Welcome to the Third Quarter issue of our *Quarterly Accounting Update*. Each quarter, we will provide you with up-to-date information for consideration in your financial reporting and disclosures. Our goal is for you to have current, relevant information available prior to finalizing your financial reporting deliverables. This update is organized as follows:

SELECTED HIGHLIGHTS
This section includes an executive summary of selected items and hot topics covered in this update.

FASB UPDATE
This section includes an overview of selected Accounting Standards Updates (ASUs) issued during the period.

REGULATORY UPDATE
This section includes an overview of selected updates, releases, rules and actions during the period that might impact financial information, operations and/or governance.

OTHER DEVELOPMENTS
This section includes an overview of other developments, actions, and projects of the FASB, PCC, EITF and/or other rulemaking organizations.

ON THE HORIZON
This section includes an overview of selected projects and exposure drafts of the FASB.

APPENDICES
- A – Important Implementation Dates
- B – Illustrative Disclosures for Recently Issued Accounting Pronouncements

Quarterly Accounting Update: Selected Highlights

FASB Eases Implementation of the New Lease Accounting Standard

In July, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which is intended to reduce costs and ease implementation of the leases standard for financial statement preparers. ASU 2018-11 provides a new transition method and a practical expedient for separating components of a contract.

See the *FASB Update* section for additional details.

SEC Staff Explains Update to Smaller Reporting Company Definition

In August, the staff of the SEC published *A Small Entity Compliance Guide for Issuers*, which summarizes and explains rules adopted by the SEC with respect to the recently amended definition of "smaller reporting company" and the accommodations available to smaller reporting companies.

More information on can be found in the *Regulatory Update* section.

FASB Staff Issues Memos to Clarify Rev Rec Implementation Questions

In June, the FASB issued two implementation memos related to problems identified by the AICPA in a January 17, 2018, letter from the AICPA's Private Companies Practice Section (PCPS). That letter asked that private companies be allowed to employ less restrictive interpretations for five aspects of ASC 606*, Revenue From Contracts With Customers*.

Learn more in the *Other Developments* section.

Quarterly Accounting Update: FASB Update

The following selected Accounting Standards Updates (ASUs) were issued by the Financial Accounting Standards Board (FASB) during the third quarter. A complete list of all ASUs issued or effective in 2018 is included in Appendix A.

FASB Provides Practical Expedients for the New Lease Accounting Standard

Affects: All entities

On July 30, 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which is intended to reduce costs and ease implementation of the leases standard for financial statement preparers. ASU 2018-11 provides a new transition method and a lessor practical expedient to not separate lease and non-lease components of a contract if specific criteria are met.

The amendments provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption consistent with preparers' requests. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with current U.S. generally accepted accounting principles (GAAP) in Accounting Standards Codification (ASC) 840, *Leases*.

An entity that elects this additional (and optional) transition method must provide the required ASC 840 disclosures for all periods that continue to be in accordance with ASC 840. The amendments do not change the existing disclosure requirements in ASC 840 (for example, they do not create interim disclosure requirements that entities previously were not required to provide).

The amendments also provide lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue guidance (ASC 606, *Revenue from Contracts with Customers*) and both of the following are met:

- The timing and pattern of transfer of the nonlease component(s) and associated lease component are the same.
- The lease component, if accounted for separately, would be classified as an operating lease.

An entity electing this practical expedient (including an entity that accounts for the combined component entirely in ASC 606) is required to disclose certain information, by class of underlying asset, as specified in the ASU.

Effective Date

For entities that have not adopted ASC 842 before the issuance of this ASU, the effective date and transition requirements for the amendments in this update related to separating components of a contract are the same as the effective date and transition requirements in ASU 2016-02. For entities that have adopted ASC 842 before the issuance of this ASU, the transition and effective date of the amendments related to separating components of a contract in this ASU are as follows:

- The practical expedient may be elected either in the first reporting period following the issuance of this ASU or at the original effective date of ASC 842 for that entity.
- The practical expedient may be applied either retrospectively or prospectively.

All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this ASU must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected.

FASB Issues New Guidance for Long-Duration Contracts

Affects: All insurance entities that issue long-duration contracts as defined in Topic 944

On August 15, 2018, the FASB issued ASU 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*, in an effort improve, simplify, and enhance the financial reporting of long-duration contracts.

This ASU is the result of a process that began in 2013 when the FASB issued proposed ASU, *Insurance Contracts* (Topic 834), which introduced new accounting models and qualitative and quantitative disclosures. The feedback received from investors, analysts, insurance companies and other stakeholders in response to the ASU proposed in 2013 overwhelmingly supported making targeted improvements to the existing insurance accounting model (instead of introducing a completely new and complex accounting model) and limiting the scope of insurance accounting to insurance companies.

