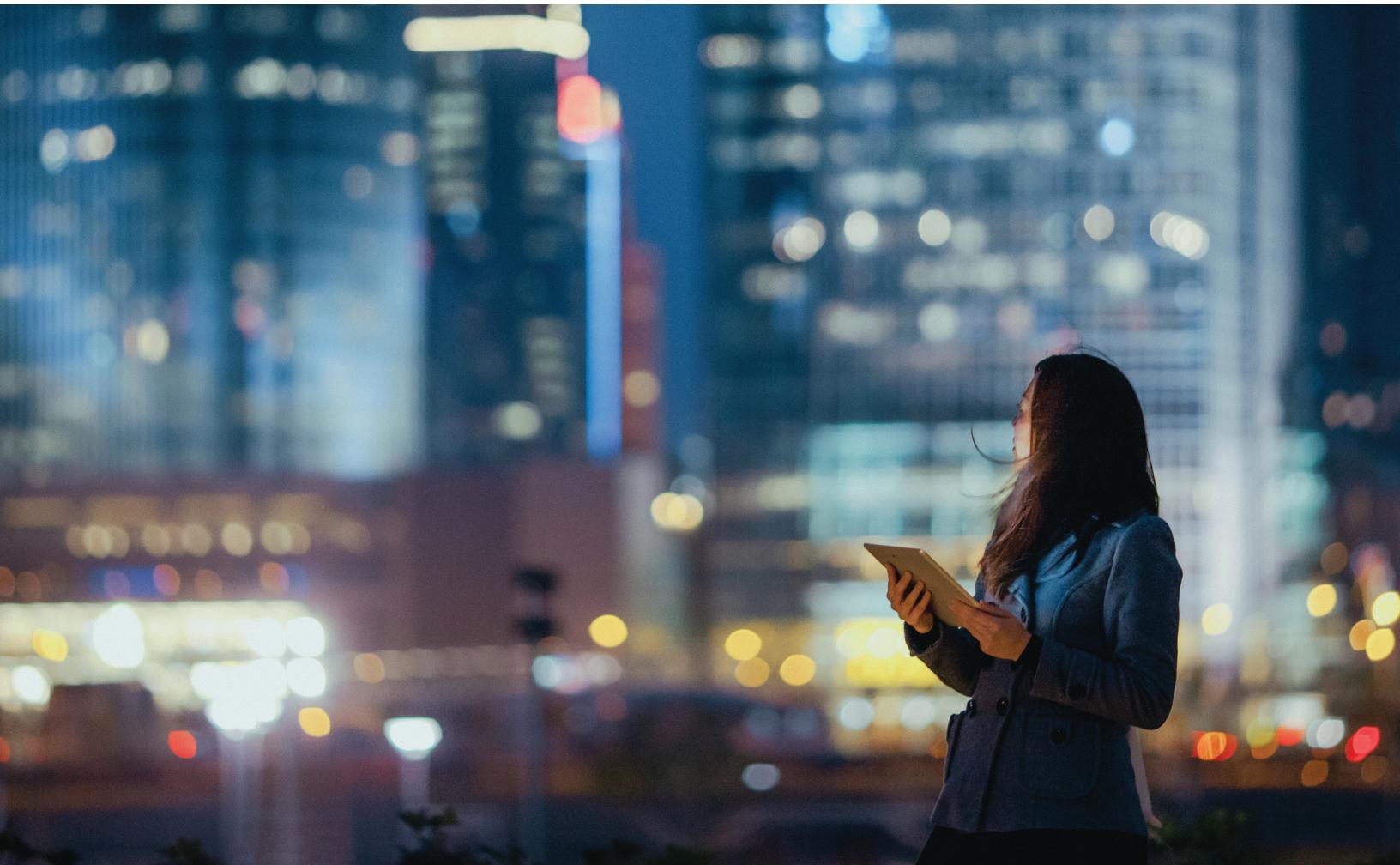


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October 2020

# Keeping you informed

Third quarter accounting and financial reporting developments



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



Dear readers,

Fall is officially here, which brings the conference season and all things pumpkin. Like many of you, I wonder where the time has gone. I continue to hope this message finds you, your friends, your family, and your colleagues safe.

As we turn to the third quarter, speculation on the financial reporting impact of the pandemic remains high. We still face uncertainty with COVID-19 on many fronts, including the short-term and long-term financial reporting impacts.

We will find a way with what will be a new normal and strive to keep you updated as this unfolds.

