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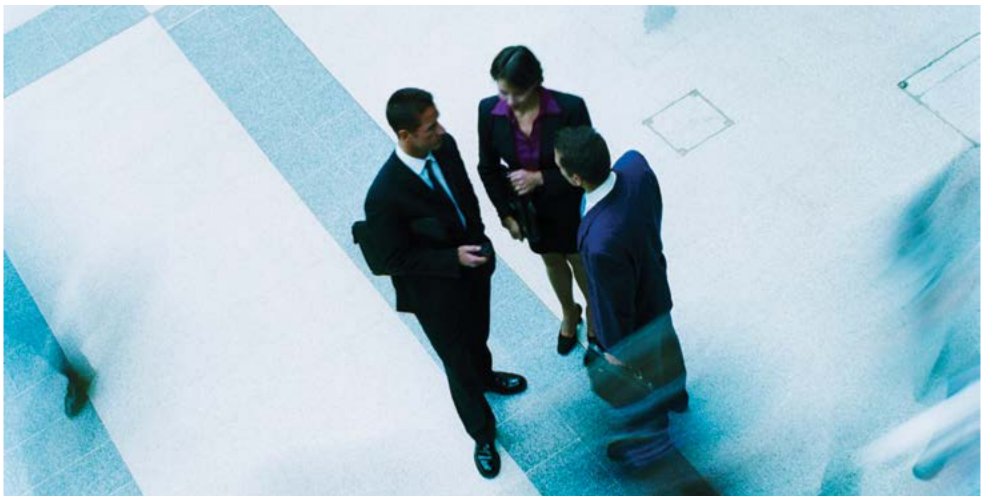
THE NEWSLETTER FROM BDO'S NATIONAL ASSURANCE PRACTICE

BDO KNOWS: FASB



2014 ACCOUNTING YEAR IN REVIEW

BALANCING ACT

During 2014 the Financial Accounting Standards Board (FASB) made progress on several major, long-term projects, while also issuing guidance to resolve known practice issues. The most notable achievement during the year was the issuance of a substantially converged revenue recognition standard by the FASB and the International Accounting Standards Board (IASB) that is scheduled to take effect in 2017. The Boards continued to work together 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 2015. Overall, the FASB continues to strive for clarity, looking to reduce complexity in U.S. GAAP where possible under its Simplification Initiative. The FASB also issued several accounting alternatives for private entities developed by the Private Company Council (PCC), which are designed to strike a better balance between costs and benefits for stakeholders.

Our year in review letter summarizes the year's most significant changes in guidance and what to expect in 2015. 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 http://www.fasb.org/home located under the *Standards* tab, *Accounting Standards Updates*.

During 2014, the FASB issued 18 Accounting Standard Updates (ASUs), covering the following topics:

Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the FASB Emerging Issues Task Force)

Applicable to: All entities that invest in qualified affordable housing projects through limited liability entities that are flow-through entities for tax purposes.

Summary: ASU 2014-01 permits a reporting entity that invests in qualified affordable housing projects to account for the investments using a proportional amortization method if certain conditions are met. If an entity elects the proportional amortization method, it will amortize the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognize the net investment performance in the income statement as a component of income tax expense. Otherwise, the entity would apply either the equity method or the cost method, as appropriate.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU is effective for public business entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. For all entities other than public business entities, the amendments are 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 ASU should be applied retrospectively to all periods presented.

Accounting for Goodwill (a consensus of the Private Company Council)

Applicable to: Any entity other than a not-for-profit entity, an employee benefit plan, or a public business entity (PBE) as defined by ASU 2013-12.

Summary: ASU 2014-02 grants private companies the option of amortizing goodwill over ten years, or a shorter period if that period is more appropriate. Entities making the election will test goodwill for impairment only when a triggering event occurs, instead of annually. In that situation, entities will elect to perform the test either at an entity-wide level or the reporting unit level. The amount of impairment, if any, would be determined by comparing the fair value of the entity (or reporting unit) to its carrying amount. A hypothetical purchase-price allocation (also commonly referred to as "Step 2") does not apply.

For additional information, refer to BDO's Financial Reporting Newsletter.

Effective Date and Transition: If elected, the accounting alternative 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 adoption is permitted.

Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach (a consensus of the Private Company Council)

Applicable to: Any entity other than a not-for-profit entity, an employee benefit plan, a financial institution, or a PBE as defined by ASU 2013-12.

Summary: ASU 2014-03 grants private companies the option to assume no ineffectiveness in a qualifying receive-variable, pay-fixed interest rate swap that is designated in a cash flow hedging relationship when certain specified criteria are met. That is, detailed hedge

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effectiveness testing would not be required. In addition, the hedge documentation may be prepared any time prior to issuing the annual financial statements, instead of contemporaneously at hedge inception. Private companies also may record the swap on the balance sheet at its settlement value, which excludes nonperformance risk, rather than fair value. The simplified hedge accounting results in presenting interest expense in the income statement as if the entity had directly entered into a fixed-rate borrowing, instead of a variable-rate borrowing and a swap.

For additional information, refer to BDO's Financial Reporting Newsletter.

Effective Date and Transition: If elected, the accounting alternative should be applied to annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted. Transition methods include a full retrospective or a modified retrospective approach.

Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force)

Applicable to: All creditors who obtain physical possession resulting from an in-substance repossession or foreclosure of residential real estate property collateralizing a consumer mortgage loan in satisfaction of a receivable. The ASU does not apply to commercial real estate loans, as the foreclosure processes and applicable laws for those assets are significantly different from residential real estate.

Summary: ASU 2014-04 clarifies that a creditor is considered to have physical possession of residential real estate that is collateral for a residential mortgage loan when it obtains legal title to the collateral or a deed in lieu of foreclosure or similar legal agreement is completed. Consequently, it should reclassify the loan to other real estate owned at that time. The new guidance is intended to resolve the diversity in current practice as to when a creditor should reclassify a loan to real estate on the balance sheet.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For all other entities, the amendments in this Update are effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted. Transition methods include a modified retrospective or a prospective approach.

Service Concession Arrangements (a consensus of the FASB Emerging Issues Task Force)

Applicable to: All entities.

Summary: ASU 2014-05 clarifies the accounting treatment for service concession arrangements. The ASU defines a service concession arrangement as a contract under which a public sector entity such as a governmental body grants a private entity the right to operate and/or maintain the grantor's infrastructure asset(s). Examples include airports, roads, bridges, tunnels, prisons, and hospitals. The infrastructure already may exist or may be constructed by the operating entity during the period of the service concession arrangement. If the infrastructure already exists, the operating entity may be required to provide significant upgrades as part of the arrangement. Typically, a grantor pays an operating entity to operate and maintain for a period of time the infrastructure in order to provide a public service.

The ASU clarifies that the infrastructure that is the subject of such a service concession arrangement should not be recognized as property, plant, and equipment of the operating entity, nor should it be accounted for as a lease in accordance with Topic 840. Instead, an operating entity should refer to other U.S. GAAP as applicable to account for various aspects of a service concession arrangement, for example, Revenue Recognition under Topic 605.

Effective Date and Transition: The ASU is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For all entities other than public business entities, the amendments are 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 ASU should be applied on a modified retrospective basis to service concession arrangements that exist at the beginning of an entity's fiscal year of adoption.

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Technical Corrections and Improvements Related to Glossary Terms

Applicable to: All reporting entities.

Summary: ASU 2014-06 makes numerous detailed amendments related to ASC Master Glossary terms, covering a wide range of Topics in the Codification. The amendments in this Update are not expected to result in substantive changes to the application of existing guidance.

Effective Date and Transition: The amendments in this Update do not have transition guidance and became effective upon issuance for both public entities and nonpublic entities.

Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements (a consensus of the Private Company Council)

Applicable to: Any entity other than a not-for-profit entity, an employee benefit plan, or a PBE as defined by ASU 2013-12.

Summary: ASU 2014-07 grants private companies the option not to apply the variable interest entity (VIE) consolidation guidance to certain common control leasing arrangements. Therefore, a private company lessee that meets the eligibility criteria and elects not to apply the VIE guidance would account for its lease under Topic 840 as either an operating or capital lease, as appropriate. Application of the exemption is an accounting policy election that the private company must apply to all legal entities that meet the eligibility criteria. If elected, certain incremental disclosures are required.

For additional information, refer to BDO's Financial Reporting Newsletter.