This ASU requires an insurance entity to (1) review long-duration contracts and, if there is a change, update the assumptions used to measure cash flows at least annually and (2) update the discount rate assumption at each reporting date. The provision for risk of adverse deviation and premium deficiency (or loss recognition) testing are eliminated.

The change in the liability estimate as a result of updating cash flow assumptions is required to be recognized in net income. The change in the liability estimate as a result of updating the discount rate assumption is required to be recognized in other comprehensive income.

The amendments require that an insurance entity discount expected future cash flows at an upper-medium grade (low-credit-risk) fixed-income instrument yield that maximizes the use of observable market inputs.

The ASU also modifies the amortization of deferred acquisition costs and other balances amortized in proportion to premiums, gross profits, or gross margins to now require that those balances be amortized on a constant level basis over the expected term of the related contracts. Deferred acquisition costs are required to be written off for unexpected contract terminations but are not subject to an impairment test.

The ASU requires disclosure of disaggregated rollforward information of select items as well as information about significant inputs, judgments, assumptions, and methods used in measurement, including changes in those inputs, judgments, and assumptions, and the effect of those changes on measurement.

Effective Date

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 application of the amendments is permitted.

FASB Improves Effectiveness of Disclosures in Financial Statements

Affects: All entities

On August 28, 2018, the FASB issued two changes to the FASB's conceptual framework and two ASUs designed to improve the effectiveness of disclosures in notes to financial statements:

- A new chapter in the Conceptual Framework on disclosures—the chapter explains what information the FASB should consider including in notes to financial statements by describing the purpose of notes, the nature of appropriate content, and general limitations. It also addresses the FASB's considerations specific to interim reporting disclosure requirements.
- An update to an existing chapter of the Conceptual Framework for its definition of materiality—the amendment aligns the FASB's definition of materiality with other definitions in the financial reporting system. The materiality concepts will now be consistent with the definition of materiality used by the U.S. Securities and Exchange Commission, the auditing standards of the Public Company Accounting Oversight Board and the American Institute of Certified Public Accountants, and the United States judicial system.
- ASU 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*—the ASU improves the disclosure requirements on fair value measurements in ASC 820, *Fair Value Measurement*.
  Effective Date
  The amendments are effective for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted.
- ASU 2018-14, *Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*—the ASU improves disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.
  Effective Date

The amendments are effective for fiscal years ending after December 15, 2020, for public companies, and for fiscal years ending after December 15, 2021, for all other organizations. Early adoption is permitted.

FASB Addresses Accounting for Cloud Computing Arrangements

Affects: All entities

On August 29, 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)*, to reduce complexity for the accounting for costs of implementing a cloud computing service arrangement. The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this ASU.

Accordingly, the amendments in this ASU require a customer in a hosting arrangement that is a service contract to follow the guidance in ASC 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. Costs to develop or obtain internal-use software that cannot be capitalized under ASC 350-40, such as training costs and certain data conversion costs, also cannot be capitalized for a hosting arrangement that is a service contract. Therefore, a customer in a hosting arrangement that is a service contract determines which project stage (that is, preliminary project stage, application development stage, or post-implementation stage) an implementation activity relates to. Costs for implementation activities in the application development stage are capitalized depending on the nature of the costs, while costs incurred during the preliminary project and post-implementation stages are expensed as the activities are performed. The amendments in this ASU also require the customer to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement.

Effective Date

The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted, including adoption in any interim period, for all entities. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption.

Quarterly Accounting Update: Regulatory Update

SEC Amends Rule 701 to Increase Enhanced Disclosure Threshold to $10 Million

Section 507 of the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (the Act) directed the Securities and Exchange Commission (SEC) to amend Rule 701 under the Securities Act of 1933 by increasing—from $5 million to $10 million—the amount of securities that an eligible company can sell under the rule during a 12-month period without being subject to the rule's enhanced disclosure requirements. In response to the Act's mandate, the SEC issued a release, *Exempt Offerings Pursuant to Compensatory Arrangements*, Securities Act Release No. 33-10520 on July 18, 2018, under which it adopted an amendment to Rule 701(e) to increase the enhanced disclosure threshold from $5 million to $10 million.

In its release adopting the Rule 701(e) amendment, the SEC noted that the Act also requires the SEC to index for inflation the dollar amount of the disclosure threshold every five years, rounding to the nearest $1 million. Therefore, the SEC is required to first address an inflation adjustment to the disclosure threshold amount in 2023.