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

# Third quarter highlights

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

- Accounting for convertible instruments and contracts in an entity's own equity
- Presentation and disclosure of contributed nonfinancial assets for not-for-profit entities

The FASB also issued proposals addressing franchisor revenue recognition, stock compensation, elements of financial statements, and deferral of the effective date for insurance guidance. Additionally, the FASB discussed its agenda prioritization and announced the creation of a dedicated post-implementation review webpage.

The Securities and Exchange Commission (SEC) held a roundtable on COVID-19 disclosure considerations, released a cybersecurity alert on safeguarding client accounts, held a small-business capital formation meeting, issued updated guidance on Regulation S-K and *Securities Act* forms, issued guidance on expiring confidential treatment orders, provided an extension to the temporary conditional relief for crowdfunding offerings, amended certain Regulation S-K disclosures, and updated the accredited investor definition.

The Public Company Accounting Oversight Board (PCAOB) posted conversations with audit committees and released its annual broker-dealer inspection report.

The American Institute of Certified Public Accountants (AICPA) released new technical questions and answers for healthcare entities and published frequently asked questions on COVID-19 and related issues for the healthcare industry.

The Center for Audit Quality (CAQ) has continued to update its COVID-19 resources page.

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

### **Accounting for convertible instruments and contracts in an entity's own equity**

On Aug. 5, 2020, the FASB issued ASU 2020-06, “Debt – Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.” This ASU clarifies the accounting for certain financial instruments with characteristics of liabilities and equity. The amendments in this update reduce the number of accounting models for convertible debt instruments and convertible preferred stock by removing the cash conversion model and the beneficial conversion feature models. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract. Convertible instruments that continue to be subject to separation models are 1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting and 2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in-capital. In addition, this ASU improves disclosure requirements for convertible instruments and earnings-per-share guidance. The ASU also revises the derivative scope exception guidance to reduce form-over-substance-based accounting conclusions driven by remote contingent events.

### Effective dates

For public business entities (PBEs) that meet the definition of an SEC filer (excluding smaller reporting entities), the amendments are effective for fiscal years beginning after Dec. 15, 2021, and interim periods within. For all other entities, the amendments are effective for fiscal years beginning after Dec. 15, 2023, and interim periods within. Early adoption is permitted, but no earlier than for fiscal years beginning after Dec. 15, 2020.

## **Contributed nonfinancial assets presentation and disclosure**

On Sept. 17, 2020, the FASB issued ASU 2020-07, “Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,” to improve transparency on how not-for-profit organizations present and disclose contributed nonfinancial assets. The ASU does not change existing recognition and measurement requirements for those assets.

Contributed nonfinancial assets are commonly referred to as gifts in kind and may include fixed assets; the use of fixed assets; supplies such as food, clothing, or pharmaceuticals; intangible assets; and contributed services.

The ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line in the statement of activities. The ASU also requires disclosures of contributed nonfinancial assets received disaggregated by category. Required disclosures for each category of contributed nonfinancial assets recognized include: a) whether the assets were monetized or utilized during the reporting, b) if the assets were utilized, a description of the programs or activities for which those assets were utilized, c) a description of any donor restrictions associated with the contributed assets, and d) the valuation techniques and inputs used to arrive at the fair value measure upon initial recognition. In addition, the principal or most advantageous market used to arrive at a fair value measurement must also be disclosed if the market is one in which the recipient is prohibited by a donor restriction from selling or using the contributed nonfinancial assets.

### Effective date

The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Early adoption is permitted.

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## Proposals

### **Franchisor revenue recognition – private company practical expedient**

On Sept. 21, 2020, the FASB issued a proposed ASU, “Franchisors – Revenue From Contracts With Customers (Subtopic 952-606) – Practical Expedient,” to reduce the cost and complexity in accounting for initial franchise fees by private company franchisors and accounting outcome of deferring some or all of the initial franchise fee over the franchise license term. The proposed amendments provide a practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as a single separate performance obligation if the services are consistent with those included in a predefined list with the guidance and they meet certain other conditions. The proposal requires an assessment of the ongoing fees and the relation of those fees to ongoing services. A franchisor would be prohibited from applying the practical expedient if it is not probable that continuing franchise fees will cover the continuing cost of the services plus a reasonable profit.

If a private entity has not adopted Topic 606, the proposed amendments will mirror the effective dates and transition requirements of Topic 606. If a private entity has already adopted Topic 606, the proposed amendments would be effective for annual periods including interim periods beginning after Dec. 15, 2020. Early application would be permitted. For those entities, this proposed guidance would be applied retrospectively to the date Topic 606 was adopted.

Comments are due on Nov. 5, 2020.

