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THE NEWSLETTER FROM BDO'S NATIONAL ASSURANCE PRACTICE

BDO KNOWS: FASB

CONTENTS

2015 ACCOUNTING YEAR IN REVIEW

FINE TUNING

During 2015 the Financial Accounting Standards Board (FASB) made progress on several major, long-term projects, while also issuing guidance to resolve known practice issues. The FASB and the International Accounting Standards Board (IASB), as well as other major stakeholders, focused on implementation issues related to the converged revenue recognition standard issued in 2014. A notable outcome of that effort was a delay of the effective date of the revenue standard to 2018 for calendar-year public companies, and 2019 for all other entities. The FASB and the IASB continued to collaborate on the joint leasing project, but took different directions on classification & measurement and impairment of financial instruments. The FASB plans to complete those projects in 2016. Overall, the FASB continues to strive for clarity, looking to reduce complexity in U.S. GAAP where possible under its Simplification Initiative.

Our year in review letter summarizes the year's most significant changes in guidance and what to expect in 2016. We've also included a comprehensive list of the effective dates for recently-issued accounting standards in the appendix.

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FINAL FASB GUIDANCE

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

During 2015, the FASB issued 17 Accounting Standard Updates (ASUs), covering the following topics:

Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items

Applicable to: All entities.

Summary: ASU 2015-01 eliminates the requirement in Subtopic 225-20 to consider whether an underlying event or transaction is extraordinary, and if so, to separately present the item in the income statement net of tax, after income from continuing operations.

Items that are either unusual in nature or infrequently occurring will continue to be reported as a separate component of income from continuing operations. Alternatively, these amounts may still be disclosed in the notes to the financial statements.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, provided the guidance is applied from the beginning of the fiscal year of adoption.

Amendments to the Consolidation Analysis

Applicable to: All entities.

Summary: ASU 2015-02 introduces changes to the consolidation analysis which primarily affect the consolidation of limited partnerships and their equivalents (e.g., limited liability corporations), as well as structured vehicles such as issuers of collateralized debt obligations.

The ASU simplifies U.S. GAAP by eliminating entity specific consolidation guidance for limited partnerships. It also revises other aspects of the consolidation analysis, including how kick-out rights, fee arrangements and related parties are assessed. The amendments rescind the indefinite deferral of FASB Statement 167 for certain investment funds and replace it with a permanent scope exception for money market funds.

For additional information, refer to the following BDO resources:

- BDO Alert: FASB Issues ASU to Simplify Consolidation Analysis
- BDO Knows: Variable Interest Entities - Before Adoption of ASU 2015-02 (Practice Aid, August 2015)
- BDO Knows: Variable Interest Entities - After Adoption of ASU 2015-02 (Practice Aid, November 2015)
- BDO Knowledge: How ASU 2015-02 Changes Consolidation Accounting (Self-study, May 2015)

Effective Date and Transition: The amendments are effective for public business entities for fiscal years, and for 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 is permitted.

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Simplifying the Presentation of Debt Issuance Costs

Applicable to: All entities.

Summary: ASU 2015-03 requires that debt issuance costs be reported in the balance sheet as a direct deduction from the face amount of the related liability, consistent with the presentation of debt discounts. Prior to the amendments, debt issuance costs were presented as a deferred charge (i.e., an asset) on the balance sheet. The ASU provides examples illustrating the balance sheet presentation of notes net of their related discounts and debt issuance costs. Further, the amendments require the amortization of debt issuance costs to be reported as interest expense. Issuance costs and any discount or premium are considered in the aggregate when determining the effective interest rate on the debt.

For additional information, refer to BDO's Alert and the discussion below regarding line-of-credit arrangements under ASU 2015-15.

Effective Date and Transition: The amendments are effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments are effective for all other entities for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. The amendments must be applied retrospectively. All entities have the option of adopting the new requirements as of an earlier date for financial statements that have not been previously issued.

Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets

Applicable to: All entities that sponsor defined benefit retirement plans.

Summary: ASU 2015-04 introduces a practical expedient for measuring defined benefit plan assets and benefit obligations. Under the expedient, if an employer's fiscal year-end does not coincide with a month-end, the employer may measure plan assets and benefit obligations using the month-end that is closest to the employer's fiscal year-end.

An employer making the election will be required to adjust the fair value of the plan assets and obligations for any contribution or other significant event caused by the employer (e.g., amendment, settlement, or curtailment that calls for a remeasurement) that occurs between the measurement date and the employer's fiscal year-end. However, an employer does not need to adjust the fair value of individual classes of assets for a contribution occurring between the measurement date and the employer's fiscal year-end; the employer should simply disclose the amount of the contribution.

The amendments create a similar practical expedient for interim events. If a significant event occurs during an interim period which calls for a remeasurement of defined benefit plan assets and obligations (e.g., partial settlement), the employer may remeasure defined benefit plan assets and obligations using the month-end that is closest to the date of the significant event.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments are effective for all other entities for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments must be applied prospectively. Early adoption is permitted.

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

Applicable to: All entities.

Summary: ASU 2015-05 clarifies whether a hosting arrangement (e.g., cloud computing, software as a service, infrastructure as a service, etc.) contains a software license that should be capitalized or represents a service contract, which would usually be expensed.

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Specifically, the amendments revise the scope of Subtopic 350-40 to include internal-use software accessed through a hosting arrangement only if both of the following criteria are met:

1. The customer has the contractual right to take possession of the software at any time during the hosting period without significant penalty. There is no significant penalty if the customer has the ability to take delivery of the software without incurring significant cost and the ability to use the software separately without significant loss of utility or value.

2. It is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software.

If both of the above criteria are present in a hosting arrangement, then the arrangement contains a software license and the customer should account for that element in accordance with Subtopic 350-40 (i.e., generally capitalize and subsequently amortize the cost of the license). If both of the above criteria are not present, the customer should account for the arrangement as a service contract (i.e., expense fees as incurred).

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments are effective for all other entities for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. An entity can elect to adopt the amendments either (1) prospectively to all arrangements entered into or materially modified after the effective date or (2) retrospectively.

Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions

Applicable to: Master limited partnerships.