The SEC also noted that if aggregate sales of company securities in a Rule 701 offering during the relevant 12-month period exceed $10 million, the company must deliver the enhanced disclosures to all purchasers in the offering a reasonable period of time before the date of sale. In this regard, the SEC previously has stated that if such disclosure has not been provided to all purchasers before sale, the company will lose the exemption for the entire offering once sales exceed the threshold for enhanced disclosure.

SEC Proposes Rule Amendments to Simplify Disclosures in Certain Registered Debt Offerings

On July 24, 2018, the SEC voted to propose rule amendments (the "Proposed Rules") to simplify and streamline the current financial disclosure requirements for issuers and guarantors of SEC-registered guaranteed debt securities, as well as for affiliates whose securities collateralize an issuer's securities. The Proposed Rules would amend Rules 3-10 and 3-16 of Regulation S-X, including by moving portions of Rule 3-10 and all of Rule 3-16 to a new Article 13 of Regulation S-X consisting of new Rules 13-01 and 13-02. The Proposed Rules are open for public comment until late September, after which time the SEC is expected to review and respond to comments and issue final rules.

The SEC stated that the Proposed Rules are intended to reduce compliance burdens, thereby encouraging more issuers to issue guaranteed and/or secured securities in SEC-registered transactions. Because of the often material time and cost burdens that can result from compliance with the current rules (including in connection with obtaining audits), many issuers turn to private offerings, in particular Rule 144A transactions, or seek alternative sources of capital, such as guaranteed and secured credit facilities, rather than issuing guaranteed debt securities in SEC registered transactions. By decreasing these burdens, the Proposed Rules are intended to ultimately lead to more SEC-registered offerings of guaranteed and collateralized securities, providing issuers with increased access to the capital markets and investors with additional protections that are not present in private transactions. The Proposed Rules are also intended to benefit investors by eliminating disclosures that are not useful.

Banking Groups Say Regulators Need to Lessen the Credit Loss' Impact on Regulatory Capital

In April, bank regulators issued a proposal that would improve the consistency between bank regulation and the FASB's loan loss accounting standard. The Federal Reserve (Fed), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC) issued a joint proposal to revise their rules in response to the new method for recognizing credit losses under ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The banking regulators are proposing to revise their regulatory capital rules to identify which credit loss allowances under the new accounting are eligible for inclusion in regulatory capital, and to give banking organizations an option to phase in the day-one hit to capital requirements over three years upon adopting the new accounting. The proposal also would revise certain regulatory disclosure requirements to reflect the changes in U.S. GAAP under the new credit loss model. The proposal also contains amendments to the agencies' stress testing regulations so that the new accounting would not hit stress testing until the 2020 testing cycle. And the agencies are proposing conforming amendments to various regulations that make reference to credit loss allowances.

However, in comment letters, banks and trade groups say regulators need to lessen the capital impact of implementing the FASB's new accounting standard beyond what the regulators offered in the proposal. The American Bankers Association (ABA), the Independent Community Bankers Association, and several individual banks want the regulators to consider changing its proposal from a three-year phase in to a period of five years. Some banks asked the regulators to go a step further, asking them make the FASB consider changes to the accounting standard itself. The ABA asked regulators to analyze the standard's effect on capital before allowing it to be implemented.

The comment period ended on July 13, 2018. On September 18, 2018, the regulators stated that they plan to finalize a rule to ease the effect on capital of the FASB's credit loss standard by the first quarter of 2019.

SEC Compliance Guide Explains Update to Smaller Reporting Company Definition

In June, the SEC issued Release No. 33-10513, *Amendments to Smaller Reporting Company Definition*, which increases the threshold of the public float for a smaller reporting company to $250 million from $75 million. A company with no public float or with a public float of less than $700 million will also qualify as a smaller reporting company if it had annual revenues of less than $100 million during its most recently completed fiscal year. Previously companies could provide scaled disclosure if they had no public float and less than $50 million in annual revenues, the SEC said.

Registrants that fall within the smaller reporting company classification are exempted from several disclosures required by Regulation S-K and Regulation S-X. Examples include Regulation S-K's requirement to prepare stock performance graphs, ratios of earnings to fixed charges, and compensation committee reports. Additionally, smaller reporting companies can provide executive compensation data for three named executive officers instead of the five executives that large companies have to report, include only two years of comparison information in the management's discussion and analysis (MD&A) section of a regulatory filing instead of three and provide only two years of income and cash flow statements, instead of three, according to Regulation S-X.

