



Summary of Recent Accounting Developments Q4 2020

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Fourth Quarter 2020

New Accounting Standards

- Proposed ASU, Intangibles—Goodwill and Other (Topic 350), Accounting Alternative for Evaluating Triggering Events¹
 - Would allow private and not-for-profit entities to elect to evaluate goodwill impairment due to triggering events only as of their annual reporting date.
 - Entities that have elected to perform an annual impairment assessment as of an interim date can elect to evaluate subsequent triggering events only as of year-end.
 - The election is also available to entities that have elected to amortize goodwill.
- ASU No. 2020-11, Financial Services—Insurance (Topic 944), Effective Date and Early Application
- ASU No. 2020-10, Codification Improvements²
 - Codification of various disclosure elections
 - Other Codification improvements that vary in nature
- ASU No. 2020-09, Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762
 - This ASU amends and supersedes various SEC paragraphs to reflect SEC Release No. 33-10762, which includes amendments to the financial disclosure requirements applicable to registered debt offerings that include credit enhancements, such as subsidiary guarantees
- ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs³
 - The amendments in this Update clarify that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-35-33 for each reporting period
- FASB Staff Educational Paper, Topic 470 (Debt): Borrower's Accounting for Debt Modifications (October 28, 2020)

Big Four Accounting Guides – new or revised

- PwC
 - Loans and investments (November 2020)
 - Equity method investments and joint ventures (November 2020)
 - Consolidation (November 2020)
 - Financing transactions (October 2020)
 - Reference rate reform (October 2020)
 - Property, plant, and equipment and other assets (October 2020)
 - Leases (October 2020)

¹ The proposed ASU would be effective for fiscal years beginning after December 15, 2019 (e.g., annual financial statement issued for 2020).

² The amendments are effective for annual periods beginning after December 15, 2020, for public business entities. For all other entities, the amendments are effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022.

³ 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. Early application is not permitted. For all other entities, 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. Early application is permitted for all other entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. All entities should apply the amendments in this Update on a prospective basis.

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- PwC (cont'd)
 - Stock-based compensation (September 2020)
 - Business combinations and noncontrolling interests (September 2020)
 - Transfers and servicing of financial assets (September 2020)
 - Insurance contracts (September 2020)
 - Loans and investments (August 2020)
 - Revenue from contracts with customers (August 2020)
 - Financial statement presentation (August 2020)
- KPMG
 - Accounting for Bankruptcies Handbook (December 2020)
 - Revenue Recognition Handbook (December 2020)
 - Revenue for Software and SaaS (December 2020)
 - Fair Value Measurement Handbook (December 2020)
 - Earnings per Share Handbook (December 2020)
 - Share-Based Payment Handbook (December 2020)
 - Impairment: Nonfinancial Assets Handbook (December 2020)
 - IFRS Compared to US GAAP Handbook (December 2020)
 - Asset Acquisitions Handbook (November 2020)
 - Business Combinations Handbook (November 2020)
 - Leases Handbook (November 2020)
 - Equity Method of Accounting Handbook (October 2020)
 - Accounting for Income Taxes Handbook (October 2020)
 - Derivatives and Hedging Handbook (October 2020)
 - Debt and Equity Financing Handbook (October 2020)
 - Accounting Changes and Error Corrections Handbook (October 2020)
 - Consolidation Handbook (September 2020)
- EY
 - Financial Reporting Developments, Postretirement Benefits (December 2020)
 - Financial Reporting Developments, Lease Accounting—ASC 842 (December 2020)
 - Financial Reporting Developments, Real estate project costs (November 2020)
 - Financial Reporting Developments, Fair value measurement (October 2020)
 - Financial Reporting Developments, Revenue from contracts with customers—ASC 606 (October 2020)
 - Financial Reporting Developments, Software—Revenue recognition (September 2020)
 - Financial Reporting Developments, Income taxes (September 2020)
 - Financial Reporting Developments, Gains and losses from the derecognition of nonfinancial assets (September 2020)
 - Financial Reporting Developments, Share-based payment (September 2020)
 - Financial Reporting Developments, Revenue recognition—multiple element arrangements (August 2020)

