Accounting Roundup

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To our clients, colleagues, and other friends:

Welcome to the 2016 edition of Accounting Roundup: Year in Review. The year 2016 was a busy one for the FASB. The Board released its much-anticipated standards on leases and credit losses. The new lease standard, ASU 2016-02, represents a wholesale change to lease accounting by introducing a lessee model that brings most leases on the balance sheet and aligning many of the underlying principles of the new lessor model with those in the new revenue standard. The new credit loss standard, ASU 2016-13, introduces a current expected credit loss approach to recognizing and measuring loan impairment.

Further, the Board continued to make progress with resolving implementation issues related to its new revenue recognition standard, ASU 2014-09, by releasing ASUs that (1) make narrow-scope amendments and provide practical expedients, (2) clarify the new standard’s principal-versus-agent guidance, and (3) elucidate the standard’s guidance on licensing and identifying performance obligations.

Other notable standards issued by the FASB include ASUs that:

• Amend the classification and measurement of financial instruments.
• Revise the consolidation guidance on related parties under common control.

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• Simplify the accounting related to the equity method, intra-entity asset transfers, and share-based payments.
• Clarify the classification of restricted cash and certain cash receipts and payments in the statement of cash flows.
• Change the effective date and transition guidance in certain private-company ASUs.

Over at the SEC, non-GAAP measures were a major focus, with the Commission updating its C&DI’s on this topic in response to its increasing concerns that such measures may be misleading, more prominent than comparable GAAP measures, or inconsistently presented from period to period. The months leading up to the release of the updated C&DI’s have been marked by an explosion of press coverage and SEC scrutiny of non-GAAP measures in reaction to the increased use of these measures as well as the progressively larger difference between the amounts reported for GAAP measures and those reported for non-GAAP measures.

The Commission also continued to work on its disclosure initiative, releasing a report on modernizing and simplifying the disclosure requirements in Regulation S-K in response to a mandate of the FAST Act. Further, the SEC announced that it is no longer requiring registrants to provide “Tandy” representations in their disclosures related to comment-letter correspondence.

The AICPA held its annual Conference on Current SEC and PCAOB Developments in early December. During the conference, representatives from the SEC, PCAOB, FASB, IASB, and other organizations provided updates on new developments, regulations, and current priorities. A central theme at this year’s conference was the effect that new accounting standards will have when they are adopted in the coming years, specifically those on revenue recognition, leases, financial instruments, and credit losses — or the “new GAAP standards” as SEC Chief Accountant Wesley Bricker referred to them.

For more information about the conference, see Deloitte’s December 12, 2016, Heads Up.

In international news, the IASB issued its own leasing standard, IFRS 16, in January 2016. Although the leases project was a convergence effort and the boards conducted joint deliberations, there are several notable differences between IFRS 16 and the FASB’s counterpart standard, ASU 2016-02. For instance, the IASB’s standard has a single lessee accounting model while the FASB’s has a dual lessee accounting model.

In addition, like the FASB, the IASB published amendments to its counterpart revenue standard, IFRS 15, which address (1) identifying performance obligations, (2) principal-versus-agent considerations, and (3) licensing. The IASB also amended its insurance contracts standard to address concerns about the different effective dates of IFRS 9 and the IASB’s forthcoming insurance contracts standard, which is expected to be issued as IFRS 17 in March 2017.

Other significant news on the international front is the United Kingdom’s (UK’s) vote to depart from the European Union (EU) in a June 23, 2016, referendum (the “Brexit” vote), which caught many by surprise and has given rise to a host of questions about the near-term and longer-term effects of Britain’s exit from the EU on an entity’s financial reporting.

Accounting Roundup: Year in Review summarizes final guidance that affects reporting and disclosures for the coming reporting season. With the exception of guidance issued in December, proposed guidance, such as exposure drafts and invitations to comment, is not included. Please see our 2016 monthly and quarterly issues of Accounting Roundup for more information about these documents.
In addition, note that in this year-end edition, an asterisk in the article title denotes events that occurred in December or that were not addressed in previous 2016 issues of Accounting Roundup, including updates to previously reported topics. Events without asterisks were covered in those previous issues.

For the latest news and publications, visit the Deloitte Accounting Research Tool (DART) and Deloitte’s US GAAP Plus Web site or subscribe to Weekly Roundup. Also see our Twitter feed for up-to-date information on the latest news, research, events, and more.

We hope that Accounting Roundup: Year in Review will be helpful to you this financial reporting season. As always, we welcome your feedback. Please send questions and comments to accountingstandards@deloitte.com.

Happy New Year,

Deloitte & Touche LLP
Accounting — New Standards and Exposure Drafts

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### Breakage

**FASB Issues ASU on Recognition of Breakage for Certain Prepaid Stored-Value Products**

**Affects:** All entities.

**Summary:** On March 8, 2016, the FASB issued ASU 2016-04, which amends the guidance on extinguishing financial liabilities for certain prepaid stored-value products. Under the ASU, if an entity selling prepaid stored-value products expects to be entitled to a breakage amount (i.e., an amount that will not be redeemed), the entity recognizes the effects of the expected breakage “in proportion to the pattern of rights expected to be exercised” by the product holder to the extent that it is probable that a significant reversal of the breakage amount will not subsequently occur. That is, breakage is not recognized immediately but proportionally as the prepaid stored-value product is being redeemed. Otherwise, the expected breakage is recognized when the likelihood becomes remote that the holder will exercise its remaining rights.

**Next Steps:** For public business entities (PBEs), the ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, it is effective for annual periods beginning after December 15, 2018, and interim periods beginning after December 15, 2019. Early adoption is permitted, including adoption before the effective date of ASC 606. A reporting entity can apply the guidance by using either (1) a modified retrospective transition approach by recording a cumulative-effect adjustment to retained earnings as of the beginning of the annual period of adoption or (2) a full retrospective transition approach.

**Other Resources:** Deloitte’s March 16, 2016, *Heads Up.*

### Consolidation

**FASB Amends Consolidation Guidance on Related Parties Under Common Control**

**Affects:** All entities.

**Summary:** On October 26, 2016, the FASB issued ASU 2016-17, which amends the guidance in U.S. GAAP on related parties that are under common control. Specifically, the new ASU requires that a single decision maker consider indirect interests held by related parties under common control on a proportionate basis in a manner consistent with its evaluation of indirect interests held through other related parties. That is, the single decision maker does not consider indirect interests held through related parties as equivalent to direct interests in determining whether it meets the economics criterion to be a primary beneficiary. The ASU does not change the need for a single decision that has determined that it individually does not meet the criterion to be a primary beneficiary to then evaluate whether the related-party group meets these conditions and, if so, to determine whether the single decision maker is the party most closely associated with the variable interest entity (VIE) in the related-party group.
Editor's Note

As a result of ASU 2016-17, it is expected that the related-party tiebreaker test (i.e., the determination of which party in a related-party group is “most closely associated” with a VIE and is therefore the primary beneficiary of the VIE) will be performed more frequently because it is less likely that the decision maker will meet the economics criterion on its own when it is considering its exposure through a related party that is under common control on a proportionate basis.

Next Steps: For PBEs, the guidance in ASU 2016-17 is effective for annual periods beginning on or after December 15, 2016, including interim and annual periods. For all other entities, it is effective for annual periods beginning after December 15, 2016, and interim periods in annual periods beginning after December 15, 2017. Entities that have not yet adopted ASU 2015-02 are required to adopt the guidance in ASU 2016-17 at the same time they adopt the amendments in ASU 2015-02. All entities are allowed to early adopt the new guidance and may do so in an interim period.

Other Resources: Deloitte’s November 1, 2016, *Heads Up*.

Credit Losses

FASB Issues Final Standard on Accounting for Credit Losses

Affects: All entities.

Summary: On June 16, 2016, the FASB issued ASU 2016-13, which amends the Board’s guidance on the impairment of financial instruments. The ASU adds to U.S. GAAP an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses (ECL), which the FASB believes will result in more timely recognition of such losses. The ASU is also intended to reduce the complexity of U.S. GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments.

Editor's Note

On June 17, 2016, the Federal Reserve, FDIC, NCUA, and OCC released a joint statement on ASU 2016-13. The joint statement summarizes key elements of the new standard and provides the agencies’ initial views on its implementation.

The CECL model applies to most debt instruments (other than those measured at fair value), trade receivables, lease receivables, reinsurance receivables that result from insurance transactions, financial guarantee contracts, and loan commitments. However, available-for-sale (AFS) debt securities are outside the model’s scope and will continue to be assessed for impairment under the guidance in ASC 320 (the FASB moved the impairment model for AFS debt securities from ASC 320 to ASC 326-30 and made limited amendments to the impairment model for AFS debt securities).
Editor’s Note
Because the CECL model does not have a minimum threshold for recognition of impairment losses, entities will need to measure ECL on assets that have a low risk of loss (e.g., investment-grade held-to-maturity debt securities). However, the ASU states that “an entity is not required to measure ECL on a financial asset . . . in which historical credit loss information adjusted for current conditions and reasonable and supportable forecasts results in an expectation that nonpayment of the [financial asset’s] amortized cost basis is zero.”

U.S. Treasury securities and certain highly rated debt securities may be assets the FASB contemplated when it decided to allow an entity to recognize zero credit losses on an asset, but the ASU does not indicate this. Nevertheless, there are likely to be challenges associated with measuring ECL on financial assets whose risk of loss is low.

Once effective, the new guidance will significantly change the accounting for credit impairment. Banks and other financial institutions will need to modify their current processes for establishing an allowance for loan and lease losses and other-than-temporary impairments to ensure that they comply with the ASU’s new requirements. To do so, they will need to make changes to their operations and systems associated with credit modeling, regulatory compliance, and technology.

Editor’s Note
In late 2015, the FASB established a transition resource group (TRG) for credit losses. Like the TRG for the new revenue recognition standard, the credit losses TRG does not issue guidance but provides feedback to the FASB on potential implementation issues. By analyzing and discussing such issues, the TRG helps the Board determine whether it needs to take further action (e.g., by clarifying or issuing additional guidance). The credit losses TRG’s first public meeting was held on April 1, 2016. For more information about that meeting and the credit losses TRG, see Deloitte’s April 2016 TRG Snapshot.

Next Steps: For PBEs that meet the U.S. GAAP definition of an SEC filer, the ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For PBEs that do not meet the U.S. GAAP definition of an SEC filer, the ASU is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2021.

In addition, entities are permitted to early adopt the new guidance for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

Other Resources: Deloitte’s June 17, 2016, Heads Up. Also see the press release, FASB in Focus newsletter, and cost-benefit analysis on the FASB’s Web site.

Equity Method
FASB Issues ASU on Simplifying the Equity Method of Accounting

Affects: All entities.

Summary: On March 15, 2016, the FASB issued ASU 2016-07, which simplifies the equity method of accounting by eliminating the requirement to retrospectively apply the equity method to an investment that subsequently qualifies for such accounting as a result of an increase in the level of ownership interest or degree of influence. Consequently, when an
investment qualifies for the equity method (as a result of an increase in the level of ownership interest or degree of influence), the cost of acquiring the additional interest in the investee would be added to the current basis of the investor’s previously held interest and the equity method would be applied subsequently from the date on which the investor obtains the ability to exercise significant influence over the investee. The ASU further requires that unrealized holding gains or losses in accumulated other comprehensive income related to an AFS security that becomes eligible for the equity method be recognized in earnings as of the date on which the investment qualifies for the equity method.

Next Steps: The guidance in the ASU is effective for all entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years; early adoption is permitted for all entities. Entities are required to apply the guidance prospectively to increases in the level of ownership interest or degree of influence occurring after the ASU’s effective date. Additional transition disclosures are not required upon adoption.

Financial Instruments

FASB Proposes Targeted Changes to Guidance on Liabilities and Equity*

Affects: All entities.

Summary: On December 7, 2016, the FASB issued a proposed ASU that would make limited changes to its guidance on classifying certain financial instruments as either liabilities or equity. Under the proposed ASU, a “down-round provision” would not preclude an entity from concluding that the instrument or feature that includes the provision is indexed to the entity’s own stock. For example, when an entity evaluates whether it is required to classify a freestanding warrant that gives the counterparty the right to acquire the entity’s common stock as a liability or equity under ASC 815-40, the existence of the down-round feature would not affect the analysis. If the warrant otherwise meets the condition for equity classification, therefore, it would be classified as equity. Similarly, in the analysis of whether an embedded conversion feature in a debt host contract must be bifurcated as an embedded derivative under ASC 815-15, the existence of a down-round provision would not prevent the contract from qualifying for the scope exception in ASC 815-10-15-74 for contracts indexed to an entity’s own stock and classified in stockholders’ equity. While instruments that contain down-round features would no longer be expressly precluded from equity classification, however, such instruments may still not qualify for equity classification for other reasons (e.g., if the issuer could be forced to net cash settle the contract).

Editor’s Note

Economically, a down-round provision is different from an antidilution feature. Antidilution adjustments protect the holder against the impact of dilutive events (e.g., stock splits) but do not put the holder in an economically better position than it was (1) before the event or (2) in relation to existing holders of the underlying equity shares. Under ASC 815-40, an antidilution adjustment would not necessarily preclude a conclusion that the contract is indexed to the entity’s own equity. Down-round adjustments are different because they (1) enable the holder to obtain equity shares at an economically more favorable price than before the event and (2) benefit the holder in relation to existing holders of the underlying equity shares.
Further, the proposed ASU would remove the indefinite deferral under ASC 480-10 (i.e., the transition guidance that indefinitely defers the application of some of the standard's requirements for certain instruments and entities), replacing it with scope exceptions that have the same applicability. The objective of this amendment is to improve the navigability of the Codification without changing its application. Since this proposal is not intended to change how an entity applies GAAP to items within the proposal's scope, no transition guidance is provided.

Editor's Note
ASC 480-10 requires issuers to classify mandatorily redeemable financial instruments as liabilities. Because of the indefinite deferral noted above, these requirements are labeled “pending content” in the Codification, but the transition guidance in ASC 480-10-65 provides no effective date for them.

Next Steps: Comments on the proposed ASU are due by February 6, 2017.


FASB Issues ASU on Contingent Put and Call Options on Debt Instruments
Affects: All entities.
Summary: On March 14, 2016, the FASB issued ASU 2016-06, which clarifies that in assessing whether an embedded contingent put or call option is clearly and closely related to the debt host, an entity is required to perform only the four-step decision sequence in ASC 815-15-25-42 (as amended by the ASU). The entity does not have to separately assess whether the event that triggers its ability to exercise the contingent option is itself indexed only to interest rates or credit risk.

Next Steps: For PBEs, the ASU is effective for financial statements issued for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, it is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. An entity can early adopt the ASU, including in an interim period; however, if the entity early adopts the ASU in an interim period, it should reflect any adjustment as of the beginning of the fiscal year that includes the interim period.


FASB Issues ASU on Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships
Affects: All entities.
Summary: On March 10, 2016, the FASB issued ASU 2016-05, which clarifies that “a change in the counterparty to a derivative instrument that has been designated as the hedging instrument in an existing hedging relationship would not, in and of itself, be considered a termination of the derivative instrument” (emphasis added) or “a change in a critical term of the hedging relationship.” As long as all other hedge accounting criteria in ASC 815 are met, a hedging relationship in which the hedging derivative instrument is novated would not be discontinued or need to be redesignated. This clarification applies to both cash flow and fair value hedging relationships.
Next Steps: For PBEs, the ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, it is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. An entity would apply the guidance prospectively unless it elects modified retrospective transition. Early adoption is permitted, including in an interim period.

Other Resources: Deloitte’s March 16, 2016, *Heads Up*.

**FASB Amends Guidance on Classification and Measurement of Financial Instruments**

**Affects:** All entities.

**Summary:** On January 5, 2016, the FASB issued [ASU 2016-01](#), which amends the guidance in U.S. GAAP on the classification and measurement of financial instruments. Although the ASU retains many current requirements, it significantly revises an entity’s accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. The ASU also amends certain disclosure requirements associated with the fair value of financial instruments.

**Editor’s Note**

Although the FASB and IASB had been working to converge their respective classification and measurement models (see the FASB’s February 2013 ED), the FASB ultimately decided to make only limited changes to existing U.S. GAAP after performing stakeholder outreach and a cost-benefit analysis. Consequently, the ASU’s amendments are not converged with IFRSs. The IASB issued final guidance on this topic in July 2014 in the form of amendments to IFRS 9 (see Deloitte’s August 8, 2014, *Heads Up* for more information about these amendments).

Next Steps: For PBEs, the new standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2017. For all other entities, including not-for-profit entities and employee benefit plans within the scope of ASC 960 through ASC 965 on plan accounting, the effective date is in line with the recommendation of the private-company decision-making framework; that is, the guidance is effective for fiscal years beginning one year after the effective date for PBEs (i.e., December 15, 2018) and interim reporting periods within fiscal years beginning two years after the PBE effective date (i.e., December 15, 2019).

Other Resources: Deloitte’s January 12, 2016, *Heads Up*. Also see the press release on the FASB’s Web site.

**Income Taxes**

**FASB Simplifies Accounting for Intra-Entity Asset Transfers**

**Affects:** All entities.

**Summary:** On October 24, 2016, the FASB issued [ASU 2016-16](#), which removes the prohibition in ASC 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. The ASU, which is part of the Board’s simplification initiative, is intended to reduce the complexity of U.S. GAAP and diversity in practice related to the tax consequences of certain types of intra-entity asset transfers, particularly those involving intellectual property (IP).
Editor's Note
The FASB decided to exclude transfers of inventory from the new guidance because of some constituents' concerns about the costs and complexity of applying it to taxes related to intra-entity inventory transactions. The Board noted that such application would run counter to its simplification initiative. Accordingly, entities will continue to be prohibited from recognizing the current and deferred tax effects of intra-entity transfers of inventory.

Next Steps: For PBEs, the ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. For all other entities, the ASU is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted for all entities as of the beginning of a fiscal year for which neither the annual or interim (if applicable) financial statements have been issued or made available for issuance.


Leases
FASB Issues ASU on Leases
Affects: All entities.
Summary: On February 25, 2016, the FASB issued ASU 2016-02, which introduces a lessee model that brings most leases on the balance sheet. The new standard also aligns many of the underlying principles of the new lessor model with those in ASC 606, the FASB's new revenue recognition standard (e.g., those related to evaluating when profit can be recognized). Furthermore, the ASU addresses other concerns related to the current leases model. For example, the ASU eliminates the requirement in current U.S. GAAP for an entity to use bright-line tests in determining lease classification. The standard also requires lessors to increase the transparency of their exposure to changes in value of their residual assets and how they manage that exposure.

The new model represents a wholesale change to lease accounting. As a result, entities will face significant implementation challenges during the transition period and beyond, such as those related to:

- Applying judgment and estimating.
- Managing the complexities of data collection, storage, and maintenance.
- Enhancing IT systems to ensure their ability to perform the calculations necessary for compliance with reporting requirements.
- Refining internal controls and other business processes related to leases.
- Determining whether debt covenants are likely to be affected and, if so, working with lenders to avoid violations.
- Addressing any income tax implications.

Editor's Note
The IASB issued its own leases standard, IFRS 16, in January 2016 (see “IASB Issues New Leasing Standard” article below). Although the leases project was a convergence effort and the boards conducted joint deliberations, there are several notable differences between the two standards. For instance, the IASB's standard has a single lessee accounting model while the FASB's has a dual lessee accounting model.
Next Steps: For PBEs, the ASU is effective for annual periods beginning after December 15, 2018 (e.g., calendar periods beginning on January 1, 2019), and interim periods therein. For all other entities, the ASU is effective for annual periods beginning after December 15, 2019 (e.g., calendar periods beginning on January 1, 2020), and interim periods thereafter. Early adoption is permitted for all entities.

Editor's Note
As companies prepare to issue their annual financial statements, they should consider the guidance in SAB Topic 11.M, which requires SEC registrants to disclose the effect of new pronouncements that have been issued but are not yet effective. Although SAB Topic 11.M applies to SEC registrants, it is considered best practice for nonregistrants to also provide these disclosures.

Other Resources: Deloitte’s March 1, 2016, Heads Up. Also see the conforming amendments, Basis for Conclusions, press release, FASB in Focus newsletter, and cost-benefit analysis on the FASB’s Web site.