On August 10, 2018, the staff of the SEC published *A Small Entity Compliance Guide for Issuers* (the Guide), which summarizes and explains rules adopted by the SEC with respect to the recently amended definition of "smaller reporting company" and the accommodations available to smaller reporting companies. The Guide is one of a series of small business compliance guides published by the SEC to provide guidance with respect to certain SEC rules. The Guide contains details for issuers on the timing and transition to the amended definition of smaller reporting company—which went into effect on September 10—including as to when a company may first take advantage of the scaled disclosure requirements available to smaller reporting companies. It also includes a chart of the scaled financial and non-financial disclosure requirements available to smaller reporting companies.

SEC Reduces Disclosure Requirements for Public Companies

In August, the SEC completed a rule to lessen the disclosure requirements for public companies with the publication of Release No. 33-10532, Disclosure Update and Simplification. The amendments would eliminate certain:

- Redundant and duplicative requirements, which require substantially similar disclosures as GAAP, International Financial Reporting Standards (IFRS), or other SEC disclosure requirements
- Overlapping requirements, which are related to, but not the same as GAAP, IFRS, or other Commission disclosure requirements
- Outdated requirements, which have become obsolete as a result of the passage of time or changes in the regulatory, business, or technological environment
- Superseded requirements, which are inconsistent with recent legislation, more recently updated Commission disclosure requirements, or more recently updated GAAP

Banks and Regulators Meet with Congressmen about Credit Loss Standard

Representatives from regional banks, the ABA, and three Republican members of Congress met with SEC Chief Accountant, Wes Bricker, and FASB member, Harold Schroeder, on Capitol Hill in September. Several regional banks used the session in Representative Blaine Luetkemeyer's office to lobby Bricker and Schroeder for changes to ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The banks want permission to sort loss estimates into two categories: one estimate based on the expected losses for the next 12 months and a second estimate based on the expected losses until the underlying financial instruments mature. The change would be a departure from the current guidance in ASU 2016-13, which calls for setting aside loss reserves based on a single estimate of losses for the life of the loan or security.

Luetkemeyer, a Missouri Republican, chairs the House Subcommittee on Financial Institutions and Consumer Credit. The meeting also included officials from the Fed, FDIC, and OCC. Two other Republicans from the House Financial Services Committee also attended—Representatives Bill Huizenga of Michigan and Ted Budd of North Carolina.

Bankers want the FASB to address their complaints about the credit loss standard. The FASB has not received a formal request to amend the standard, but if a request is submitted, the board's leadership is prepared to debate its merits in public, Schroeder said. The banks' request would be a major change to the standard and was described briefly in comment letters to the federal banking agencies on a regulatory proposal issued earlier this year that seeks to lessen the effect of the credit loss standard on bank capital.

Quarterly Accounting Update: Other Developments

Implementing the New Leasing Standard

In 2016, the FASB issued ASU 2016-02, *Leases* (codified in ASC 842). ASC 842 brings most leases onto the balance sheet creating a right-to-use asset and a lease liability. The new standard will also require additional disclosures. Unlike the upcoming standard on revenue recognition, the new lease standard is not difficult to understand. However, "the devil is in the detail."

Collecting the data necessary to implement the standard is going to be an enormous task that each entity must tackle. Initially, entities will need to identify the complete population of their leases, which may be easier said than done especially for identifying embedded leases in service contracts. Another challenge will be selecting the proper software vender. For entities choosing early adoption of the new standard, the software may still be in the development stage. Entities should select software that is compatible with their current systems and will be adaptable for the entities' future needs.

> ***Elliott Davis Observation:*** *Need help with collecting lease data or choosing lease software? Just contact your Elliott Davis adviser.*

GASB Issues New Guidance on Reporting Construction Project Interest Costs

In June, the Governmental Accounting Standards Board (GASB) issued new guidance to establish accounting requirements for the interest costs incurred before the end of a construction period. The new standard, GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, makes it easier to compare the information about capital assets and borrowing costs for government activities and business-type activities by state and local governments. It also simplifies accounting for interest cost incurred before the end of a construction period.

Statement 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

For financial statements that are prepared with the current financial resources measurement focus, the interest cost incurred before the end of a construction period should be recognized as an expense according to governmental fund accounting principles.

The requirements of Statement 89 are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of Statement 89 should be applied prospectively.