Summary: ASU 2015-06 clarifies that for purposes of calculating historical earnings per unit under the two-class method, the allocation of the earnings (losses) of a transferred business before the date of a dropdown transaction should be allocated entirely to the general partner interest in a master limited partnership. As a result, the previously reported earnings per unit of the limited partners (typically the earnings per unit measure presented in the financial statements) should not change due to the dropdown transaction. The clarification is intended to reduce diversity in practice regarding the treatment of such transactions, as alternatively, some entities had allocated earnings to the limited partners and incentive distribution rights holders on a hypothetical basis in periods prior to the dropdown, in a manner consistent with their post-dropdown contractual rights.

Qualitative disclosures about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs for purposes of computing earnings per unit under the two-class method also are required.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective retrospectively for all affected entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

Applicable to: Entities that measure investments using the net asset value (NAV) practical expedient.

Summary: ASU 2015-07 simplifies Topic 820 by removing the requirement to categorize, within the fair value hierarchy, all investments measured using the net asset value per share practical expedient. Although classification within the fair value hierarchy is no longer required, an entity must disclose the amount of investments measured using the NAV practical expedient in order to permit reconciliation of the fair value of investments in the hierarchy to the corresponding line items in the balance sheet. The implementation guidance presents an example of this reconciliation.

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Investments measured using the NAV practical expedient continue to be: (i) exempt from the detailed disclosures related to the fair value hierarchy required by paragraph 820-10-50-2, and (ii) subject to the qualitative and quantitative disclosures described in paragraph 820-10-50-6A.

The ASU, however, reduces disclosures that were required for investments that are eligible for the use of, but for which the reporting entity opts not to use, the NAV practical expedient. These investments are no longer subject to the disclosures described in paragraph 820-10-50-6A. Since the fair value for these investments is determined using observable and/or unobservable inputs, the fair value measurements for these investments continue to be subject to the fair value disclosures required by paragraph 820-10-50-2, which includes "levelling" disclosures.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective retrospectively for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments are effective retrospectively for all other entities for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted.

Pushdown Accounting—Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115 (SEC Update)

Applicable to: Public business entities.

Summary: ASU 2015-08 amends the FASB Accounting Standards Codification (ASC) pursuant to SEC Staff Accounting Bulletin (SAB) 115, which rescinds certain SEC guidance in order to conform with ASU 2014-17, Pushdown Accounting. ASU 2014-17 was issued in November 2014 and provides a reporting entity that is a business or nonprofit activity (an "acquiree") the option to apply pushdown accounting to its separate financial statements when an acquirer obtains control of the acquiree.

Effective Date and Transition: SAB 115 became effective November 21, 2014. It does not change the option to apply pushdown accounting under ASU 2014-17, as discussed in BDO's Alert.

Disclosures about Short-Duration Contracts

Applicable to: Entities that issue short-duration insurance contracts.

Summary: ASU 2015-09 enhances the disclosure requirements for short-duration insurance contracts (most property, liability and short-term health contracts) issued by insurers. The purpose of the required disclosures is to provide financial statement users with more transparent information about an insurance entity's liability for unpaid claims and claim adjustment expenses, subsequent adjustments to those estimates, methodologies and judgments in estimating claims, as well as the timing, frequency and severity of claims. Such disclosures should enable users to understand the insurance entity's ability to underwrite and anticipate costs associated with claims.

The amendments require annual disclosure by insurers of specific information about incurred and paid claims and their related liabilities and expenses, incurred-but-not-reported claims, reserving methodologies, and other quantitative information. The amendments do not apply to the holder (that is, policyholder) of short-duration contracts.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective retrospectively for public business entities for annual reporting periods beginning after December 15, 2015 and interim reporting periods within annual periods beginning after December 15, 2016. The amendments are effective retrospectively for all other entities for annual reporting periods beginning after December 15, 2016 and interim reporting periods within annual periods beginning after December 15, 2017. Early adoption is permitted.

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Technical Corrections and Improvements

Applicable to: All entities.

Summary: ASU 2015-10 includes changes intended to clarify the FASB ASC, correct unintended application of guidance, or make minor improvements to the ASC that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities.

Effective Date and Transition: Transition guidance varies based on the individual amendments. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments became effective upon issuance in June 2015.

Simplifying the Measurement of Inventory

Applicable to: All entities.

Summary: ASU 2015-11 requires inventory within the scope of the ASU (e.g. FIFO or average cost) to be measured using the lower of cost and net realizable value. Inventory excluded from the scope of the ASU (i.e., LIFO or the retail inventory method) will continue to be measured at the lower of cost or market. The ASU also amends some of the other guidance in Topic 330 to more clearly articulate the requirements for the measurement and disclosure of inventory. However, those amendments are not intended to result in any changes to current practice.

Prior to the ASU, U.S. GAAP required an entity to measure inventory at the lower of cost or market. Market is measured using replacement cost unless it is above net realizable value (commonly referred to as the "ceiling") or below net realizable value less an approximately normal profit margin (commonly referred to as the "floor"). For inventory within its scope, the ASU eliminates the notions of replacement cost and NRV less a normal profit margin, which is intended to simplify the accounting for inventory.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective prospectively for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. 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 is permitted as of the beginning of an interim or annual reporting period.

Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient

Applicable to: Part I applies to reporting entities within the scope of Topics 962 and 965 that classify investments as fully benefit-responsive investment contracts. Part II applies to reporting entities that apply Topics 960, 962, and 965. Part III applies to entities that have a fiscal year-end that does not coincide with a month-end and that apply Topics 960, 962, and 965.

Summary: The amendments in ASU 2015-12 (i) require fully benefit-responsive investment contracts to be measured, presented and disclosed only at contract value, not fair value; (ii) simplify the investment disclosure requirements; and (iii) provide a measurement date practical expedient for employee benefit plans.

Part I. Fully Benefit-Responsive Investment Contracts – the amendments designate contract value as the only required measurement for fully benefit-responsive investments contracts within the scope of Topics 962 and 965, eliminating the requirement to measure, present and disclose such contracts also at fair value and reconcile fair value to contract value.

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Part II. Plan Investment Disclosures – the amendments eliminate certain disclosure requirements for both participant-directed investments and nonparticipant-directed investments, and also reduce disclosures required specifically for investments using the net asset value per share practical expedient. The amendments also require that both participant-directed and nonparticipant-directed investments be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways (i.e., also on the basis of nature, characteristics, and risks as required by Topic 820, Fair Value Measurement).