Not-for-Profit Entities
FASB Issues ASU on Not-for-Profit Financial Statements

Affects: Not-for-profit entities (NFPs).

Summary: On August 18, 2016, the FASB issued ASU 2016-14, which simplifies how an NFP (1) classifies net assets and (2) presents information in financial statements. The purpose of the ASU is to improve “presentation and disclosures to help [NFPs] provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users.” According to the FASB in Focus newsletter on the ASU, the new standard addresses:

- “Complexity and understandability of net asset classifications.”
- “Deficiencies in information about liquidity and availability of resources.”
- “Lack of consistency in the type of information provided about expenses and investment return.”
- “Misunderstandings about and opportunities to enhance the utility of the statement of cash flows.”

Next Steps: The ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Earlier application is permitted for an annual fiscal period or for the first interim period within the fiscal year of adoption.

Other Resources: Deloitte’s September 12, 2016, Heads Up. Also see the press release, FASB in Focus newsletter, cost-benefit analysis, and video discussion of the new standard on the FASB’s Web site.
Private Companies

FASB Changes the Effective Date and Transition Guidance in Certain Private-Company ASUs

**Affects:** Private companies within the scope of ASUs 2014-02, 2014-03, 2014-07, and 2014-08.

**Summary:** On March 7, 2016, the FASB issued ASU 2016-03, which gives private companies a one-time unconditional option to forgo a preferability assessment the first time they elect a private-company accounting alternative within the ASU’s scope. It also eliminates the effective dates of private-company accounting alternatives that are within the ASU’s scope (i.e., such alternatives may be elected immediately) and extends the transition guidance for such alternatives indefinitely.

**Next Steps:** The new guidance is effective immediately. While the new standard extends the transition guidance in ASUs 2014-07 and 2014-18, it does not change how such guidance is applied.

**Other Resources:** Deloitte’s March 16, 2016, *Heads Up.*

Rescission of SEC Guidance

FASB Issues ASU Rescinding Certain SEC Guidance

**Affects:** SEC registrants.

**Summary:** On May 3, 2016, the FASB issued ASU 2016-11, which rescinds certain SEC guidance from the FASB Accounting Standards Codification in response to announcements made by the SEC staff at the EITF’s March 3, 2016, meeting. Specifically, the ASU supersedes SEC observer comments on the following topics:

- Upon the adoption of ASU 2014-09:
  - Revenue and expense recognition for freight services in process (ASC 605-20-S99-2).
  - Accounting for shipping and handling fees and costs (ASC 605-45-S99-1).
  - Accounting for consideration given by a vendor to a customer (ASC 605-50-S99-1).
  - Accounting for gas-balancing arrangements (ASC 932-10-S99-5).
- Upon the adoption of ASU 2014-16:
  - Determining the nature of a host contract related to a hybrid financial instrument issued in the form of a share under ASC 815 (ASC 815-10-S99-3).
Revenue Recognition

FASB Makes Narrow-Scope Amendments to New Revenue Standard and Provides Practical Expedients

Affects: All entities.

Summary: On May 9, 2016, the FASB issued ASU 2016-12, which amends certain aspects of the Board’s new revenue standard, ASU 2014-09. The amendments, which were issued in response to feedback received by the FASB-IASB joint revenue recognition TRG, include the following:

- **Collectibility** — ASU 2016-12 clarifies the objective of the entity’s collectibility assessment and contains new guidance on when an entity would recognize as revenue consideration it receives if the entity concludes that collectibility is not probable.

- **Presentation of sales tax and other similar taxes collected from customers** — Entities are permitted to present revenue net of sales taxes collected on behalf of governmental authorities (i.e., to exclude from the transaction price sales taxes that meet certain criteria).

- **Noncash consideration** — An entity’s calculation of the transaction price for contracts containing noncash consideration would include the fair value of the noncash consideration to be received as of the contract inception date. Further, subsequent changes in the fair value of noncash consideration after contract inception would be subject to the variable consideration constraint only if the fair value varies for reasons other than its form.

- **Contract modifications and completed contracts at transition** — The ASU establishes a practical expedient for contract modifications at transition and defines completed contracts as those for which all (or substantially all) revenue was recognized under the applicable revenue guidance before the new revenue standard was initially applied.

- **Transition technical correction** — Entities that elect to use the full retrospective transition method to adopt the new revenue standard would no longer be required to disclose the effect of the change in accounting principle on the period of adoption (as is currently required by ASC 250-10-50-1(b)(2)); however, entities would still be required to disclose the effects on preadoption periods that were retrospectively adjusted.

Editor’s Note

The ASU notes that in light of the following, there may be “minor differences in financial reporting outcomes between [U.S.] GAAP and IFRS” as a result of the ASU’s amendments:

- The IASB’s counterpart revenue standard, IFRS 15, does not allow a policy election for the presentation of sales taxes on a net basis.

- IFRS 15 does not prescribe the measurement date for noncash consideration.

- Different dates are associated with an entity’s application of (1) the practical expedient for contract modifications and (2) the term “completed contracts” for transition purposes.

Next Steps: The ASU’s effective date and transition provisions are aligned with the requirements in ASU 2014-09, which is not yet effective. For more information about these requirements, see Deloitte’s May 28, 2014, Heads Up.

FASB Clarifies Guidance on Licensing and Identifying Performance Obligations

Affects: All entities.

Summary: On April 14, 2016, the FASB issued ASU 2016-10, which amends certain aspects of the guidance in ASU 2014-09 (the Board’s new revenue standard) on (1) identifying performance obligations and (2) licensing. The amendments include the following:

- Identifying performance obligations:
  - **Immaterial promised goods or services** — Entities may disregard goods or services promised to a customer that are immaterial in the context of the contract.
  - **Shipping and handling activities** — Entities can elect to account for shipping or handling activities occurring after control has passed to the customer as a fulfillment cost rather than as a revenue element (i.e., a promised service in the contract).
  - **Identifying when promises represent performance obligations** — The new guidance refines the separation criteria for assessing whether promised goods and services are distinct, specifically the “separately identifiable” principle (the “distinct within the context of the contract” criterion) and supporting factors.

- Licensing implementation guidance:
  - **Determining the nature of an entity’s promise in granting a license** — IP is classified as either functional or symbolic, and such classification should generally dictate whether, for a license granted to that IP, revenue must be recognized at a point in time or over time, respectively.
  - **Sales-based and usage-based royalties** — The sales-based and usage-based royalty exception applies whenever the royalty is predominantly related to a license of IP. The ASU therefore indicates that an “entity should not split a sales-based or usage-based royalty into a portion subject to the recognition guidance on sales-based and usage-based royalties and a portion that is not subject to that guidance.”
  - **Restrictions of time, geographical location, and use** — The ASU’s examples illustrate the distinction between restrictions that represent attributes of a license and provisions that specify that additional licenses have been provided.
  - **Renewals of licenses that provide a right to use IP** — Revenue should not be recognized for renewals or extensions of licenses to use IP until the renewal period begins.

The amendments reflect feedback received by the FASB-IASB joint revenue recognition TRG, which was formed to address potential issues associated with the implementation of the new revenue standard, as well as comments received from stakeholders on the FASB’s proposed guidance.

Editor’s Note

The IASB has also issued clarifications to its counterpart revenue standard, IFRS 15, that address (1) identifying performance obligations, (2) principal-versus-agent considerations, and (3) licensing. For more information, see the “IASB Publishes Clarifications to IFRS 15” article below.

Next Steps: The ASU’s effective date and transition provisions are aligned with the requirements in the FASB’s new revenue standard, ASU 2014-09, which is not yet effective. For more information about these requirements, see Deloitte’s May 28, 2014, Heads Up.

Other Resources: Deloitte’s April 15, 2016, Heads Up.
FASB Clarifies the New Revenue Standard’s Principal-Versus-Agent Guidance

Affects: All entities.

Summary: On March 17, 2016, the FASB issued ASU 2016-08, which amends the principal-versus-agent implementation guidance and illustrations in the Board’s new revenue standard (ASU 2014-09). The FASB issued the ASU in response to concerns identified by stakeholders, including those related to (1) determining the appropriate unit of account under the revenue standard’s principal-versus-agent guidance and (2) applying the indicators of whether an entity is a principal or an agent in accordance with the revenue standard’s control principle.

Among other things, the ASU clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. As defined in the ASU, a specified good or service is “a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer.” Therefore, for contracts involving more than one specified good or service, the entity may be the principal for one or more specified goods or services and the agent for others.

Editor’s Note

The FASB decided to use the term “specified good or service” throughout the principal-versus-agent guidance because it believed that the term “performance obligation” (under step 2 of the new revenue standard) would be confusing in connection with an entity that is an agent. The nature of an agent’s promise is to arrange for another party to provide a good or service to a customer; therefore, the agent does not have a performance obligation to supply the underlying good or service to the customer.

Next Steps: The ASU has the same effective date as the new revenue standard (as amended by the one-year deferral and the early adoption provisions in ASU 2015-14). In addition, entities are required to adopt the ASU by using the same transition method they used to adopt the new revenue standard.


Share-Based Payment

FASB Simplifies the Accounting for Share-Based Payments

Affects: All entities.

Summary: On March 30, 2016, the FASB issued ASU 2016-09, which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The new guidance, which is part of the Board’s simplification initiative, also contains two practical expedients under which nonpublic entities can use a simplified method to estimate the expected term of an award and make a one-time election to switch from fair value measurement to intrinsic value measurement for liability-classified awards.
Editor's Note
The FASB decided to eliminate the proposed ASU’s amendments to the guidance on classification of awards with repurchase features. It decided not to align the classification guidance on put and call rights that are contingent on an event within the employee’s control because feedback from some stakeholders indicated that doing so “would not achieve the objective of reducing complexity in classifying awards as equity or liabilities.” The Board noted that it may address this issue in the future as part of a project to distinguish equity from liabilities.

Next Steps: For PBEs, the ASU is effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual reporting periods. For all other entities, the ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual reporting periods beginning after December 15, 2018.

Other Resources: Deloitte’s April 21, 2016, Heads Up. Also see the press release on the FASB’s Web site.

Statement of Cash Flows
FASB Issues Guidance on Restricted Cash
Affects: All entities.

Summary: On November 17, 2016, the FASB issued ASU 2016-18, which amends ASC 230 to add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. Key requirements of the ASU are as follows:

• An entity should include in its cash and cash-equivalent balances in the statement of cash flows those amounts that are deemed to be restricted cash and restricted cash equivalents. The ASU does not define the terms “restricted cash” and “restricted cash equivalents” but states that an entity should continue to provide appropriate disclosures about its accounting policies pertaining to restricted cash in accordance with other GAAP. The ASU also states that any change in accounting policy will need to be assessed under ASC 250.

• A reconciliation between the statement of financial position and the statement of cash flows must be disclosed when the statement of financial position includes more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents.

• Changes in restricted cash and restricted cash equivalents that result from transfers between cash, cash equivalents, and restricted cash and restricted cash equivalents should not be presented as cash flow activities in the statement of cash flows.

• An entity with a material balance of amounts generally described as restricted cash and restricted cash equivalents must disclose information about the nature of the restrictions.

Editor’s Note
The classification of restricted cash in the statement of cash flows, along with eight other cash-flow-related issues, was initially addressed by the EITF in Issue 15-F. However, after deliberation of those issues, the EITF decided to address the diversity in practice related to the cash flow classification of restricted cash separately in Issue 16-A. ASU 2016-18 is based on the EITF’s consensuses reached on that Issue.
Next Steps: For PBEs, the guidance is effective for fiscal years beginning after December 15, 2017, including interim periods therein. For all other entities, it is effective for fiscal years beginning after December 15, 2018, and interim periods thereafter. Early adoption is permitted for all entities.

Other Resources: Deloitte's November 17, 2016, *Heads Up*.

**FASB Issues ASU on Cash Flow Classification**

**Affects:** All entities.

**Summary:** On August 26, 2016, the FASB issued ASU 2016-15, which amends the guidance in ASC 230 on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of the ASU is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. The ASU's amendments add or clarify guidance on eight cash flow issues:

- Debt prepayment or debt extinguishment costs.
- Settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing.
- Contingent consideration payments made after a business combination.
- Proceeds from the settlement of insurance claims.
- Proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies.
- Distributions received from equity method investees.
- Beneficial interests in securitization transactions.
- Separately identifiable cash flows and application of the predominance principle.

Next Steps: For PBEs, the guidance in the ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, it is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted for all entities. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable.

Other Resources: Deloitte's August 30, 2016, *Heads Up*.

**Technical Corrections**

**FASB Makes Technical Corrections to the Codification**

**Affects:** All entities.

**Summary:** On December 14, 2016, the FASB issued ASU 2016-19, which makes certain technical corrections (i.e., minor changes and improvements) to the *FASB Accounting Standards Codification*. 
The types of changes made by the ASU can be categorized as follows:

- Changes to resolve differences between current and pre-Codification guidance (e.g., FASB Statements, EITF Issues).
- Updates to wording and references to avoid misapplication.
- Textual simplifications to increase the Codification's utility and understandability.
- Minor amendments to guidance that “are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities.”

Next Steps: Most changes are effective upon issuance of the ASU; however, there is transition guidance for certain changes.

Other Resources: For more information, see the press release on the FASB’s Web site.

International

IASB Amends Guidance on Investment Property*

Affects: Entities reporting under IFRSs.

Summary: On December 8, 2016, the IASB published amendments to the guidance in IAS 40 on transfers of property to or from investment property. Specifically, the amendments revise paragraph 57 of IAS 40 to state that “[a]n entity shall transfer a property to, or from, investment property when, and only when, there is a change in use.” The amendments further clarify that a “change in use occurs when the property meets, or ceases to meet, the definition of investment property” and that a “change in management’s intentions for the use of a property does not provide evidence of a change in use.”

Next Steps: The amendments are effective for periods beginning on or after January 1, 2018; early adoption is permitted.

Other Resources: For more information, see the press release on the IASB’s Web site.

IASB Amends Three IFRSs as Part of 2014–2016 Annual Improvements Cycle*

Affects: Entities reporting under IFRSs.

Summary: On December 8, 2016, the IASB published amendments to the following three IFRSs as part of its 2014–2016 annual improvements cycle:

- *IFRS 1* — The short-term exemptions in paragraphs E3–E7 of IFRS 1 have been deleted because they have now served their intended purpose.

- *IFRS 12* — The amendments clarify the scope of the standard by specifying that its disclosure requirements, except for those in paragraphs B10–B16, apply to an entity's interests in entities within the scope of IFRS 5 — that is, those that are classified (or included in a disposal group that is classified) as held for sale, as held for distribution, or as discontinued operations.

- *IAS 28* — The amendments explain that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis upon initial recognition.
**Next Steps:** The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, while the amendment to IFRS 12 is effective for annual periods beginning on or after January 1, 2017.

**Other Resources:** For more information, see the press release on the IASB’s Web site.

**IASB Issues IFRIC Interpretation on Foreign Currency Transactions and Advance Consideration***

**Affects:** Entities reporting under IFRSs.

**Summary:** On December 8, 2016, the IASB published IFRIC 22, which was developed by the IFRS Interpretations Committee to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation is being issued to reduce diversity in practice related to the exchange rate used when an entity reports transactions that are denominated in a foreign currency in accordance with IAS 21 in circumstances in which consideration is received or paid before the related asset, expense, or income is recognized.

**Next Steps:** IFRIC 22 is effective for annual reporting periods beginning after January 1, 2018; early adoption is permitted.

**Other Resources:** For more information, see the press release on the IASB’s Web site.

**IASB Amends Insurance Contracts Standard**

**Affects:** Entities reporting under IFRSs.

**Summary:** On September 12, 2016, the IASB published amendments to its insurance contracts standard, IFRS 4. The amendments address concerns about the different effective dates of IFRS 9 and the IASB’s forthcoming insurance contracts standard, which is expected to be issued as IFRS 17 in March 2017. The amendments provide two approaches:

- **Overlay approach** — Permits entities that issue insurance contracts within the scope of IFRS 4 to reclassify — from profit or loss to other comprehensive income — some of the income or expenses arising from designated financial assets. An entity would apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9.

- **Deferral approach** — Temporary exemption from applying IFRS 9 for entities whose predominant activity is to issue contracts within the scope of IFRS 4. An entity would apply the deferral approach for annual periods beginning on or after January 1, 2018. In addition, an entity is permitted to stop applying either approach before applying the new insurance contracts standard.

**Next Steps:** IFRS 17 is expected to become effective no sooner than 2020.

**Other Resources:** Deloitte’s September 21, 2016, IFRS in Focus. Also see the press release on the IASB’s Web site.
IASB Clarifies the Classification and Measurement of Share-Based Payment Transactions

Affects: Entities reporting under IFRSs.

Summary: On June 20, 2016, the IASB published amendments to IFRS 2 that clarify the accounting requirements related to classification and measurement of share-based payment transactions. Specifically, the amendments concern the:

- Effects of vesting and nonvesting conditions on the measurement of a cash-settled share-based payment.
- Classification of share-based payment transactions with net settlement features for withholding tax obligations.
- Accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Next Steps: The amendments are effective for annual periods beginning on or after January 1, 2018; early adoption is permitted.

Other Resources: Deloitte’s June 28, 2016, IFRS in Focus. Also see the press release on the IASB’s Web site.

IASB Publishes Clarifications to IFRS 15

Affects: Entities reporting under IFRSs.

Summary: On April 12, 2016, the IASB published final clarifications to its revenue standard, IFRS 15, which address (1) identifying performance obligations, (2) principal-versus-agent considerations, and (3) licensing. The amendments also provide some transition relief for modified contracts and completed contracts. Specific provisions of the amendments include the following:

- **Identifying performance obligations** — Clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.
- **Principal-versus-agent considerations** — Extension of the application guidance.
- **Licensing** — Clarification of whether an entity’s promise to grant a license of its IP should be recognized as revenue at a point in time or over time on the basis of whether the licensor’s ongoing activities significantly affect the IP.
- **Transition relief** — Two additional (optional) practical expedients.

Editor’s Note

The FASB decided to publish more extensive amendments to its counterpart revenue standard, ASU 2014-09. Specifically, the Board published amendments related to principal-versus-agent considerations in March 2016 (ASU 2016-08), an ASU on identifying performance obligations and licensing in April 2016 (ASU 2016-10), and a final standard on other narrow-scope amendments and practical expedients in May 2016 (ASU 2016-12).
Next Steps: The amendments are effective for annual reporting periods beginning on or after January 1, 2018, which is the same effective date as that of IFRS 15. Early adoption is permitted.

Other Resources: Deloitte's April 20, 2016, *IFRS in Focus*. Also see the press release on the IASB’s Web site.

IASB Publishes Amendments to IAS 7

Affects: Entities reporting under IFRSs.

Summary: On January 29, 2016, the IASB published amendments to IAS 7 as part of its disclosure initiative (i.e., projects to improve the effectiveness of financial reporting disclosures). The objective of the amendments is to clarify IAS 7 to improve information provided to financial statement users about an entity's financing activities.

The amendments require that an entity disclose, to the extent necessary to meet the disclosure objective, the following changes in liabilities arising from financing activities:

(a) changes from financing cash flows;
(b) changes arising from obtaining or losing control of subsidiaries or other businesses;
(c) the effect of changes in foreign exchange rates;
(d) changes in fair values; and
(e) other changes.

The IASB defines liabilities arising from financing activities as liabilities “for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.” The amendments indicate that the new disclosure requirements also apply to changes in financial assets that meet this definition. The amendments state that one way to meet the new disclosure requirements is to provide “a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.”

Next Steps: The amendments are effective for annual periods beginning on or after January 1, 2017; early adoption is permitted. Because the amendments are being issued less than one year before the effective date, entities need not provide comparative information when they first apply the amendments.

Other Resources: Deloitte's February 1, 2016, *IFRS in Focus*. Also see the press release on the IASB’s Web site.
IASB Publishes Amendments Related to the Recognition of Deferred Tax Assets for Unrealized Losses

Affects: Entities reporting under IFRSs.