GASB Clarifies Guidance for Separate Legal Entities

In September, the GASB issued guidance clarifying the accounting and financial reporting requirements for a state or local government's majority equity interest in an organization that remains legally separate after acquisition. The new standard, GASB Statement 90, *Majority Equity Interests*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. Statement 90 establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

Statement 90 also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of Statement 90 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

FASB Issues Guidance in Response to Concern about the New Revenue Standard

In June, the FASB staff issued two implementation memos related to problems identified by the AICPA in a January 17, 2018, letter from the AICPA's Private Companies Practice Section (PCPS). That letter asked that private companies be allowed to employ less restrictive interpretations for five aspects of ASC 606. Public companies had to begin applying the standard with their first-quarter 2018 SEC filings. Other organizations, including private companies, must adopt it in 2019.

The memos addressed several of the issues raised in the AICPA letter, including the following:

- FASB should consider a practical expedient to allow private companies to recognize revenue on out-of-pocket costs based on the amount to be reimbursed when the costs are incurred.
- The "enforceable rights and obligations" notion for recognizing revenue under ASC 606, described as a "matter of law" in the standard, may require legal expertise and could lead to costs and complexity in private company financial reporting.
- For short-cycle manufacturers, the application of one of the criteria for recognition over time (rather than at a point in time) may add cost and complexity for an entity as it determines whether it has an enforceable right to payment.

Other issues from the AICPA letter are not addressed in the memos. These include a request to reconsider the effective date of the revenue recognition standard for not-for-profit conduit debt obligors, and a request to permit private companies to continue to use accounting policy election to apply the incremental cost method for customer options for additional goods and services that are a material right.

The memos are excerpted from a paper that was prepared for discussion by the Private Company Council (PCC), which advocates with FASB on private company accounting issues. The memos do not purport to represent the views of any individual members of FASB or the staff, nor do the memos claim to establish acceptable application of GAAP. Nonetheless, the memos provide insight into the thinking of FASB's staff related to some issues raised by the AICPA.

The first memo explains that many public companies have avoided the need to estimate out-of-pocket reimbursements using existing guidance in the revenue recognition standard. The principal-versus-agent analysis narrows the population of contracts affected by the out-of-pocket issue, according to the memo, as several PCC members said during an April meeting that "passthrough expenses" should not have to be estimated and should not have any effect on profit margins.

FASB staff outreach shows that when a company is required to estimate the reimbursement, most companies retain current practice by asserting that the change is immaterial. When the reimbursements are material, the memo says companies have handled implementation in one of three ways:

- Developing estimates at the portfolio level;
- Implementing thresholds for the accounting (that is, only estimating reimbursements over a certain amount); or
- Implementing new tracking systems.

The second memo states that in some cases it may not be clear whether a contract exists, so additional work may be required (which may or may not require legal assistance) to determine whether enforceable rights and obligations to payment exist. But the memo states that such additional work would be required in a minority of contracts, and that the new rules are “not dissimilar from today’s requirements.” The memo states that in most cases, it will be obvious if the contract meets the Step 1 requirement of the new revenue recognition model to identify a contract with a customer.

With regard to short-cycle manufacturing, FASB’s staff understands that preparers have had questions about how to handle contracts when the entity creates a good with no alternative use and the contract with its customer does not specify by its written terms the entity’s right to payment upon contract termination. Preparers have wondered if FASB intended for companies to analyze every law in every jurisdiction to determine whether there is recoverability. The memo states that FASB’s staff believes it’s reasonable to interpret from the revenue recognition guidance that when a contract’s written terms do not specify the entity’s right to payment upon contract termination, an enforceable right to payment is presumed not to exist.

Quarterly Accounting Update: On the Horizon

The following selected FASB exposure drafts and projects are outstanding as of September 30, 2018.

Clarification of the Credit Loss Standard Would Delay Effective Date for Nonpublic Entities

In August, the FASB issued a proposed ASU, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*. The proposal would amend the transition requirements and scope of ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The proposed ASU would mitigate transition complexity by requiring entities other than public business entities to implement it for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. This would align the implementation date for their annual financial statements with the implementation date for their interim financial statements. The proposed ASU also would clarify that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with ASC 842, *Leases*.

Additionally, on August 29, 2018 the FASB agreed to propose a package of minor clarifications to the credit loss standard by November. The proposal will cover four issues that have raised questions in practice:

- whether to include accrued interest in defining "amortized cost basis"
- reversing accrued interest on nonaccrual loans
- transferring loans and debt securities between categories
- how to deal with recoveries.

The planned amendments are intended to relieve banks from some requirements they said were overly burdensome, by trying to provide practical solutions for measuring, presenting, and disclosing information specifically related to accrued interest.

New Benchmark Interest Rate for Hedge Accounting to be Published

In August, the FASB agreed to publish by year end an update to U.S. GAAP that will add a new interest rate based on the U.S. Treasury repurchase market to the list of accepted benchmark rates that can be used to designate hedges of interest rate risk.

