



Summary of Recent Accounting Developments Q4 2021

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Fourth Quarter 2021

CNM Publications

- Year-end Financial Reporting Reminders

New Accounting Standards

- ASU 2021-10, Government Assistance (Topic 832), Disclosures by Business Entities about Government Assistance¹
 - Requires certain disclosures on grants received by the government that are accounted for by applying a grant or contribution accounting model by analogy.
- ASC 842, Leases—The FASB rejected a request to provide an additional deferral to the effective date for nonpublic entities. ASC 842 is effective for fiscal years beginning after Dec. 15, 2021, and interim periods within fiscal years starting after Dec. 15, 2022 for nonpublic entities.
- ASU 2021-09, Leases (Topic 842), Discount Rate for Lessees That Are Not Public Business Entities
 - The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level, provided that the rate implicit in the lease is not readily determinable.²
- ASU 2021-08, Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers³
 - The amendments in this Update require that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts.
- ASU 2021-07, Stock Compensation (Topic 718), Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards, a consensus of the Private Company Council⁴
 - As a practical expedient, a nonpublic entity is allowed to determine the current price input of equity-classified share-based awards issued to both employees and nonemployees using the reasonable application of a reasonable valuation method. The practical expedient describes the characteristics of the reasonable application of a reasonable valuation method. A valuation made in compliance with Section 409A of the IRS Code would be consistent with such characteristics.

¹ The amendments in this Update are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendments is permitted.

² For entities that have adopted Topic 842 as of November 11, 2021, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Earlier application is permitted. Entities that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments in this Update at the same time that they adopt Topic 842.

³ For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The amendments in this Update should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption of the amendments is permitted, including adoption in an interim period.

⁴ The practical expedient in this Update is 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. Early application, including application in an interim period, is permitted for financial statements that have not yet been issued or made available for issuance as of October 25, 2021.

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Big Firm Accounting Guides – new or revised

- PwC
 - Property, plant, equipment and other assets (November 2021)
 - Business combinations and noncontrolling interests (November 2021)
 - Consolidation (November 2021)
 - Income Taxes (October 2021)
 - Loans and investments (October 2021)
 - Pensions and employee benefits (October 2021)
 - Leases (September 2021)
 - Stock-based compensation (September 2021)
 - Financial statement presentation (September 2021)
 - IFRS and US GAAP: similarities and differences (September 2021)
- KPMG
 - IFRS Compared to U.S. GAAP Handbook (December 2021)
 - Revenue for Software and SaaS Handbook (December 2021)
 - Share-Based Payment Handbook (December 2021)
 - Leases Handbook (December 2021)
 - Segment Reporting Handbook (November 2021)
 - Fair Value Measurement Handbook (November 2021)
 - Financial instruments, Recognition and measurement of financial assets and financial liabilities (November 2021)
 - Accounting for Bankruptcies Handbook (November 2021)
 - Asset Acquisitions Handbook (November 2021)
 - Employee Benefits Handbook (November 2021)
 - Transfers and Servicing of Financial Assets Handbook (September 2021)
 - Discontinued Operations and held-for-sale disposal groups (September 2021)
 - Climate Risk in the Financial Statements Handbook (September 2021)
- EY
 - Financial Reporting Developments, Lease Accounting (December 2021)
 - SEC Financial Reporting Series—2022 SEC quarterly reports—Form 10-Q (December 2021)
 - SEC Financial Reporting Series, annual reports—Form 10-K (December 2021)
 - SEC Financial Reporting Series, Pro forma financial information (December 2021)
 - Technical Line, Reminders about 'cheap stock' issues for companies going public in IPOs and SPAC mergers (November 2021)
 - Financial Reporting Developments, Revenue from contracts with customers (ASC 606) (September 2021)
 - Financial Reporting Developments, Gains and losses from the derecognition of nonfinancial assets (ASC 610-20) (September 2021)
- Deloitte
 - Roadmap to Current Expected Credit Losses (December 2021)
 - Roadmap to Business Combinations (December 2021)
 - Roadmap to SEC Considerations for Business Acquisitions (December 2021)

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- Roadmap to Leases (November 2021)
- Roadmap to Accounting for Share-Based Payment Awards (November 2021)
- Roadmap to Consolidation—Identifying a Controlling Financial Interest (November 2021)
- Roadmap to Carve-Out Transactions (November 2021)
- Roadmap to Earnings per Share (November 2021)
- Roadmap to Statement of Cash Flows (November 2021)
- Roadmap to SEC Comment Letter Considerations Including Industry Insights (November 2021)
- Roadmap to Income Taxes (November 2021)
- Roadmap to Segment Reporting (November 2021)
- Roadmap to Noncontrolling Interests (November 2021)
- Roadmap to Consolidation—Identifying a Controlling Financial Interest (November 2021)
- Roadmap to Revenue Recognition (November 2021)
- Roadmap to Hedge Accounting (October 2021)
- Roadmap to Environmental Obligations and Asset Retirement Obligations (October 2021)
- Roadmap to Non-GAAP Financial Measures and Metrics (October 2021)
- Roadmap to Comparing IFRS Standards and U.S. GAAP: Bridging the Differences (October 2021)
- Roadmap to SEC Reporting Considerations for Equity Method Investees (October 2021)
- Roadmap to Equity Method Investments and Joint Ventures (October 2021)
- Roadmap to Impairments and Disposals of Long-Lived Assets and Discontinued Operations (October 2021)
- Roadmap to Initial Public Offerings (September 2021)
- Financial Reporting Alert—Financial Reporting Considerations Related to Environmental Events and Activities (September 2021)

Other Guidance

- SEC Staff Accounting Bulletin No. 120, Spring-Loaded (Stock) Compensation Awards
 - Addresses fair value measurement considerations for “spring loaded awards.”
 - “Spring-loaded” awards are share-based compensation arrangements where a company grants stock options or other awards shortly before it announces market-moving information such as an earnings release with better-than-expected results or the disclosure of a significant transaction.
- AICPA Conference on Current SEC and PCAOB Developments, SEC staff speeches
 - Restatements (e.g., little “r” vs. big “R”)—qualitative vs. quantitative assessments of materiality
 - ESG (environmental, social, and governance) disclosures
 - SPACs (special purpose acquisition companies)—regulation, accounting, and disclosures
- AICPA Audit and Accounting Guide, Credit Losses (October 2021)
- PCAOB Spotlight, Staff Update and Preview of 2020 Inspection Observations (October 2021)
- SEC, Division of Corporation Finance, Sample Letter to Companies Regarding Climate Change Disclosures (September 2021)
 - The Division of Corporation Finance selectively reviews filings made under the Securities Act and the Exchange Act to monitor and enhance compliance with applicable disclosure requirements. The illustrative letter contains sample comments that the Division may issue to companies regarding their climate-related disclosure or the absence of such disclosure. The sample comments do not constitute an exhaustive list of the issues that companies should consider. Any comments issued would be appropriately tailored to the specific company and industry and would take into consideration the disclosure that a company has provided in Commission filings.



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Our extensive knowledge of US GAAP, ICFR and SEC reporting skills has given us the ability to assist our clients with transactions that are not only multifaceted, but the capability to implement new or complex accounting standards. We have over 175 partners and employees in our Los Angeles, Orange County, San Diego, and New York City offices. Many of our clients are developed from direct referrals from the Big 4 accounting firms, speaking to the level of quality services we provide.

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