### **Stock compensation – private company practical expedient**

On Aug. 17, 2020, the FASB issued a proposed ASU, “Compensation – Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Option Awards (a Proposal of the Private Company Council),” to reduce the cost and complexity of determining the fair value of private company traditional stock-option awards at grant date or upon a modification to an award. The proposed practical expedient allows a nonpublic entity to determine the current price input of equity-classified share-option awards issued to both employees and nonemployees using a valuation method performed in accordance with specific regulations of the U.S. Department of the Treasury. As a result, nonpublic entities that elect the expedient will be allowed to use the same external valuation obtained to satisfy Section 409A of the U.S. Internal Revenue Code to then calculate the fair value measurement objective in Topic 718, “Compensation – Stock Compensation.”

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

Comments were due on Oct. 1, 2020.

## **Elements of financial statements**

On July 16, 2020, the FASB issued a proposed Statement of Financial Accounting Concepts, “[Concepts Statement 8 – Conceptual Framework for Financial Reporting – Chapter 4: Elements of Financial Statements](#),” to define the elements of financial statements such as assets, liabilities, equity (net assets), revenues, expenses, gains, losses, investment by owners, distribution to owners, and comprehensive income. This proposed chapter also defines or describes certain other concepts that underlie or are otherwise related to those elements. The definitions in this proposed chapter apply to both business and not-for-profit entities. This chapter of Concepts Statement 8 would be similar to the rest of the framework in that it establishes concepts that the board would use in developing standards of financial accounting and reporting. In particular, this chapter would provide the board with a framework for developing standards by identifying elements of financial statements that could be appropriate for recognition in the financial statements and relevant to the users of those financial statements.

The proposed statement of financial accounting concept does not yet include an effective date.

Comments are due on Nov. 13, 2020.

## **Insurance guidance effective date deferral**

On July 9, 2020, the FASB issued a proposed ASU, “[Financial Services – Insurance \(Topic 944\): Effective Date and Early Application](#),” to defer the effective dates of ASU 2018-12, “Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts,” by one year.

Under the proposal, ASU 2018-12 would be effective for PBEs (excluding smaller reporting entities) in fiscal years beginning after Dec. 15, 2022, and interim periods within. For all other entities, ASU 2018-12 would be effective for fiscal years beginning after Dec. 15, 2024, and interim periods within fiscal years beginning after Dec. 15, 2025. Early adoption is permitted.

Comments were due on Aug. 24, 2020. Subsequently, the board met on Sept. 30, 2020, affirmed its decision to defer the effective date of ASU 2018-12 by one year, revised the proposed early application adoption provisions of ASU 2018-12 to include that the early application transition date would be either the beginning of the prior period or the earliest period presented, and directed the staff to draft an ASU for vote by written ballot.

## Agenda prioritization and post-implementation review

At the FASB's meeting on July 29, 2020, the board discussed staff research and outreach on potential projects related to recent agenda and other implementation requests.

The board added the following projects to the technical agenda:

- Consider targeted improvements for Topic 842, "Leases," to address:
  - Sales-type leases with substantial variable lease payments
  - Lease payment remeasurement based on a reference index or rate
  - Reduction of scope in a lease contract
- Evaluate how underwriting restrictions on the sale of equity securities should be considered in fair value measurements.
- Examine effects of other types of sale restrictions on fair value measurements.
- Consider development of a principle for benchmark interest rates eligible for fair value hedge accounting.

As part of the targeted improvements to leases, the FASB directed the staff to draft a proposal with a 45-day comment period. The board tentatively decided that lessors would be required to classify leases with payments that are predominantly variable as operating leases and that lessees would have an option to remeasure lease liabilities for changes in a reference index or rate affecting future lease payments.

Also, the board tentatively determined that when a separate lease component within a contract is terminated and the economics of the remaining lease components remain substantially the same as before the partial termination of that contract, a lessee or lessor would not apply modification accounting to the remaining lease components.

Projects discussed by the board but not added to the agenda include fair value hedge accounting for fixed-rate call option monetization strategies, customer account disclosures, permitting an entity to elect as its functional currency the parent's reporting currency for all its foreign subsidiaries, and including the current portion of fixed assets as an element of working capital.

Additionally, at the July 29, 2020, FASB board meeting, the staff provided an update on the post-implementation review (PIR) process for leases, current expected credit losses (CECL), and revenue recognition, and announced a dedicated PIR webpage for all items related to PIR.