Part III. Measurement Date Practical Expedient – the amendments provide a measurement date practical expedient for employee benefit plans similar to the practical expedient allowing employers to measure defined benefit plan assets on a month-end date that is nearest to the employer's fiscal year-end, when the fiscal period does not coincide with a month-end.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for all three parts individually or in the aggregate. Parts I and II of the ASU should be applied retrospectively, while Part III should be applied prospectively. Only the nature and reason for the change in accounting principle is required to be disclosed in the annual period of adoption.

Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts within Nodal Energy Markets

Applicable to: All entities that enter into certain contracts for the purchase or sale of electricity on a forward basis.

Summary: ASU 2015-13 specifies that the use of locational marginal pricing (LMP) for certain contracts for the purchase or sale of electricity on a forward basis utilizing a nodal energy market does not, by itself, cause the contract to fail the physical delivery criterion of the normal purchases and normal sales (NPNS) elective scope exception in Topic 815.

The ASU specifies that the use of LMP by an independent system operator does not constitute net settlement of a contract for the purchase or sale of electricity on a forward basis that necessitates transmission through, or delivery to a location within, a nodal energy market, even in scenarios in which legal title to the associated electricity is conveyed to the independent service operator during transmission. Therefore, if all of the other criteria of the NPNS scope exception are met, an entity may elect to designate the contract as a normal purchase or normal sale.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments became effective upon issuance in August 2015 and should be applied prospectively. An entity will have the ability to designate qualifying contracts that are entered into on or after the effective date of the ASU as NPNS. Because an entity may elect the NPNS scope exception at contract inception or at a later date, it also will be able to designate qualifying contracts entered into before the effective date as NPNS, but only prospectively.

Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date

Applicable to: All entities.

Summary: ASU 2015-14 defers the effective date of ASU 2014-09, Revenue from Contracts with Customers by one year. Public business entities will adopt the standard for annual reporting periods beginning after December 15, 2017, including interim periods within that year. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that year.

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All other entities will adopt the standard for annual reporting periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted as of either:

- An annual reporting period beginning after December 15, 2016, including interim periods within that year, or
- An annual reporting period beginning after December 15, 2016 and interim periods within annual reporting periods beginning one year after the annual period in which an entity first applies the new standard.

For additional information, refer to BDO's Alert.

Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements—Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting (SEC Update)

Applicable to: Public business entities.

Summary: ASU 2015-15 codifies an SEC staff announcement that entities are permitted to defer and present debt issuance costs related to line-of-credit arrangements as assets. Given the absence of authoritative guidance within ASU 2015-03 for debt issuance costs related to line-of-credit arrangements, ASU 2015-15 clarifies that the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The ASU and the SEC staff announcement became effective immediately.

Simplifying the Accounting for Measurement-Period Adjustments

Applicable to: All entities.

Summary: ASU 2015-16 requires adjustments to provisional amounts that are identified during the measurement period after a business combination to be recognized in the reporting period in which the adjustment amounts are determined, i.e., prior periods should no longer be adjusted. The adjustments recognized in the current period include the effects on earnings of changes in depreciation, amortization, or other income effects as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date.

In addition, the amendments require an entity to disclose (either on the face of the income statement or in the notes) the nature and amount of measurement-period adjustments recognized in the current period, including separately the amounts in current-period income statement line items that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective for public business entities for fiscal years, and for 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 is permitted. The amendments should be applied prospectively to measurement-period adjustments that occur after the effective date.

BDO OBSERVATION:

Reporting entities that have recently completed a business combination but for which the measurement period is still open may wish to consider early adopting the new standard to take advantage of its intended cost-savings.

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Balance Sheet Classification of Deferred Taxes

Applicable to: All entities.

Summary: ASU 2015-17 eliminates the guidance in Topic 740, Income Taxes, that required an entity to separate deferred tax liabilities and assets between current and noncurrent amounts in a classified balance sheet. The amendments require that all deferred tax liabilities and assets of the same tax jurisdiction or a tax filing group, as well as any related valuation allowance, be offset and presented as a single noncurrent amount in a classified balance sheet.

For additional information, refer to BDO's Alert.

Effective Date and Transition: The amendments are effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted as of the beginning of any interim or annual reporting period. Entities may adopt the guidance prospectively or retrospectively. Certain transition disclosures are required.

BDO OBSERVATION:
The option to early adopt is available for 12/31/15 annual financial statements.

ON THE HORIZON – PROPOSED FASB GUIDANCE

The following is a summary of significant ongoing FASB projects. All proposed FASB guidance can be accessed on the FASB website at www.fasb.org/home located under the *Exposure Documents* tab In addition, BDO comment letters on proposals can be accessed at www.bdo.com/insights.

Revenue

Applicable to: All entities.

Summary: As a result of certain issues discussed to date by the FASB and IASB Joint Transition Resource Group for Revenue Recognition ("the TRG"), the FASB proposed the following amendments to Topic 606 during 2015:

- Identifying Performance Obligations and Licensing - The proposed amendments would more clearly articulate the guidance for certain assessments required as part of identifying performance obligations, and provide additional examples within the implementation guidance for applying these assessments. In addition, an entity would not be required to identify promised goods or services that are immaterial in the context of the contract. Further, an entity would be permitted to account for shipping and handling activities occurring after the customer has obtained control of a good as a fulfillment activity rather than as an additional promised service. The proposed amendments would also make certain clarifications within the implementation guidance on licenses of intellectual property.

- Principal versus Agent (Reporting Revenue Gross versus Net) - The proposed amendments would improve the operability and understandability of the implementation guidance on principal versus agent considerations by clarifying the following: the unit of account at which an entity would determine whether it is a principal or an agent (i.e., for each "specified good or service"); application of the control principle to certain types of arrangements by identifying what a principal controls before the specified good or service is transferred to the customer; the purpose of the indicators of control (i.e., to support or assist in the assessment of control) and the relationship of each indicator to the control principle. Corresponding amendments to the implementation guidance were also proposed.