Summary: On January 19, 2016, the IASB published final amendments to IAS 12. The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes “give rise to a deductible temporary difference [regardless] of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.”
- “The carrying amount of an asset does not limit the estimation of probable future taxable profit.”
- Estimates of future taxable profit exclude “tax deductions resulting from the reversal of deductible temporary differences.”
- An entity assesses a deferred tax asset in combination with other deferred tax assets. When tax law restricts the utilization of tax losses, an entity assesses a deferred tax asset in combination with other deferred tax assets of the same type.

Editor's Note

Under the FASB’s guidance on classification and measurement of financial instruments in ASU 2016-01, an entity is required “to evaluate the need for a valuation allowance for a deferred tax asset related to the change in fair value (unrealized losses) of debt instruments recognized in other comprehensive income in combination with the entity's other deferred tax assets.”

Next Steps: The amendments are effective for annual periods beginning on or after January 1, 2017; earlier application is permitted. As transition relief, an entity may recognize the change in the opening equity for the earliest comparative period in opening retained earnings on initial application without allocating the change between opening retained earnings and other components of equity.

Other Resources: Deloitte's January 20, 2016, IFRS in Focus. Also see the press release on the IASB's Web site.

IASB Issues New Leasing Standard

Affects: Entities reporting under IFRSs.

Summary: On January 13, 2016, the IASB issued IFRS 16, which brings most leases on the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. For lessors, however, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 and related interpretations.

Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other nonfinancial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if this rate can be readily determined. If the rate cannot be readily determined, the lessee’s incremental borrowing rate should be used.
Like IAS 17, IFRS 16 requires lessors to classify leases as operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of an underlying asset. Otherwise, the lease is classified as an operating lease. For finance leases, a lessor recognizes finance income over the lease term on the basis of a pattern reflecting a constant periodic rate of return on the net investment. For operating leases, a lessor recognizes lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

**Editor's Note**
The FASB issued its new leases standard, ASU 2016-02, in February 2016. For more information, see “FASB Issues ASU on Leases” article above.

**Next Steps:** IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Early adoption is permitted if an entity has also applied IFRS 15 (on revenue from contracts with customers).

**Other Resources:** Deloitte’s January 13, 2016, IFRS in Focus. Also see the press release on the IASB’s Web site.
Accounting — Other Key Developments

In This Section

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Adoption of New Accounting Standards

SEC Reminds Registrants of Best Practices for Implementing New Revenue, Lease, and Credit Loss Accounting Standards

Affects: All entities.

Summary: In September 2016, the SEC staff reminded registrants about best practices to follow in the periods leading up to the adoption of its standards on revenue (ASU 2014-09), leases (ASU 2016-02), and credit losses (ASU 2016-13). The staff's comments, which reiterated themes it has addressed over the past year, focused on internal control over financial reporting (ICFR), auditor independence, and disclosures related to implementation activities.

Other Resources: Deloitte’s September 22, 2016, Financial Reporting Alert.

Defined Benefit Plans


Affects: All entities.

Summary: Some companies develop their discount rate assumption for measuring the projected benefit obligation or accumulated projected benefit obligation by using a bond-matching approach (sometimes also referred to as a hypothetical bond portfolio or a bond-model approach). In light of the SEC staff's recent acceptance of the use of a spot rate approach for measuring interest cost by entities that develop their discount rate assumption by using a yield curve approach, entities and actuaries have been exploring whether other acceptable methods similar to the spot rate approach could be developed for entities that use a bond-matching approach to measure their defined benefit obligation.

In an August 2, 2016, meeting with representatives of the Big Four accounting firms and a large actuarial firm, the SEC staff stated that it objected to a proposed approach to adapting bond matching that would facilitate the use of a spot rate method for measuring interest cost. Under this approach, the implied spot rates at each maturity that are present in the entity-specific hypothetical bond portfolio for the measurement of the interest cost component of net periodic benefit cost would be derived and used in a manner similar to the spot rate approach.

**Insurance**

SEC Staff Provides Feedback on New Disclosure Requirements in ASU 2015-09 for Short-Duration Insurance Contracts*

**Affects:** Insurance entities.

**Summary:** After the May 2015 issuance of ASU 2015-09 (codified in ASC 944), certain implementation questions arose regarding how to reflect the impact of foreign currency translation and the acquisition and disposition of products or businesses by insurance entities in the incurred and paid claims development table disclosures required by the ASU. In meetings with the AICPA’s Insurance Experts Panel (IEP) on November 1 and November 17, 2016, the SEC staff provided informal feedback on proposed alternatives related to such disclosure presentations (these alternatives had previously been submitted by the IEP).

**Other Resources:** Deloitte’s December 9, 2016, Financial Reporting Alert.

**Revenue Recognition**

AICPA Issues Revenue Working Drafts for Airlines and Gaming Industries*

**Affects:** Entities in the airlines and gaming industries.

**Summary:** On December 1, 2016, the AICPA’s Revenue Recognition Task Force released for public comment a working draft on accounting issues associated with the implementation of the new revenue standard for the airlines industry and three working drafts for the gaming industry.

The working drafts address the following topics:

- “Tier status” in affinity programs (airlines and gaming industries).
- Net gaming revenue (gaming industry).
- Promotional allowances (gaming industry).

**Next Steps:** Comments on the working drafts are due by February 1, 2017.

**Other Resources:** For more information, see the airlines and gaming Revenue Recognition Task Force pages on the AICPA’s Web site.

**SEC Deputy Chief Accountant Discusses Revenue Recognition at Baruch Conference**

**Affects:** All entities.

**Summary:** On May 5, 2016, at the 2016 Baruch College Financial Reporting Conference in New York City, Wesley Bricker, then deputy chief accountant (now chief accountant) in the SEC’s OCA, gave a speech in which he discussed transition issues related to the FASB’s new revenue standard (ASU 2014-09).

Mr. Bricker suggested that registrants consider consultation with the OCA, especially when faced with “unusual, complex, or innovative transactions for which no clear guidance exists” or when contemplating accounting that deviates from the accounting supported by the TRG.
In addition, Mr. Bricker emphasized the importance of providing investors with disclosures that explain the impact that new accounting standards are expected to have on an entity’s financial statements (“transition disclosures”). Such disclosures provide investors with the information necessary to determine the effects of adopting a new standard and how the adoption will affect comparability from period to period.

Further, Mr. Bricker discussed the requirement to provide revised financial statements for the first quarter in which the new revenue standard is adopted but before filing a Form S-3 registration statement, since registrants have expressed concerns about this requirement. He noted that the new revenue standard refers to current GAAP and therefore contemplates an impracticability exception to retrospective application if, “after making every reasonable effort to do so,” a registrant concludes that it is not practicable to apply the standard retrospectively to all periods that must be presented in a registration statement.

Other Resources: Deloitte’s May 9, 2016, and May 6, 2016, journal entries.

International

Financial Reporting Considerations Related to the UK’s Vote to Leave the EU

Affects: All entities.

Summary: The United Kingdom’s (UK’s) vote to depart from the European Union (EU) in a June 23, 2016, referendum (the “Brexit” vote) caught many by surprise and has given rise to a host of questions about the near-term and longer-term effects of Britain’s exit from the EU on an entity’s financial reporting.

The referendum itself will not result in the UK’s immediate exodus from the EU since the vote is not legally binding on the British government. Rather, Parliament, having heard the voice of voters, must now enact laws to facilitate the UK’s departure and the UK must notify the European Commission of its intention to leave the EU. After such notice is provided, the UK and European Commission will have a two-year window in which to establish the terms of Britain’s departure.

Although formal separation from the EU will take time, the uncertainty introduced by the vote has already manifested itself in the financial markets. Such uncertainty is likely to affect other areas of the global economy in the short term and is expected to continue at least until the date on which the terms of the UK’s exit have been determined.

Other Resources: Deloitte’s June 24, 2016, Financial Reporting Alert. Also see Deloitte’s July 5, 2016, IFRS in Focus; A Guide to Brexit; and EU Referendum page.
AICPA

AICPA Issues SSARS to Expand Applicability of Standards Related to Preparation and Compilation of Financial Information

Affects: Practitioners performing accounting and review services.

Summary: On October 26, 2016, the ARSC of the AICPA issued SSARS 23, which expands the subject matter to which certain SSARSs apply. Guidance affected by the new SSARS includes AR-C Sections 60 (on engagements performed in accordance with SSARSs), 70 (on financial statement preparation), 80 (on compilation engagements), and 90 (on review of financial statements).

Next Steps: The revisions to AR-C Sections 60 and 90 are effective upon issuance. The revisions to AR-C Sections 70 and 80 are also effective upon issuance, with the exception of certain amendments that are effective, respectively, for financial information prepared, and compilation reports dated, on or after May 1, 2017.

AICPA Issues SSARS on Compilation of Pro Forma Financial Information

Affects: Entities that perform compilation engagements related to pro forma financial information.

Summary: On September 23, 2016, the ARSC of the AICPA issued SSARS 22, which amends AR Section 120 to put its guidance on compilation of pro forma financial information into “clarity format.” The revisions mark the completion of the AICPA’s clarity project related to its SSARSs (i.e., its efforts to “make the standards easier to read, understand, and apply”).

Next Steps: SSARS 22 is effective for compilation reports on pro forma financial information dated on or after May 1, 2017.

AICPA Clarifies and Recodifies Attestation Standards

Affects: Auditors that perform and report on examination, review, and agreed-upon procedures engagements.

Summary: In April 2016, the ASB of the AICPA issued SSAE 18, which marks the completion of the AICPA’s project to redraft its attestation standards in a manner consistent with its clarity drafting conventions. As part of the redrafting process, the current “AT” sections have been recodified as “AT-C” sections to indicate that they have been clarified and to distinguish them from superseded sections. Improvements to the new sections include:

- Creating an objective for each AT-C section.
- Incorporating a definitions section into each AT-C section as appropriate.
- Differentiating “requirements from application and other explanatory material.”
- Using an “A- prefix” to number “application and other explanatory material paragraphs . . . and presenting them in a separate section that follows the requirements section.”
- Improving readability through the use of formatting techniques (e.g., bulleted lists).
• When relevant, including special considerations related to (1) “audits of smaller, less complex entities” and (2) “examination, review, or agreed-upon procedures engagements for governmental entities.”

AICPA Issues SAS Clarifying Format of Auditor’s Report

**Affects:** Auditors.

**Summary:** In January 2016, the AICPA issued SAS 131, which clarifies how the auditor's report should be formatted when an audit is conducted under PCAOB standards but not within the PCAOB's jurisdiction. Under SAS 131, “[w]hen the auditor refers to the standards of the PCAOB in addition to GAAS in the auditor’s report, . . . the auditor [is required] to use the form of report required by the standards of the PCAOB, amended to state that the audit was also conducted in accordance with GAAS.”

**Next Steps:** SAS 131 is effective for financial statement audits for periods ending on or after June 15, 2016; early adoption is permitted.

**Other Resources:** For more information, see the executive summary of SAS 131 on the AICPA's Web site.

CAQ

CAQ Issues Publication on Revenue for Audit Committees*

**Affects:** Audit committees.

**Summary:** On December 13, 2016, the CAQ released a publication to assist audit committees with assessing entities’ implementation of the FASB’s new revenue standard, ASU 2014-09. The purpose of the publication is to “provide audit committees information that may be helpful as they fulfill their oversight responsibilities and interact with management and external auditors on [revenue recognition].”

**Other Resources:** For more information, see the press release on the CAQ's Web site.

CAQ Issues Audit Alerts Related to 2016 Audit Cycle

**Affects:** Auditors.

**Summary:** On October 4, 2016, the CAQ issued the following two alerts:

- “Select Auditing Considerations for the 2016 Audit Cycle” — Topics discussed include improving transparency by disclosing the engagement partner and certain other audit participants, improper alteration of audit documentation, effective communication with audit committees, assessing and responding to risks of material misstatement, ICFR, segment identification and disclosure, and going concern.

- “Select Auditing Considerations for the 2016 Audit Cycle for Brokers and Dealers” — Topics discussed include revenue recognition, assessing and responding to risks of material misstatement due to fraud, financial statement presentation and disclosures, auditor independence, related-party transactions, and supplemental information accompanying financial statements.

**Other Resources:** For more information, see the press release on the CAQ's Web site.
CAQ Releases Cybersecurity Resource

**Affects:** Audit committees, investors, management, and others.

**Summary:** On February 2, 2016, the CAQ released a resource that explores the role public-company auditors can play in enhancing cybersecurity. Specifically, the publication addresses cybersecurity-related procedures auditors can perform with respect to audits of entities’ (1) financial statements, (2) ICFR, and (3) financial statement disclosures.

CAQ Publishes Report on Audit Quality Indicators

**Affects:** Auditors.

**Summary:** On January 12, 2016, the CAQ issued a report in which it shares insights on the potential use of a set of indicators to assess audit quality. The information in the report is based on outreach to audit committees in a series of roundtables as well as pilot testing of the CAQ’s publication *CAQ Approach to Audit Quality Indicators*.

**Other Resources:** For more information, see the press release on the CAQ’s Web site.

PCAOB

PCAOB Issues Staff Guidance on Filing of Form AP

**Affects:** Auditors.

**Summary:** On June 28, 2016, the PCAOB issued staff guidance to help auditors provide disclosures on the new Form AP, as required by the Board’s December 2015 final rule. (The SEC approved the rule on May 9, 2016.) On Form AP, auditors must disclose (1) “the name of the engagement partner”; (2) “the name, location, and extent of participation of each other accounting firm participating in the audit [if their] work constituted at least 5% of total audit hours”; and (3) the “number and aggregate extent of participation of all other accounting firms participating in the audit whose individual participation was less than 5% of total audit hours.”

**Next Steps:** The requirement to disclose the engagement partner is effective for audit reports issued on or after January 31, 2017. The disclosure requirements related to other accounting firms are effective for audit reports issued on or after June 30, 2017.

**Other Resources:** For more information, see the press release on the PCAOB’s Web site.

PCAOB Issues Practice Alert on Audit Document Alterations

**Affects:** Auditors.

**Summary:** On April 21, 2016, the PCAOB issued a staff audit practice alert that reminds auditors of serious disciplinary actions that can result from the improper alteration of audit documentation in connection with a PCAOB inspection or investigation. The alert notes that “[c]hanges and additions to audit documentation, if any, following the documentation completion date must be made strictly in accordance with AS 1215.”

**Other Resources:** For more information, see the press release and *Enforcement Spotlight* on the PCAOB’s Web site.
PCAOB Issues Staff Inspection Briefs Related to Audits of Public Companies and Broker-Dealers

Affects: Auditors.

Summary: On July 14, 2016, the PCAOB issued two inspection briefs that detail “the scope, focus, and objectives of its ongoing 2016 inspections” of auditors of (1) public companies and (2) broker-dealers. Key focuses of the 2016 inspections include:

- Auditors of public companies:
  - Audit areas for which the PCAOB has identified “frequent and recurring deficiencies,” including (1) auditing ICFR; (2) assessing and responding to risks of material misstatement; and (3) auditing accounting estimates, including fair value measurement.
  - Economic developments that could affect audits, including (1) “the effect on multinational public companies of the recent significant appreciation in the U.S. dollar index,” (2) “merger and acquisition activity,” (3) the “search for higher yielding investment returns in a low interest rate environment,” and (4) “fluctuations in oil and natural gas prices.”
  - “Audits of certain areas that may involve significant judgment,” such as segment identification and disclosures, an entity’s ability to continue as a going concern, and income tax accounting and disclosures.
  - Auditors’ implementation of PCAOB Auditing Standard 2410 on related parties, which became effective for financial statement audits for fiscal years beginning on or after December 15, 2014.
  - “Audit procedures involving information technology,” such as “auditors’ use of software tools, and procedures to assess and address risks of material misstatement posed by cybersecurity.”
  - A firm’s system of quality control.

- Auditors of broker-dealers:
  - Independence of auditors.
  - “Financial statement areas with recurring deficiencies, including revenue, the assessment and response to risks of material misstatement due to fraud, financial statement presentation and disclosures, and fair value measurements.”
  - Audit procedures related to related-party transactions.
  - “Audit procedures on the supporting schedules to the financial statements.”
  - Attestation engagement procedures, including “the examination of compliance reports and the review of exemption reports.”
  - Engagement quality review.

Other Resources: For more information, see the press releases on the inspections of public-company and broker-dealer auditors on the PCAOB’s Web site. Also see the PCAOB’s August 18, 2016, annual report on its interim inspection program for broker-dealers, which addresses audit deficiencies and independence findings the PCAOB discovered in audit firm inspections it conducted during 2015.
International

IESBA and IAASB Issue Guidance on Responding to Noncompliance With Laws and Regulations

Affects: Professional accountants.

Summary: On July 14, 2016, the IESBA issued a final pronouncement that “sets out a framework to guide auditors and other professional accountants in what actions to take in the public interest when they become aware of a potential illegal act, known as non-compliance with laws and regulations . . . committed by a client or employer.” The standard “provides a clear pathway for auditors and other professional accountants to disclose potential non-compliance situations to appropriate public authorities in certain situations without being constrained by the ethical duty of confidentiality.”

On October 5, 2016, the IAASB issued revisions to ISA 250 (and conforming amendments to other international standards) in response to new IESBA requirements that pertain to noncompliance with laws and regulations.

Next Steps: The amendments to ISA 250 are effective for financial statement audits for periods beginning on or after December 15, 2017.

Other Resources: For more information, see the press release and at-a-glance document related to the new IESBA pronouncement and the press release related to the revisions to ISA 250 on IFAC’s Web site.

IAASB Revises Standard Related to Engagements to Report on Summary Financial Statements

Affects: Auditors.

Summary: On March 24, 2016, the IAASB released a revised version of ISA 810, which addresses “the auditor’s responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with [ISAs] by that same auditor.” The amendments “leverage the additional transparency in the auditor’s report on the audited financial statements resulting from the IAASB’s new and revised Auditor Reporting standards issued in January 2015.”

Next Steps: The amendments are effective for engagements to report on summary financial statements for periods ending on or after December 15, 2016.

Other Resources: For more information, see the press release on IFAC’s Web site.
IAASB Publishes Standards Related to Special-Purpose Financial Statements

**Affects:** Auditors.

**Summary:** On January 7, 2016, the IAASB released the following two ISAs on auditor reporting on special-purpose financial statements.

- **ISA 800 (Revised)** — Addresses “special considerations in the application of the ISAs to an audit of financial statements that are prepared in accordance with a special purpose framework.”

- **ISA 805 (Revised)** — “[D]eals with special considerations in the application of the ISAs to an audit of a financial statement or a specific element, account, or item of a financial statement.”

**Next Steps:** Both ISAs are effective for financial statement audits for periods ending on or after December 15, 2016.

**Other Resources:** For more information, see the press release on IFAC’s Web site.
FASAB

FASAB Issues Guidance on Establishing Opening Balances for General Property, Plant, and Equipment

Affects: Entities applying federal financial accounting standards.

Summary: On August 4, 2016, the FASAB issued Statement 50, which amends its existing standards to permit entities that meet certain criteria “to apply alternative methods in establishing opening balances for general property, plant, and equipment (PP&E).” Such alternative methods would include “(1) using deemed cost to establish opening balances of general PP&E, (2) selecting between deemed cost and prospective capitalization of internal use software, and (3) allowing an exclusion of land and land rights from opening balances with disclosure of acreage information and expensing of future acquisitions.”

Next Steps: Statement 50 is effective for periods beginning after September 30, 2016. Early adoption is encouraged.

Other Resources: For more information, see the press release on the FASAB’s Web site.

FASAB Issues Statement on Disclosure Requirements Related to Public-Private Partnerships

Affects: Entities applying federal financial accounting standards.

Summary: On April 27, 2016, the FASAB issued Statement 49, which “establishes principles” for disclosing information about public-private partnerships in a reporting entity’s general-purpose federal financial reports. In addition to providing a definition of these partnerships, the Statement identifies “risk-based characteristics that need to exist before considering the [public-private partnership] arrangement or transaction for disclosure.”

Next Steps: Statement 49 is effective for periods beginning after September 30, 2018. Early adoption is permitted.

Other Resources: For more information, see the press release on the FASAB’s Web site.

FASAB Issues Statement on Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials

Affects: Entities applying federal financial accounting standards.

