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Recently issued accounting pronouncements
Financial services

As part of our continuous efforts to stay current on the latest Financial Accounting Standards Board (FASB) pronouncements, we offer this resource to keep you up to date. We will update this regularly. As always, contact us if you have questions or concerns.

Last review date: December 7, 2021 through ASU 2021-10

Accounting Pronouncements Issued Since Last Quarter

Accounting Standards Update	Highlights	Effective Dates
2021-07, Compensation – Stock Compensation (Topic 718)	The ASU provides a practical expedient to nonpublic entities that allows the nonpublic entity to determine the current price input of equity-classified share-based awards issued to both employees and nonemployees using the reasonable application of a reasonable valuation method (as defined in the practical expedient).	**P/PBE:** Not applicable **NP:** Effective prospectively for all qualifying awards granted or modified during the fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 Early adoption is permitted.
2021-09, *Leases* (Topic 842)	Topic 842 currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The ASU allows those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose the asset classes for which it has elected to apply a risk-free rate. The ASU also requires that, when the rate implicit in the lease is readily determinable for any individual lease, the lessee must use that rate, even if a risk-free rate election has been made.	**P/PBE:** Not applicable **NP:** Fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 Early adoption is permitted.

Previously Issued Accounting Pronouncements

Accounting Standards Update	Highlights	Effective Dates
2016-02, *Leases* (Topic 842)	The ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.	**Pursuant to ASU No. 2019-10:** **P/PBE*:** Fiscal years beginning after December 15, 2018, including interim periods within those fiscal years [1] * Includes not-for-profit entities that have issued or are conduit bond obligors for securities that are traded, listed, or quoted on an exchange or an over-the-counter market and, employee benefit plans that file or furnish financial statements with or to the SEC [1] Public not-for-profit entities that had not yet issued financial statements (or made financial statements available for issuance) were granted a one-year delay via ASU No. 2020-05 **Pursuant to ASU No. 2020-05:** **NP:** Fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 Early adoption is permitted.
2016-13, Financial Instruments – Credit Losses (Topic 326)	Under the new guidance, which will replace the existing incurred loss model for recognizing credit losses, organizations will be required to recognize the full amount of expected credit losses. The new guidance, which is referred to as the current expected credit loss model, requires that expected credit losses for financial assets held at the reporting date that are accounted for at amortized cost be measured and recognized based on historical experience and current and reasonably supportable forecasted conditions to reflect the full amount of expected credit losses. A modified version of these requirements also applied to debt securities classified as available-for-sale.	**Pursuant to ASU No. 2019-10:** **P*:** Fiscal years beginning after December 15, 2019, including interim periods within those fiscal years **PBE/NP:** Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years * Excludes entities eligible to be SRCs as defined by the SEC Early adoption is permitted.
2017-04, Intangibles – Goodwill and Other (Topic 350): *Simplifying the Test for Goodwill Impairment*	The ASU was issued to reduce the cost and complexity of the goodwill impairment test. To simplify the subsequent measurement of goodwill, step two of the goodwill impairment test was eliminated. Instead, a company will recognize an impairment of goodwill should the carrying value of a reporting unit exceed its fair value (i.e. step one).	**P:** Fiscal years beginning after December 15, 2019, including interim periods within those fiscal years **PBE:** Fiscal years beginning after December 15, 2020, including interim periods within those fiscal years **NP:** Fiscal years beginning after December 15, 2021, including interim periods within those fiscal years Early adoption is permitted.

2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*	The ASU was issued to make certain specific improvements to hedge accounting to better align hedge accounting with risk management activities, eliminate the separate measurement and recording of hedge ineffectiveness, improve presentation and disclosure, and other simplifications. All transition requirements and elections are to be applied to existing hedging relationships upon adoption.	**Pursuant to ASU No. 2019-10:** **P/PBE:** The ASU is already in effect. **NP:** Fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021 Early adoption is permitted.
2020-04, Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*	The ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU only apply to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.	**P/PBE/NP:** As of March 12, 2020 through December 31, 2022.
2021-03, Intangibles – Goodwill and Other (Topic 350): *Accounting Alternative for Evaluating Triggering Events*	Under the current guidance in Subtopic 350-20, an entity is required to identify and evaluate goodwill impairment triggering events when they occur to determine whether it is more likely than not that the fair value of a reporting unit (or entity, if the entity has elected the accounting alternative for amortizing goodwill and chosen that option) is less than its carrying amount. If an entity determines that it is more likely than not that goodwill is impaired, it must test goodwill for impairment using the triggering event date as the measurement date. The ASU allows an entity to elect not to monitor for goodwill impairment triggering events during the reporting period and, instead, to evaluate the facts and circumstances as of the end of the reporting period to determine whether it is more likely than not that goodwill is impaired.	**P/PBE:** Not eligible **NP*:** On a prospective basis for fiscal years beginning after December 15, 2019 ***** Must have elected the accounting alternative
2021-06, Presentation of Financial Statements (Topic 205), Financial Services – *Depository and Lending* (Topic 942), and Financial Services – Investment Companies **(Topic 946)**	The ASU was issued to amend SEC paragraphs in the Accounting Standards Codification to reflect the issuance of SEC Release No. 33-10786, *Amendments to Financial Disclosures about Acquired and Disposed Businesses, and No. 33-10835, Update of Statistical Disclosures for Bank and Savings and Loan Registrants.*	Not applicable