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- Narrow-Scope Improvements and Practical Expedients – The proposed amendments would provide clarifying guidance in a few narrow areas and establish certain practical expedients through the following amendments:
  - clarify that the objective of the collectibility threshold is to assess an entity's exposure to credit risk for the goods and services that will be transferred to the customer and add a criterion to the alternative recognition model if collectibility is not probable;
  - permit an entity, as an accounting policy election, to exclude amounts collected from customers for all sales (and other similar) taxes from the transaction price;
  - specify that the measurement date for noncash consideration is contract inception and clarify that the variable consideration guidance applies only to variability resulting from reasons other than the form of the consideration;
  - provide a practical expedient that permits an entity to determine and allocate the transaction price on the basis of all satisfied and unsatisfied performance obligations in a modified contract as of the beginning of the earliest period presented (therefore individual modifications would not be separately evaluated);
  - clarify that a completed contract is one for which all (or substantially all) of the revenue was recognized under revenue guidance in effect before the date of initial application;
  - permit an entity to apply the modified retrospective transition approach to all contracts, rather than only those contracts that have not been completed on the date of adoption;
  - clarify that an entity that retrospectively applies the guidance in Topic 606 to each prior reporting period is not required to disclose the effect of the accounting change for the period of adoption, but would still be required to disclose the effect of the changes on any prior periods retrospectively adjusted.

Final guidance on each of the issues noted above is expected by early 2016.

The Boards will consider the timing of the next TRG meeting based on additional implementation issues submitted.

Background: The TRG was established in 2014 to solicit, analyze, and discuss stakeholder issues arising from implementation of Topic 606; to inform the FASB and IASB about those implementation issues, which assists the Boards in determining what, if any, action is needed to address those issues; and to provide a forum for stakeholders to learn about the new guidance from others involved with implementation.

For more information, or for resources on the new standard, refer to BDO's Revenue Recognition Resource Center. More information may also be found on the FASB website.

Leases

Applicable to: All entities.

Summary: During 2013, the FASB and the IASB reproposed the joint leasing standard. The Boards conducted extensive outreach among preparers, investors, analysts, and other stakeholders in the months that followed. The Boards concluded that the benefits of the changes that will result from the final standards justify the related costs of implementing those changes. The Boards expect to issue their respective standards early in 2016. The FASB standard is expected to have effective dates of 2019 for public business entities and 2020 for all other entities. Although the standards are similar in their main objective of recording leases on a lessee's balance sheet, the Boards arrived at separate conclusions for certain aspects of the lessee and lessor accounting models. The discussion that follows addresses FASB decisions only.

Lessee Accounting Model: The new standard applies a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Finance leases will result in a "front-loaded" expense effect due to amortization and interest, while operating leases will result in a straight-line expense over the lease term, similar to today's operating lease treatment.

Lessor Accounting Model: The new standard requires a lessor to classify leases as either sales-type, finance or operating. This determination is similar to existing U.S. GAAP. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing. If the lessor doesn't convey risks and rewards or control, an operating lease results.

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The resulting accounting treatment will be substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases, and operating leases.

BDO OBSERVATION:

The FASB decided to align certain principles in the lessor model with those in the new revenue standard (Topic 606). Specifically, leases that effectively transfer control of the underlying asset to the lessee should be assessed and accounted for in accordance with the collectibility guidance applicable to sales of nonfinancial assets in Topic 606, and Topic 610, Other Income. These concepts are intended to make the lease classification test comparable with a vendor's approach to recognizing revenue for the sale of goods and services.

Financial Instruments

Applicable to: All entities.

Summary: As background, this project will provide guidance for the classification, measurement, and impairment of financial instruments. It will result in changes to the current accounting for many instruments including investments in debt and equity securities, nonmarketable equity securities and loans. The proposal will have the greatest effect on banks and other financial institutions, but all enterprises that engage in financial instrument transactions will be affected.

Despite sustained effort, the FASB and IASB have not reached convergence in the financial instruments project. The IASB finalized its project in 2014 with the issuance of revised IFRS 9 Financial Instruments, while the FASB continued to redeliberate issues related to classification and measurement, impairment, and hedging during 2015. The FASB has decided to leverage existing guidance in U.S. GAAP to classify and measure financial instruments, except for investments in equity securities, which will be measured at fair value with subsequent changes recognized in net income, with certain practicability exceptions. Further, for financial liabilities measured at fair value under the fair value option election in Topic 825, the portion of the total fair value change caused by a change in instrument-specific credit risk will be presented separately in other comprehensive income. The FASB has also affirmed that its current expected credit loss (CECL) model, which requires entities to recognize currently the full amount of cash flows they do not expect to collect over the instrument's life, will apply to financial assets measured at amortized cost (i.e., loans). Financial guarantee contracts that are not accounted for as insurance or at fair value through net income also will be within the scope of the final standard. However, available-for-sale debt securities will be excluded from the scope of the CECL model. They will continue to be within the scope of the other-than-temporary-impairment (OTTI) guidance in Topic 320, with certain modifications to that guidance, including a change to allow an entity to reverse credit losses.

The FASB completed its work on classification and measurement in early 2016 by issuing ASU 2016-01. The Board plans to issue a final impairment standard shortly, i.e., also in 2016. The classification and measurement guidance is effective in 2018 for public business entities and in 2019 for all other entities. The impairment guidance is expected to be effective in 2019 for public business entities who are SEC filers and in 2020 for all other entities. Early adoption is (will be) permitted for both standards.

Additionally, the FASB has indicated that a transition resource group will be established to address implementation issues arising from the impairment guidance.

Hedge accounting is being deliberated as a separate project. The FASB reached tentative decisions during 2015 on the following topics: overall changes to the hedge accounting model; changes in the fair value of derivatives designated as hedging instruments; benchmark interest rates; fair value hedges of interest rate risk; net investment hedges; the shortcut method; and disclosures. An exposure draft is expected in 2016.

Clarifying the Definition of a Business (Phase I)

Summary: Late in 2015, the FASB proposed amendments which would 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. Specifically, the proposed amendments would require that to be considered a business, a set of assets and activities ("a set") must include, at a minimum, an input and a substantive process that together contribute to the ability to create outputs and would remove the evaluation of whether a market participant could replace any missing elements, with a framework for performing this evaluation.

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The proposed amendments also include a screen that would reduce the number of transactions that need to be evaluated, whereby a set would not be a business when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Lastly, the amendments would narrow the definition of outputs so that the term is consistent with how outputs are described in Topic 606.

