



Summary of Recent Accounting Developments Q4 2019

by
Larry Gee

CNM Professional Practice Director

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Fourth Quarter 2019

CNM Articles Published

- Comment letter to the FASB on Invitation to Comment—Identifiable Intangible Assets and Subsequent Accounting for Goodwill

New Accounting Standards

- ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes*¹ (December 2019)
 - amendments simplify the accounting for income taxes by removing certain exceptions and improve consistent application of and simplify GAAP for other areas by clarifying and amending existing guidance.
- ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*² (November 2019)
 - Clarifies the guidance in ASC 326 in five areas (e.g., recoveries on PCD assets, TDR transition relief, accrued interest receivables disclosures, collateral maintenance provisions, and a conforming amendment to ASC 805-20)
- ASU 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates* (November 2019)
 - For nonpublic companies and smaller reporting (public) companies, ASC 842, Leases, and related amendments are delayed to fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.
 - For nonpublic companies and smaller reporting (public) companies, the effective date of ASC 326 (Current Expected Credit Losses) is delayed to fiscal years beginning after December 15, 2022, including interim periods.
 - For nonpublic companies and smaller reporting (public) companies, ASU 2017-12, Derivatives and Hedging (Topic 815), Targeted Improvements to Accounting for Hedging Activities, is delayed to fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.
 - For nonpublic companies and smaller reporting (public) companies, ASU 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, is delayed to impairment tests performed for periods beginning after December 15, 2022.
- ASU 2019-09, *Financial Services—Insurance (Topic 944): Effective Date* (November 2019)
 - Delays the effective date of ASU 2018-12 to fiscal years beginning after December 15, 2021, including interim periods, for public companies except smaller reporting (public) companies.
 - Delays the effective date of ASU 2018-12 for all other entities to fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024.

¹ For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted.

² For entities that have not yet adopted the amendments in Update 2016-13, the effective dates and transition requirements for the amendments are the same as the effective dates and transition requirements in Update 2016-13.

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- ASU 2019-08 (November 2019), *Codification Improvements—Share-Based Consideration Payable to a Customer*³ (November 2019)
 - Requires share-based consideration payable to a customer to be recognized and measured in accordance with ASC 718, Stock Compensation, and recorded a reduction to revenue.

Big Four Accounting Guides – new or revised

- PwC
 - Leases (November 2019)
 - Pensions and employee benefits (November 2019)
 - Derivatives and hedging (October 2019)
 - Financial statement presentation (October 2019)
 - Property, plant, equipment and other assets (October 2019)
 - Loans and investments (October 2019)
 - Business combinations and noncontrolling interests (October 2019)
 - Insurance contracts (October 2019)
 - IFRS and US GAAP: similarities and differences (2019)
 - Stock-based compensation (September 2019)
- KPMG
 - Fair Value Measurement Questions and Answers (December 2019)
 - Earnings Per Share Handbook (December 2019)
 - Revenue Recognition Handbook (December 2019)
 - Revenue for Software and SaaS Handbook (December 2019)
 - Credit Impairment Handbook (December 2019)⁴
 - Equity method of accounting (October 2019)
 - Segment reporting (October 2019)
 - Accounting for Income Taxes (October 2019)
 - Share-Based Payment (October 2019)
- EY
 - Lease accounting—ASC 842 (December 2019)
 - Income Taxes (Revised October 2019)
 - Gains and losses from the derecognition of nonfinancial assets (ASC 610-20) (November 2019)
 - Business combinations (Revised October 2019)
 - Revenue from contracts with customers (Revised September 2019)
 - Revenue recognition: Multiple element arrangements (September 2019)
 - Software: Revenue recognition (September 2019)

³ Effective for public companies, including interim financial statements, and nonpublic companies for annual periods beginning after December 15, 2019 (e.g., January 1, 2020 for calendar fiscal years). Effective for interim periods of nonpublic companies beginning after December 15, 2020.

⁴ KPMG also issued an updated Credit Impairment Handbook dated October 2019.

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- Deloitte
 - A Roadmap to Applying the New Leasing Standard (December 2019)
 - A Roadmap to Fair Value Measurements and Disclosures (Including the Fair Value Option) (December 2019)
 - A Roadmap to Accounting for Current Expected Credit Losses (December 2019)
 - A Roadmap to Accounting for Share-Based Payment Awards (November 2019)
 - A Roadmap to Comparing IFRS Standards and U.S. GAAP: Bridging the Differences (November 2019)
 - A Roadmap to SEC Comment Letter Considerations, Including Industry Insights (2019)
 - A Roadmap to Accounting for Business Combinations (2019)
 - A Roadmap to Accounting for Contingencies and Loss Recoveries (2019)
 - A Roadmap to SEC Reporting Considerations for Equity Method Investees (2019)

Other Guidance

- The Board of Trustees of the Financial Accounting Foundation announced that it has appointed Richard R. Jones as the next chair of the Financial Accounting Standards Board (FASB) effective July 1, 2020, succeeding Russ Golden whose term is ending. Mr. Jones is chief accountant and partner at Ernst & Young LLP (EY), leading a large and diverse team of EY professional colleagues in the firm's national office.
- AICPA Practice Aid, *Accounting and Auditing of Digital Assets* (December 2019)
- PCAOB Release No. 2019-003, *Concept Release—Potential Approach to Revisions to PCAOB Quality Control Standards*
- SEC Staff Accounting Bulletin No. 119, *TOPIC 6: Interpretations of Accounting Series Releases and Financial Reporting Releases, M. Financial Reporting Release No. 28 - Accounting for Loan Losses by Registrants Engaged in Lending Activities Subject to FASB ASC Topic 326*
- AICPA Statement on Standards for Attestation Engagements, Agreed-Upon Procedures Engagements (December 19, 2019)⁵
 - Eliminates certain requirements for Agreed-Upon Procedures engagements
- Financial Executives Institute (FEI), *Internal Control Over Financial Reporting, A Guide to Designing and Operating an Effective System of Internal Control Over Business Combinations* (December 2019)

⁵ This section is effective for agreed-upon procedures reports dated on or after July 15, 2021. Early implementation is permitted.



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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 130 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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LOS ANGELES

A | 21051 Warner Center Lane
Suite 140
Woodland Hills, CA 91367
O | 818.999.9501

ORANGE COUNTY

A | 6 Venture
Suite 365
Irvine, CA 92618
O | 949.299.5582

NEW YORK CITY

A | 300 Park Avenue
Suite 12007
New York, NY 10022

SAN DIEGO

A | 8910 University Center Lane
Suite 400
San Diego, CA 92122

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