# From the SEC

## 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.

### **Roundtable on COVID-19 disclosure considerations**

On June 30, 2020, a panel of various financial statement users participated in a [virtual roundtable](#) with SEC Chair Jay Clayton and Division of Corporation Finance (Corp Fin) Division Director William Hinman to discuss their perspectives on what issuers should consider for quarterly COVID-19 disclosures as well as other topics including the importance of forward-looking information and human capital initiatives. Panelists included:

- Gary Cohn, former director of the National Economic Council
- Glenn Hutchins, chairman of North Island
- Tracy Maitland, president and CIO of Advent Capital
- Barbara Novick, vice chairman and co-founder of BlackRock

An archive of the roundtable is [available](#).

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## Public statements and announcements

### **Safeguarding client accounts cybersecurity alert**

On Sept. 15, 2020, the Office of Compliance Inspections and Examinations (OCIE) issued a cybersecurity risk alert covering safeguarding client accounts. The risk alert is based on observations from recent OCIE examinations. It “encourages firms to review their customer account protection safeguards and identity theft prevention programs and consider whether updates to such programs or policies are warranted to address emergent risks.”

### **Small-business capital formation meeting**

The Small Business Capital Formation Advisory Committee met on Aug. 4, 2020, to discuss how capital markets are serving underrepresented founders, including minorities and women. SEC Chairman Jay Clayton and commissioners Allison Herren Lee, Hester Peirce, and Elad Roisman offered remarks at the meeting, which also included a discussion of opportunities to access capital for underrepresented founders and a discussion of solutions for inclusive capital formation including best practices and potential regulatory solutions. Data regarding underrepresented founders provided details of minority-owned and women-owned businesses including access to capital challenges. A recording of the meeting is available on the SEC’s website.

## Rules and guidance

### **Regulation S-K and *Securities Act* forms guidance**

The SEC’s Corp Fin staff updated, on Sept. 21, 2020, its Compliance and Disclosure Interpretations (C&DIs) for Regulation S-K and for Securities Act forms.

The update to the C&DI on Regulation S-K appears in question 219.05 and provides guidance on reporting compensation for periods affected by COVID-19. The updated guidance on *Securities Act* forms appears in question 115.18 and addresses the merger of a private operating company or companies with or into a reporting shell company and whether the resulting combined entity may rely on the reporting shell company’s pre-merger reporting history to meet the eligibility requirements of Form S-3 during the 12 calendar months following the business combination.

## **Expiring confidential treatment orders**

On Sept. 9, 2020, Corp Fin released an update to [CF Disclosure Guidance: Topic No. 7](#). The new guidance describes the three options available to companies whose confidential treatment orders are expiring, including refiling the unredacted information, extending the confidential period, and transitioning to compliance with the requirements under Regulation S-X item 601(b)(1) and other parallel rules.

## **Extension of temporary amendments to crowdfunding offerings**

On Aug. 28, 2020, the SEC [issued](#) a temporary final rule to provide an extension to the temporary amendments issued on May 4, 2020, for crowdfunding offerings. The amendments provide conditional relief for established smaller companies affected by COVID-19 that are relying on a Regulation Crowdfunding offering to meet their urgent funding needs. The temporary final rule is intended to expedite the offering process for eligible companies by providing relief from certain rules with respect to the timing of the company's offering and the financial statement requirements. Companies must meet enhanced eligibility requirements to take advantage of this relief and must provide clear and prominent disclosure to investors about their reliance on the relief.

The amendments in the rule are effective from Aug. 31, 2020, to Sept. 1, 2021, and are applicable to offerings under Regulation Crowdfunding between May 4, 2020, and Feb. 28, 2021.

## **Regulation S-K disclosures**

The SEC, on Aug. 26, 2020, [adopted](#) amendments to update the description of business (item 101), legal proceedings (item 103), and risk factor (item 105) disclosures required under Regulation S-K. Incorporating changes in the capital markets and the economy, the amendments also reflect the SEC's commitment to a principles-based, registrant-specific approach to disclosure and are intended to improve the readability of disclosure documents and to discourage repetition and reduce the disclosure of information that is not material.

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Among other changes to Items 101, 103, and 105, the amendments include the following:

- Item 101. Clarifying and expanding the principles-based approach; adding disclosure topics such as human capital resources, including any material human capital measures or objectives that management focuses on in managing the business; and emphasizing regulatory compliance by including material government regulations
- Item 103. Specifically stating that required information about material legal proceedings may be provided through hyperlinks or cross-references to legal proceedings disclosure located elsewhere in the document
- Item 105. Requiring a summary disclosure if risk factors exceed 15 pages, changing the required disclosure standard from “most significant” to “material” factors, and requiring risk factors to be organized under relevant headings

The amendments are effective on Nov. 9, 2020.