The rate, called the Secured Overnight Financing Rate (SOFR), is based on the overnight financing rate (SOFR OIS). The Federal Reserve introduced the new rate in April to replace the London Interbank Offered Rate (LIBOR), which was marred by price-rigging scandals that came to light in 2012.

The FASB's update will be based on a proposal it released in February via Proposed Accounting Standards Update (ASU) No. 2018-220, *Derivatives and Hedging (Topic 815) — Inclusion of the Overnight Index Swap (OIS) Rate Based on the Secured Overnight Financing Rate (SOFR) as a Benchmark Interest Rate for Hedge Accounting Purposes*.

The SOFR is based on the interest rates banks charge one another in the overnight market for loans they make to one another, typically called repurchase agreements. Because the SOFR is based on the transactions in the open market, it is more reflective of market conditions than LIBOR, which relies more on judgment, the Fed said.

U.S. GAAP considers a benchmark rate as a rate that is widely recognized, commonly referenced, and quoted in an active financial market. ASC 815 currently lists four rates as so-called benchmarks: the rate on direct Treasury obligations of the U.S. government, the Fed Funds Effective Swap Rate (Overnight Index Swap Rate), the London Interbank Offered Rate (LIBOR) swap rate, and the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Rate.

Balance Sheet Classification of Debt

The purpose of this project is to reduce cost and complexity by replacing the fact-pattern specific guidance in U.S. GAAP with a principle to classify debt as current or noncurrent based on the contractual terms of a debt arrangement and an entity’s current compliance with debt covenants.

On January 10, 2017, the FASB issued a proposed ASU on determining whether debt should be classified as current or noncurrent in a classified balance sheet. In place of the current, fact-specific guidance in ASC 470-10, the proposed ASU would introduce a classification principle under which a debt arrangement would be classified as noncurrent if either (1) the “liability is contractually due to be settled more than one year (or operating cycle, if longer) after the balance sheet date” or (2) the “entity has a contractual right to defer settlement of the liability for at least one year (or operating cycle, if longer) after the balance sheet date.” Under an exception to the classification principle, an entity would not classify debt as current solely because of the occurrence of a debt covenant violation that gives the lender the right to demand repayment of the debt, as long as the lender waives its right before the financial statements are issued (or are available to be issued).

Many businesses, professional groups, and some auditors criticized the proposal in their comment letters. But others, including a majority of the FASB’s Private Company Council, stated the FASB’s proposal made sense and would simplify U.S. GAAP’s myriad, fact-specific rules about debt classification. Proponents of the changes also said that by the time the updated guidance became effective, the public would have a better idea about the principles behind the changes. Regulators also potentially could adapt their rules so companies that reported higher short-term debt solely because of the accounting change would not be disqualified from projects.

On September 13, 2017, the FASB approved the update 6-1. The FASB agreed that public companies would have to comply with the new guidance for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Private companies and other organizations would not have to follow the revised guidance until their fiscal years that begin after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. All organizations can apply the amendments early.

On August 28, 2018, the FASB redeliberated its proposed ASU and made the following decisions:

- Classification Principle—Unused Long-Term Financing Arrangements—the Board reversed its previous decision that if a long-term financing arrangement is in place as of the balance sheet date (for example, an unused line of credit), the amount of current maturities for any other debt arrangements would be reduced by the unused amount of the long-term financing arrangement up to the amount of the current maturities and classified as a noncurrent liability. Therefore, an unused long-term financing arrangement in place at the balance sheet date should be disregarded in determining the classification of debt unless it is explicitly available to refinance an existing debt. The Board directed the staff to conduct additional outreach, focusing on scenarios in which an entity has a redeemable instrument that is subject to a remarketing agreement and is also secured by a long-term letter of credit.
- Grace Periods—the Board clarified how to apply the debt classification principle when a debt covenant violation exists and the creditor provides a grace period. Specifically, the Board decided that when a borrower violates a provision of a long-term debt agreement and the creditor provides a specified grace period for the borrower to cure the violation, which makes the debt no longer callable at the balance sheet date, the borrower should classify the debt as a noncurrent liability. The Board decided to require an entity to disclose information when a borrower violates a provision of a long-term debt agreement and the creditor provides a specified grace period. That disclosure would be required when (1) the violation has not been cured before the financial statements are issued (or are available to be issued) and (2) the violation would make the long-term obligation callable.
- Effective Date—the Board decided that the effective date should be as follows:
  - For public business entities, for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years
  - For all other entities, for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

The FASB is expected to issue the final standard during the fourth quarter of 2018.

