BerryDunn

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: September 18, 2022 through ASU No. 2022-03

Legend

P - Public business entity that meets the definition of an SEC filer

PBE - All other public business entities

NP - All other entities

Accounting Pronouncements Issued Since Last Quarter

Accounting Standards Update	Highlights	Effective Dates
	There have been no relevant ASUs issued since June 7, 2022, the date of our last release.	

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.
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.
2021-07, 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.

2022-01, Derivatives and Hedging (Topic 815)	The ASU was issued in response to requests by entities and practitioners following the issuance of ASU No. 2017-12. Among other things, the ASU expands on the "last-of-layer" hedging method by allowing multiple hedged layers to be designated for a single closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. As a result, an entity may be able to achieve hedge accounting for hedges of a greater proportion of its interest rate risk inherent in the assets included in the closed portfolio, further aligning hedge accounting with risk management strategies. The "last-of-layer" method has thus been renamed the "portfolio layer" method. The ASU also allows an entity to reclassify debt securities classified in the held-to-maturity category at the date of adoption of the ASU to the available-for-sale category. However, this reclassification may only occur if the entity applies portfolio layer method hedging to one or more closed portfolios that include those debt securities. The decision of which securities to reclassify must be made within 30 days after the date of adoption, and the securities must be included in one or more closed portfolios that are designated in a portfolio layer method hedge within that 30-day period.	**P/PBE:** Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years **NP:** Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years Early adoption is permitted for those entities that have adopted ASU No. 2017-12 for the corresponding period.
2022-02, Financial Instruments – Credit Losses (Topic 326)	The ASU eliminates the current troubled debt restructuring accounting guidance within Accounting Standards Codification (ASC) Subtopic 310-40 in its entirety. After adoption of the ASU, financial institutions will evaluate whether a loan modification represents a new loan or a continuation of an existing loan, in accordance with current ASC guidance (ASC 310-20-35-9 through 35-11). The ASU also modifies disclosure requirements. Rather than disclosing information on troubled debt restructurings, financial institutions will now be required to disclose information on loan modifications that were in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension (or a combination thereof) made to debtors experiencing financial difficulty. Lastly, the ASU amends ASC 326-20-50-6 to require public business entities to disclose current-period gross write-offs by year of origination for financing receivables and net investment in leases within the scope of ASC Subtopic 326-20.	**P/PBE/NP:** Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years Early adoption is permitted for those entities that have adopted ASU No. 2016-13. An entity may elect to early adopt the amendments about troubled debt restructurings and related disclosure changes separately from the amendments related to vintage disclosures.