### **Accredited investor definition**

On Aug. 26, 2020, the SEC adopted amendments to the accredited investor definition, which is one of the principal tests for determining who is eligible to participate in private capital markets. Previously, individual investors who did not meet specific income or net worth tests, regardless of their financial sophistication, were not provided the opportunity to invest in private markets. These amendments update and improve the definition to better identify institutional and individual investors that have the knowledge and expertise to participate in private markets.

The amendments include defined measures of professional knowledge, experience, or certifications in addition to the existing tests for income or net worth that allow for qualification as an accredited investor. Qualifying individuals now will include those who have certain professional certifications and designations and a “knowledgeable employee” of a private fund for the purpose of investing in that fund. The amendments also increase the list of entities that may qualify as accredited investors.

The amendments are effective on Dec. 8, 2020.

## Staffing updates

On Aug. 19, 2020, the SEC named Marc P. Berger as deputy director of the Division of Enforcement. Before this appointment, Berger was the director of the SEC's New York regional office. Prior to his position with the SEC, Berger was a federal prosecutor in New York.

On Aug. 18, 2020, the SEC announced the appointment of Diana Stoltzfus as a deputy chief accountant in the agency's Office of the Chief Accountant. Stoltzfus will lead the activities of the office's Professional Practice Group, which includes supporting the commission in overseeing the activities of the PCAOB, managing rule-making and the resolution of auditor independence matters, and monitoring and addressing matters related to requirements for internal control over financial reporting and the audit of the financial statements. Stoltzfus was most recently a partner at PricewaterhouseCoopers LLP.

On Aug. 17, 2020, the SEC announced that Caroline A. Crenshaw and Hester M. Peirce were sworn into office as SEC commissioners. Both Crenshaw and Peirce were unanimously confirmed by the U.S. Senate on Aug. 6, 2020. Commissioner Crenshaw is a captain in the United States Army Reserve, Judge Advocate General's Corps, and has served in positions across the SEC. Commissioner Peirce first was sworn in as a commissioner in 2018 and has focused on matters of innovation in financial services and on regulatory matters under the *Dodd-Frank Wall Street Reform and Consumer Protection Act* Title VII.

On Aug. 5, 2020, the SEC announced that Lindsay McCord has been named chief accountant of Corp Fin, where she has served as acting chief accountant since March 2020. Previously, McCord served as a Corp Fin deputy chief accountant, managing a team responsible for providing technical guidance and interpretations of financial statement and related disclosure requirements.

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# From the PCAOB

## **Conversations with audit committees**

On July 31, 2020, the PCAOB posted “[Conversations With Audit Committee Chairs: COVID-19 and the Audit](#),” which summarizes the results of discussions with audit committee chairs on their thoughts about COVID-19’s effects on financial reporting and the audit. Audit committee chairs said they are focusing on numerous topics that present increased financial reporting and audit risk. The two main areas highlighted in the report are increased risks associated with remote work and increased communications with auditors. The document identifies forms of communication that audit committee chairs found helpful and provides suggestions for communication with the auditors during the pandemic. It also includes example questions to discuss with auditors regarding remote work and the additional risks it might present related to productivity, timing, testing, technology matters, and cybersecurity concerns.

## **Forums on auditing in the small-business environment and on broker-dealers**

On Sept. 9, 2020, the PCAOB [announced](#) that the 2020 forums for auditors of small businesses and auditors of broker-dealers will be recorded due to the COVID-19 pandemic and posted on its website. The recordings, which will include perspectives from the PCAOB and the Financial Industry Regulatory Authority, will be available starting Oct. 19, 2020.

## **Annual broker-dealer inspection report**

On Aug. 20, 2020, the PCAOB released its [annual report](#) on 2019 inspections of broker-dealer auditors. The report includes observations from inspections during 2019, insights into applicable standards, and examples of effective procedures. The report highlights that, although there was slight improvement, the percentage of deficiencies for audit and attestation engagements remained high and that continued improvement is needed. The PCAOB believes that auditors could achieve significant positive impact on audit quality if they:

- Focus on improving their systems of quality control
- Proactively implement improvements based on the inspection results and the example effective procedures

• The PCAOB also noted that this report will assist broker-dealer owners and audit committees or equivalents when engaging with audit firms regarding audit quality and financial reporting.

# 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:

- *Coronavirus Aid, Relief, and Economic Security Act (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 Association Paycheck Protection Program resources](#) webpage, which brings together many different resources including loan forgiveness information and frequently asked questions.