Effective Date and Transition: If elected, the accounting alternative should be applied retrospectively to all periods presented. The alternative is effective for annual periods beginning after December 15, 2014, and interim periods within annual periods beginning after December 15, 2015. Early adoption is permitted.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

Applicable to: All entities. Specifically, the amendments apply to a component of an entity that either is disposed of or meets the held for sale criteria in Topic 205. They also apply to a business or nonprofit activity that, on acquisition, meets the held for sale criteria.

Summary: ASU 2014-08 is intended to simplify U.S. GAAP by changing the criteria for reporting discontinued operations. The ASU revises the definition of a discontinued operation to include those disposals of a component of an entity or a group of components of an entity, a business, or nonprofit activity representing a strategic shift that has (or will have) a major effect on an entity's operations and financial results.

The amendments require an entity to present the assets and liabilities of a disposal group that includes a discontinued operation separately in the asset and liability sections of the balance sheet, for both current and prior periods. The amendments do not change the presentation guidance for the income statement. The amendments eliminate the current requirement in U.S. GAAP to assess continuing cash flows and continuing involvement with the disposal group. Certain incremental disclosures are also required.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU is effective for public business entities and certain not-for-profit entities for annual periods beginning on or after December 15, 2014, and interim periods within those years. The amendments are effective for all other entities 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.

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Revenue from Contracts with Customers

Applicable to: All entities.

Summary: ASU 2014-09 establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance such as the real estate, construction and software industries. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. To accomplish this objective, the standard requires five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, (v) recognize revenue when (or as) the entity satisfies a performance obligation. Entities will generally be required to make more estimates and use more judgment than under current guidance, which will be highlighted for users through increased disclosure requirements.

Effective Date and Transition: The ASU is effective for public entities for annual periods beginning after December 15, 2016, including interim periods therein. Early adoption is prohibited for public entities.

The ASU is effective for nonpublic entities for annual periods beginning after December 15, 2017, and for interim periods within annual periods that begin after December 15, 2018. Nonpublic entities have the option to early adopt, but not before the effective date for public entities. For both public and nonpublic entities, two basic transition methods are available — full retrospective for which certain practical expedients are available, and a cumulative effect approach.

BDO OBSERVATION:

The FASB and IASB have established the Joint Transition Resource Group (TRG) for Revenue Recognition, which met for the first time in July 2014, and again in October. The purpose of the group is to solicit, analyze, and discuss stakeholder issues arising from implementation of the recently issued revenue standard; to inform the FASB and IASB about those implementation issues, which will help the Boards determine what, if any, action will be needed to address those issues; and to provide a forum for stakeholders to learn about the new guidance from others involved with implementation.

At the October meeting, the FASB indicated it is exploring the need for a deferral of the effective dates noted above, citing stakeholders' implementation questions about the new standard. The Board is expected to decide whether a deferral is warranted during the first half of 2015.

BDO offers many publications, webinars, and other resources on the new standard. For more information, see our Revenue Recognition Resource Center, which includes an archived webinar summarizing the initial meetings of the TRG.

Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation

Applicable to: All entities.

Summary: ASU 2014-10 eliminates the concept of a development stage entity (DSE) from U.S. GAAP, as well as the previous requirements to present certain inception-to-date information in the financial statements and footnotes. In lieu of those requirements, the ASU establishes a new disclosure requirement in Topic 275, which states "An entity that has not commenced principal operations shall provide disclosures about the risks and uncertainties related to the activities in which the entity is currently engaged and an understanding of what those activities are being directed toward."

The new standard also eliminates an exception previously contained within the VIE consolidation guidance. Topic 810 indicates an entity is a VIE if it lacks certain characteristics. One of those characteristics addresses whether the entity has a sufficient amount of equity at risk. An interest holder in a DSE previously made that assessment based on whether the amount of invested equity was sufficient to permit the entity to finance the activities that it was currently engaged in, and, whether the entity's governing documents allowed for additional equity investments. This assessment differed from that required of non-DSEs. It generally resulted in DSEs being able to conclude they were not

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VIEs with less equity than would otherwise be required. The ASU eliminates the DSE exception in Topic 810. As a result of eliminating this exception, all entities will use the same benchmark to determine whether a sufficient amount of equity at risk exists.

For additional information, refer to BDO's [Flash Report].

Effective Date and Transition: The new standard provides separate transition guidance for the rescission of the DSE requirements and for the update to the consolidation guidance in Topic 810.