Summary: On January 27, 2016, the FASAB issued Statement 48, which “permits a reporting entity to apply an alternative valuation method in establishing opening balances for inventory, operating materials and supplies, and stockpile materials.” The purpose of the Statement is to “provide an alternative valuation method to adoption of GAAP when historical records and systems do not provide a basis for valuation of opening balances in accordance with [FASAB Statement 3].”

Next Steps: Statement 48 is effective for periods beginning after September 30, 2016; early implementation is encouraged.

Other Resources: For more information, see the press release on the FASAB’s Web site.
**FASAB Issues Technical Release on Implementing Guidance on Internal-Use Software**

**Affects:** Entities applying federal financial accounting standards.

**Summary:** On January 19, 2016, the FASAB issued a technical release to help entities implement the guidance in FASAB Statement 10, which addresses the accounting for internal-use software. The release is being issued in light of the rapid developments in software development practices since the Statement's issuance in 1998.

**Other Resources:** For more information, see the press release on the FASAB's Web site.

**GASB**

**GASB Issues Guidance on Certain Asset Retirement Obligations**

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On December 7, 2016, the GASB issued Statement 83, which “establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs” and “requires that recognition occur when the liability is both incurred and reasonably estimable.” By establishing these criteria, the GASB hopes to improve the comparability of governmental financial statements. In addition, the new guidance “will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to . . . AROs.”

**Next Steps:** Statement 83 is effective for reporting periods beginning after June 15, 2018. Early application is encouraged.

**Other Resources:** For more information, see the press release on the GASB’s Web site.

**GASB Issues Guidance on Pension Issues**

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On April 11, 2016, the GASB issued Statement 82, which addresses implementation issues related to certain aspects of the GASB’s pension standards, including:

- Presenting “payroll-related measures in required supplementary information.”
- Selecting “assumptions and the treatment of deviations from guidance in Actuarial Standards of Practice for financial reporting purposes.”
- Classifying “payments made by employers to satisfy plan member contribution requirements.”

**Next Steps:** Statement 82 is effective for reporting periods beginning after June 15, 2016. Early application is encouraged.

**Other Resources:** For more information, see the press release on the GASB’s Web site.
GASB Issues Guidance on Irrevocable Split-Interest Agreements

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On March 29, 2016, the GASB issued Statement 81, which provides guidance on irrevocable split-interest agreements. The primary goals of Statement 81 are “to improve accounting and financial reporting by establishing recognition and measurement requirements for irrevocable split-interest agreements [created through trusts and] to enhance the transparency and decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying resources that are available to a government.”

**Next Steps:** Statement 81 is effective for reporting periods beginning after December 15, 2016. Early application is encouraged.

**Other Resources:** For more information, see the press release on the GASB’s Web site.

GASB Issues Guidance on Blending Requirements for Certain Component Units

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On February 11, 2016, the GASB issued Statement 80, which provides guidance on blending requirements for certain component units. Statement 80 clarifies “how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government.” Specifically, such component units must be “blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government.”

**Next Steps:** Statement 80 is effective for reporting periods beginning after June 15, 2016. Early application is encouraged.

**Other Resources:** For more information, see the press release on the GASB’s Web site.

GASB Issues Implementation Guide to Clarify Recent Pronouncements

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On March 24, 2016, the GASB issued an implementation guide that contains Q&As clarifying certain aspects of some of its recently issued pronouncements. Although the guide primarily addresses the GASB’s standards on fair value and tax abatement disclosures, it also “addresses a wide array of practice issues on other topics that have been brought to the GASB’s attention and reinstates certain previously superseded questions and answers that have been updated for the effects of newly issued standards on pensions and other postemployment benefits.”

**Next Steps:** The implementation guide is effective for reporting periods beginning after June 15, 2016.

**Other Resources:** For more information, see the press release on the GASB’s Web site.
**GASB Issues Guidance on Investment Pools**

**Affects:** Entities reporting under financial accounting and reporting standards for state and local governments.

**Summary:** On December 23, 2015, the GASB issued Statement 79, which permits certain external investment pools to use amortized cost to measure pool investments. The GASB is releasing Statement 79 in response to changes in the SEC's Rule 2(a)-7 of the Investment Company Act of 1940, which will become effective in April 2016.

**Next Steps:** Statement 79 is effective for reporting periods beginning after June 15, 2015, except for certain provisions related to portfolio quality, custodial credit risk, and shadow pricing, which are effective for reporting periods beginning after December 15, 2015. Early application is encouraged.

**Other Resources:** For more information, see the press release on the GASB's Web site.

**International**

**IPSASB Releases Guidance on Employee Benefits**

**Affects:** Public-sector entities.

**Summary:** On July 28, 2016, the IPSASB issued IPSAS 39, which supersedes the guidance on employee benefits in IPSAS 25. Specifically, the new IPSAS:

- Removes “an option that allowed an entity to defer the recognition of changes in the net defined benefit liability (the ‘corridor approach”).”
- Introduces “the net interest approach for defined benefit plans.”
- Amends “certain disclosure requirements for defined benefit plans and multi-employer plans”
- Simplifies “the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service.”
- Removes “the requirements for Composite Social Security Programs.”

**Next Steps:** IPSAS 39 will become effective on January 1, 2018; early adoption is encouraged.

**Other Resources:** For more information, see the press release on IFAC's Web site.

**IPSASB Amends Guidance on Impairment of Revalued Assets**

**Affects:** Public-sector entities.

**Summary:** On July 28, 2016, the IPSASB issued amendments that revise the guidance on impairment of revalued assets in IPSASs 21 and 26. The amendments “provide users with relevant information on impairment losses to property, plant, and equipment and intangible assets on the revaluation model [and clarify] that impairments to individual assets, or a group of assets within a class of property, plant, and equipment, in [IPSAS 17] do not necessitate a revaluation of the entire class to which that impaired asset or group of assets belongs.”

**Next Steps:** The amendments will become effective on January 1, 2018.

**Other Resources:** For more information, see the press release on IFAC’s Web site.
Regulatory and Compliance Developments

In This Section

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  o SEC Issues Guidance to Enhance Investment-Company Reporting
  o SEC Issues Rules for Securities Clearing Agencies

AICPA

AICPA Holds 2016 Conference on Current SEC and PCAOB Developments*

Affects: All entities.

Summary: On December 5–7, 2016, the AICPA held its annual Conference on Current SEC and PCAOB Developments in Washington, D.C. On the heels of the U.S. presidential election, participants at the conference were eager to talk about the changing financial reporting and audit landscape. While there was much speculation about the effect of the new administration on financial reporting regulations, there was little uncertainty regarding the significant impact that new accounting standards will have when they are adopted in the coming years. Specifically, the new standards on revenue recognition, leases, financial instruments, and credit losses — or the “new GAAP standards” as SEC Chief Accountant Wesley Bricker referred to them — were a central theme throughout the conference.

Despite all the talk of change, the conference proceeded in its usual fashion, with speakers and panelists offering their insights into current accounting, reporting, and auditing practice issues. Picking up where they left off at last year’s conference, SEC staff members discussed their efforts over the past year to rein in certain practices related to the presentation of non-GAAP measures. Also revisited at this year’s conference was ICFR — from the significance of the control environment in a time of immense accounting change to the importance of ongoing dialogue between management, audit committees, and auditors.

One thing that clearly has not changed is the mission of the SEC and the PCAOB. Mr. Bricker discussed the important role that preparers, auditors, audit committee members, regulators, and others play in meeting investors’ needs for high-quality financial information. PCAOB Chairman James Doty reiterated that the PCAOB’s critical mission, investor protection, is as relevant today as it was at the PCAOB’s inception. And Cynthia Fornelli, executive director of the CAQ, reminded attendees that there were many reasons to be “#AuditorProud.”

Other Resources: Deloitte’s December 12, 2016, Heads Up.

Corporate Governance

Group of CEOs Publish Corporate Governance Principles

Affects: All entities.

Summary: On July 27, 2016, a group of CEOs issued a set of “commonsense” corporate governance principles for public companies, boards of directors, and shareholders. The principles focus on the following topics:

• Composition, internal governance, and responsibilities of board of directors.
• Shareholder rights.
• Public reporting.
• Board leadership.
• Management — succession planning and compensation.
• Role of asset managers in corporate governance.

Other Resources: For more information, see the press release.
SEC
SEC Urges Companies to Take a Fresh Look at Their Non-GAAP Measures*

Affects: SEC registrants.

Summary: On May 17, 2016, the SEC updated its C&DIs on non-GAAP measures in response to its increasing concerns that such measures may be misleading, more prominent than comparable GAAP measures, or inconsistently presented from period to period. The C&DIs do not prohibit companies from using non-GAAP measures that comply with the SEC’s existing rules. However, the SEC staff’s tone in the C&DIs is intentionally forceful in an effort to “send a message,” as stated by Mark Kronforst, chief accountant in the SEC’s Division of Corporation Finance, at the May 18 meeting of the PCAOB’s Standing Advisory Group.

The months leading up to the release of the updated C&DIs were marked by an explosion of press coverage and SEC scrutiny of non-GAAP measures in reaction to the increased use of these measures as well as the progressively larger difference between the amounts reported for GAAP measures and those reported for non-GAAP measures. For example, a study published by FactSet indicated that for 2015, 67 percent of the companies in the Dow Jones Industrial Average reported non-GAAP earnings per share and, on average, that the difference between the GAAP and non-GAAP earnings per share for these companies was approximately 30 percent, representing a significant increase from approximately 12 percent in 2014.

At the 2016 AICPA Conference on Current SEC and PCAOB Developments in December, SEC staff members from the SEC’s Division of Corporation Finance (the “Division”) indicated that they had seen notable improvement in the disclosures since the release of the SEC’s updated C&DIs in May. However, Mr. Bricker noted there is still “more progress for companies to make, for example, in the evaluation of the appropriateness of the measure and its prominence, as well as the effectiveness of disclosure controls and procedures.” In addition, there are certain aspects of non-GAAP disclosures that the Division staff continues to address as part of the comment-letter process because they may be misleading or prohibited. Non-GAAP measures have become one of the topics on which the SEC comments most frequently. See Deloitte’s SEC Comment Letters — Including Industry Insights: What “Edgar” Told Us and the 2016 supplement for detailed information about recent trends in staff comments, including non-GAAP measures.

Editor’s Note
In his keynote address at the conference, Mr. Bricker advised audit committee members to “seek to understand management’s judgments in the design, preparation, and presentation of non-GAAP measures and how those measures might differ from approaches followed by other companies.” Deloitte’s A Roadmap to Non-GAAP Financial Measures contains a chapter devoted to disclosure controls and procedures related to non-GAAP measures and an appendix that provides questions management can consider regarding its use of non-GAAP measures.

The use of non-GAAP and alternative performance measures is receiving greater attention outside the United States as well. On June 7, 2016, IOSCO issued a final report that sets out its expectations for the presentation of non-GAAP measures by issuers.

Other Resources: Deloitte’s A Roadmap to Non-GAAP Financial Measures; May 19, 2016, journal entry; and May 23, 2016, and July 19, 2016, Heads Up newsletters.
SEC Continues to Promote Disclosure Effectiveness

**Affects:** SEC registrants.

**Summary:** During 2016, the SEC staff discussed its continued commitment to advancing its disclosure effectiveness initiative — a broad-based review of the disclosure, presentation, and delivery requirements in the SEC rules. The staff indicated that significant progress was made over the past year on projects related directly and indirectly to this initiative. As part of the initiative, the SEC issued a concept release in April of this year that sought feedback on modernizing certain business and financial disclosure requirements of Regulation S-K as well as a request for comment in September 2015 on the effectiveness of certain financial disclosure requirements in Regulation S-X.

**Other Resources:** See Appendix C for summaries of the projects as well as Deloitte resources that provide additional information about each project.

CAQ SEC Regulations Committee and IPTF Hold Meetings During 2016

**Affects:** SEC registrants.

**Summary:** The CAQ’s SEC Regulations Committee and its International Practices Task Force (IPTF) both meet periodically with the SEC staff to discuss emerging technical accounting and reporting issues related to SEC rules and regulations. The following Deloitte resources summarize the topics covered during meetings that were held during 2016:

- November 8, 2016, journal entry — CAQ SEC Regulations Committee Releases Highlights of September 27, 2016, Joint Meeting With SEC Staff.
- September 16, 2016, journal entry — CAQ SEC Regulations Committee Releases Highlights of June 14, 2016, Joint Meeting With SEC Staff.
- July 29, 2016, news article — CAQ Releases Highlights of May 2016 Meeting Between IPTF and SEC Staff.
- May 20, 2016, journal entry — CAQ SEC Regulations Committee Releases Highlights of March 21, 2016, Joint Meeting With SEC Staff.

SEC Staff Publishes Guide on EDGAR Filings for Issuers of Asset-Backed Securities

**Affects:** Issuers of asset-backed securities.

**Summary:** On November 30, 2016, the staff in the SEC’s Division of Corporation Finance published a guide containing Q&As that provide issuers of asset-backed securities with guidance on EDGAR filings. Specifically, the guide addresses “certain programming changes to the EDGAR system that have been made to support recently adopted revisions to Regulation AB [footnote omitted] and new Exchange Act Rule 15Ga-2.”
SEC Issues Report on Modernization and Simplification of Regulation S-K

**Affects:** SEC registrants.

**Summary:** On November 29, 2016, the SEC issued a report on the modernization and simplification of Regulation S-K. The report is being issued in response to a mandate in Section 72003 of the Fixing America’s Surface Transportation (FAST) Act, which requires the report to include “(1) all findings and determinations made in carrying out the study . . . ; (2) specific and detailed recommendations on modernizing and simplifying the requirements in Regulation S-K in a manner that reduces the costs and burdens on companies while still providing all material information; and (3) specific and detailed recommendations on ways to improve the readability and navigability of disclosure documents and to discourage repetition and the disclosure of immaterial information.”

The report includes staff recommendations on the following topics:

- Core company business information.
- Company performance, financial information, and future prospects.
- Management and certain security holders.
- Corporate governance.
- Registration statement and prospectus provisions.
- Exhibits.
- Manner of delivery recommendations.

SEC Approves National Market System to Create a Consolidated Audit Trail

**Affects:** SEC registrants.

**Summary:** On November 15, 2016, the SEC announced that it has approved a national market system (NMS) plan under which a consolidated audit trail and other related data would be created, implemented, and maintained. The NMS plan provides “methods by which SROs and broker-dealers will record and report information, including the identity of the customer, resulting in a range of data elements that together provide the complete lifecycle of all orders and transactions in the U.S. equity and options markets.”

**Other Resources:** For more information, see the [press release](https://www.sec.gov) on the SEC's Web site.

SEC Eliminates “Tandy” Representation Requirement

**Affects:** SEC registrants.

**Summary:** On October 5, 2016, the staff in the SEC's Division of Corporation Finance announced that the Commission is no longer requiring registrants to provide “Tandy” representations in their disclosures related to comment-letter correspondence. Named after the Tandy Corporation — the first company that received an SEC comment letter requesting such a representation back in the 1970s — the Tandy requirements mandated a registrant “to acknowledge in writing that the disclosure in the document was its responsibility and to affirmatively state that it would not raise the SEC review process and acceleration
of effectiveness as a defense in any legal proceeding." The announcement stresses that companies remain “responsible for the accuracy and adequacy of the disclosure in their filings” and that the staff will be including a statement to this effect in its comment letters to registrants going forward.

**Other Resources:** For more information, see the announcement on the SEC’s Web site.

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**SEC Staff Releases New C&DIs Related to Securities Act Rules and Pay Ratio Disclosure**

Affects: SEC registrants.

Summary: In October 2016, the staff in the SEC’s Division of Corporation Finance updated its C&DIs related to the following:

- **Regulation S-K** — New guidance on Item 402(u) on pay ratio disclosure.

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**SEC Issues Final Rule on Intrastate and Regional Securities Offerings**

Affects: SEC registrants.

Summary: On October 26, 2016, the SEC issued a final rule that amends Rule 147 of the Securities Act of 1933 to provide “a safe harbor for compliance with the Section 3(a)(11) exemption from registration for intrastate securities offerings." In addition, the final rule establishes a new rule, Rule 147A, that is similar to Rule 147 “but will have no restriction on offers and will allow issuers to be incorporated or organized outside of the state in which the intrastate offering is conducted provided certain conditions are met.” Further, Rule 504 is being amended “to increase the aggregate amount of securities that may be offered and sold from $1 million to $5 million”, as a result, Rule 505 has been repealed.

Next Steps: The amendments to Rule 147, and the new Rule 147A, will become effective on April 20, 2017; the amendments to Rule 504 will become effective on January 20, 2017; and the repeal of Rule 505 will become effective on May 22, 2017.

Other Resources: For more information, see the press release on the SEC’s Web site.

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**SEC Issues Guidance to Enhance Investment-Company Reporting**

Affects: Investment companies.

Summary: On October 13, 2016, the SEC issued the following three final rules for investment companies:

- **Investment Company Reporting Modernization** — Enhances transparency by improving “data reporting for mutual funds, ETFs and other registered investment companies.”
- **Investment Company Liquidity Risk Management Programs** — “[D]esigned to promote effective liquidity risk management for mutual funds and ETFs, reducing the risk that funds will not be able to meet shareholder redemptions and mitigating potential dilution of the interests of fund shareholders.”
• **Investment Company Swing Pricing** — “[P]ermit[s] mutual funds to use swing pricing — the process of adjusting a fund’s net asset value to pass on to purchasing or redeeming shareholders costs associated with their trading activity.”

The new rules are part of the SEC’s initiative to enhance the monitoring and regulation of the asset management industry.

**Next Steps:** The final rules on reporting modernization and liquidity risk management programs will become effective on January 17, 2017 (with the exception of certain amendments detailed in the respective rules). The final rule on swing pricing will become effective on November 19, 2018.

**Other Resources:** For more information, see the press release on the SEC’s Web site.

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**SEC Issues Rules for Securities Clearing Agencies**

**Affects:** SEC-registered clearing agencies.

**Summary:** On September 28, 2016, the SEC issued a final rule that establishes “enhanced standards for the operation and governance” of covered clearing agencies. The final rule’s scope includes “SEC-registered securities clearing agencies that have been designated as systemically important by the Financial Stability Oversight Council . . . or that are involved in more complex transactions.” Such clearing agencies “will be subject to new requirements regarding, among other things, their financial risk management, governance, recovery planning, operations, and disclosures to market participants and the public.”

The final rule became effective on December 12, 2016.

**Other Resources:** For more information, see the press release on the SEC’s Web site.

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**SEC Issues Final Rule Granting Regulatory Access to Data Held by Security-Based Swap Data Repositories**

**Affects:** SEC registrants.

**Summary:** On August 29, 2016, the SEC issued a final rule that amends Rule 13n-4 of the Securities Exchange Act of 1934 to give certain regulators and other authorities access to security-based swap data repositories. Specifically, the final rule:

- Requires “either a memorandum of understanding or other arrangement between the Commission and the recipient of the data to address the confidentiality of the security-based swap data provided to the recipient.”
- Identifies “the five prudential regulators named in the statute, as well as the Federal Reserve banks and the Office of Financial Research, as being eligible to access data.”
- Addresses “factors that the Commission may consider in determining whether to permit other entities to access data.”

The final rule became effective on November 1, 2016.

**Other Resources:** For more information, see the press release on the SEC’s Web site.
SEC Issues Final Rule for Investment Advisers

**Affects:** SEC registrants.

**Summary:** On August 25, 2016, the SEC issued a final rule to improve the reporting and disclosure requirements for investment advisers. Specifically, the final rule amends:

- Form ADV to (1) require investment advisers to disclose additional information (e.g., about their “separately managed account business”), (2) include an approach under which “private fund adviser entities operating a single advisory business” can use a single Form ADV to register, and (3) make certain technical corrections to “Form ADV items and instructions.”

- Investment Advisers Act rules to (1) require advisers to maintain additional records of performance-related calculations and communications and (2) “remove transition provisions that are no longer necessary.”

The final rule became effective on October 31, 2016; advisers will need to begin complying with the amendments on October 1, 2017.

**Other Resources:** For more information, see the press release on the SEC’s Web site.

SEC Issues Final Rule on Administrative Proceedings

**Affects:** SEC registrants.

**Summary:** On July 14, 2016, the SEC issued a final rule that amends its rules of practice related to administrative proceedings. According to SEC Chair Mary Jo White, the final rule offers parties “additional opportunities to conduct depositions and add flexibility to the timelines of [the SEC’s] administrative proceedings, while continuing to promote the fair and timely resolution of the proceedings.”