Expanded Inventory Disclosures Proposed

On January 10, 2017, the FASB issued a proposed ASU, *Disclosure Framework—Changes to the Disclosure Requirements for Inventory*, which calls on businesses to provide more detailed disclosures about their raw materials and finished goods.

The proposed ASU would require businesses to disclose their inventory by component, such as by raw materials, finished goods, supplies, and works-in-process. Businesses also would have to break down how their inventory is measured. Businesses use a variety of measurement techniques for inventory, including last-in, first-out (LIFO), first-in, first-out (FIFO), LIFO retail inventory method, or weighted average. Significant shrinkage, spoilage, damage or other unusual transactions or circumstances affecting inventory balances also would have to be disclosed. Additionally, businesses would have to describe the types of costs capitalized into inventory, the effect of LIFO liquidations on income, and the replacement cost of LIFO inventory.

The FASB is currently redeliberating the proposed ASU in light of the comments received.

Disclosure Framework

The disclosure framework project consists of two phases: (1) the FASB's decision process and (2) the entity's decision process. The overall objective of the project is to improve the effectiveness of disclosures in notes to financial statements by clearly communicating the information that is most important to users of each entity's financial statements. Although reducing the volume of the notes to financial statements is not the primary focus, the FASB hopes that a sharper focus on important information will result in reduced volume in most cases.

Consolidation Reorganization

On November 2, 2016, the Board added this project to its technical agenda. Further, it tentatively decided to (1) clarify the consolidation guidance in ASC 810, *Consolidation*, by dividing it into separate Codification subtopics for voting interest entities and variable interest entities (VIEs); (2) develop a new Codification topic that would include those reorganized subtopics and would completely supersede ASC 810; (3) rescind the subsections on consolidation of entities controlled by contract in ASC 810-10-15 and in ASC 810-30 on research and development arrangements; (4) further clarify that power over a VIE is obtained through a variable interest; and (5) provide further clarification of the application of the concept of "expected," which is used throughout the VIE consolidation guidance.

At its March 8, 2017, meeting, the FASB discussed the feedback received at its December 16, 2016, public roundtable and voted to move forward with a proposed ASU that reorganizes the consolidation guidance. On September 20, 2017, the FASB issued Proposed ASU, *Consolidation (Topic 812): Reorganization*, and the comment period has closed. The proposed ASU is now in the redeliberation phase related to comment responses received.

On June 27, 2018, the Board decided to continue its existing project to reorganize ASC 810 and instructed the staff to develop nonauthoritative educational material to address the more difficult parts of consolidation guidance with the goal of supporting and supplementing the reorganized authoritative consolidation guidance.

Targeted Improvements to VIE Guidance

At its March 8, 2017, meeting, the FASB decided to add to its agenda a project on an elective private-company scope exception to the VIE guidance for entities under common control and certain targeted improvements to the existing related-party guidance in the VIE model. On May 18, 2017, the FASB directed the Staff to draft a proposed ASU for a vote by written ballot. The exposure draft, *Consolidations (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, was issued in June and the comment period has closed. On May 16, 2018, the FASB agreed to finalize the guidance and a final standard is expected in the fourth quarter of 2018.

EITF Agenda Items

At its September 2018 meeting, the FASB's Emerging Issues Task Force (EITF) further discussed an initial consensus (consensus for exposure) related to assumed liabilities in a revenue contract among other things.

Consensus for Exposure

- Issue 18-A: *Recognition Under Topic 805 for an Assumed Liability in a Revenue Contract*—at its June 2018 meeting, the EITF reached a consensus-for-exposure to issue a proposed ASU on the tentative decision that an entity should recognize the assumed contract liability resulting from a revenue contract acquired in a business combination on the basis of whether the liability represents a performance obligation under ASC 606.

  At the September meeting, the EITF decided that additional research is needed before decisions are made regarding whether (1) payment terms in an acquired contract would have an effect on the subsequent amount of revenue recognized after a business combination and (2) costs of activities involved in fulfilling a performance obligation used in the acquirer's measurement of the assumed liability's fair value and whether that measurement should take into account the other assets and liabilities acquired.

  As a result, the EITF decided to issue for public comment a discussion paper summarizing the issues and soliciting input on (1) whether and, if so, how payment terms affect the amount of revenue recognized after a business combination and (2) measuring the fair value of an assumed contract liability for a revenue contract accounted for under ASC 805.