DSE requirements — For public business entities, the amendments are effective for annual reporting periods beginning after December 15, 2014 and interim periods therein. All other entities will apply the same effective date for annual periods, i.e., those periods that begin after December 15, 2014. However, the amendments are applicable to the interim periods of non-public business entities that begin after December 15, 2015. The rescission of the DSE reporting requirements applies retrospectively.

In addition, ASU 2014-10 introduces new disclosure requirements about the reporting entity's risks and uncertainties that apply based on the effective dates above. While the elimination of the DSE requirements applies retrospectively, the new disclosures are required prospectively.

Early adoption is permitted for financial statements that have not yet been issued or made available for issuance.

Consolidation update — Public business entities will apply the amendments to Topic 810 for annual reporting periods beginning after December 15, 2015 and interim periods therein. All other entities will apply them for annual reporting periods beginning after December 15, 2016 and interim reporting periods beginning after December 15, 2017.

The amendments apply retrospectively and generally incorporate the transition provisions of Statement 167. That is, the impact on whether an entity is considered a VIE and who, if anyone, is the primary beneficiary is performed as of the date that the reporting entity first became involved with the potential VIE or the most recent reconsideration date. This could be many years in the past and the transition provisions address situations in which it may not be practicable to obtain the information that is necessary to perform the analysis at those dates.

Early adoption of the amendments to Topic 810 is permitted for financial statements that have not yet been issued or made available for issuance.

Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures

Applicable to: All entities.

Summary: ASU 2014-11 changes the accounting for repurchase-to-maturity transactions and certain linked repurchase financings, which will result in accounting for both types of arrangements as secured borrowings on the balance sheet. Specifically:

- Repurchase-to-maturity transactions will be accounted for as secured borrowing transactions on the balance sheet. Previously, they were accounted for as sales when certain conditions were met.
- For repurchase financing arrangements, an entity will account separately for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty. This will also generally result in secured borrowing accounting for the repurchase agreement.

The ASU also requires new disclosures to (i) increase transparency about the types of collateral pledged in secured borrowing transactions and (ii) enable users to better understand transactions in which the transferor retains substantially all of the exposure to the economic return on the transferred financial asset throughout the term of the transaction.

For additional information, refer to BDO's [Flash Report].

Effective Date and Transition: For public business entities, the disclosure for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings is required to be presented for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. All other accounting and disclosure amendments in the ASU are effective for public business entities for the first interim or annual period beginning after December 15, 2014.

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For all other entities, the ASU's accounting and disclosure amendments are effective for annual periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015.

All entities are required to present changes in accounting for transactions outstanding on the effective date as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Earlier application for a public business entity is prohibited; however, all other entities may elect to apply the accounting changes for interim periods beginning after December 15, 2014. The disclosures are not required to be presented for comparative periods before the effective date.

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)

Applicable to: All entities.

Summary: ASU 2014-12 requires that a performance target included in a share-based payment award that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Therefore, under the existing stock compensation guidance in Topic 718, the performance target is not reflected in estimating the grant-date fair value of the award.

The amendments require compensation cost to be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. In current practice, two common performance targets—a change of control event and an IPO—are considered probable when they occur. Consequently, the award would be recognized in earnings at that time.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: For all entities, the amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted. Transition methods include prospective (to all awards granted or modified after the effective date) or retrospective (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).

Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity (a consensus of the FASB Emerging Issues Task Force)

Applicable to: All entities that are required to consolidate a CFE under the VIE consolidation guidance when the entity measures all financial assets and financial liabilities of the CFE at fair value, with changes in fair value recorded in earnings.

Summary: ASU 2014-13 addresses the measurement mismatch that often results from the difference between the fair value of the financial assets and financial liabilities of a consolidated collateralized financing entity (CFE). To eliminate that difference, the ASU provides an option for using the more observable of the fair value of the financial assets and the fair value of the financial liabilities of a CFE to measure both. In other words, the fair value of one is used as a proxy for the fair value of the other. If an entity does not elect the measurement alternative, it should continue applying the measurement guidance in Topic 820 to assets and liabilities that are carried at fair value in the financial statements.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. For entities other than public business entities, the amendments are 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. Transition methods include a full or modified retrospective approach.

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Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force)

Applicable to: All entities.