The final rule became effective on September 27, 2016.

**Other Resources:** For more information, see the press release on the SEC’s Web site.

SEC Issues Final Rule on Regulation SBSR

**Affects:** SEC registrants.

**Summary:** On July 13, 2016, the SEC issued a final rule that amends Regulation SBSR on the reporting and dissemination of security-based swap information. The purpose of the final rule, which implements requirements in Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, is to “increase transparency in the security-based swap market.”

The final rule became effective on October 11, 2016.

**Other Resources:** For more information, see the press release on the SEC’s Web site.
**SEC Issues Final Rule on Resource Extraction Disclosures**

**Affects:** SEC registrants.

**Summary:** On June 27, 2016, the SEC issued a final rule on disclosures about payments made by resource extraction issuers. The final rule, which implements Section 1504 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, requires “resource extraction issuers to include in an annual report information relating to any payment made by the issuer, a subsidiary of the issuer, or an entity under the control of the issuer, to a foreign government or the Federal Government for the purpose of the commercial development of oil, natural gas, or minerals.” The rule is designed to improve transparency, thereby helping to “combat global corruption and empower citizens of resource-rich countries to hold their governments accountable for the wealth generated by those resources.”

The final rule became effective on September 26, 2016, and must be complied with for fiscal years ending on or after September 30, 2018.

**Other Resources:** Deloitte’s June 30, 2016, journal entry. Also see the press release on the SEC’s Web site.

**SEC Issues Final Rule to Establish Trade Acknowledgment and Verification Requirements for Security-Based Swap Transactions**

**Affects:** SEC registrants.

**Summary:** On June 8, 2016, the SEC issued a final rule to establish trade acknowledgment and verification requirements for security-based swap transactions. Under the final rule, which is being issued in response to a mandate of the Dodd-Frank Act, security-based swap (SBS) entities that enter into SBS transactions are required to:

- “Provide a trade acknowledgment electronically to its transaction counterparty promptly, and no later than the end of the first business day following the day of execution.”
- “Promptly verify or dispute with its counterparty the terms of a trade acknowledgment it receives.”
- “Have written policies and procedures in place that are reasonably designed to obtain verification of the terms outlined in any trade acknowledgment that it provides.”

In addition, certain broker-dealers that are SBS entities will be exempt from the requirements in Exchange Act Rule 10b-10 if they meet the requirements of the final rule.

The final rule became effective on August 16, 2016.

**Other Resources:** For more information, see the press release on the SEC’s Web site.
SEC Issues Guidance Related to JOBS Act and FAST Act

**Affects:** SEC registrants.

**Summary:** On January 13, 2016, the SEC issued interim final rules and form amendments to implement certain provisions of the FAST Act, which was signed into law in December 2015. Among other provisions, the rules revise Forms S-1 and F-1 to permit an EGC to omit financial information from registration statements filed before an IPO (or confidentially submitted to the SEC for review) for historical periods required by Regulation S-X if the EGC reasonably believes that it will not be required to include these historical periods at the time of the contemplated offering. The rules and amendments became effective on January 19, 2016.

In addition, in December 2015, the SEC issued a number of C&DIs related to the FAST Act. Topics addressed in the C&DIs include (1) whether, and in what circumstances, an EGC can omit interim financial statements or financial statements of other entities from its registration statement and (2) FAST Act requirements that affect savings and loan companies.

Further, on May 3, 2016, the SEC issued a final rule that (1) marks the completion of the Commission’s rulemaking mandates under the JOBS Act and (2) implements provisions of the FAST Act. Specifically, the final rule:

- Amends “Exchange Act Rules 12g-1 through 12g-4 and 12h-3 which govern the procedures relating to registration and termination of registration under Section 12(g), and suspension of reporting obligations under Section 15(d), to reflect the new thresholds established by the JOBS Act and the FAST Act.”
- Applies “the definition of ‘accredited investor’ in Securities Act Rule 501(a) to determinations as to which record holders are accredited investors for purposes of Exchange Act Section 12(g)(1).”

The final rule also revises the definition of “held of record” and establishes a nonexclusive safe harbor under Exchange Act Section 12(g).

The final rule became effective on June 9, 2016.

**Other Resources:** For more information, see the press release on the SEC’s Web site. Also see Deloitte’s December 8, 2015, journal entry for more information about the FAST Act’s effects on securities laws and regulations, as well as Deloitte’s January 15, 2016, and December 18, 2015, journal entries for more information about the C&DIs.

SEC Publishes Final Rules on Security-Based Swaps

**Affects:** SEC registrants.

**Summary:** On April 14, 2016, the SEC issued final rules on security-based swaps that “implement provisions of Title VII relating to business conduct standards and the designation of a chief compliance officer for security-based swap [SBS] dealers and major [SBS] participants.” In addition, the rules address “the cross-border application of the rules and the availability of substituted compliance.” The final rules include:

- **Rule 15Fh-1** — Defines the scope of the rules.
- **Rule 15Fh-2** — Defines terms used throughout the rules.
- **Rule 15Fh-3** — Addresses the business conduct requirements applicable to SBS entities.
• **Rule 15Fh-4** — Outlines unlawful activities for SBS entities and contains requirements for SBS dealers that advise special entities.

• **Rule 15Fh-5** — Provides requirements for SBS entities that act as counterparties to special entities.

• **Rule 15Fh-6** — Imposes pay-to-play restrictions on SBS dealers.

• **Rule 15k-1** — Outlines requirements for chief compliance officers.

The final rules became effective on June 27, 2016.

**Other Resources:** For more information, see the speech by SEC Chair Mary Jo White on the SEC’s Web site.

**SEC Publishes Final Rule on Cross-Border Security-Based Swaps**

**Affects:** SEC registrants.

**Summary:** On February 10, 2016, the SEC issued a final rule related to cross-border security-based swaps. Under the final rule, which is being issued in response to a mandate of the Dodd-Frank Act, “a non-U.S. company that uses personnel located in a U.S. branch or office to arrange, negotiate, or execute a security-based swap transaction in connection with its dealing activity [must] include that transaction in determining whether it is required to register as a security-based swap dealer.”

The final rule became effective on April 19, 2016.

**Other Resources:** For more information, see the press release on the SEC’s Web site.

**SEC Publishes C&DIs and Compliance Guide Related to Crowdfunding Rules**

**Affects:** Issuers that are eligible to undertake crowdfunding offerings.

**Summary:** On May 13, 2016, the SEC issued the following publications to provide guidance to help registrants understand the requirements in the Commission’s October 2015 final rule on raising capital by using crowdfunding, which became effective on May 16, 2016.

- **C&DIs** — Address crowdfunding exemption and requirements, disclosure requirements, advertising, and promoter compensation.

- **A small-entity compliance guide for issuers** — Topics covered include requirements that registrants must meet to use the “regulation crowdfunding” exemption, issuers’ disclosures, limits on advertising and promoters, restrictions on resale, exemptions from Section 12(g) of the Securities Exchange Act of 1934, and bad actor disqualification.
SEC Announces Tool for Estimating Registration Fees

**Affects:** SEC registrants.

**Summary:** On April 18, 2016, the SEC announced the launch of a new online tool to help companies calculate registration fees for certain form submissions to its EDGAR System Filer Manual. The tool is “intended to improve the accuracy of fee calculations and minimize the need for corrections.” It covers the most common filings companies use to register initial public offerings, debt offerings, asset-backed securities, closed-end mutual funds, limited partnerships, and small business investment companies.

**Other Resources:** For more information, see the press release on the SEC's Web site.

SEC Updates Financial Reporting Manual

**Affects:** SEC registrants.

**Summary:** On March 17, 2016, and November 9, 2016, the SEC’s Division of Corporation Finance published updates to its Financial Reporting Manual (FRM). The March revisions include:

- *Paragraph 2410.8* — Updates to guidance on significance testing related to equity method investments.
- *Section 10000* — Amendments to conform to the FAST Act.
- *Topic 11* — Addition of implementation guidance related to the FASB’s and IASB’s new revenue standard.

The November revisions include:

- *Paragraphs 1140.3 and 10220.7* — Revised “guidance on the number of years of financial statements of a target company in a proxy statement when an emerging growth company is involved.”
- *Paragraph 1330.5* — Clarified the filings that will be required after Form 10 becomes effective.
- *Paragraph 5120.1* — Elucidated the “effect of loss of smaller reporting company status on accelerated filer determination and filing due dates.”
- *Paragraph 8110.2* — Reflected changes to C&DI's on non-GAAP financial measures.
- *Paragraph 10220.5* — Clarified “emerging growth company guidance on financial statements of entities other than the registrant and pro forma information.”
- *Paragraph 11120.4* — Added implementation guidance related to new revenue standards (ASU 2014-09 and IFRS 15).
- *Section 11200* — Incorporated implementation guidance related to new lease standards (ASU 2016-02 and IFRS 16).
- *Section 11300* — Added implementation guidance related to short-duration contract disclosures (ASU 2015-09).

**Other Resources:** Deloitte’s March 22, 2016, and November 22, 2016, journal entries. Also see the FRM page on the SEC’s Web site.
### Appendix A: Selected Deloitte Publications

**Heads Up**

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<td>Heads Up: Highlights of the 2016 AICPA Conference on Current SEC and PCAOB Developments</td>
<td>December 12, 2016</td>
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<tr>
<td>FASB Proposes Targeted Changes to Guidance on Liabilities and Equity</td>
<td>December 8, 2016</td>
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<td>FASB Proposes to Amend the Scope of Modification Accounting for Share-Based Payment Arrangements</td>
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<td>FASB Issues Guidance on Restricted Cash</td>
<td>November 17, 2016</td>
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<td>FASB Amends Consolidation Guidance on Interests Held Through Related Parties Under Common Control</td>
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<td>FASB Simplifies Accounting for Intra-Entity Asset Transfers</td>
<td>October 25, 2016</td>
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<td>FASB Proposes Amendments to the Amortization Period for Callable Debt Securities Purchased at a Premium</td>
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<td>FASB Proposes Targeted Improvements to Hedge Accounting</td>
<td>September 14, 2016</td>
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<td>FASB Overhauls Guidance on Presentation of Financial Statements for Not-for-Profit Entities</td>
<td>September 12, 2016</td>
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<tr>
<td>FASB Issues Guidance on Cash Flow Classification</td>
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<td>FASB Proposes Updates to Income Tax Disclosure Requirements</td>
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<tr>
<td>Controls and Non-GAAP Measures</td>
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<td>SEC Proposes to Eliminate Outdated and Duplicative Disclosure Requirements</td>
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<td>Frequently Asked Questions About ASU 2016-09</td>
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<td>FASB Issues Final Standard on Accounting for Credit Losses</td>
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<td>FASB Proposes Clarifications to Guidance on Derecognition and Partial Sales of Nonfinancial Assets</td>
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<td>FASB Proposes Amendments to Simplify the Accounting for Goodwill Impairment</td>
<td>May 24, 2016</td>
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<td>SEC Urges Companies to Take a Fresh Look at Their Non-GAAP Measures</td>
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<td>FASB Makes Narrow-Scope Amendments to Revenue Standard and Provides Practical Expedients</td>
<td>May 11, 2016</td>
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<tr>
<td>FASB Simplifies the Accounting for Share-Based Payments</td>
<td>April 21, 2016</td>
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<td>SEC Concept Release Seeks Comments on Regulation S-K</td>
<td>April 18, 2016</td>
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<td>FASB Clarifies Guidance on Licensing and Identifying Performance Obligations</td>
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<td>FASB Clarifies the New Revenue Standard’s Principal-Versus-Agent Guidance</td>
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<td>FASB Changes the Effective Date and Transition Guidance in Certain Private-Company ASUs</td>
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<td>FASB Issues ASUs in Response to EITF Consensuses</td>
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<td>FASB’s New Standard Brings Most Leases Onto the Balance Sheet</td>
<td>March 1, 2016; Updated July 12, 2016</td>
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<td>FASB Proposes Guidance on Presentation of Net Periodic Benefit Cost and Disclosures Related to Defined Benefit Plans</td>
<td>January 28, 2016</td>
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**Roadmap Series**

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<td>A Roadmap to Accounting for Contracts on an Entity’s Own Equity</td>
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<td>A Roadmap to Common-Control Transactions</td>
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<td>A Roadmap to Non-GAAP Financial Measures</td>
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<td>A Roadmap to Consolidation — Identifying a Controlling Financial Interest</td>
<td>2016</td>
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<td>A Roadmap to Pushdown Accounting</td>
<td>June 2016</td>
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<td>A Roadmap to the Preparation of the Statement of Cash Flows</td>
<td>March 2016</td>
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**Industry Publications**

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<td>Real Estate — Accounting and Financial Reporting Update</td>
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<td>Insurance Spotlight — FASB Proposes Improvements to the Accounting for Long-Duration Insurance Contracts</td>
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<td>Power &amp; Utilities Spotlight — Powering Up the New Leases Standard</td>
<td>October 2016</td>
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<td>Oil &amp; Gas Spotlight — Production Phase of the Leases Standard Complete</td>
<td>September 2016</td>
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<tr>
<td>Real Estate Spotlight — A Walk-Through of the FASB’s New Leases Standard</td>
<td>March 2016; Updated July 2016</td>
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<tr>
<td>Power &amp; Utilities Spotlight — Risk at the Core of Strategic Value Creation</td>
<td>June 2016</td>
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Life Sciences — Accounting and Financial Reporting Update — Including Interpretive Guidance (March 2016)

Oil & Gas — Accounting, Financial Reporting, and Tax Update (January 2016)

Power & Utilities — Accounting, Financial Reporting, and Tax Update (January 2016)

Accounting for Income Taxes
Quarterly Hot Topics: September 2016
Quarterly Hot Topics: June 2016
Quarterly Hot Topics: March 2016

Financial Reporting Alert
16-5, SEC Staff Provides Feedback on New Disclosure Requirements in ASU 2015-09 for Short-Duration Insurance Contracts (December 9, 2016)
16-4, Financial Reporting Considerations Related to Pension and Other Postretirement Benefits (November 16, 2016)
16-3, SEC Reminds Registrants of Best Practices for Implementing New Revenue, Lease, and Credit Loss Accounting Standards (September 22, 2016)
16-1, Financial Reporting Considerations Related to the UK's Vote to Leave the EU (June 24, 2016)

TRG Snapshot
Meeting on Revenue: November 2016
Meeting on Revenue: April 2016
Meeting on Credit Losses: April 2016
Summary of Revenue Implementation Issues Discussed to Date (March 2016)

EITF Snapshot
November 2016
September 2016
June 2016
March 2016

SEC Comment Letter Publication
SEC Comment Letters — Statistics According to “Edgar” — Supplement to the Ninth Edition

Audit & Assurance Update
A Summary of the November 30–December 1 Meeting of the PCAOB's Standing Advisory Group (December 9, 2016)
Feedback on the PCAOB's Reproposed Changes to the Auditor's Report (October 14, 2016)
A Summary of the May 18–19 Meeting of the PCAOB's Standing Advisory Group (June 22, 2016)
PCAOB Reproposes Changes to the Auditor's Report (May 27, 2016)
PCAOB Issues Proposal for Audits Involving Other Auditors (April 29, 2016)
PCAOB Issues Rules to Require Disclosure on New Form AP (January 11, 2016)
Appendix B: Current Status of FASB Projects

This appendix summarizes the objectives, current status, and next steps for the FASB’s active standard-setting projects (excluding research initiatives).

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<th>Project</th>
<th>Description</th>
<th>Status and Next Steps</th>
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<td>Recognition and Measurement Projects</td>
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<tr>
<td>Accounting for financial instruments: hedging</td>
<td>The purpose of this project is to “make targeted improvements to the hedge accounting model based on the feedback received from preparers, auditors, users and other stakeholders.”</td>
<td>On September 8, 2016, the FASB issued a proposed ASU that would make targeted improvements to the accounting for hedging activities. The proposed amendments “would expand and refine hedge accounting for both nonfinancial and financial risk components and would align the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements.” Comments were due by November 22, 2016. For more information, see Deloitte’s September 14, 2016, <em>Heads Up</em>.</td>
</tr>
</tbody>
</table>
| Accounting for goodwill impairment          | The objective of this project is to “reduce the cost and complexity of the subsequent accounting for goodwill by simplifying the impairment test . . . by removing the requirement to perform a hypothetical purchase price allocation when the carrying value of a reporting unit exceeds its fair value (step 2 of the impairment model in current GAAP).” | On May 12, 2016, the FASB issued a proposed ASU that would simplify the subsequent measurement of goodwill by removing the requirement to compare the implied fair value of goodwill with its carrying amount. Under the proposed amendments, “an entity would perform its annual, or any interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount.” The proposed ASU would also remove existing special requirements for reporting units with a zero or negative carrying amount. Comments on the proposed ASU were due by July 11, 2016. For more information, see Deloitte’s May 24, 2016, *Heads Up*.  
On October 10, 2016, the FASB discussed comments received on the proposed ASU, affirming its decision that the same one-step impairment test should be applied to all reporting units, including those with zero or negative carrying amounts. The Board decided to align the effective date with that in ASU 2016-13 on credit losses and directed the staff to draft a final standard for external review. The FASB expects to issue the final ASU in the first quarter of 2017. |
| Accounting for interest income associated with the purchase of callable debt securities | This project aims “to enhance the transparency and usefulness of the information provided in the notes to the financial statements about interest income on purchased debt securities and loans” and “will also consider targeted improvements regarding the accounting for the amortization of premiums for purchased callable debt securities.” | On September 22, 2016, the FASB issued a proposed ASU that would shorten the amortization period for investments in callable debt securities purchased at a premium by requiring that the premium be amortized to the earliest call date. Comments were due by November 28, 2016. For more information, see Deloitte’s September 23, 2016, *Heads Up*. |

1 The quoted material related to the projects' objectives is from the respective project pages on the FASB's Web site.
**Clarifying the definition of a business (phase 1)**

The purpose of this project is to "clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses."

On November 23, 2015, the FASB issued a proposed ASU to help entities evaluate whether to account for transactions as acquisitions (or disposals) of assets or as businesses. Under the proposal, "to be considered a business, a set of assets and activities must include, at a minimum, an input and a substantive process that together contribute to the ability to create outputs." Comments on the proposal were due by January 22, 2016. For more information, see Deloitte’s December 4, 2015, *Heads Up*.

On August 24, 2016, and October 10, 2016, the Board affirmed several of its prior decisions and decided to make certain clarifications. For public business entities, the guidance will be effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those periods. For all other entities, the guidance will be effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

On November 9, 2016, the Board decided to permit an entity to apply the amendments early for transactions occurring before the issuance date of the final ASU, provided that interim or annual financial statements for the reporting period during which the transactions occurred have not been issued or made available for issuance. The Board directed the staff to draft a final ASU for a vote by written ballot. The final ASU is expected to be issued in the fourth quarter of 2016.

**Clarifying the scope of ASC 610-20 and accounting for partial sales of nonfinancial assets (formerly clarifying the definition of a business phase 2)**

The purpose of this project is to clarify the scope of ASC 610-20 and the accounting for partial sales of nonfinancial assets.

On June 6, 2016, the FASB issued a proposed ASU that would amend the guidance on nonfinancial assets in ASC 610-20. The proposed amendments include:

- Clarifying the scope of ASC 610-20 to indicate that it applies to “the derecognition of all nonfinancial assets and in substance nonfinancial assets unless other specific guidance applies.”
- Stipulating that “a distinct nonfinancial asset would be the unit of account for applying the nonfinancial asset derecognition guidance.”
- Providing guidance on accounting for partial sales of nonfinancial assets.

Comments on the proposed ASU were due by August 5, 2016.