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- Deloitte
 - A Roadmap to Applying the New Revenue Recognition Standard (December 2020)
 - A Roadmap to Accounting for Transfers and Servicing of Financial Assets (December 2020)
 - A Roadmap to Accounting for Current Expected Credit Losses (December 2020)
 - A Roadmap to Accounting for Business Combinations (November 2020)
 - A Roadmap to the Issuer's Accounting for Debt (November 2020)
 - A Roadmap to Accounting for Share-Based Payment Awards (November 2020)
 - A Roadmap to Comparing IFRS Standards and U.S. GAAP (November 2020)
 - A Roadmap to Accounting for Income Taxes (November 2020)
 - A Roadmap to SEC Comment Letters, Including Industry Insights (November 2020)
 - A Roadmap to Accounting for Equity Method Investments and Joint Ventures (November 2020)
 - A Roadmap to Accounting for Contingencies, Loss Recoveries, and Guarantees (October 2020)
 - Financial Reporting Alert, Accounting and SEC Reporting Considerations for SPAC Transactions (October 2020)
 - A Roadmap to SEC Reporting Considerations for Equity Method Investees (October 2020)
 - A Roadmap to Impairments and Disposals of Long-Lived Assets and Discontinued Operations (October 2020)
 - A Roadmap to Non-GAAP Financial Measures and Metrics (August 2020)
 - A Roadmap to Accounting for Noncontrolling Interests (July 2020)

Other Guidance

- SEC Adopts Amendments to Modernize and Enhance Management's Discussion and Analysis and other Financial Disclosures⁴
 - The changes to Items 301, 302, and 303 of Regulation S-K sharpen the focus on material information by:
 - Eliminating Item 301 (Selected Financial Data); and
 - Modernizing, simplifying and streamlining Item 302(a) (Supplementary Financial Information) and Item 303 (MD&A). Specifically, these amendments:
 - Revise Item 302(a) to replace the current requirement for quarterly tabular disclosure with a principles-based requirement for material retrospective changes;
 - Add a new Item 303(a), Objective, to state the principal objectives of MD&A;
 - Amend current Item 303(a)(1) and (2) (amended Item 303(b)(1)) to modernize, enhance and clarify disclosure requirements for liquidity and capital resources;
 - Amend current Item 303(a)(3) (amended Item 303(b)(2)) to clarify, modernize and streamline disclosure requirements for results of operations;
 - Add a new Item 303(b)(3), Critical accounting estimates, to clarify and codify Commission guidance on critical accounting estimates;
 - Replace current Item 303(a)(4), Off-balance sheet arrangements, with an instruction to discuss such obligations in the broader context of MD&A;
 - Eliminate current Item 303(a)(5), Tabular disclosure of contractual obligations, in light of the amended disclosure requirements for liquidity and capital resources and certain overlap with information required in the financial statements; and
 - Amend current Item 303(b), Interim periods (amended Item 303(c)) to modernize, clarify and streamline the item and allow for flexibility in the comparison of interim periods to help registrants provide a more tailored and meaningful analysis relevant to their business cycles.

⁴ The amendments will be effective 30 days after publication in the Federal Register, which has not yet occurred but is expected to occur soon.

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Other Guidance (cont'd)

- SEC published in the Federal Register new disclosure rules effective November 9, 2020 that will apply to 10-Ks filed after that date that includes new human capital disclosure requirements:
 - The number of employees and a description of its human capital resources, if material to the business as a whole; and if material to a particular segment, that segment should be identified
 - Any human capital measures or objectives, if material, that the registrant focuses on in managing its business, such as those related to the development, attraction, safety, engagement, and retention of employees
- Sustainability Accounting Standards Board, Human Capital Bulletin (November 2020)
 - This bulletin provides an overview of the human capital-related topics in the SASB Standards, to assist companies in preparing human capital-related disclosures as required by a recent amendment to Regulation S-K by the US Securities and Exchange Commission.
 - This bulletin includes the following information:
 - A list of SASB industry standards that contain topics and metrics related to human capital.
 - An overview of selected human capital-related topics and metrics across all 77 SASB industry standards
 - A summary of SASB's Human Capital Management Research Project, which has the objective of identifying opportunities for the SASB Standards to further account for human capital-related risks and opportunities
- Center for Audit Quality, Critical Audit Matters: A Year in Review (December 2020)



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