Phase II of this project will include clarifying the guidance for partial sales or transfers and the corresponding acquisition of partial interests in a nonfinancial asset or assets.

Emerging issues Task Force (EITF)

Summary: In addition to the final consensuses that were endorsed by the FASB and issued as ASUs during 2015 (included within the summary of final guidance above), the EITF has reached final consensus on the following issues, which were ratified by the FASB on December 11, 2015. Final ASUs are expected shortly:

- Recognition of Breakage for Prepaid Stored-Value Products (Issue 15-B) - The EITF reached a final consensus that an issuer's liability for prepaid stored-value products would meet the definition of a financial liability, and to provide a narrow-scope exception to the derecognition guidance in Subtopic 405-20 such that breakage associated with such liabilities should be accounted for consistent with the breakage guidance in Topic 606. Additionally, the EITF decided to broaden the scope criteria to include other prepaid stored-value products that are economically similar to prepaid stored-value cards (e.g., travelers' checks). The final consensus is expected to be effective for public business entities for annual reporting periods beginning after December 15, 2017 and for all other entities for annual reporting periods beginning after December 15, 2018. Early adoption would be permitted.

- Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (Issue 15-D) - The EITF reached a final consensus affirming its decision to clarify that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedge accounting relationship provided that all other hedge accounting criteria continue to be met. The final consensus is expected to be effective for public business entities for fiscal years beginning after December 15, 2016, and for all other entities for fiscal years beginning after December 15, 2017. Early adoption would be permitted.

- Contingent Put and Call Options in Debt Instruments (Issue 15-E) - The EITF reached a final consensus affirming its decision to clarify the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. An entity performing the assessment under the proposed amendments would be required to assess the embedded call (put) options solely in accordance with a four-step decision sequence. When a call (put) option is contingently exercisable, an entity would not also have to assess whether the event that triggers the ability to exercise a call (put) option is related to interest rates or credit risks. For example, when evaluating debt instruments puttable upon a change in control, the change in control itself would not be relevant to the assessment. Only the resulting settlement of debt would be subject to the four-step decision sequence. The final consensus is expected to be effective for public business entities for fiscal years beginning after December 15, 2016, and for all other entities for fiscal years beginning after December 15, 2017. Early adoption would be permitted.

In addition, the EITF reached a consensus-for-exposure to clarify Topic 230 regarding the classification of items within the statement of cash flows where diversity in practice has been identified. Proposed amendments are expected in early 2016 to address the following:

- Cash payments for debt prepayment or extinguishment costs would be classified as financing activities.

- Upon settlement of zero-coupon bonds, the interest portion of the cash would be classified as an operating activity, and the principal portion of the cash would be classified as a financing activity.

- Cash paid by an acquirer after a business combination for the settlement of a contingent consideration liability would be separated between financing activities and operating activities. Cash payments up to the amount of the contingent consideration liability recognized at the acquisition date would be classified as financing activities; any excess would be classified as operating activities.

- Cash proceeds received from the settlement of insurance claims would be classified on the basis of the related insurance coverage (that is, the nature of the loss).

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- Cash proceeds received from the settlement of corporate-owned life insurance policies would be classified as cash inflows from investing activities. Cash payments for premiums on corporate-owned policies may be classified as cash outflows for investing, operating, or a combination of both.

- Distributions received from equity method investees would be presumed to be returns on the investment and classified as operating, unless the investor's cumulative distributions received exceed cumulative equity in earnings recognized by the investor. When such an excess occurs, it is considered a return of the investment and classified as an investing activity.

- A transferor's beneficial interest obtained in a securitization of financial assets would be disclosed as a noncash activity, and cash received from beneficial interests would be classified as an investing activity.

- Additional guidance would clarify when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance.

Private Company Council

The Private Company Council (PCC) was established by the Financial Accounting Foundation (FAF) in 2013 to evaluate possible alternatives within U.S. GAAP to address the needs of users of private company financial statements, as well as to advise the FASB on private company accounting matters. During 2015, the FAF Board of Trustees conducted an assessment of the PCC based on its first three years of operation. Results of the assessment indicated general support for the PCC and agreement with some targeted improvements to increase the PCC's effectiveness.

During 2015, the PCC proposed amendments[1] which would make the guidance in the following ASUs effective immediately by removing their effective dates:

- ASU 2014-02, Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill

- ASU 2014-03, Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay Fixed Interest Rate Swaps – Simplified Hedge Accounting Approach

- ASU 2014-07, Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements, and

- ASU 2014-18, Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination.

The proposed amendments also include transition provisions that would provide that private companies may forgo a preferability assessment the first time they elect the accounting alternatives within the scope of the proposed ASU. Any subsequent change to an accounting policy election would require justification that the change is preferable under Topic 250, Accounting Changes and Error Corrections.

In addition, the amendments would extend the transition guidance in ASUs 2014-02, 2014-03, 2014-07, and 2014-18 indefinitely. While the proposed ASU extends transition guidance for ASUs 2014-07 and 2014-18, there is no intention to change how transition is applied for those two ASUs. Current transition requirements for ASUs 2014-07 and 2014-18 remain unchanged regardless of when the amendments in those ASUs are elected.

The comment period closed in November 2015, and the final amendments are subject to FASB ratification.

During 2015, the PCC also discussed the application of variable interest entities (VIE) guidance to companies under common control and the definition of a public business entity (phase II). The PCC also continued to provide input on several ongoing FASB technical projects.

1 Proposed Accounting Standards Update: Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), and Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance (a proposal of the Private Company Council)

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Simplification Initiative

Summary: The FASB published several exposure drafts during 2015 aimed at reducing cost and complexity in U.S. GAAP for preparers, without sacrificing useful information for investors. Some of those projects were completed as final ASUs (see above), while others are still in process:

- Simplifying the Equity Method of Accounting - The proposed amendments would eliminate the requirement to separately account for the basis difference of equity method investments, which is the difference between the cost of an investment and the investor's proportionate share of the net assets of the investee. An entity would recognize its equity method investment at cost and would no longer determine the acquisition date fair value of the investee's identifiable assets and liabilities assumed. The proposed amendments also would eliminate the requirement to retroactively adopt the equity method of accounting when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest.