## **New TQAs for healthcare entities on CARES Act and other payments received**

The AICPA, on Sept. 2, 2020, [issued](#) a set of [Technical Questions and Answers](#) (TQAs) to help nongovernmental healthcare entities, including business entities and not-for-profit entities, account for payments received from the CARES Act, the Provider Relief Fund, and boosted Medicare and Medicaid payments. The nonauthoritative accounting guidance, which appears in Q&A Section 6400, Health Care Entities, questions .63 through .70, provides background information and answers to questions regarding CARES Act provisions and COVID-related Federal Emergency Management Agency (FEMA) funding. The guidance addresses effects on patient service revenue, factors to consider when evaluating income recognition for Provider Relief Fund general distribution payments, and considerations when selecting an appropriate accounting model to apply to a government grant. The three considerations identified include:

- “a. U.S. GAAP guidance on selecting accounting principles for transactions or events for which no guidance exists (FASB ASC 105, *Generally Accepted Accounting Principles*);
- “b. the specific characteristics and facts and circumstances associated with the grant; and
- “c. any preexisting accounting policies the entity may have established for government grants.”

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## **AICPA TQAs for healthcare entities**

In August 2020, the AICPA issued new TQAs under Section 6400, Health Care Entities, to provide accounting guidance to continuing care retirement communities for lease components in Type A life care contracts. The new questions and answers (Sections 6400.55 to .62) address, among other topics, the background of accounting for lease components in Type A life care contracts by continuing care retirement communities, embedded lease components, lease terms when there is an embedded lease component, classification of an embedded lease component, nonlease components with the resident agreement of a Type A life care contract, measurement of lease components, and reassessment of lease terms.

## **Healthcare industry FAQs on COVID-19 and related issues**

During August 2020, the AICPA published frequently asked questions (FAQs) and additional FAQs, “Health Care Industry COVID-19 Issues and FAQs” to help healthcare financial statement preparers and practitioners performing financial statement audit engagements.

The various questions and answers cover audit, accounting, and tax matters related to the pandemic and congressional and other actions taken to address the effects of the pandemic. The topics covered include:

- Paycheck Protection Program loans
- Taxability of forgiveness income and expenses
- The single audit requirements under the Office of Management and Budget Uniform Guidance
- CPA services to a client
- FEMA funding
- Payroll tax deferral under the CARES Act
- Factors and conditions to consider for accounts receivable and estimate of transaction price
- Carrying value of COVID-19 supply inventories

# 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.

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# From the GASB

## Proposals

### **Financial reporting model improvements**

On July 24, 2020, the GASB issued an exposure draft of a proposed statement, [“Financial Reporting Model Improvements,”](#) designed to improve key components of state and local government annual financial reports.

The exposure draft proposes improvements devised to enhance the effectiveness of financial reports in providing information essential for making decisions and assessing a government’s accountability and addresses certain application issues.

The exposure draft includes proposals that would establish or modify existing accounting and financial reporting requirements related to:

- Management’s discussion and analysis
- Unusual or infrequent items
- Application of the short-term financial resources measurement focus and accrual basis of accounting in governmental funds (replacing the existing current financial resources measurement focus and modified accrual basis of accounting)
- Presentation of governmental fund financial statements
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
- Budgetary comparison information

The GASB indicates that the proposed changes would improve financial reporting by increasing the consistency, clarity, and relevance of what and how certain information would be reported in the financial statements and management’s discussion and analysis.

Comments are due to the GASB by Feb. 26, 2021.

## COVID-19 resources

### **GASB emergency toolbox**

The GASB has posted 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>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>March 31, 2019<sup>1,2</sup></p>	<p>Permitted</p>
<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>For ASU 2019-01, March 31, 2020, except for transition disclosure amendments which are consistent with ASU 2016-02</p>	<p>Permitted for interim or annual goodwill impairment tests performed on testing dates on or after Jan. 1, 2017</p>

<sup>1</sup> Codified in ASU 2020-02, an SEC staff announcement at the December 2019 AICPA National Conference on Current SEC and PCAOB Developments specifically related to PBEs that qualify as a PBE solely due to the requirement to include or the inclusion of its financial statements or financial information in another entity's SEC filing ("certain PBEs") states that the SEC will not object to it adopting Topic 842 for fiscal years beginning after Dec. 15, 2020, and interim period within fiscal years beginning after Dec. 15, 2021, in accordance with ASU 2019-10.

<sup>2</sup> ASU 2020-05 defers, for one year, the required effective date for a not-for-profit entity that has issued or is a conduit bond obligor for securities that are traded, listed, or quoted on an exchange or an over-the-counter market that has not yet issued its 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 those fiscal years for calendar year-end entities.