On October 10, 2016, the FASB discussed comments received on the proposed ASU and made tentative decisions related to the scope, transition method, and effective date. For public entities, the amendments will be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, the amendments will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. On December 14, 2016, the FASB discussed comments received on an external review draft and asked the staff to draft a final ASU for a vote by written ballot. The FASB expects to issue a final ASU in the first quarter of 2017. For more information, see Deloitte’s June 14, 2016, *Heads Up* and October 17, 2016, *Journal entry*. 
<table>
<thead>
<tr>
<th>Clarifying when a not-for-profit entity that is a general partner should consolidate a for-profit limited partnership (or similar entity)</th>
<th>The purpose of this project is to clarify when a not-for-profit entity that is a general partner should consolidate a for-profit limited partnership (or similar entity).</th>
<th>On August 3, 2016, the FASB issued a proposed ASU that would amend the consolidation guidance for not-for-profit entities to clarify when a not-for-profit entity that is a general partner should consolidate a for-profit limited partnership or similar legal entity. Comments on the proposal were due by October 3, 2016. On November 9, 2016, the Board discussed comments received on the proposed ASU, affirming its decision to reinstate the consolidation guidance that previously existed in ASC 810-20 by including it in ASC 958-810. The Board directed the staff to draft a final ASU for a vote by written ballot. The final ASU will be effective for not-for-profit entities for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Not-for-profit entities that have not yet adopted ASU 2015-02 will be required to adopt the amendments at the same time as they adopt the amendments in that ASU. Early adoption will be permitted. The FASB expects to issue the final ASU in the fourth quarter of 2016. For more information, see Deloitte's November 14, 2016, journal entry.</th>
</tr>
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<tr>
<td>Collaborative arrangements: targeted improvements</td>
<td>The purpose of this project is “to clarify when transactions between partners in a collaborative arrangement (that is within the scope of [ASC 808]) should be accounted for as revenue transactions in [ASC 606].”</td>
<td>The Board added this project to its technical agenda on November 16, 2016.</td>
</tr>
<tr>
<td>Conceptual framework: measurement</td>
<td>The objective of the conceptual framework project is “to develop an improved conceptual framework that provides a sound foundation for developing future accounting standards.”</td>
<td>Beginning in 2014, the Board has deliberated measurement concepts, such as methods of determining initial carrying amounts of assets, liabilities, and equity. In addition, the Board has discussed concepts related to measuring changes in carrying amounts. On November 30, 2016, the Board made tentative decisions related to initial measurement concepts and asked the staff to develop a revised project plan.</td>
</tr>
<tr>
<td>Consolidation reorganization and targeted improvements</td>
<td>The purpose of this project is to clarify and make targeted improvements to the consolidation guidance in ASC 810.</td>
<td>On November 2, 2016, the Board added this project to its technical agenda. Further, it tentatively decided to (1) “clarify the consolidation guidance in [ASC 810]” by dividing it into separate Codification subtopics for voting interest entities and variable interest entities (VIEs); (2) develop a new Codification topic, ASC 812, that would include those reorganized subtopics and would completely supersede ASC 810; (3) rescind the subsections on consolidation of entities controlled by contract in ASC 810-10-15 and in ASC 810-30 on research and development arrangements; (4) “further clarify that power over a VIE is obtained through a variable interest”; and (5) “provide further clarification of the application of the concept of ‘expected,’ which is used throughout the VIE consolidation guidance.” The Board directed the staff to prepare a staff draft of the proposed amendments, which would also include a “discussion of a potential scope exception for private companies under common control and potential proposed amendments to all other entities under common control.” For more information, see Deloitte's November 8, 2016, journal entry.</td>
</tr>
<tr>
<td>Project Description</td>
<td>Purpose</td>
<td>Implementation Details</td>
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<tr>
<td><strong>Determining the customer of the operation services in a service concession arrangement (EITF Issue 16-C)</strong></td>
<td>The purpose of this project is to resolve diversity in practice related to the accounting for service concession arrangements.</td>
<td>On November 4, 2016, the FASB issued a <strong>proposed ASU</strong> in response to the consensus-for-exposure reached by the EITF at its September 22, 2016, meeting. A service concession arrangement is an arrangement between a grantor (a government or public-sector entity) and an operating entity (a private-sector entity) under which the operating entity will operate the grantor’s infrastructure (e.g., airports, roads, bridges, and hospitals). Under the proposed ASU, the grantor (rather than any third-party user) is considered the customer of the operation services when the revenue recognition guidance in ASC 606 is applied to a service concession arrangement within the scope of ASC 853. Accordingly, payments made by the operating entity to the grantor are treated as a reduction of revenue rather than as an operating expense. Comments on the proposed ASU are due by January 6, 2017. For more information, see Deloitte’s September 2016 <em>EITF Snapshot</em>.</td>
</tr>
<tr>
<td><strong>Insurance: targeted improvements to the accounting for long-duration contracts</strong></td>
<td>The purpose of this project is to “develop targeted improvements to insurance accounting. Those improvements may address recognition, measurement, presentation, and disclosure requirements for long-duration insurance contracts.”</td>
<td>On September 29, 2016, the FASB issued a <strong>proposed ASU</strong> that would make targeted improvements to the recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by insurance entities. The proposed approach would affect the assumptions used to measure the liability for future policy benefits, the measurement of market risk benefits, and the amortization of deferred acquisition costs. Comments were due by December 15, 2016. For more information, see Deloitte’s October 2016 <em>Insurance Spotlight</em>.</td>
</tr>
<tr>
<td><strong>Liabilities and equity: targeted improvements</strong></td>
<td>The purpose of this project is to “simplify the accounting guidance related to financial instruments with characteristics of liabilities and equity.”</td>
<td>On December 7, 2016, the Board issued a <strong>proposed ASU</strong> that would replace (1) the existing guidance on “down-round” features in ASC 815-40 with a new accounting model and (2) the indefinite deferrals in ASC 480-10 with scope exceptions that have the same applicability. Comments are due by February 6, 2017. For more information, see Deloitte’s December 8, 2016, <em>Heads Up</em>.</td>
</tr>
<tr>
<td><strong>Nonemployee share-based payment accounting improvements</strong></td>
<td>The purpose of this project is “to reduce cost and complexity and improve the accounting for nonemployee share-based payment awards issued by public and private companies.”</td>
<td>At its May 4, 2016, meeting, the Board tentatively decided to expand the scope of ASC 718 to include all share-based payment arrangements related to acquiring goods and services from nonemployees. At its June 15, 2016, meeting, the Board made tentative decisions about transition methods for applying the proposed guidance and disclosures. On November 30, 2016, the Board tentatively decided to require the use of the contractual term (rather than the expected term) as an input for measuring nonemployee share-based payment transactions and directed the staff to draft a proposed ASU for a vote by written ballot. The FASB expects to issue the proposed ASU in the first quarter of 2017. For more information, see Deloitte’s <em>December 16, 2015; May 4, 2016; and June 15, 2016</em>, journal entries.</td>
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<tr>
<td>Project Area</td>
<td>Project Description</td>
<td>Updates/Comments</td>
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<tr>
<td>Revenue recognition: grants and contracts by not-for-profit entities</td>
<td>The purpose of this project is to “improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit entities.”</td>
<td>At its April 20, 2016, meeting, the FASB decided to add this project to its technical agenda. Stakeholders have raised two main issues: (1) characterizing grants and contracts with governmental agencies and others as (a) reciprocal transactions (exchanges) or (b) nonreciprocal transactions (contributions) and (2) differentiating between conditions and restrictions for nonreciprocal transactions. The Board deliberated these issues on June 15, 2016; August 31, 2016; and December 14, 2016. For more information, see Deloitte’s June 16, 2016, journal entry.</td>
</tr>
<tr>
<td>Share-based payments: scope of modification accounting in ASC 718</td>
<td>This project is intended to reduce the cost and complexity of applying modification accounting in ASC 718.</td>
<td>On November 17, 2016, the FASB issued a proposed ASU that would clarify which changes to the terms or conditions of a share-based payment award should require an entity to apply modification accounting under ASC 718. Modification accounting would not apply if a change to an award does not affect the total current fair value (or other applicable measurement), vesting requirements, or the classification of the award. Comments on the proposed ASU are due by January 6, 2017. For more information, see Deloitte’s November 18, 2016, Heads Up.</td>
</tr>
<tr>
<td>Technical corrections and improvements</td>
<td>The purpose of this project is to “provide regular updates and improvements to the [Codification] based on feedback received from constituents.”</td>
<td>On December 14, 2016, the FASB issued ASU 2016-19, which contains technical corrections and improvements to the FASB Accounting Standards Codification. Most of the amendments are effective immediately.</td>
</tr>
<tr>
<td>Technical corrections and improvements: revenue from contracts with customers</td>
<td>The purpose of the technical corrections and improvements project is to “provide regular updates and improvements to the [Codification] based on feedback received from constituents.”</td>
<td>On May 18, 2016, the Board issued a proposed ASU that would make minor changes to its new revenue standard, ASU 2014-09. Comments on the proposal were due by July 2, 2016. On August 31, 2016, the Board affirmed its previous decisions on eight of the proposed technical corrections. On September 19, 2016, the FASB issued a proposed ASU containing four additional proposed technical corrections; comments were due by October 4, 2016. On October 19, 2016, the Board reaffirmed a number of the proposed technical corrections and directed the staff to draft a final ASU for a vote by written ballot. The FASB expects to issue the final ASU in the fourth quarter of 2016. For more information, see Deloitte’s October 21, 2016, journal entry.</td>
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**Presentation and Disclosure Projects**

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<thead>
<tr>
<th>Project Area</th>
<th>Project Description</th>
<th>Updates/Comments</th>
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<tr>
<td>Conceptual framework: presentation</td>
<td>The objective of the conceptual framework project is to develop an improved conceptual framework that provides a sound foundation for developing future accounting standards.</td>
<td>On August 11, 2016, the FASB issued a proposed concepts statement that would add a new chapter on presentation of financial statement information to the FASB’s conceptual framework. Comments were due by November 9, 2016.</td>
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<tr>
<td>Disclosure framework</td>
<td>FASB’s Decision Process</td>
<td>Entity’s Decision Process</td>
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<td>The disclosure framework project consists of two phases: (1) the FASB's decision process and (2) the entity's decision process. The overall objective of the project is to “improve the effectiveness of disclosures in notes to financial statements by clearly communicating the information that is most important to users of each entity's financial statements. (Although reducing the volume of the notes to financial statements is not the primary focus, the Board hopes that a sharper focus on important information will result in reduced volume in most cases.)”</td>
<td>On March 4, 2014, the FASB issued an ED of a proposed concepts statement that would add a new chapter to the Board's conceptual framework for financial reporting that contains a decision process for the Board and its staff to use in determining what disclosures should be required in notes to financial statements. Comments on the ED were due by July 14, 2014. For more information, see Deloitte's March 6, 2014, Heads Up.</td>
<td>On September 24, 2015, the FASB issued a proposed ASU that would amend the Codification to indicate that the omission of disclosures about immaterial information is not an accounting error. The proposal notes that materiality is a legal concept that should be applied to assess quantitative and qualitative disclosures individually and in the aggregate in the context of the financial statements taken as a whole. Comments were due by December 8, 2015. The Board began its discussion of comments received on December 14, 2016. For more information, see Deloitte's September 28, 2015, Heads Up.</td>
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<tr>
<td>Disclosure framework: disclosure review — defined benefit plans</td>
<td>On January 26, 2016, the FASB issued a proposed ASU that would modify the disclosure requirements that apply to defined benefit plans.</td>
<td>On September 24, 2015, the FASB issued a proposed ASU that would modify the Codification to indicate that the omission of disclosures about immaterial information is not an accounting error. The proposal notes that materiality is a legal concept that should be applied to assess quantitative and qualitative disclosures individually and in the aggregate in the context of the financial statements taken as a whole. Comments were due by December 8, 2015. The Board began its discussion of comments received on December 14, 2016. For more information, see Deloitte's September 28, 2015, Heads Up.</td>
</tr>
<tr>
<td>Disclosure framework: disclosure review — fair value measurement</td>
<td>On December 3, 2015, the FASB issued a proposed ASU that would modify the disclosure requirements related to fair value measurement. Comments were due by February 29, 2016. At its June 1, 2016, meeting, the FASB discussed comments received on its proposed ASU and directed its staff to reach out to investors and other financial statement users regarding the proposal. For more information, see Deloitte's December 8, 2015, Heads Up.</td>
<td>On September 24, 2015, the FASB issued a proposed ASU that would amend the Codification to indicate that the omission of disclosures about immaterial information is not an accounting error. The proposal notes that materiality is a legal concept that should be applied to assess quantitative and qualitative disclosures individually and in the aggregate in the context of the financial statements taken as a whole. Comments were due by December 8, 2015. The Board began its discussion of comments received on December 14, 2016. For more information, see Deloitte's September 28, 2015, Heads Up.</td>
</tr>
<tr>
<td>Disclosure framework: disclosure review — income taxes</td>
<td>On June 26, 2016, the FASB issued a proposed ASU that would modify existing and add new income tax disclosure requirements. The proposed requirements include describing an enacted change in tax law; disaggregating certain income tax information between foreign and domestic; explaining the circumstances that caused a change in assertion about the indefinite reinvestment of undistributed foreign earnings; and disclosing the aggregate of cash, cash equivalents, and marketable securities held by foreign subsidiaries. Comments on the proposed ASU were due by September 30, 2016. For more information, see Deloitte's July 29, 2016, Heads Up.</td>
<td>On September 24, 2015, the FASB issued a proposed ASU that would amend the Codification to indicate that the omission of disclosures about immaterial information is not an accounting error. The proposal notes that materiality is a legal concept that should be applied to assess quantitative and qualitative disclosures individually and in the aggregate in the context of the financial statements taken as a whole. Comments were due by December 8, 2015. The Board began its discussion of comments received on December 14, 2016. For more information, see Deloitte's September 28, 2015, Heads Up.</td>
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<tr>
<td>Disclosure framework: disclosures — interim reporting</td>
<td>The purpose of this project is to improve the effectiveness of interim disclosures.</td>
<td>At its May 28, 2014, meeting, the FASB decided to amend ASC 270 “to reflect that disclosures about matters required to be set forth in annual financial statements should be provided on an updated basis in the interim report if there is a substantial likelihood that the updated information would be viewed by a reasonable investor as significantly altering the ‘total mix’ of information available to the investor.”</td>
</tr>
<tr>
<td>Disclosure framework: disclosure review — inventory</td>
<td>The purpose of this project is to improve the effectiveness of inventory disclosures.</td>
<td>On September 19, 2016, the FASB made a number of decisions about the items an entity should disclose about inventories. The Board directed the staff to draft a proposed ASU, which will have a 60-day comment period, for a vote by written ballot. On November 16, 2016, the “Board decided to require an entity that applies the retail inventory method to qualitatively and quantitatively disclose the critical assumptions used in their calculation of the cost of inventory under [that] method.” The FASB expects to issue the proposed ASU in the first quarter of 2017.</td>
</tr>
<tr>
<td>Disclosures by business entities about government assistance</td>
<td>The purpose of this project is to “develop disclosure requirements about government assistance that improves the content, quality and comparability of financial information and financial statements and that is responsive to the emerging issues in the changing financial and economic environment in which reporting entities operate.”</td>
<td>On November 12, 2015, the FASB issued a proposed ASU that would increase financial reporting transparency by requiring specific disclosures about government assistance received by businesses. The objective of the proposed disclosure requirements is to enable financial statement users to better assess (1) the nature of the government assistance, (2) the accounting policies for the government assistance, (3) the impact of the government assistance on the financial statements, and (4) the significant terms and conditions of the government assistance arrangements. Comments on the proposed ASU were due by February 10, 2016. At its June 8, 2016, meeting, the FASB made tentative decisions about the project’s scope, whether to require disclosures about government assistance received but not recognized directly in the financial statements, and omission of information when restrictions preclude an entity from disclosing the information required. For more information, see Deloitte’s November 20, 2015, Heads Up and June 14, 2016, journal entry.</td>
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<tr>
<td>Employee benefit plan master trust reporting (EITF Issue 16-B)</td>
<td>The purpose of this project is to improve the presentation and disclosure guidance for employee benefit plans that have investments held in master trusts.</td>
<td>On July 28, 2016, the FASB issued a proposed ASU in response to the EITF consensus-for-exposure on employee benefit plans’ presentation and disclosures related to interests in a master trust. Comments on the proposed ASU were due by September 26, 2016. On November 17, 2016, the EITF discussed the comments received and reached a final consensus, which will be effective for employee benefit plans for fiscal years beginning after December 15, 2018; early adoption will be permitted. The FASB ratified the consensus at its November 30, 2016, meeting and expects to issue the final ASU in the first quarter of 2017. For more information, see Deloitte’s June 2016 EITF Snapshot.</td>
</tr>
<tr>
<td>Financial statements of not-for-profit entities (phase 2)</td>
<td>The purpose of this project is to “reexamine existing standards for financial statement presentation by not-for-profit entities.”</td>
<td>The FASB issued a proposed ASU on April 22, 2015, on which comments were due by August 20, 2015. On October 28, 2015, the FASB discussed feedback received on the proposal and decided to split the project into two phases. The Board completed the first phase on August 18, 2016, when it issued ASU 2016-14, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 indicates that the second phase of the project is “expected to address more protracted issues surrounding whether and how to define the term operations and align measures of operations (or financial performance) as presented in a statement of activities with measures of operations in a statement of cash flows.”</td>
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<tr>
<td>Improving the presentation of net periodic pension cost and net periodic postretirement benefit cost</td>
<td>The purpose of this project is to “simplify and improve the reporting of net periodic pension cost and net periodic postretirement benefit cost (net benefit cost).”</td>
<td>On January 26, 2016, the FASB issued a proposed ASU that would require an entity to (1) disaggregate the current service cost component from the other components of net benefit cost and present it with other current compensation costs for the related employees in the income statement and (2) present the remaining components of net benefit cost elsewhere in the income statement and outside of income from operations, if such a subtotal is presented. In addition, the proposed ASU would limit the portion of net benefit cost eligible for capitalization (e.g., as part of inventory or property, plant, and equipment) to the service cost component. Comments on the proposed ASU were due by April 25, 2016. On November 2, 2016, the Board decided to provide a practical expedient related to situations in which an entity presents information about prior comparative periods and directed the staff to draft a final ASU for a vote by written ballot. The final ASU will be effective for public business entities for annual reporting periods beginning after December 15, 2017, including interim periods within those annual periods. For other entities, the final ASU will be effective for annual reporting periods beginning after December 15, 2018, and interim periods beginning after December 15, 2019. The FASB expects to issue a final ASU in the first quarter of 2017. For more information, see Deloitte’s January 28, 2016, Heads Up and November 3, 2016, journal entry.</td>
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<tr>
<td>Simplifying the balance sheet classification of debt</td>
<td>The purpose of this project is to “reduce cost and complexity by replacing the fact-pattern specific guidance in GAAP with a principle to classify debt as current or noncurrent based on the contractual terms of a debt arrangement and an entity’s current compliance with debt covenants.”</td>
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<td>On October 19, 2016, the Board affirmed its plan to move forward with a proposed ASU. Under the FASB’s tentative approach, an entity would classify a debt arrangement as noncurrent if either (1) the liability is contractually due to be settled more than 12 months after the balance sheet date or (2) the entity has a contractual right to defer settlement of the liability for at least 12 months after the balance sheet date. As an exception to the classification principle, an entity would not classify debt as current solely because of a debt covenant violation if it has received a covenant waiver after the balance sheet date but before the financial statements are issued. Entities would be required to present separately on the balance sheet the portion of debt that is classified as noncurrent as a result of the waiver exception. Subjective acceleration clauses (SACs) and covenants within long-term obligations would affect the classification of the debt only when triggered or violated, in which case disclosure of the SAC or covenant would be required. The tentative approach would apply prospectively to all debt that exists as of the effective date; early adoption would be permitted. The Board directed the staff to prepare a proposed ASU for a vote by written ballot. The FASB expects to issue the proposed ASU in the fourth quarter of 2016. For more information, see Deloitte’s October 20, 2016, journal entry.</td>
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Appendix C: SEC’s Disclosure Effectiveness Initiative — Project Summaries and Deloitte Resources

The table below (1) summarizes certain projects that are directly or indirectly related to the SEC’s disclosure effectiveness initiative and (2) provides relevant Deloitte resources that contain additional information about the projects. For additional information, see the SEC Spotlight and Deloitte’s August 26, 2014, Heads Up on the initiative.