- Improvements to Employee Share-Based Payment Accounting - The proposed amendments would introduce multiple revisions to Topic 718 intended to reduce complexity in accounting for share-based payment transactions. The proposed amendments would: simplify recognition and classification of excess tax benefits and deficiencies resulting from the difference between the deduction for tax purposes and the compensation cost recognized for financial reporting purposes of an award; permit an accounting policy election to account for forfeitures as they occur; simplify certain classification and presentation issues resulting from employer withholding for tax purposes and classification of awards with repurchase features; provide a practical expedient for nonpublic entities regarding expected term; and allow a one-time election to switch from fair value measurement to intrinsic value measurement for all liability-classified awards. For additional information, refer to BDO's Alert.

- Accounting for Income Taxes, Intra-Entity Asset Transfers – The proposed amendments would remove the intra-entity asset transfer exception. Currently, the intra-entity asset transfer exception prohibits immediate recognition of the income tax effects from intra-entity transfers of assets. That is, the tax expense of the entity transferring or selling an asset is deferred on the balance sheet and amortized to income tax expense over the remaining recovery period of the asset and the tax basis step-up to the entity receiving or buying the asset is not recognized (i.e., the tax basis step-up would be tracked off-balance sheet).

Other Current FASB Projects

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

AICPA FINANCIAL REPORTING EXECUTIVE COMMITTEE

The Financial Reporting Executive Committee (FinREC), formerly known as the Accounting Standards Executive Committee (AcSEC), is a senior committee of the AICPA for financial reporting. It is authorized to make public statements on behalf of the AICPA on financial reporting matters. During 2015, topics discussed by FinREC included:

Revenue Recognition – The AICPA has established sixteen industry revenue recognition task forces. The task forces are charged with developing guides that will help companies apply ASU 2014-09, Revenue from Contracts with Customers, to industry-specific transactions. The task forces began meeting during 2014 and discussing industry specific implementation issues, with the objective of presenting relevant issues to the Revenue Recognition working group and ultimately to FinREC for further deliberation and approval.

Accounting and Valuation Guide - FinREC continued deliberations on a new interpretive practice guide, Determining Fair Value of Portfolio Company Investments of Venture Capital and Private Equity Firms and Other Investment Companies. Deliberations included determining the unit of account and considering an assumed transaction as a basis for measuring the fair value of investments on the measurement date.

Employee Stock Ownership Plans – FinREC deliberated a new chapter to the Employee Benefit Plan guide on employee stock ownership plans.

Refer to the AICPA website at: www.cpa2biz.com.

BDO FINANCIAL REPORTING LETTERS & ALERTS

BDO publications on financial reporting developments and comment letters can be accessed at www.bdo.com/insights, which includes the following:

- Flash Reports – Alerts that highlight financial reporting developments in a timely and brief format.
- Financial Reporting Letters – In-depth publications on selected financial reporting developments, including practical insights.
- Comment letters – BDO letters to standard-setting organizations on proposed FASB, SEC and PCAOB regulations.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS

This appendix was prepared with a calendar year-end company in mind. Therefore standards with an effective date in 2014 have been included since many companies applied them for the first time in 2015, e.g., the first interim or annual period beginning on or after December 15, 2014. Standards that do not require adoption before 2016 are highlighted in gray.

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 205, Presentation of Financial Statements		
ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*	Effective for all entities, unless they have adopted the liquidation basis of accounting under Subtopic 205-30. The new standard applies prospectively to annual periods ending after December 15, 2016, and to annual and interim periods thereafter. Early adoption is permitted.	Effective for all entities, unless they have adopted the liquidation basis of accounting under Subtopic 205-30. The new standard applies prospectively to annual periods ending after December 15, 2016, and to annual and interim periods thereafter. Early adoption is permitted.
ASU 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*	Effective for annual periods beginning on or after December 15, 2014, and interim periods within those years. Entities should not apply the amendments to a component of an entity (or a business or nonprofit activity) that is classified as held for sale before the effective date even if it is disposed of after the effective date. That is, the ASU must be adopted prospectively. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been previously reported in the financial statements.	Effective for annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015. Entities should not apply the amendments to a component of an entity (or a business or nonprofit activity) that is classified as held for sale before the effective date even if it is disposed of after the effective date. That is, the ASU must be adopted prospectively. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been previously reported in the financial statements.
ASC 225, Income Statement		
ASU 2015-01, *Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015.
ASC 260, Earnings Per Share		
ASU 2015-06, *Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions (a consensus of the Emerging Issues Task Force)*	Effective retrospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.	Effective retrospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.
ASC 310, Troubled Debt Restructuring by Creditors		
ASU 2014-14, *Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure*	Effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted, if the entity has already adopted ASU 2014-04.	Effective for annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Early adoption is permitted, if the entity has already adopted ASU 2014-04.

EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASU 2014-04, *Reclassification of Residential Real Estate collateralized consumer Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force)*	Effective for annual periods and interim periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted. An entity can elect to adopt the amendments using either a modified retrospective transition method or a prospective transition method.	Effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted. An entity can elect to adopt the amendments using either a modified retrospective transition method or a prospective transition method.
ASC 323, Investments – Equity Method and Joint Ventures		
ASU 2014-01, *Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the FASB Emerging Issues Task Force)*	Effective for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted. If adopted, the amendments should be applied retrospectively to all periods presented. A reporting entity that uses the effective yield method to account for its investments in qualified affordable housing projects before the date of adoption may continue to apply the effective yield method for those preexisting investments.	Effective for annual periods beginning after December 15, 2014, and interim periods within annual reporting periods beginning after December 15, 2015. Early adoption is permitted. If adopted, the amendments should be applied retrospectively to all periods presented. A reporting entity that uses the effective yield method to account for its investments in qualified affordable housing projects before the date of adoption may continue to apply the effective yield method for those preexisting investments.
ASC 330, Inventory		
ASU 2015-11, *Simplifying the Measurement of Inventory*	Effective prospectively for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted as of the beginning of an interim or annual reporting period. If an entity has previously written down inventory (within the scope of the ASU) below its cost, that reduced amount is considered the cost upon adoption. Upon adoption, the change from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of the ASU will be accounted for as a change in accounting principle	Effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted as of the beginning of an interim or annual reporting period. If an entity has previously written down inventory (within the scope of the ASU) below its cost, that reduced amount is considered the cost upon adoption. Upon adoption, the change from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of the ASU will be accounted for as a change in accounting principle
ASC 350, Intangibles—Goodwill and Other		
ASU 2015-05,*Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*	Effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. An entity can elect to adopt the amendments either (1) prospectively to all arrangements entered into or materially modified after the effective date or (2) retrospectively.	Effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. An entity can elect to adopt the amendments either (1) prospectively to all arrangements entered into or materially modified after the effective date or (2) retrospectively.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASU 2014-02, *Accounting for Goodwill (a consensus of the Private Company Council)*	Not applicable to public entities.	The accounting alternative, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted, including application to any period for which the entity's annual or interim financial statements have not yet been made available for issuance.
ASC 360, Property, Plant, and Equipment		
ASU 2014-08 *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*	Effective for annual periods beginning on or after December 15, 2014, and interim periods within those years. Entities should not apply the amendments to a component of an entity (or a business or nonprofit activity) that is classified as held for sale before the effective date even if it is disposed of after the effective date. That is, the ASU must be adopted prospectively. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been previously reported in the financial statements.	Effective for annual periods beginning on or after December 15, 2014, and interim periods within annual periods beginning on or after December 15, 2015. Entities should not apply the amendments to a component of an entity (or a business or nonprofit activity) that is classified as held for sale before the effective date even if it is disposed of after the effective date. That is, the ASU must be adopted prospectively. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been previously reported in the financial statements.
ASC 405, Liabilities		
ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force)*	Effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. Early adoption is permitted. Retrospective application is required for all periods presented. Entities are permitted to use hindsight when determining the appropriate amount to be recorded in prior periods.	Effective for fiscal years ending after December 31, 2014 and interim and annual periods thereafter. Early adoption is permitted. Retrospective application is required for all periods presented. Entities are permitted to use hindsight when determining the appropriate amount to be recorded in prior periods.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

<table>
<tr><th>PRONOUNCEMENT</th><th>EFFECTIVE DATE - PUBLIC</th><th>EFFECTIVE DATE – NON PUBLIC</th></tr>
<tr><td colspan="3">ASC 606, Revenue</td></tr>
<tr><td>ASU 2014-09, Revenue from Contracts with Customers

ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date</td><td>Effective for annual periods beginning after December 15, 2017, including interim periods therein. Entities may adopt using a retrospective approach (with certain optional practical expedients) or a cumulative effect approach. Under the this alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. GAAP at the date of initial application (e.g. January 1, 2018) and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. That is, prior years would not be restated and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current year compared to prior years that are presented under legacy U.S. GAAP. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim periods within that year.</td><td>Effective for annual periods beginning after December 15, 2018. In addition, the new standard is effective for interim periods within annual periods that begin after December 15, 2019. The same transition alternatives apply.

Early adoption is permitted as of either:

▶ An annual reporting period beginning after December 15, 2016, including interim periods within that year, or

▶ An annual reporting period beginning after December 15, 2016 and interim periods within annual reporting periods beginning one year after the annual period in which the entity first applies the new standard.</td></tr>
<tr><td colspan="3">ASC 715, Compensation—Retirement Benefits</td></tr>
<tr><td>ASU 2015-04, Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets</td><td>Effective prospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.</td><td>Effective prospectively for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted.</td></tr>
<tr><td colspan="3">ASC 718, Compensation—Stock Compensation</td></tr>
<tr><td>ASU 2014-12, Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)</td><td>Effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted.

Entities may apply the amendments either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. If retrospective transition is adopted, the cumulative effect of applying this ASU as of the beginning of the earliest annual period presented in the financial statements should be recognized as an adjustment to the opening retained earnings balance at that date. Additionally, if retrospective transition is adopted, an entity may use hindsight in measuring and recognizing the compensation cost.</td><td>Effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted.