Summary: ASU 2014-14 addresses a practice issue related to the classification of certain foreclosed residential and nonresidential mortgage loans that are either fully or partially guaranteed under government programs. Specifically, it requires creditors to reclassify loans that are within the scope of the ASU to "other receivables" upon foreclosure when specific criteria are met. Creditors should not reclassify such loans to other real estate owned. The separate other receivable recorded upon foreclosure is to be measured based on the amount of the loan balance (principal and interest) the creditor expects to recover from the guarantor.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For all other entities, the amendments are effective for annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. Early adoption is permitted, if the entity has already adopted ASU 2014-04. Transition methods include a prospective method and a modified retrospective method; however, entities must apply the same transition method as elected under ASU 2014-04.

Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern

Applicable to: All entities.

Summary: ASU 2014-15 defines when and how companies are required to disclose going concern uncertainties, which must be evaluated each interim and annual period. Specifically, it requires management to determine whether substantial doubt exists regarding the entity's going concern presumption. Substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued (or available to be issued). If substantial doubt exists, certain disclosures are required; the extent of those disclosures depends on an evaluation of management's plans (if any) to mitigate the going concern uncertainty.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU is effective for annual periods ending after December 15, 2016, and to annual and interim periods thereafter. Early adoption is permitted. The ASU should be applied on a prospective basis.

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)

Applicable to: All entities.

Summary: ASU 2014-16 clarifies that entities should apply the "whole instrument" approach to determine whether the host contract in a hybrid instrument issued in the form of a share, e.g., convertible preferred stock, is more akin to debt or equity. The whole instrument approach considers all terms and features in a hybrid financial instrument including the embedded derivative feature that is being evaluated for separate accounting. The ASU includes implementation guidance on whether terms and features more closely resemble those of debt or equity, as well as a framework for evaluating those terms and features.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted. The ASU should be applied on either a full retrospective or a modified retrospective basis.

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Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force)

Applicable to: All entities.

Summary: ASU 2014-17 allows a reporting entity to apply pushdown accounting in its standalone financial statements when an acquirer obtains control of the reporting entity. The option is available for each individual change-in-control event. If elected, the reporting entity would adjust its standalone financial statements to reflect the acquirer's new basis in the acquired entity's assets and liabilities, and would provide relevant disclosures under the business combinations literature in Topic 805.

BDO OBSERVATION:

As a companion to the new ASU, the SEC staff issued Staff Accounting Bulletin No. 115 to rescind its legacy pushdown guidance for SEC registrants in Topic 5.J. Consequently, SEC registrants are not required to apply pushdown accounting in any circumstance, even when the change of control is greater than 95% of the outstanding equity. In addition, the "collaborative group" concept no longer applies, under which two or more investors' holdings in an acquiree may have been aggregated under Topic 5.J to evaluate pushdown accounting in the past.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: The ASU became effective upon issuance 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.

Accounting for Identifiable Intangible Assets in a Business Combination (a consensus of the Private Company Council)

Applicable to: Any entity other than a not-for-profit entity, an employee benefit plan, or a PBE as defined by ASU 2013-12.

Summary: ASU 2014-18 provides private companies that recognize intangible assets as a result of applying the acquisition method under Topic 805, accounting for equity method "basis differences" under Topic 323, or in connection with fresh-start accounting under Topic 852 with the option of not recognizing two basic types of intangible assets. Specifically, a private company may elect not to separately record (i) noncompetition agreements and (ii) customer-related intangible assets unless they are capable of being sold or licensed independently from the other assets of the business. Rather, those assets would be included in goodwill. Entities making the election are also required to elect the option to amortize goodwill under ASU 2014-02.

For additional information, refer to BDO's Flash Report.

Effective Date and Transition: 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. Once elected, the accounting alternative must be applied to all in-scope transactions on a prospective basis. Early application is permitted for any interim and annual financial statements that have not yet been made available for issuance.

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 http://www.fasb.org/home located under the *Exposure Documents* tab. In addition, BDO comment letters on proposals can be accessed at http://www.bdo.com/publications/assurance.

Leases

Applicable to: All entities.

Summary: During 2013, the Boards reproposed the joint leasing standard. For a discussion of the 2013 exposure draft, see BDO's Flash Report. The exposure draft was criticized by most constituents for its expected cost to implement and its complexity, and many questioned whether it would provide improved information to users of the financial statements.