<table>
<thead>
<tr>
<th>Disclosure Effectiveness Initiative</th>
<th>Summary and Relevant Deloitte Resources</th>
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<tbody>
<tr>
<td>Project</td>
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<tr>
<td>Request for Comment on the Effectiveness of Financial Disclosures About Entities Other Than the Registrant (September 2015)</td>
<td><strong>Summary:</strong> Assessment of the effectiveness of financial disclosure requirements in Regulation S-X that apply to certain entities other than the registrant (i.e., acquired businesses, equity method investees, guarantors, and issuers of guaranteed securities and affiliates whose securities collateralize registered securities). <strong>Deloitte Resources:</strong> October 6, 2015, Heads Up and November 23, 2015, comment letter.</td>
</tr>
<tr>
<td>Business and Financial Disclosure Required by Regulation S-K (Concept Release, April 2016)</td>
<td><strong>Summary:</strong> Potential modernization of certain of Regulation S-K’s business and financial disclosure requirements. <strong>Deloitte Resources:</strong> April 18, 2016, Heads Up and July 15, 2016, comment letter.</td>
</tr>
<tr>
<td>Modernization of Property Disclosures for Mining Registrants (Proposed Rule, June 2016)</td>
<td><strong>Summary:</strong> Proposed modernization of the property disclosure requirements for mining properties to align them with current industry and global standards and regulatory requirements. <strong>Deloitte Resource:</strong> June 17, 2016, news article.</td>
</tr>
<tr>
<td>Disclosure Update and Simplification (Proposed Rule, July 2016)</td>
<td><strong>Summary:</strong> Proposed amendments to disclosure requirements that may be redundant, duplicative, or outdated, or may overlap with other SEC, U.S. GAAP, or IFRS disclosure requirements. <strong>Deloitte Resources:</strong> July 18, 2016, Heads Up and October 5, 2016, comment letter.</td>
</tr>
<tr>
<td>Request for Comment on Subpart 400 of Regulation S-K Disclosure Requirements Relating to Management, Certain Security Holders and Corporate Governance Matters (August 2016)</td>
<td><strong>Summary:</strong> Assessment of the disclosure requirements in Regulation S-K, Subpart 400, related to compensation as well as requirements related to corporate governance matters. <strong>Deloitte Resource:</strong> August 26, 2016, news article.</td>
</tr>
<tr>
<td>Exhibit Hyperlinks and HTML Format (Proposed Rule, August 2016)</td>
<td><strong>Summary:</strong> Proposed requirements to make filings more navigable and require registrants to include hyperlinks to exhibits listed in the index of certain filings. <strong>Deloitte Resource:</strong> August 31, 2016, news article.</td>
</tr>
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## SEC Actions Complementing the Disclosure Effectiveness Initiative

<table>
<thead>
<tr>
<th>Project</th>
<th>Summary and Relevant Deloitte Resources</th>
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</table>
| Form 10-K Summary (Interim Final Rule, June 2016)                      | **Summary:** Revisions to requirements that permit, but do not require, registrants to provide a summary of business and financial information in Form 10-K as long as the summary contains cross-references with hyperlinks to the related disclosures in Form 10-K.  
**Deloitte Resource:** June 2, 2016, journal entry.                     |
| Order Granting Limited and Conditional Exemption Under [the 1934 Securities Act] (June 2016) | **Summary:** Order allowing certain companies to use inline XBRL to voluntarily file structured financial statement data through March 2020.  
**Deloitte Resource:** June 13, 2016, news article.                    |
| Amendments to Smaller Reporting Company Definition                      | **Summary:** Proposal to increase the public float threshold from the current $75 million to less than $250 million to expand the number of companies that qualify for this classification and therefore take advantage of certain scaled disclosure requirements in Regulation S-X and Regulation S-K.  
**Deloitte Resource:** June 29, 2016, journal entry and August 23, 2016, comment letter. |
| Report on Modernization and Simplification of Regulation S-K (November 2016) | **Summary:** Report on certain specific SEC staff recommendations regarding ways to streamline and improve disclosures.  
**Deloitte Resource:** November 29, 2016, news article.               |
## Appendix D: Significant Adoption Dates and Deadlines

The chart below illustrates significant adoption dates and deadline dates for FASB/EITF, AICPA, SEC, PCAOB, GASB, FASAB, and IASB/IFRIC standards and proposals. Content recently added or revised is highlighted in green.

<table>
<thead>
<tr>
<th>FASB/EITF</th>
<th>Affects</th>
<th>Status</th>
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<tr>
<td><strong>Final Guidance</strong></td>
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<tr>
<td>ASU 2016-19, <em>Technical Corrections and Improvements</em> (issued December 14, 2016)</td>
<td>All entities.</td>
<td>Most of the amendments are effective immediately; however, there is transition guidance for certain amendments.</td>
</tr>
<tr>
<td>ASU 2016-18, <em>Restricted Cash</em> — a consensus of the FASB Emerging Issues Task Force (issued November 17, 2016)</td>
<td>All entities.</td>
<td>For public business entities, the amendments are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. 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. Early adoption is permitted, including adoption in an interim period.</td>
</tr>
<tr>
<td>ASU 2016-17, <em>Interests Held Through Related Parties That Are Under Common Control</em> (issued October 26, 2016)</td>
<td>All entities.</td>
<td>For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For all other entities, the amendments are effective 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.</td>
</tr>
<tr>
<td>ASU 2016-16, <em>Intra-Entity Transfers of Assets Other Than Inventory</em> (issued October 24, 2016)</td>
<td>All entities.</td>
<td>For public business entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. For all other entities, the amendments are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual periods beginning after December 15, 2019. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance. That is, earlier adoption should be in the first interim period if an entity issues interim financial statements.</td>
</tr>
<tr>
<td>ASU 2016-15, <em>Classification of Certain Cash Receipts and Cash Payments</em> — a consensus of the FASB Emerging Issues Task Force (issued August 26, 2016)</td>
<td>All entities.</td>
<td>For public business entities, the guidance in the ASU is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, it is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted for all entities. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable.</td>
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<tr>
<td>ASU 2016-14, <em>Presentation of Financial Statements of Not-for-Profit Entities</em> (issued August 18, 2016)</td>
<td>Not-for-profit entities.</td>
<td>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 application is permitted. The amendments in the ASU should be initially adopted only for an annual fiscal period or for the first interim period within the fiscal year of adoption.</td>
</tr>
<tr>
<td>ASU 2016-13, <em>Measurement of Credit Losses on Financial Instruments</em> (issued June 16, 2016)</td>
<td>Entities holding financial assets and net investments in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.</td>
<td>For public business entities that are SEC filers, the amendments in the ASU 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 in the ASU 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 ASC 960 through ASC 965 on plan accounting, the amendments in the ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.</td>
</tr>
<tr>
<td>ASU 2016-09, <em>Improvements to Employee Share-Based Payment Accounting</em> (issued March 30, 2016)</td>
<td>Entities that issue share-based payment awards to their employees.</td>
<td>For public business entities, the amendments in the ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016. For all other entities, the amendments are effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period.</td>
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<tr>
<td>ASU 2016-08, <em>Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)</em> (issued March 17, 2016)</td>
<td>All entities.</td>
<td>See status column for ASU 2014-09 below.</td>
</tr>
<tr>
<td>ASU 2016-07, <em>Simplifying the Transition to the Equity Method of Accounting</em> (issued March 15, 2016)</td>
<td>Entities that have an investment that becomes qualified for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence.</td>
<td>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 adoption of the equity method. Early adoption is permitted.</td>
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<tr>
<td>ASU Number</td>
<td>Description</td>
<td>Effective Dates</td>
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<td>ASU 2016-06, <em>Contingent Put and Call Options in Debt Instruments</em> — a consensus of the FASB Emerging Issues Task Force (issued March 14, 2016)</td>
<td>Entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options.</td>
<td>For public business entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For all other entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period.</td>
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<tr>
<td>ASU 2016-05, <em>Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships</em> — a consensus of the FASB Emerging Issues Task Force (issued March 10, 2016)</td>
<td>Reporting entities for which there is a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under ASC 815.</td>
<td>For public business entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For all other entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted, including adoption in an interim period.</td>
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<tr>
<td>ASU 2016-04, <em>Recognition of Breakage for Certain Prepaid Stored-Value Products</em> — a consensus of the FASB Emerging Issues Task Force (issued March 8, 2016)</td>
<td>Entities that offer certain prepaid stored value products (e.g., prepaid gift cards issued on a specific payment network and redeemable at network-accepting merchant locations, prepaid telecommunication cards, and traveler’s checks).</td>
<td>Effective for public business entities, certain not-for-profit entities, and certain employee benefit plans for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early application is permitted, including adoption in an interim period.</td>
</tr>
<tr>
<td>ASU 2016-03, <em>Intangibles — Goodwill and Other (Topic 350); Business Combinations (Topic 805); Consolidation (Topic 810); and Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance</em> — a consensus of the Private Company Council (issued March 7, 2016)</td>
<td>Private entities.</td>
<td>Effective upon issuance.</td>
</tr>
<tr>
<td>ASU 2016-02, <em>Leases</em> (issued February 25, 2016)</td>
<td>All entities.</td>
<td>Effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, for any of the following: Public business entities. Not-for-profit entities that have issued, or are a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market. Employee benefit plans that file financial statements with the SEC. For all other entities, the amendments in the ASU are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in the ASU is permitted for all entities.</td>
</tr>
<tr>
<td>ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities (issued January 5, 2016)</td>
<td>Entities that hold financial assets or owe financial liabilities.</td>
<td>For public business entities, the amendments in the ASU are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities, including not-for-profit entities and employee benefit plans within the scope of ASC 960 through ASC 965 on plan accounting, the amendments in the ASU are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. All entities that are not public business entities may adopt the amendments in the ASU earlier as of the fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.</td>
</tr>
<tr>
<td>ASU 2015-17, Balance Sheet Classification of Deferred Taxes (issued November 20, 2015)</td>
<td>All entities.</td>
<td>For public business entities, the amendments in the ASU are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the amendments in the ASU are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early application is permitted for all entities as of the beginning of an interim or annual reporting period.</td>
</tr>
<tr>
<td>ASU 2015-16, Simplifying the Accounting for Measurement-Period Adjustments (issued September 25, 2015)</td>
<td>Entities that have reported provisional amounts for items in a business combination for which the accounting is incomplete by the end of the reporting period in which the combination occurs and during the measurement period have an adjustment to provisional amounts recognized.</td>
<td>For public business entities, the amendments in the ASU are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in the ASU should be applied prospectively to adjustments to provisional amounts that occur after the effective date of the ASU; early adoption is permitted for financial statements that have not been issued. For all other entities, the amendments in the ASU are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments in the ASU should be applied prospectively to adjustments to provisional amounts that occur after the effective date of the ASU; early adoption is permitted for financial statements that have not yet been made available for issuance.</td>
</tr>
<tr>
<td>ASU 2015-14, Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date (issued August 12, 2015)</td>
<td>All entities.</td>
<td>See status column for ASU 2014-09 below.</td>
</tr>
<tr>
<td>ASU 2015-12, (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient — consensuses of the FASB Emerging Issues Task Force (issued July 31, 2015)</td>
<td>Applies only to reporting entities within the scope of ASC 962 and ASC 965 that classify investments as fully benefit-responsive investment contracts.</td>
<td>Effective for fiscal years beginning after December 15, 2015. Parts I and II of the ASU should be applied retrospectively to all periods presented. Part III of the ASU should be applied prospectively. Earlier application is permitted.</td>
</tr>
<tr>
<td>ASU Number and Title</td>
<td>Apply to</td>
<td>Description</td>
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</tr>
<tr>
<td>ASU 2015-11, Simplifying the Measurement of Inventory (issued July 22, 2015)</td>
<td>All entities.</td>
<td>For public business entities, the amendments in the ASU are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments in the ASU are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments in the ASU should be applied prospectively, with earlier application permitted as of the beginning of an interim or annual reporting period.</td>
</tr>
<tr>
<td>ASU 2015-10, Technical Corrections and Improvements (issued June 12, 2015)</td>
<td>All entities.</td>
<td>Amendments requiring transition guidance are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. All other amendments became effective upon issuance of the ASU.</td>
</tr>
<tr>
<td>ASU 2015-09, Disclosures About Short-Duration Contracts (issued May 21, 2015)</td>
<td>All insurance entities that issue short-duration contracts as defined in ASC 944. The amendments do not apply to the holder (i.e., policyholder) of short-duration contracts.</td>
<td>For public business entities, the amendments in the ASU are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. For all other entities, the amendments in the ASU are effective for annual periods beginning after December 15, 2016, and interim periods within annual periods beginning after December 15, 2017. Early application is permitted.</td>
</tr>
<tr>
<td>ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) — a consensus of the FASB Emerging Issues Task Force (issued May 1, 2015)</td>
<td>All entities.</td>
<td>For public companies, the guidance in the ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The effective date will be deferred by one year for private companies. Early adoption is permitted. The ASU should be applied retrospectively to all periods presented.</td>
</tr>
<tr>
<td>ASU 2015-06, Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions — a consensus of the FASB Emerging Issues Task Force (issued April 30, 2015)</td>
<td>All entities.</td>
<td>Effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. Early adoption is permitted. The ASU should be applied retrospectively to all financial statements presented.</td>
</tr>
<tr>
<td>ASU 2015-05, Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement (issued April 15, 2015)</td>
<td>All entities.</td>
<td>For public business entities, the amendments in the ASU are effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted for all entities.</td>
</tr>
<tr>
<td>ASU 2015-04, Practical Expedient for the Measurement Date of an Employer’s Defined Benefit Obligation and Plan Assets (issued April 15, 2015)</td>
<td>All entities.</td>
<td>For public business entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early application is permitted.</td>
</tr>
<tr>
<td>ASU 2015-03, <em>Simplifying the Presentation of Debt Issuance Costs</em> (issued April 7, 2015)</td>
<td>All entities.</td>
<td>For public business entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments in the ASU are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued.</td>
</tr>
<tr>
<td>ASU 2015-02, <em>Amendments to the Consolidation Analysis</em> (issued February 18, 2015)</td>
<td>Entities that are required to evaluate whether they should consolidate certain legal entities.</td>
<td>For public business entities, the amendments in the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption, including adoption in an interim period, is permitted.</td>
</tr>
<tr>
<td>ASU 2015-01, <em>Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items</em> (issued January 9, 2015)</td>
<td>All entities.</td>
<td>Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption.</td>
</tr>
<tr>
<td>ASU 2014-18, <em>Accounting for Identifiable Intangible Assets in a Business Combination</em> — a consensus of the Private Company Council (issued December 23, 2014)</td>
<td>All entities except public business entities and not-for-profit entities, as those terms are defined in the ASC master glossary.</td>
<td>The effective date depends on the timing of the first in-scope transaction. If the first in-scope transaction occurs in the first fiscal year beginning after December 15, 2015, the elective adoption will be effective for that fiscal year's annual financial reporting and all interim and annual periods thereafter. If the first in-scope transaction occurs in fiscal years beginning after December 15, 2016, the elective adoption will be effective in the interim period that includes the date of that transaction and subsequent interim and annual periods thereafter. Early application is permitted for any interim and annual financial statements that have not yet been made available for issuance.</td>
</tr>
<tr>
<td>ASU 2014-16, <em>Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity</em> — a consensus of the FASB Emerging Issues Task Force (issued November 3, 2014)</td>
<td>Entities that are issuers of, or investors in, hybrid financial instruments that are issued in the form of a share.</td>
<td>For public business entities, the amendments in the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption, including adoption in an interim period, is permitted.</td>
</tr>
<tr>
<td>ASU 2014-14, <em>Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure</em> — a consensus of the FASB Emerging Issues Task Force (issued August 8, 2014)</td>
<td>Creditors that hold government-guaranteed mortgage loans, including those guaranteed by the Federal Housing Administration and the U.S. Department of Veterans Affairs.</td>
<td>For public business entities, the amendments in the ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For all other entities, the amendments are effective for annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Early adoption, including adoption in an interim period, is permitted if the entity already has adopted ASU 2014-04.</td>
</tr>
<tr>
<td>ASU 2014-13, <em>Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity</em> — a consensus of the FASB Emerging Issues Task Force (issued August 5, 2014)</td>
<td>A reporting entity that is required to consolidate a collateralized financing entity under the variable interest entities subsections of ASC 810-10 when (1) the reporting entity measures all of the financial assets and the financial liabilities of that consolidated collateralized financing entity at fair value in the consolidated financial statements on the basis of other Codification topics and (2) the changes in the fair values of those financial assets and financial liabilities are reflected in earnings.</td>
<td>For public business entities, the amendments in the ASU are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods ending after December 15, 2016, and interim periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of an annual period.</td>
</tr>
<tr>
<td>ASU 2014-12, <em>Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period</em> — a consensus of the FASB Emerging Issues Task Force (issued June 19, 2014)</td>
<td>Reporting entities that grant their employees share-based payments in which the terms of the award stipulate that a performance target that affects vesting could be achieved after the requisite service period.</td>
<td>Effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. The effective date for public business entities is the same as that for all other entities.</td>
</tr>
<tr>
<td>ASU 2014-10, <em>Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation</em> (issued June 10, 2014)</td>
<td>Development-stage entities under U.S. GAAP, and reporting entities that may hold an interest in an entity that is a development-stage entity.</td>
<td>For public entities, the ASU is effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. For other entities, the ASU is effective for annual reporting periods beginning after December 15, 2014, and interim reporting periods beginning after December 15, 2015. For public business entities, the amendment eliminating the exception to the sufficiency-of-equity-at-risk criterion for development-stage entities in ASC 810-10-15-16 should be applied retrospectively for annual reporting periods beginning after December 15, 2015, and interim periods therein. For all other entities, the amendments to ASC 810 should be applied retrospectively for annual reporting periods beginning after December 15, 2016, and interim reporting periods beginning after December 15, 2017. Early application is permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been made available for issuance.</td>
</tr>
</tbody>
</table>
ASU 2014-09, *Revenue From Contracts With Customers* (issued May 28, 2014; effective date amended by ASU 2015-14, which was issued August 12, 2015)  
All entities.  
For public business entities, certain not-for-profit entities, and certain employee benefit plans, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early application is permitted only as of annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016.  
For all other entities, the ASU is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. All other entities may apply the ASU early as of an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities also may apply the guidance in the ASU early as of an annual reporting period beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the guidance in the ASU.

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<tr>
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<tbody>
<tr>
<td>Final Guidance</td>
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<tr>
<td>SSARS 23, <em>Omnibus Statement on Standards for Accounting and Review Services — 2016</em> (issued October 26, 2016)</td>
<td>Entities that perform accounting and review services.</td>
<td>The revisions to AR-C Sections 60 and 90 are effective upon issuance. The revisions to AR-C Sections 70 and 80 are also effective upon issuance, with the exception of certain amendments that are effective, respectively, for financial information prepared, and compilation reports dated, on or after May 1, 2017.</td>
</tr>
</tbody>
</table>
### SSARS 22, Compilation of Pro Forma Financial Information (issued September 23, 2016)
Entities that perform compilation engagements related to pro forma financial information. Effective for compilation reports on pro forma financial information dated on or after May 1, 2017.

