



Summary of Recent Accounting Developments Q1 2020

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Summary of Recent Accounting Developments First Quarter 2020

CNM Articles Published

- FASB Issues ASU 2020-02 on CECL—Easy to overlook but you don't want to miss it

New Accounting Standards

- ASU 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting¹
 - Applies to contract modifications that replace a reference rate affected by reference rate reform (e.g., receivables, debt, leases, derivative instruments and hedging).
- ASU 2020-03, Codification Improvements to Financial Instruments²
 - Provides seven clarifications related to the application of CECL
- ASU 2020-02, Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)—Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842) (SEC Update)
 - The amendments codify recent SEC guidance on CECL (ASC 326) and Leases (ASC 842).
- ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the Emerging Issues Task Force)³
 - The amendments clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323, and the accounting for certain forward contracts and purchased options accounted for under Topic 815.
- FASB, Revenue Recognition Implementation Q&As (January 2020)

Big Four Accounting Guides – new or revised

- PwC
 - FAQ on accounting for COVID-19 and market volatility

¹ Effective for all entities as of March 12, 2020 through December 31, 2022.

² For public business entities (except smaller reporting companies), the amendments are effective for fiscal years beginning after December 15, 2019. For all other entities, the amendments generally are effective for fiscal years beginning after December 15, 2022.

³ For public business entities, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted.

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- KPMG
 - Hot Topic: Coronavirus, Potential impacts on the accounting for arrangements with customers (March 2020)
 - Hot Topic: Coronavirus, Subsequent events, going concern, and risks and uncertainties disclosures (March 2020)
 - Hot Topic: Coronavirus, Compensation and benefit arrangements and related accounting implications (March 2020)
 - Hot Topic: Coronavirus, SEC provides coronavirus-related disclosure guidance (March 2020)
 - Hot Topic: Coronavirus, Potential impacts on the accounting for financial instruments (March 2020)
 - Hot Topic: Coronavirus, Income tax accounting impacts (March 2020)
 - Hot Topic: Coronavirus, Increased risk of impairment of goodwill and long-lived assets (March 2020)
 - As part of the overall analysis of the financial reporting impacts of COVID-19, companies may need to evaluate the recoverability of goodwill, intangible assets, property, plant and equipment, and lease right-of-use (ROU) assets.
 - Hot Topic: Coronavirus, Increased risk of impairment of goodwill and long-lived assets
 - Leases Handbook (March 2020)
 - Segment Reporting Handbook (March 2020)
 - Credit Impairment Handbook (March 2020)
 - IFRS Compared to US GAAP (March 2020)
- EY
 - Technical Line: Accounting and reporting considerations for the effects of the coronavirus outbreak
 - Technical Line: Accounting for impairment of goodwill and indefinite-lived intangible assets due to the coronavirus
- Deloitte
 - Congress Shows That It CARES About Accounting Rules for Banks and Credit Unions
 - Financial Reporting Considerations Related to COVID-19 and an Economic Downturn
 - Accounting, Disclosure, and Internal Control Considerations Related to Coronavirus Disease 2019
 - COVID-19 Potential Implications for the Banking and Capital Markets Sector
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 - A Roadmap to Distinguishing Liabilities from Equity (March 2020)
 - A Roadmap to Accounting for Contracts on an Entity's Own Equity (March 2020)
 - Securitization Accounting 11th Edition

Other Guidance

- Section 4014 of the CARES Act offers optional temporary relief from applying the FASB's current expected credit losses (CECL) standard (ASU 2016-13)1 only for depository institutions and credit unions
 - Deferral is until the earlier of December 31, 2020 or the termination date of the national emergency declared by President Trump under the National Emergencies Act on March 13, 2020

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- Division of Corporation Finance Securities and Exchange Commission CF Disclosure Guidance: Topic No. 9
 - This guidance provides the Division of Corporation Finance's current views regarding disclosure and other securities law obligations that companies should consider with respect to the coronavirus disease 2019 (COVID-19) and related business and market disruptions.
- SEC, Release No. 34-88465, Order under Section 36 of the SEC Act of 1934, Modifying Exemptions from the Reporting and Proxy Delivery Requirements for Public Companies
 - Public companies that are unable to meet filing deadlines due to COVID-19-related circumstances will have an additional 45 days to submit certain disclosure reports (e.g., Forms 10-K, 10-Q, 20-F) that would otherwise have been due between March 1 and July 1, 2020. As a result, the relief can now be applied to March 31, 2020 Forms 10-K and 10-Q.
- SEC adopts amendments to reduce unnecessary burdens on smaller issuers by more appropriately tailoring the accelerated and large accelerated filer definitions
 - The amendments would allow smaller issuers that have been public more than five years, but have not reached \$100 million in revenues, to continue to benefit from the JOBS Act exemption.
- SEC Release No. 33-10762; 34-88307; File No. S7-19-18, SEC Amends Rules to Improve Disclosure and Encourage Issuers to Conduct Debt Offerings on a Registered Basis
 - The Securities and Exchange Commission adopted amendments to the financial disclosure requirements applicable to registered debt offerings that include credit enhancements, such as subsidiary guarantees.
- PCAOB Spotlight, COVID-19: Reminders for Audits Nearing Completion
 - Auditor responsibilities, Audit Committee Communications, Auditor's Report, Quality Control Considerations



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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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