During redeliberations in 2014, the Boards affirmed the basic right-of-use model that records leases on the balance sheet of a lessee. However, the Boards do not agree on how leases should be reflected in the income statement. The FASB continues to develop a dual model under which some leases result in a "front-loaded" expense effect due to amortization and interest, while other leases would result in an even straight-line expense over the lease term, similar to today's operating lease treatment. The IASB supports a single approach in which all leases result in a "front-loaded" effect.

With respect to lessors, both Boards believe a dual model is appropriate to distinguish between leases that are a financing/sale versus those that are not. However, the FASB plans to add one additional requirement based on the transfer of control principle in the new revenue recognition standard. For lessors, this is intended to make the lease classification test comparable with a vendor's approach to recognizing revenue for the sale of goods and services.

Significant redeliberation topics also included the definition of a lease and the scope of the standard, lease measurement provisions, balance sheet and cash flow presentation, and disclosures. A final standard is expected in 2015.

BDO OBSERVATION:

The Boards have recently reiterated a desire to issue a converged leasing standard and will attempt to resolve certain key differences in early 2015.

Financial Instruments

Applicable to: All entities.

Summary: To recap, this project will provide guidance for the classification, measurement, and impairment related to 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 as well as impairment. 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 should 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., held-to-maturity securities). 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

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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.

In contrast, the IASB incorporated in IFRS 9 an approach for the classification and measurement of financial assets which is based on the entity's business model and the instrument's cash flow characteristics, as well as an impairment model with two stages based on expected credit losses.

The FASB plans to complete its work on classification and measurement, as well as impairment, in 2015. Hedge accounting is being addressed as a separate project; substantive redeliberations are expected to commence in 2015. For the current status of joint FASB/IASB projects, refer to the FASB's Current Technical Plan and Project Updates and IASB's Work Plan for IFRSs.

Consolidation: Principal versus Agent

Applicable to: All entities with variable interest arrangements.

Summary: The FASB released the principal versus agent exposure draft in November 2011. The proposed amendments would have established a framework for determining whether a decision maker is using its power as a principal or an agent, with a separate qualitative analysis that ultimately affects whether the entity is a variable interest entity (VIE) and, if so, whether it should be consolidated. In addition, the proposal was intended to resolve an existing inconsistency in the way that kick-out and similar rights are evaluated for VIEs and all other entities. The ASU would also be used to evaluate whether a general partner controls a limited partnership (or similar entity), consistent with the analysis for evaluating VIEs.

Many respondents found the exposure draft to be operationally challenging, largely because it was not clear how the notion of a "principal" compared with a "primary beneficiary." In 2014, the Board discussed ways to better integrate these notions, using the same basic tenets of "power" and "economics." The final standard will also include revised related party guidance in VIE assessments. A final standard is expected by mid-2015.

Insurance Contracts

Applicable to: All entities.

Summary: The FASB and IASB continued redeliberations on their separate 2013 exposure drafts that would fundamentally change the scope of contracts subject to insurance accounting. That is, the proposals were not scoped in terms of insurance entities, but in terms of insurance contracts. This would have included third party product warranties, financial guarantees, minimum revenue guarantees, standby letters of credit, merger and acquisition guarantees, etc.

In light of the feedback received on the 2013 proposed Update, the FASB decided to limit the scope of its project to insurance entities as described in existing U.S. GAAP. The Board also decided to focus on making targeted improvements to existing U.S. GAAP, instead of more wholesale changes.

Emerging issues Task Force (EITF)

Summary: In addition to the final consensuses that were endorsed by the FASB and issued as ASUs during 2014 (see above), the EITF has issued two exposure drafts that are currently open for public comment. Further task force deliberations are planned in 2015:

- Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions – the Issue would specify that, for purposes of calculating historical earnings per unit of a master limited partnership (MLP) under the two-class method, the earnings (losses) of a transferred business before the date of a dropdown transaction would be allocated entirely to the general partner interest. In that circumstance, the previously reported earnings per unit of the limited partners (which is typically the earnings per unit measure presented in the financial statements) would not change as a result of the dropdown transaction. Qualitative disclosures would also be required about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs and its effect on earnings per unit.

- Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share – the amendments in this proposed Update would remove the requirement to categorize within the fair value hierarchy investments for which fair values are measured at net

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asset value using the practical expedient permitted by Topic 820. The proposed amendments would also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value practical expedient. Rather, those disclosures would be limited to investments for which the entity has elected to estimate the fair value using that practical expedient.

Simplification Initiative

Summary: The FASB published several exposure drafts during 2014 aimed at reducing cost and complexity in U.S. GAAP for preparers, without sacrificing useful information for investors:

- Measurement date for plan assets – the amendments would provide an accounting policy election to an employer with a fiscal year-end that does not fall at the end of a month. Under the election, the employer would (i) measure plans assets as of the end of the month that is closest to its fiscal year-end and (ii) measure the defined benefit liability as of that alternative measurement date. Employers would be required to include a reconciling item in the disclosures about the fair value and categories of plan assets and the Level 3 rollforward for contributions made between the measurement date and an employer's fiscal year-end.

- Presentation of debt issuance costs – the amendments would require entities to present debt issuance costs as a reduction of the debt liability for balance sheet presentation purposes, similar to how a debt discount or premium is presented.

- Customer's accounting for fees paid in a cloud computing arrangement - the amendments would help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (e.g., software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements). The proposed guidance would not change U.S. GAAP for a customer's accounting for software licenses or service contracts, rather it would help customers determine if a cloud computing arrangement includes a software license, and thus, whether to account for the arrangement as an acquisition of a software license (i.e., as an asset) or as a service contract (i.e., as an expense).

- Subsequent measurement of inventory – the amendments would require inventory to be measured at the lower of cost and *net realizable value*, which is defined in the Master Glossary as the "estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation." The amendments would eliminate the guidance in Topic 330 that requires a reporting entity also to consider the replacement cost of inventory and the net realizable value of inventory, less an approximately normal profit margin. The amendments would also revise Topic 330 to more clearly articulate the requirements for the measurement and disclosure of inventory.

- Eliminating the concept of extraordinary items[1] - the amendments would eliminate the requirements in Subtopic 225-20 for reporting entities to consider whether an underlying event or transaction is extraordinary, and if so, to separately classify, present, and disclose the event or transactions. However, the presentation and disclosure guidance for items that are unusual in nature or infrequently occurring would be retained.

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 2014, 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. To date, issues deliberated by FinREC include matters pertaining to the asset management, aerospace and defense and not-for-profit sectors.

1 ASU No. 2015-01, Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items, was issued in January, 2015 and is available at www.fasb.org.

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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.

Technical Practice Aid – FinREC discussed a proposed technical Q&A to be included in TIS Section 6140 about the accounting alternative for goodwill in ASU 2014-02 not being permitted in the consolidated financial statements of a not-for-profit entity even for its for-profit subsidiary.

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: http://www.cpa2biz.com.

BDO FINANCIAL REPORTING LETTERS & FLASH REPORTS

The full library of BDO's publications on financial reporting developments and comment letters can be accessed at http://www.bdo.com/publications/assurance/. It includes the following:

- Flash Reports – Newsletters that highlight financial reporting developments in a timely and brief "flash" 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 2013 have been included since many companies applied them for the first time in 2014, e.g., the first interim or annual period beginning on or after December 15, 2013. Standards that do not require adoption before 2015 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.
ASU 2013-07, *Liquidation Basis of Accounting*	Effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013. Early adoption is permitted.	Effective for entities that determine liquidation is imminent during annual reporting periods beginning after December 15, 2013. Early adoption is permitted.
ASC 220, Comprehensive Income		
ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*	Effective prospectively for reporting periods beginning after December 15, 2012.	Effective prospectively for reporting periods beginning after December 15, 2013. Early adoption is permitted.
ASC 230, Statement of Cash Flows		
ASU 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB Emerging Issues Task Force)*	Not applicable to public entities.	Effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Retrospective application to all prior periods presented upon the date of adoption is permitted. Early adoption from the beginning of the fiscal year of adoption is permitted. For fiscal years beginning before October 22, 2012, early adoption is permitted only if an NFP's financial statements for those fiscal years and interim periods within those years have not yet been 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 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.
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 in this update 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 in this update 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 in this Update 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 in this Update 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 350, Intangibles—Goodwill and Other		
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.

