

A woman in a dark blue business suit and white shirt is seated at a desk, working on a laptop. Her hands are on the keyboard. In the foreground, an open book with white pages is visible. The background is softly blurred, showing a green plant and a wooden desk. A vertical red bar is on the left side of the image.

New Accounting Standards Upcoming Effective Dates for Public and Private Companies

November 2021



In this publication, we've summarized the new accounting standards with mandatory¹ effective dates in the first quarter of 2022 for public entities, as well as new standards that take effect in annual 2021 financial statements for nonpublic entities. Those effective dates reflect the deferral of certain major standards provided in [ASU 2019-10](#) and [ASU 2020-05](#). 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 2021 financial statements, followed closely by their March 31, 2022 first quarter reports. The 2021 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 convertible instruments and warrants.²

On a similar timeline, calendar year-end nonpublic entities will prepare their annual 2021 financial statements reflecting standards that took effect in 2021. The FASB has deferred the effective date of the new leases³ standard until 2022 and the credit losses standard⁴ until 2023 for nonpublic entities.

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 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* and ASU 2021-04, *Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options*

³ ASC 842, *Leases*

⁴ ASC 326, *Measurement of Credit Losses on Financial Instruments, and related amendments.*



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

Pronouncement	Effective Date	BDO Alert
ASC 260, Earnings Per Share ASC 470-50, Debt— Modifications and Extinguishments ASC 718, Compensation—Stock Compensation ASC 815-40, Derivatives and Hedging— Contracts in Entity's Own Equity		
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 470-20, Debt—Debt with Conversion and Other Options ASC 815-40, Derivatives and Hedging— Contracts in Entity's Own Equity		
ASU 2020-06 , <i>Accounting for Convertible Instruments and Contracts in an Entity's Own Equity</i>	Effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years for public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC.	ASU 2020-06 Alert BDO Knows: Complex Financial Instruments, 6th Edition
ASC 842, Leases		
ASU 2021-05 , <i>Lessors—Certain Leases with Variable Lease Payments</i>	Effective for fiscal years starting after December 15, 2021, including interim periods within those fiscal years.	ASU 2021-05 Alert BDO Leases Resource Center
ASC 958, Not-for-Profit Entities		
ASU 2020-07 , <i>Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets</i>	Effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.	ASU 2020-07 Alert

ACCOUNTING STANDARDS UPDATES EFFECTIVE FOR CALENDAR-YEAR NONPUBLIC ENTITIES AS OF JANUARY 1, 2021

Pronouncement	Effective Date	BDO Alert
ASC 350, Intangibles—Goodwill and Other		
ASU 2021-03 , <i>Accounting Alternative for Evaluating Triggering Events</i>	Effective prospectively for annual periods beginning after December 15, 2019	ASU 2021-03 Alert
ASC 350-40, Intangibles—Goodwill and Other—Internal-Use Software		
ASU 2018-15 , <i>Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract</i>	Effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.	ASU 2018-15 Alert
ASC 606, Revenue from Contracts with Customers ASC 808, Collaborative Arrangements		
ASU 2018-18 , <i>Clarifying the Interaction between Topic 808 and Topic 606</i>	Effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.	ASU 2018-18 Alert
ASC 715-20, Compensation—Retirement Benefits—Defined Benefit Plans—General		
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 810, Consolidation		
ASU 2018-17 , <i>Targeted Improvements to Related Party Guidance for Variable Interest Entities</i>	Effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.	ASU 2018-17 Alert

Pronouncement	Effective Date	BDO Alert
ASC 815, Derivatives and Hedging		
ASU 2017-12 , <i>Targeted Improvements to Accounting for Hedging Activities</i>	Effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The original effective date of ASU 2017-12 was deferred by ASU 2019-10.	ASU 2017-12 Alert ASU 2019-10 Alert
ASU 2018-16 , <i>Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting</i>	The amendments are required to be adopted concurrently with the amendments in ASU 2017-12.	ASU 2018-16 Alert
ASU 2019-04 , <i>Codification Improvements</i>	The amendments that affect ASC 815 are required to be adopted concurrently with the amendments in ASU 2017-12.	N/A
ASC 848, Reference Rate Reform		
ASU 2021-01 , <i>Scope</i>	Effective upon issuance on January 7, 2021.	N/A
ASC 920-350, Entertainment—Broadcasters—Intangibles—Goodwill and Other ASC 926-20, Entertainment—Films—Other Assets—Film Costs		
ASU 2019-02 , <i>Improvements to Accounting for Costs of Films and License Agreements for Program Materials</i>	Effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years.	N/A
ASC 952-606, Franchisors—Revenue from Contracts with Customers		
ASU 2021-02 , <i>Practical Expedient</i>	Effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years.	ASU 2021-02 Alert



CONTACTS:

JENNIFER KIMMEL

Professional Practice Director
617-239-7019 / jkimmel@bdo.com

LISA EDELMAN

Professional Practice Senior Manager
214 665-0668 / ledelman@bdo.com

ORAN ASHER

Professional Practice Manager
214-689-5662 / oasher@bdo.com

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, and advisory services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through more than 70 offices and over 750 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multi-national clients through a global network of more than 91,000 people working out of more than 1,650 offices across 167 countries and territories.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information please visit: www.bdo.com.

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2021 BDO USA, LLP. All rights reserved.