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

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<b>Codification Updates to SEC Sections (ASU 2020-02)</b> 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.	Upon issuance, January 2020	Not applicable
<b>Codification Improvements to Financial Instruments (ASU 2020-03)</b> 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. (Also contains clarification and improvements to ASU 2016-13, which is included as clarifying standard.)	March 31, 2020	Permitted
<b>Optional Guidance in Accounting for Impacts of Reference Rate Reform (ASU 2020-04)</b> 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.	March 31, 2020	Not applicable

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<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>For SEC filers, excluding smaller reporting companies, March 31, 2020</p> <p>For all other PBEs, including smaller reporting companies, March 31, 2023</p> <p>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</p>	<p>Permitted as of the fiscal years beginning after Dec. 15, 2018, including interim periods within</p>
<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>	<p>March 31, 2020</p>	<p>Permitted</p>
<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>	<p>March 31, 2020</p>	<p>Permitted, including in an interim period</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
<b>Variable Interest Entity (VIE) Model – Targeted Improvements for Related Parties (ASU 2018-17)</b> 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).	March 31, 2020	Permitted, including in an interim period
<b>Collaborative Arrangements (Topic 808) (ASU 2018-18)</b> 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.	March 31, 2020	Permitted, including in an interim period
<b>Certain Costs in Media and Entertainment Industry (ASU 2019-02)</b> 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.	March 31, 2019	Permitted, including in an interim period
<b>Improvements to Recognition and Measurement of Financial Instruments and Accounting for Hedging Activities (ASU 2019-04)</b> 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. 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. (Also contains clarification and improvements to ASU 2016-13, which is included as a clarifying standard.)	March 31, 2020	Permitted, including in an interim period
<b>Share-Based Consideration Payable to a Customer (ASU 2019-08)</b> 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.	March 31, 2020	Permitted, including in an interim period, but no earlier than the adoption of ASU 2018-17

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<b>Defined Benefit Plan Disclosure for Sponsors (ASU 2018-14)</b> 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.	Dec. 31, 2020	Permitted
<b>Updating the Definition of Collections (ASU 2019-03)</b> Improves the definition of collections. Requires additional disclosure. Although the ASU primarily affects not-for-profits, it applies to all entities that maintain collections.	Dec. 31, 2020	Permitted including in an interim period
<b>Simplifying Accounting for Income Taxes (ASU 2019-12)</b> 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.	March 31, 2021	Permitted, including in an interim period
<b>Interaction Between Accounting for Equity Securities, Equity Method Investments, and Certain Derivative Instruments (ASU 2020-01)</b> 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.	March 31, 2021	Permitted, including in an interim period
<b>Long-Duration Insurance Contracts (ASU 2018-12)</b> 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. Clarifying standards: <b>ASU 2019-09</b> – Deferral of effective dates.	For SEC filers, excluding smaller reporting companies, March 31, 2022 For all other PBEs, including smaller reporting companies, Dec. 31, 2024	Permitted
<b>Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)</b> 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.	For SEC filers, excluding smaller reporting companies, March 31, 2022 For all other PBEs, including smaller reporting companies, March 31, 2024	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.

# 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> For all entities, the transaction- and industry-specific recognition methods are eliminated and revenue is recognized by applying a defined principles-based approach. Clarifying standards: <b>ASU 2015-14</b> – Deferral of Effective Date <b>ASU 2016-08</b> – Principal Versus Agent Considerations (Gross Versus Net Reporting) <b>ASU 2016-10</b> – Identifying Performance Obligations and Licensing <b>ASU 2016-11</b> – Rescission of SEC Staff Observer Comments (Staff Announcements at March 3, 2016, EITF Meeting) <b>ASU 2016-12</b> – Narrow-Scope Improvements and Practical Expedients <b>ASU 2016-20</b> – Technical Corrections and Improvements <b>ASU 2017-14</b> – Rescission of SEC Staff Accounting Bulletin (SAB) Topic 13, “Revenue Recognition”</p>	Dec. 31, 2019	Permitted only as of annual periods beginning after Dec. 15, 2016, including interim periods within
<p><b>Codification Improvements (ASU 2018-09)</b> 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>	Varies by issue (see pages 8 and 9 of the ASU) Upon issuance, July 16, 2018 Dec. 31, 2019 Dec. 31, 2020	Permitted, including in an interim period
<p><b>Codification Improvements to Financial Instruments (ASU 2020-03)</b> 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. (Also contains clarification and improvements to ASU 2016-13, which is included as clarifying standard.)</p>	March 31, 2020 (regarding alignment of disclosure requirements for depository and lending institutions) Dec. 31, 2020 (other improvements)	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<b>Optional Guidance in Accounting for Impacts of Reference Rate Reform (ASU 2020-04)</b> 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.	March 31, 2020	Not applicable
<b>Improvements to Recognition and Measurement of Financial Instruments (ASU 2019-04)</b> 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.)	Dec. 31, 2020	Permitted, including in an interim period
<b>Contributions Received and Made for Not-for-Profit Entities (ASU 2018-08)</b> 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.	For contributions received, Dec. 31, 2019 For contributions made, Dec. 31, 2020	Permitted
<b>Share-Based Consideration Payable to a Customer (ASU 2019-08)</b> 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.	March 31, 2020 (if ASU 2018-17 has been adopted) Dec. 31, 2020 (if ASU 2018-17 has not been adopted)	Permitted, including in an interim period, but no earlier than the adoption of ASU 2018-17
<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.	Dec. 31, 2020	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<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>	Dec. 31, 2020	Permitted, including in an interim period
<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>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>Dec. 31, 2020 (consistent with ASU 2017-12)</p> <p>March 31, 2020, if ASU 2017-12 was early adopted</p>	Permitted, including in an interim period, if ASU 2017-12 was early adopted
<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