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

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
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.
ASC 606, Revenue		
ASU 2014-09 *Revenue from Contracts with Customers*	Effective for annual periods beginning after December 15, 2016, including interim periods therein. Three basic transition methods are available – full retrospective, retrospective with certain practical expedients, and 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, 2017) 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 prohibited.	Effective for annual periods beginning after December 15, 2017. In addition, the new standard is effective for interim periods within annual periods that begin after December 15, 2018. The same three transition alternatives apply. There are certain provisions that allow for nonpublic entities to early adopt.

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

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
ASC 718, Compensation—Stock Compensation		
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)*	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 in this Update 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 Update 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.	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 in this Update 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 Update 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.
ASC 720, Other Expenses		
ASU 2011-06, *Fees Paid to the Federal Government by Health Insurers (a consensus of the FASB Emerging Issues Task Force)*	Effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective.	Effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective.
ASC 740, Income Taxes		
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 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
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.
ASC 810, Consolidation		
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 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.

▶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 in this Update using either a modified or full retrospective approach.
ASU 2013-10, *Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (a consensus of the FASB Emerging Issues Task Force)*	Effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013.	Effective prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013.
ASC 820, Fair Value Measurement		
ASU 2013-09, *Deferral of the Effective Date of Certain Disclosures for Nonpublic Employee Benefit Plans in Update No. 2011-04*	Not applicable to public entities.	Effective upon issuance for financial statements that have not been issued.
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 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.

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

PRONOUNCEMENT	EFFECTIVE DATE - PUBLIC	EFFECTIVE DATE – NON PUBLIC
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.
ASC 926, Entertainment—Films		
ASU 2012-07, *Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs (a consensus of the FASB Emerging Issues Task Force)*	Effective for impairment assessments performed on or after December 15, 2012. The amendments resulting from this Issue should be applied prospectively. In addition, earlier application is permitted, including for impairment assessments performed as of a date before October 24, 2012, if, for SEC filers, the entity's financial statements for the most recent annual or interim period have not yet been issued.	Effective for impairment assessments performed on or after December 15, 2013. The amendments resulting from this Issue should be applied prospectively. In addition, earlier application is permitted, including for impairment assessments performed as of a date before October 24, 2012, if interim period financial statements have not yet been issued or, for all other entities, have not yet been 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 946, Financial Services – Investment Companies		
ASU 2013-08, *Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements*	Effective for an entity's interim and annual reporting periods in fiscal years that begin after December 15, 2013. Earlier application is prohibited.	Effective for an entity's interim and annual reporting periods in fiscal years that begin after December 15, 2013. Earlier application is prohibited.
ASC 954, Health Care Entities		
ASU 2012-01, *Continuing Care Retirement Communities – Refundable Advance Fees*	Effective for fiscal years beginning after December 15, 2012. Early adoption is permitted. Entities must apply the requirements retrospectively by recording a cumulative-effect adjustment to opening retained earnings (or unrestricted assets) as of the beginning of the earliest period presented.	Effective for fiscal years ending after December 15, 2013. Early adoption is permitted. Entities must apply the requirements retrospectively by recording a cumulative-effect adjustment to opening retained earnings (or unrestricted assets) as of the beginning of the earliest period presented.
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.
Other		
ASU 2014-06, *Technical Corrections and Improvements Related to the Glossary Terms*	The amendments resulting from this Update do not have transition guidance and will be effective upon issuance.	The amendments resulting from this Update do not have transition guidance and will be effective upon issuance.
ASU 2013-12, *Definition of a Public Business Entity (An Addition to the Master Glossary)*	There is no actual effective date for the amendment in this Update. However, the term public business entity will be used in Accounting Standards Updates No. 2014-01 and 2014-02, which are the first Updates that will use the term public business entity.	There is no actual effective date for the amendment in this Update. However, the term public business entity will be used in Accounting Standards Updates No. 2014-01 and 2014-02, which are the first Updates that will use the term public business entity.
ASU 2012-04, *Technical Corrections and Improvements*	The amendments in this Update that do not have transition guidance are effective upon issuance for both public entities and nonpublic entities. The amendments that are subject to the transition guidance will be effective for fiscal periods beginning after December 15, 2012.	The amendments in this Update that do not have transition guidance are effective upon issuance for both public entities and nonpublic entities. The amendments that are subject to the transition guidance will be effective for fiscal periods beginning after December 15, 2013.