Entities may apply the amendments either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. If retrospective transition is adopted, the cumulative effect of applying this ASU as of the beginning of the earliest annual period presented in the financial statements should be recognized as an adjustment to the opening retained earnings balance at that date. Additionally, if retrospective transition is adopted, an entity may use hindsight in measuring and recognizing the compensation cost.</td></tr>
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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 740, Income Taxes		
ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*	Effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted as of the beginning of any interim or annual reporting period.	Effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted as of the beginning of any interim or annual reporting period.
ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)*	Effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted.	Effective for fiscal years and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted.
ASC 805, Business Combinations		
ASU 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*	Effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted.	Effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted.
ASU 2015-08, *Pushdown Accounting—Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115 (SEC Update)*	SAB 115 became effective November 21, 2014.	Not applicable to private entities.
ASU 2014-18, *Accounting for Identifiable Intangible Assets in a Business Combination (a consensus of the Private Company Council)*	Not applicable to public entities.	If elected, the accounting alternative should be applied to eligible transactions in fiscal years beginning after December 15, 2015. Specifically, if the first eligible 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 eligible 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 first in-scope 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.
ASU 2014-17, *Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force)*	Effective on November 18, 2014. After the effective date, an acquired entity can make an election to apply the guidance to future change-in-control events or to its most recent change-in-control event.	Effective on November 18, 2014. After the effective date, an acquired entity can make an election to apply the guidance to future change-in-control events or to its most recent change-in-control event.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 810, Consolidation		
ASU 2015-02, *Amendments to the Consolidation Analysis*	Effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015.	Effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017.
ASU 2014-13, *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity*	Effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted as of the beginning of an annual period. Entities may adopt using either a full or modified retrospective approach. The modified approach only impacts the annual period of adoption by recording a cumulative-effect adjustment to equity.	Effective for annual periods beginning after December 15, 2016, and interim and annual periods thereafter. Early adoption is permitted as of the beginning of an annual period. Entities may adopt using either a full or modified retrospective approach. The modified approach only impacts the annual period of adoption by recording a cumulative-effect adjustment to equity.
ASU 2014-07, *Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements (a consensus of the Private Company Council)*	Not applicable to public entities.	If elected, the accounting alternative is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early application is permitted, including application to any period for which the entity's annual or interim financial statements have not yet been made available for issuance. The accounting alternative should be applied retrospectively to all periods presented. Prospective adoption is not permitted.
ASC 815, Derivatives and Hedging		
ASU 2015-03, *Application of the Normal Purchases and Normal Sales Exception to Certain Electricity Contracts within Nodal Energy Markets*	Effective upon issuance and should be applied prospectively. An entity will have the ability to designate qualifying contracts that are entered into on or after the effective date of the ASU as normal purchases and normal sales (NPNS). Because an entity may elect the NPNS scope exception at contract inception or at a later date, it also will be able to designate qualifying contracts entered into before the effective date as NPNS, but only prospectively.	Effective upon issuance and should be applied prospectively. An entity will have the ability to designate qualifying contracts that are entered into on or after the effective date of the ASU as normal purchases and normal sales (NPNS). Because an entity may elect the NPNS scope exception at contract inception or at a later date, it also will be able to designate qualifying contracts entered into before the effective date as NPNS, but only prospectively.
ASU 2014-16, *Derivatives and Hedging (Topic 815): 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)*	Effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015.	Effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASU 2014-03, *Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps – Simplified Hedge Accounting Approach (a consensus of the Private Company Council)*	Not applicable to public entities.	If elected, the simplified hedge accounting approach will be effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted, and private companies are able (but not required) to adopt the new standards for December 31, 2013 year-end financial statements that are not yet available for issuance. Private companies have the option to apply the amendments using either a modified or full retrospective approach.
ASC 820, Fair Value Measurement		
ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (a consensus of the Emerging Issues Task Force)*	Effective retrospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.	Effective retrospectively for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted.
ASC 830, Foreign Currency Matters		
ASU 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)*	Effective prospectively for all entities with derecognition events after the effective date. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. Early adoption is permitted. If early adoption is elected, the guidance should be applied as of the beginning of the entity's fiscal year of adoption.	Effective prospectively for all entities with derecognition events after the effective date. The guidance is effective for fiscal years beginning after December 31, 2014 and interim and annual periods thereafter. Early adoption is permitted. If early adoption is elected, the guidance should be applied as of the beginning of the entity's fiscal year of adoption.
ASC 835, Interest		
ASU 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting)*	Effective upon issuance.	Effective upon issuance.
ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*	Effective retrospectively for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted.	Effective retrospectively for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 853, Service Concession Arrangements		
ASU 2014-05, *Service concession Arrangements (a consensus of the FASB Emerging Issues Task Force)*	Effective for annual periods and interim periods within those annual periods beginning after December 15, 2014. Early adoption is permitted. The amendments should be applied on a modified retrospective basis, to all arrangements existing at the beginning of the fiscal year of adoption and to all arrangements entered into after that date.	Effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted. The amendments should be applied on a modified retrospective basis, to all arrangements existing at the beginning of the fiscal year of adoption and to all arrangements entered into after that date.
ASC 860, Transfers and Servicing		
ASU 2014-11, *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*	The accounting changes and disclosure for certain transactions accounted for as a sale are effective for the first period (interim or annual) beginning after December 15, 2014. Earlier application for a public business entity is prohibited. The disclosure for transactions accounted for as secured borrowings is required for annual periods beginning after December 15, 2014, and for interim periods after March 15, 2015.	The accounting changes and both new disclosures are effective for annual periods beginning after December 15, 2014 and interim periods after December 15, 2015. These entities may elect early application and apply the requirements for interim periods beginning after December 15, 2014.
ASC 915, Development Stage Entities		
ASU 2014-10, *Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*	**DSE requirements** – Effective for annual reporting periods beginning after December 15, 2014 and interim periods therein. While the elimination of the DSE financial reporting requirements applies retrospectively, the new disclosures about related risks and uncertainties are required prospectively. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance. **Consolidation update** – Effective for annual reporting periods beginning after December 15, 2015 and interim periods therein. The amendments apply retrospectively and also generally incorporate the transition provisions of Statement 167 to address situations in which it may not be practicable to obtain the necessary information for prior years. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance.	**DSE requirements** – Effective for annual reporting periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015. While the elimination of the DSE financial reporting requirements applies retrospectively, the new disclosures about related risks and uncertainties are required prospectively. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance. **Consolidation update** – Effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods beginning after December 15, 2017. The amendments apply retrospectively and also generally incorporate the transition provisions of Statement 167 to address situations in which it may not be practicable to obtain the necessary information for prior years. Early adoption is permitted for financial statements that have not yet been issued or made available for issuance.

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EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS *(continued)*

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 944, Financial Services—Insurance		
ASU 2015-09, *Disclosures about Short-Duration Contracts*	Effective for annual reporting periods beginning after December 15, 2015 and interim reporting periods within annual periods beginning after December 15, 2016. Early adoption is permitted.	Effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods within annual periods beginning after December 15, 2017. Early adoption is permitted.
ASC 958, Not-for-Profit Entities		
ASU 2013-06, *Services Received from Personnel of an Affiliate*	Not applicable to public entities.	Effective prospectively for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets of the earliest period presented. Early adoption is permitted.
ASC 960, Defined Benefit Pension Plans		
ASU 2015-12, *(Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*	Effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for all parts individually or in the aggregate. Part II of the ASU should be applied retrospectively, while Part III should be applied prospectively.	Effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for all parts individually or in the aggregate. Part II of the ASU should be applied retrospectively, while Part III should be applied prospectively.
ASC 962, Defined Contribution Pension Plans		
ASU 2015-12, *(Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*	Effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for all three parts individually or in the aggregate. Parts I and II of the ASU should be applied retrospectively, while Part III should be applied prospectively.	Effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for all three parts individually or in the aggregate. Parts I and II of the ASU should be applied retrospectively, while Part III should be applied prospectively.
ASC 962, Health and Welfare Benefit Plans		
ASU 2015-12, *(Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*	Effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for all three parts individually or in the aggregate. Parts I and II of the ASU should be applied retrospectively, while Part III should be applied prospectively.	Effective for fiscal years beginning after December 15, 2015. Early adoption is permitted for all three parts individually or in the aggregate. Parts I and II of the ASU should be applied retrospectively, while Part III should be applied prospectively.
Other		
ASU 2015-10, *Technical Corrections and Improvements*	Transition guidance varies based on the individual amendments. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments became effective upon issuance.	Transition guidance varies based on the individual amendments. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments became effective upon issuance.