### SSARS 21, Statements on Standards for Accounting and Review Services: Clarification and Recodification (issued October 23, 2014)
Entities that perform accounting and review services. Effective for reviews, compilations, and engagements to prepare financial statements for periods ending on or after December 15, 2015.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Final Guidance</strong></td>
<td></td>
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</tr>
<tr>
<td>Final Rule, Adoption of Updated EDGAR Filer Manual (33-10265) (issued December 9, 2016)</td>
<td>SEC registrants.</td>
<td>Effective on the date of publication in the Federal Register.</td>
</tr>
<tr>
<td>Final Rule, Exemptions to Facilitate Intrastate and Regional Securities Offerings (33-10238) (issued October 26, 2016)</td>
<td>SEC registrants.</td>
<td>Revised 17 CFR 230.147 (Rule 147) and new 17 CFR 230.147A (Rule 147A) will be effective on April 20, 2017. The amendments to 17 CFR 230.504 (Rule 504) and 17 CFR 200.30-1 (Rule 30-1) will be effective on January 20, 2017. The removal of 17 CFR 230.505 (Rule 505) will be effective on May 22, 2017. All other amendments in this rule will be effective on May 22, 2017.</td>
</tr>
<tr>
<td>Rule Title</td>
<td>Category</td>
<td>Effective Date</td>
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<td>---------------------------------------------</td>
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</tr>
<tr>
<td>Final Rule, Business Conduct Standards for Security-Based Swap Dealers and Major Security-Based Swap Participants; Correction (34-77617 and 34-77617A) (issued April 14, 2016)</td>
<td>Registered security-based swap dealers and registered major security-based swap participants.</td>
<td>Effective July 12, 2016.</td>
</tr>
<tr>
<td>Final Rule, Security-Based Swap Transactions Connected With a Non-U.S. Person’s Dealing Activity That Are Arranged, Negotiated, or Executed by Personnel Located in a U.S. Branch or Office or in a U.S. Branch or Office of an Agent; Security-Based Swap Dealer De Minimis Exception (34-77104) (issued February 10, 2016)</td>
<td>SEC registrants.</td>
<td>Effective April 19, 2016. Entities must comply with the final rule by the later of (1) February 21, 2017, or (2) the SBS entity counting date, as defined in Section VII of the supplementary information.</td>
</tr>
<tr>
<td>Final Rule, Pay Ratio Disclosure (33-9877) (issued August 5, 2015)</td>
<td>SEC registrants.</td>
<td>Effective February 23, 2015. Compliance with the rule with respect to asset-backed securities collateralized by residential mortgages is required beginning December 24, 2015. Compliance with the rule with regard to all other classes of asset-backed securities is required beginning December 24, 2016.</td>
</tr>
</tbody>
</table>
Interim Final Rule, *Simplification of Disclosure Requirements for Emerging Growth Companies and Forward Incorporation by Reference on Form S-1 for Smaller Reporting Companies* (33-10003) (issued January 13, 2016)  
**SEC registrants.**  
Effective January 19, 2016.

**SEC registrants.**  

### Project in Request-for-Comment Stage

Proposed Rule, *Universal Proxy* (34-79164) (issued October 26, 2016)  
**SEC registrants.**  
Comments due January 9, 2017.

### PCAOB

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<tr>
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<tbody>
<tr>
<td>Release 2015-008, <em>Improving the Transparency of Audits: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form and Related Amendments to Auditing Standards</em> (issued December 15, 2015, and approved by the SEC on May 9, 2016)</td>
<td>Auditors of public entities.</td>
<td>Form AP disclosure regarding the engagement partner will be required for audit reports issued on or after January 31, 2017. Disclosure regarding other accounting firms will be required for audit reports issued on or after June 30, 2017.</td>
</tr>
<tr>
<td>Release 2015-002, <em>Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules</em> (issued March 31, 2015, and approved by the SEC on September 17, 2015)</td>
<td>Auditors of public entities.</td>
<td>Effective December 31, 2016. Auditors may use and reference the reorganized standards before the effective date, since the amendments do not substantively change the standards’ requirements.</td>
</tr>
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### GASB

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<tr>
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<tbody>
<tr>
<td>Statement 82, <em>Pension Issues — an amendment of GASB Statements No. 67, No. 68, and No. 73</em> (issued April 11, 2016)</td>
<td>Governmental entities.</td>
<td>Effective for reporting periods beginning after June 15, 2016, except for the requirements for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early application is encouraged.</td>
</tr>
</tbody>
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**Projects in Request-for-Comment Stage**


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**Projects in Request-for-Comment Stage**

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<tr>
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<tr>
<td>Transfers of Investment Property — amendments to IAS 40 (issued December 8, 2016)</td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2018. Early application is permitted.</td>
</tr>
<tr>
<td>Annual Improvements to IFRSs: 2014–2016 Cycle (issued December 8, 2016)</td>
<td>Entities reporting under IFRSs.</td>
<td>The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, while the amendment to IFRS 12 is effective for annual periods beginning on or after January 1, 2017.</td>
</tr>
<tr>
<td>Classification and Measurement of Share-Based Payment Transactions — amendments to IFRS 2 (issued June 20, 2016)</td>
<td>Entities reporting under IFRSs.</td>
<td>The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. If an entity applies the amendments for an earlier period, it must disclose that fact.</td>
</tr>
<tr>
<td>Clarifications to IFRS 15 (issued April 12, 2016)</td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual reporting periods beginning on or after January 1, 2018, which is the same effective date as that of IFRS 15. Earlier application is permitted.</td>
</tr>
<tr>
<td>Disclosure Initiative — amendments to IAS 7 (issued January 29, 2016)</td>
<td>Entities reporting under IFRSs.</td>
<td>The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Because the amendments are being issued less than one year before the effective date, entities need not provide comparative information when they first apply the amendments.</td>
</tr>
<tr>
<td>Recognition of Deferred Tax Assets for Unrealised Losses — amendments to IAS 12 (issued January 19, 2016)</td>
<td>Entities reporting under IFRSs.</td>
<td>The amendments are effective for annual periods beginning on or after January 1, 2017; earlier application is permitted. As transition relief, an entity may recognize the change in the opening equity for the earliest comparative period in opening retained earnings on initial application without allocating the change between opening retained earnings and other components of equity.</td>
</tr>
<tr>
<td>IFRS 16, Leases (issued January 12, 2016)</td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, Revenue From Contracts With Customers, on or before the date of initial application of IFRS 16.</td>
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<tr>
<td><strong>Effective Date of Amendments to IFRS 10 and IAS 28 (issued December 17, 2015)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>The effective date of the September 2014 amendments to IFRS 10 and IAS 28 is deferred until “a date to be determined by the IASB.” The amendments should be applied prospectively.</td>
</tr>
<tr>
<td><strong>Disclosure Initiative — amendments to IAS 1 (issued December 18, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28–30 of IAS 8 in relation to these amendments.</td>
</tr>
<tr>
<td><strong>Investment Entities: Applying the Consolidation Exception — amendments to IFRS 10, IFRS 12 and IAS 28 (issued December 18, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.</td>
</tr>
<tr>
<td><strong>Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture — amendments to IFRS 10 and IAS 28 (issued September 11, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>The effective date has been deferred until a “date to be determined by the IASB.”</td>
</tr>
<tr>
<td><strong>Equity Method in Separate Financial Statements — amendments to IAS 27 (issued August 12, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2016. An entity must apply the amendments retrospectively in accordance with IAS 8. Earlier application is permitted. If an entity applies the amendments to an earlier period, it must disclose that fact.</td>
</tr>
<tr>
<td><strong>IFRS 9, Financial Instruments (issued July 24, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.</td>
</tr>
<tr>
<td><strong>Agriculture: Bearer Plants — amendments to IAS 16 and IAS 41 (issued June 30, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.</td>
</tr>
<tr>
<td><strong>IFRS 15, Revenue From Contracts With Customers (issued May 28, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.</td>
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<td><strong>Clarification of Acceptable Methods of Depreciation and Amortisation — amendments to IAS 16 and IAS 38 (issued May 12, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.</td>
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<td><strong>Accounting for Acquisitions of Interests in Joint Operations — amendments to IFRS 11 (issued May 6, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.</td>
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<td><strong>IFRS 14, Regulatory Deferral Accounts (issued January 30, 2014)</strong></td>
<td>Entities reporting under IFRSs.</td>
<td>Effective January 1, 2016. Earlier application is permitted.</td>
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</table>
Appendix E: Glossary of Standards and Other Literature

FASB Accounting Standards Update No. 2016-19, *Technical Corrections and Improvements*

FASB Accounting Standards Update No. 2016-18, *Restricted Cash* — a consensus of the FASB Emerging Issues Task Force

FASB Accounting Standards Update No. 2016-17, *Interests Held Through Related Parties That Are Under Common Control*

FASB Accounting Standards Update No. 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*


FASB Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*

FASB Accounting Standards Update No. 2016-13, *Measurement of Credit Losses on Financial Instruments*

FASB Accounting Standards Update No. 2016-12, *Revenue From Contracts With Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*


FASB Accounting Standards Update No. 2016-10, *Identifying Performance Obligations and Licensing*

FASB Accounting Standards Update No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*

FASB Accounting Standards Update No. 2016-08, *Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)*

FASB Accounting Standards Update No. 2016-07, *Simplifying the Transition to the Equity Method of Accounting*

FASB Accounting Standards Update No. 2016-06, *Contingent Put and Call Options in Debt Instruments* — a consensus of the FASB Emerging Issues Task Force


FASB Accounting Standards Update No. 2016-03, *Intangibles — Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance* — a consensus of the Private Company Council

FASB Accounting Standards Update No. 2016-02, *Leases*


FASB Accounting Standards Update No. 2015-14, *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date*

FASB Accounting Standards Update No. 2015-09, *Disclosures About Short-Duration Contracts*

FASB Accounting Standards Update No. 2015-02, *Amendments to the Consolidation Analysis*

FASB Accounting Standards Update No. 2014-16, Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity — a consensus of the FASB Emerging Issues Task Force

FASB Accounting Standards Update No. 2014-09, Revenue From Contracts With Customers

FASB Accounting Standards Update No. 2014-18, Accounting for Identifiable Intangible Assets in a Business Combination — a consensus of the FASB Emerging Issues Task Force

FASB Accounting Standards Update No. 2014-07, Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements — a consensus of the Private Company Council

FASB Accounting Standards Update No. 2014-03, Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps — Simplified Hedge Accounting Approach — a consensus of the Private Company Council

FASB Accounting Standards Update No. 2014-02, Accounting for Goodwill — a consensus of the Private Company Council

FASB Proposed Accounting Standards Update, I. Accounting for Certain Financial Instruments With Down Round Features and 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

FASB Accounting Standards Codification Topic 965, Plan Accounting — Health and Welfare Benefit Plans

FASB Accounting Standards Codification Topic 960, Plan Accounting — Defined Benefit Pension Plans

FASB Accounting Standards Codification Topic 944, Financial Services — Insurance

FASB Accounting Standards Codification Topic 932, Extractive Activities — Oil and Gas

FASB Accounting Standards Codification Topic 820, Fair Value Measurement

FASB Accounting Standards Codification Topic 815, Derivatives and Hedging

FASB Accounting Standards Codification Topic 740, Income Taxes

FASB Accounting Standards Codification Topic 606, Revenue From Contracts With Customers

FASB Accounting Standards Codification Topic 605, Revenue Recognition

FASB Accounting Standards Codification Topic 320, Investments — Debt and Equity Securities

FASB Accounting Standards Codification Topic 260, Earnings per Share

FASB Accounting Standards Codification Topic 250, Accounting Changes and Error Corrections

FASB Accounting Standards Codification Topic 230, Statement of Cash Flows

FASB Accounting Standards Codification Subtopic 815-40, Derivatives and Hedging: Contracts in Entity’s Own Equity

FASB Accounting Standards Codification Subtopic 815-15, Derivatives and Hedging: Embedded Derivatives

FASB Accounting Standards Codification Subtopic 480-10, Distinguishing Liabilities From Equity: Overall

FASB Accounting Standards Codification Subtopic 326-30, Financial Instruments — Credit Losses: Available-for-Sale Debt Securities

EITF Issue No. 16-A, “Restricted Cash”

AICPA Statement on Auditing Standards No. 131, Amendment to Statement on Auditing Standards No. 122 Section 700, Forming an Opinion and Reporting on Financial Statements

AICPA Statement on Standards for Accounting and Review Services No. 23, Omnibus Statement on Standards for Accounting and Review Services — 2016

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AICPA Statement on Standards for Attestation Engagements No. 18, Attestation Standards: Clarification and Recodification


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AICPA Professional Standards, AR-C Section 70, “Preparation of Financial Statements“

AICPA Professional Standards, AR-C Section 60, “General Principles for Engagements Performed in Accordance With Statements on Standards for Accounting and Review Services“

AICPA Professional Standards, AR Section 120, “Compilation of Pro Forma Financial Information”

CAQ Publication, Preparing for the New Revenue Recognition Standard: A Tool for Audit Committees

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CAQ Publication, Questions on Non-GAAP Measures — A Tool for Audit Committees

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CAQ Report, Audit Quality Indicators — The Journey and Path Ahead

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PCAOB Staff Inspection Brief, Preview of Observations From 2015 Inspections of Auditors of Brokers and Dealers

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 82, Pension Issues — an amendment of GASB Statements No. 67, No. 68, and No. 73

GASB Statement No. 81, Irrevocable Split-Interest Agreements

GASB Statement No. 80, Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14

GASB Statement No. 79, Certain External Investment Pools and Pool Participants

FASAB Statement No. 50, Establishing Opening Balances for General Property, Plant, and Equipment

FASAB Statement No. 49, Public-Private Partnerships Disclosure Requirements

FASAB Statement No. 48, Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials

FASAB Statement No. 10, Accounting for Internal Use Software

FASAB Statement No. 3, Accounting for Inventory and Related Property

FASAB Technical Release No. 16, Implementation Guidance for Internal Use Software


SEC Final Rule Release No. 34-78961, Standards for Covered Clearing Agencies

SEC Final Rule Release No. 34-78716, Access to Data Obtained by Security-Based Swap Data Repositories

SEC Final Rule Release No. 34-78321, Regulation SBSR — Reporting and Dissemination of Security-Based Swap Information

SEC Final Rule Release No. 34-78319, Amendments to the Commission’s Rules of Practice


SEC Final Rule Release No. 34-78011, Trade Acknowledgment and Verification of Security-Based Swap Transactions


SEC Final Rule Release No. 34-77104, Security-Based Swap Transactions Connected With a Non-U.S. Person’s Dealing Activity That Are Arranged, Negotiated, or Executed by Personnel Located in a U.S. Branch or Office of an Agent; Security-Based Swap Dealer De Minimis Exception

SEC Final Rule Release No. 33-10238, Exemptions to Facilitate Intrastate and Regional Securities Offerings

SEC Final Rule Release No. 33-10234, Investment Company Swing Pricing


SEC Final Rule Release No. 33-9974, Crowdfunding

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SEC Release No. 34-77787, Public Company Accounting Oversight Board; Order Granting Approval of Proposed Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form and Related Amendments to Auditing Standards

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IFRS 16, Leases

IFRS 15, Revenue From Contracts With Customers

IFRS 12, Disclosure of Interests in Other Entities

IFRS 9, Financial Instruments

IFRS 5, Non-current Assets Held for Sale and Discontinued Operations

IFRS 4, Insurance Contracts

IFRS 2, Share-based Payment

IFRS 1, First-time Adoption of International Financial Reporting Standards

IAS 40, Investment Property

IAS 28, Investments in Associates

IAS 21, The Effects of Changes in Foreign Exchange Rates

IAS 17, Leases

IAS 12, Income Taxes

IAS 7, Statement of Cash Flows

IFRIC Interpretation 22, Foreign Currency Transactions and Advance Consideration

IASB Amendments, Transfers of Investment Property

IASB Amendments, Annual Improvements to IFRS Standards 2014–2016 Cycle

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IASB Amendments, Clarifications to IFRS 15

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ISA 810 (Revised), Engagements to Report on Summary Financial Statements

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ISA 800 (Revised), Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks

ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements — Including Related Conforming Amendments to Other International Standards

IPSAS 39, Employee Benefits

IPSAS 26, Impairment of Cash-Generating Assets

IPSAS 25, Employee Benefits
IPSAS 21, *Impairment of Non-Cash-Generating Assets*

IPSAS 17, *Property, Plant and Equipment*


IESBA Final Pronouncement, *Responding to Non-Compliance With Laws and Regulations*

IOSCO Final Report, *Statement on Non-GAAP Financial Measures*
## Appendix F: Abbreviations

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<th>Definition</th>
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<tbody>
<tr>
<td>AFS</td>
<td>available for sale</td>
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<tr>
<td>AICPA</td>
<td>American Institute of Certified Public Accountants</td>
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<td>AR</td>
<td>U.S. Accounting and Review Services Standards</td>
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<td>AR-C</td>
<td>U.S. Clarified Accounting and Review Services Standards</td>
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<td>ARO</td>
<td>asset retirement obligation</td>
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<td>ARSC</td>
<td>Accounting and Review Services Committee</td>
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<td>AS</td>
<td>PCAOB Auditing Standard</td>
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<td>ASB</td>
<td>Auditing Standards Board</td>
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<td>ASC</td>
<td>FASB Accounting Standards Codification</td>
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<td>ASU</td>
<td>FASB Accounting Standards Update</td>
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<td>AT</td>
<td>U.S. Attestation Standards</td>
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<td>AT-C</td>
<td>U.S. Clarified Attestation Standards</td>
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<td>C&amp;DI</td>
<td>compliance and disclosure interpretation</td>
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<td>CAQ</td>
<td>Center for Audit Quality</td>
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<td>CECL</td>
<td>current expected credit loss</td>
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<td>CEO</td>
<td>chief executive officer</td>
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<td>ECL</td>
<td>expected credit losses</td>
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<td>ED</td>
<td>exposure draft</td>
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<td>EDGAR</td>
<td>Electronic Data Gathering, Analysis, and Retrieval</td>
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<td>EGC</td>
<td>emerging growth company</td>
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<td>EITF</td>
<td>Emerging Issues Task Force</td>
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<td>ETF</td>
<td>exchange-traded fund</td>
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<td>EU</td>
<td>European Union</td>
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<td>FASAB</td>
<td>Federal Accounting Standards Advisory Board</td>
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<td>FASB</td>
<td>Financial Accounting Standards Board</td>
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<td>FAST</td>
<td>Fixing America's Surface Transportation</td>
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<td>FDIC</td>
<td>Federal Deposit Insurance Corporation</td>
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<td>GAAP</td>
<td>generally accepted accounting principles</td>
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<td>GAAS</td>
<td>generally accepted auditing standards</td>
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<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
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<td>GASB</td>
<td>Governmental Accounting Standards Board</td>
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<td>IAASB</td>
<td>International Auditing and Assurance Standards Board</td>
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<td>IAS</td>
<td>International Accounting Standard</td>
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<td>International Accounting Standards Board</td>
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<td>ICFR</td>
<td>internal control over financial reporting</td>
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<td>IEP</td>
<td>Insurance Experts Panel</td>
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<td>IESBA</td>
<td>International Ethics Standards Board for Accountants</td>
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<td>IFAC</td>
<td>International Federation of Accountants</td>
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<td>IFRIC</td>
<td>IFRS Interpretations Committee</td>
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<td>IFRS</td>
<td>International Financial Reporting Standard</td>
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<td>IOSCO</td>
<td>International Organization of Securities Commissions</td>
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<td>IP</td>
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<td>IPO</td>
<td>initial public offering</td>
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<td>IPSAS</td>
<td>International Public Sector Accounting Standard</td>
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<td>IPSASB</td>
<td>International Public Sector Accounting Standards Board</td>
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<td>IPTF</td>
<td>International Practices Task Force</td>
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<td>ISA</td>
<td>International Standard on Auditing</td>
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<td>IT</td>
<td>information technology</td>
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<td>JOBS</td>
<td>Jumpstart Our Business Startups</td>
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<td>NCUA</td>
<td>National Credit Union Administration</td>
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<td>NFP</td>
<td>not-for-profit entity</td>
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<td>NMS</td>
<td>national market system</td>
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<td>NYSE</td>
<td>New York Stock Exchange</td>
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<td>OCA</td>
<td>Office of the Chief Accountant</td>
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<tr>
<td>OCC</td>
<td>Office of the Comptroller of the Currency</td>
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<tr>
<td>PBE</td>
<td>public business entity</td>
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<tr>
<td>PCAOB</td>
<td>Public Company Accounting Oversight Board</td>
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<tr>
<td>PP&amp;E</td>
<td>property, plant, and equipment</td>
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<tr>
<td>Q&amp;As</td>
<td>questions and answers</td>
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<td>SAB</td>
<td>SEC Staff Accounting Bulletin</td>
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<td>Abbreviation</td>
<td>Definition</td>
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<tr>
<td>SAS</td>
<td>Statement on Auditing Standards</td>
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<tr>
<td>SBS</td>
<td>security-based swap</td>
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<tr>
<td>SEC</td>
<td>Securities and Exchange Commission</td>
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<td>SSAE</td>
<td>Statement on Standards for Attestation Engagements</td>
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<td>SSARS</td>
<td>Statement on Standards for Accounting and Review Services</td>
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<td>TRG</td>
<td>transition resource group</td>
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<tr>
<td>VIE</td>
<td>variable interest entity</td>
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