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<b>Certain Costs in Media and Entertainment Industry (ASU 2019-02)</b> 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.	Dec. 31, 2021	Permitted, including in an interim period
<b>Defined Benefit Plan Disclosure for Sponsors (ASU 2018-14)</b> 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.	Dec. 31, 2021	Permitted
<b>Implementation Costs for Cloud Computing Arrangements (CCAs) (ASU 2018-15)</b> 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.	Dec. 31, 2021	Permitted, including in an interim period
<b>Variable Interest Entity (VIE) Model – Targeted Improvements for Related Parties (ASU 2018-17)</b> 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).	Dec. 31, 2021	Permitted, including in an interim period
<b>Collaborative Arrangements (Topic 808) (ASU 2018-18)</b> 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.	Dec. 31, 2021	Permitted, including in an interim period
<b>Simplifying Accounting for Income Taxes (ASU 2019-12)</b> 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.	Dec. 31, 2022	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>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
<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>	Dec. 31, 2021	Permitted
<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>	Dec. 31, 2022	Permitted for interim or annual goodwill impairment tests performed on testing dates on or after Jan. 1, 2017
<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>	Tests performed on or after Jan. 1, 2023	Permitted for interim or annual goodwill impairment tests performed on testing dates on or after Jan. 1, 2017

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Credit Losses (ASU 2016-13)</b> 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>
<p><b>Convertible Instruments and Contracts in an Entity’s Own Equity (ASU 2020-06)</b> 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> 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>Dec. 31, 2024</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

<b>GASB statement</b>	<b>Effective dates – reporting periods beginning after</b>	<b>Early adoption</b>
<b>Postponement of the Effective Dates of Certain Authoritative Guidance (GASB Statement 95)</b>  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.	Upon issuance, May 8, 2020	Not applicable
<b>Certain Asset Retirement Obligations (GASB Statement 83)</b>  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.	June 15, 2019	Permitted
<b>Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements (GASB Statement 88)</b>  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.	June 15, 2019	Permitted
<b>Fiduciary Activities (GASB Statement 84)</b>  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.  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.	Dec. 15, 2019	Permitted
<b>Majority Equity Interests (GASB Statement 90)</b>  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.	Dec. 15, 2019	Permitted

Checklist C – Effective dates  
for all GASB statements

GASB statement	Effective dates – reporting periods beginning after	Early adoption
<b>Replacement of Interbank Offered Rates (GASB Statement 93)</b> 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.	June 15, 2020, except: <b>Paragraph 11b, periods ending after Dec. 15, 2021</b> <b>Paragraphs 13 &amp; 14, June 15, 2021</b>	Permitted
<b>Accounting for Interest Cost Incurred Before the End of a Construction Period (GASB Statement 89)</b> 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.	Dec. 15, 2020	Permitted
<b>Leases (GASB Statement 87)</b> 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.	June. 15, 2021	Permitted
<b>Omnibus 2020 (GASB Statement 92)</b> 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.	<b>Varies by issue (see pages 5 and 6 of the statement and page 2 of statement 95)</b> <b>Upon issuance, Feb. 5, 2020</b> <b>June 15, 2021</b>	Permitted by topic

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>	Permitted by topic
<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>	Dec. 15, 2021	Permitted
<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>	June 15, 2022	Permitted
<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>	June 15, 2022	Permitted



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