

A woman with long dark hair, wearing a dark blue blazer over a light-colored patterned blouse, is looking down at a blue smartphone in her right hand. She is also holding a blue folder or tablet in her left hand. The background is a blurred modern building with glass windows. There are two red vertical bars on the left side of the image.

New Accounting Standards Upcoming Effective Dates for Public and Private Companies

December 2022



In this publication, we've summarized the new accounting standards with mandatory¹ effective dates in the first quarter of 2023 for public entities, as well as new standards that take effect in annual 2022 financial statements for nonpublic entities. Those effective dates reflect the deferral of certain major standards provided in ASU 2019-10. We have also included links to BDO's guidance on each pronouncement as applicable.

In the next filing season, calendar year-end public entities will prepare their annual 2022 financial statements, followed closely by their March 31, 2023 first quarter reports. The 2022 annual filings will disclose under SAB 74 the anticipated effects that the FASB's new standards will have on the financial statements when they are adopted. Any standards issued after the date of this publication are unlikely to impact first quarter financial statements but should be considered in preparing SAB 74 disclosures. For many public entities, the most significant first quarter change will be adoption of recent changes to contract assets and contract liabilities acquired in a business combination.²

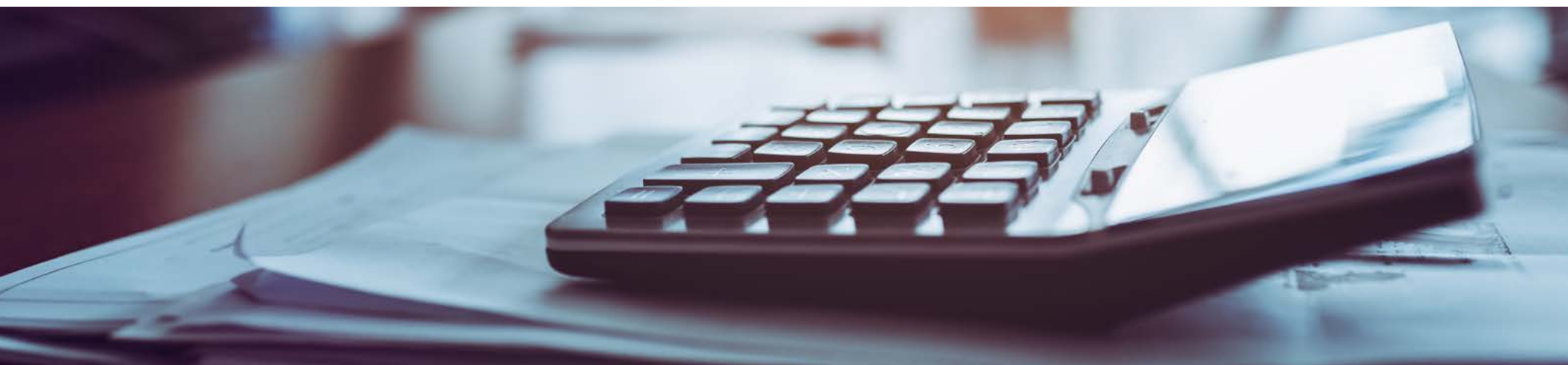
On a similar timeline, calendar year-end nonpublic entities will prepare their annual 2022 financial statements reflecting standards that took effect in 2022. Nonpublic entities that report on a calendar year should adopt the new leases³ standard effective January 1, 2022 for a calendar year-end reporting date as of December 31, 2022.

Early adoption is generally permitted for all of the standards summarized herein, but each ASU has specific transition guidance and early adoption may have been limited to certain periods or circumstances. Please refer to BDO's alerts for more information.

¹ Standards that become effective later but that can be early adopted currently are excluded.

² ASU 2021-08, *Accounting for Contract Assets and Contract Liabilities From Contracts with Customers*.

³ ASC 842, *Leases*.



ACCOUNTING STANDARDS UPDATES EFFECTIVE FOR CALENDAR-YEAR PUBLIC ENTITIES AS OF JANUARY 1, 2023

Pronouncement	Effective Date	BDO Alert
ASC 326, Financial Instruments-Credit Losses		
ASU 2022-02 , <i>Troubled Debt Restructurings and Vintage Disclosures</i>	<p>For entities that have adopted the amendments in ASU 2016-13, the amendments in ASU 2022-02 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.</p> <p>For entities that have not yet adopted the amendments in ASU 2016-13, the effective dates for the amendments in ASU 2022-02 are the same as the effective dates in ASU 2016-13.</p>	ASU 2022-02 Alert
ASC 405-50, Liabilities Supplier Finance Programs		
ASU 2022-04 , <i>Disclosure of Supplier Finance Program Obligations</i>	Effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023.	ASU 2022-04 Alert
ASC 805, Business Combinations		
ASU 2021-08 , <i>Accounting for Contract Assets and Contract Liabilities from Contracts with Customers</i>	Effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.	ASU 2021-08 Alert
ASC 815, Derivatives and Hedging		
ASU 2022-01 , <i>Fair Value Hedging — Portfolio Layer Method</i>	Effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.	ASU 2022-01 Alert
ASC 944, Financial Services, Insurance		
ASU 2018-12 , <i>Financial Services-Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts</i>	<p>For public business entities that meet the definition of an SEC filer and are not SRCs, LDTI is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.</p> <p>Those effective dates reflect the deferral provided in ASU 2020-11.</p>	ASU 2018-12 Alert

ACCOUNTING STANDARDS UPDATES EFFECTIVE FOR CALENDAR-YEAR NONPUBLIC ENTITIES AS OF JANUARY 1, 2022

Pronouncement	Effective Date	BDO Alert
ASC 715-20, Compensation-Retirement Benefits-Defined Benefit Plans		
ASU 2018-14 , <i>Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans</i>	Effective for fiscal years ending after December 15, 2021.	ASU 2018-14 Alert
ASC 740, Income Taxes		
ASU 2019-12 , <i>Simplifying the Accounting for Income Taxes</i>	Effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.	ASU 2019-12 Alert
ASC 321, Investments Equity Securities ASC 323, Investments-Equity Method and Joint Ventures ASC 815, Derivatives and Hedging		
ASU 2020-01 , <i>Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the Emerging Issues Task Force)</i>	Effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years.	ASU 2020-01 Alert

Pronouncement	Effective Date	BDO Alert
ASC 842, Leases		
<p>▶ ASU 2016-02-Leases (Topic 842) Section A, <i>Leases: Amendments to the FASB Accounting Standards Codification</i> Section B, <i>Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification</i> Section C, <i>Background Information and Basis for Conclusions</i></p> <p>▶ ASU 2018-01, <i>Land Easement Practical Expedient for Transition to Topic 842</i></p> <p>▶ ASU 2018-10, <i>Codification Improvements to Topic 842, Leases</i></p> <p>▶ ASU 2018-11, <i>Targeted Improvements</i></p> <p>▶ ASU 2018-20, <i>Narrow-Scope Improvements for Lessors</i></p> <p>▶ ASU 2019-01, <i>Codification Improvements</i></p> <p>▶ ASU 2019-10, <i>Effective Dates</i></p> <p>▶ ASU 2021-09, <i>Discount Rate for Lessees That Are Not Public Business Entities</i></p>	<p>For private companies and private NFPs, the leasing standard is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.</p> <p>Those effective dates reflect the deferral provided in ASU 2020-05.</p> <p>The amendments in this ASU are required to be adopted concurrently with ASU 842.</p>	<p>ASU 2016-02 Alert</p> <p>BDO Leases Resource Center</p> <p>ASU 2021-09 Alert</p>
ASC 205-10, Presentation of Financial Statements-Overall		
ASU 2020-10 , <i>Codification Improvements</i>	Effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022.	N/A
ASC 310-20, Nonrefundable Fees and Other Costs		
ASU 2020-08 , <i>Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs</i>	Effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022.	N/A

Pronouncement	Effective Date	BDO Alert
ASC 958, Not-for-Profit Entities		
ASU 2020-07 , <i>Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets</i>	Effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.	ASU 2020-07 Alert
ASC 260, Earnings Per Share ASC 470-50, Debt Modifications and Extinguishments ASC 718, Stock Compensation ASC 815-40, Derivatives and Hedging		
ASU 2021-04 , <i>Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options</i>	Effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.	ASU 2021-04 Alert
ASC 718, Compensation-Stock Compensation		
ASU 2021-07 , <i>Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards (a consensus of the Private Company Council)</i>	Effective prospectively for all qualifying awards granted or modified during fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.	ASU 2021-07 Alert
ASC 832, Government Assistance		
ASU 2021-10 , <i>Disclosures by Business Entities about Government Assistance</i>	Effective for annual periods beginning after December 15, 2021.	ASU 2021-10 Alert

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