PCC Activities

On Tuesday, June 26, 2018, the Private Company Council (PCC) discussed and provided input on the following topics:

- Town Hall Update: PCC members discussed recent Town Hall meetings held and the feedback received on various topics at those meetings. Town Hall participants:
  - Expressed support for finalizing a private company accounting alternative to scope entities under common control out of applying variable interest entity (VIE) guidance
  - Indicated that accounting for share-based compensation is a topic for the PCC and FASB to simplify for private companies
  - Expressed concerns about the level of preparedness for implementing ASC 606, *Revenue from Contracts with Customers*
  - Did not raise any other emerging private company issues that require the immediate attention of the PCC or the FASB.

- Cloud Computing: PCC members supported the consensus of the EITF reached on EITF Issue 17-A at the June 7, 2018 EITF meeting.
- Share-Based Compensation: PCC members discussed the recent outreach performed with users of private company financial statements regarding the relevance of the current accounting requirements for employee share-based compensation arrangements. Results of the outreach suggest that such lenders and other users find share-based compensation expense to be relevant and is usually reviewed to determine the significance of compensation arrangements at a private company. The PCC directed the FASB staff to perform additional research to better understand the feasibility and usefulness of potential practical expedients to fair valuing equity-classified share-based compensation awards. Further, the PCC requested further research on improving the accounting of profits interests arrangements.
- Revenue Recognition: The PCC discussed implementation issues raised in a comment letter submitted by the AICPA Technical Issues Committee (TIC) and Center for Plain English Accounting (CPEA). Those implementation issues included: (1) determining the legal enforceability of the rights and obligations in a contract, (2) accounting for short-cycle manufacturing contracts and (3) accounting for out-of-pocket costs under ASC 606. Generally, the PCC members found the memos prepared by the FASB staff to be educational and helpful. The staff plans to use the content to develop educational materials.
- Balance Sheet Classification of Debt: The PCC collectively requested that the FASB reconsider its prior decision to allow companies to classify debts due within 12 months as long-term debt if the company has unused long-term financing arrangements at the balance sheet date. Due to the various complexities that may arise during the classification analysis under this potential scenario, the PCC felt that the FASB decision to consider unused long-term financing arrangements was not in line with its intent to simplify balance sheet classification of debt.

Consolidation Reorganization: The PCC generally supported the project to reorganize the consolidation guidance currently in ASC 810 into a new topic (ASC 812). The PCC indicated that the forthcoming private company accounting alternative will reduce the number of entities that need to apply VIE guidance, but some private company stakeholders will still benefit from the reorganization of the consolidation guidance. Some PCC members expressed concern that reorganizing ASC 810 may result in unintended changes in the application of the guidance.

APPENDIX A

Important Implementation Dates

The following table contains significant implementation dates and deadlines for FASB/EITF/PCC and GASB standards.

FASB/EITF/PCC Implementation Dates

Pronouncement	Affects	Effective Date and Transition
ASU 2018-15, ***Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)***	All entities	Effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, the amendments in this Update are effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted, including adoption in any interim period, for all entities.
ASU 2018-14, ***Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans***	All employers that sponsor defined benefit pension or other postretirement plans	Effective for fiscal years ending after December 15, 2020, for public business entities and for fiscal years ending after December 15, 2021, for all other entities. Early adoption is permitted for all entities.
ASU 2018-13, ***Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement***	All entities	Effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted.

Pronouncement	Affects	Effective Date and Transition
ASU 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts*	Insurance entities	For public business entities, the amendments 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 application of the amendments is permitted.

Pronouncement	Affects	Effective Date and Transition
ASU 2018-11, *Leases (Topic 842)—Targeted Improvements*	All entities	The amendments related to separating components of a contract affect the amendments in ASU 2016-02, which are not yet effective but can be early-adopted. For entities that have not adopted ASC 842 before the issuance of this ASU, the effective date and transition requirements for the amendments in this ASU related to separating components of a contract are the same as the effective date and transition requirements in ASU 2016-02. For entities that have adopted ASC 842, the effective date and transition of the amendments related to separating components of a contract are as follows: 1. The practical expedient may be elected either in the first reporting period following the issuance of this ASU or at the original effective date of ASC 842 for that entity. 2. The practical expedient may be applied either retrospectively or prospectively. All entities, including early adopters, that elect the practical expedient related to separating components of a contract in this ASU must apply the expedient, by class of underlying asset, to all existing lease transactions that qualify for the expedient at the date elected.
ASU 2018-10, *Codification Improvements to Topic 842, Leases*	All entities	For entities that early-adopted ASC 842, the amendments are effective upon issuance, and the transition requirements are the same as those in ASC 842. For entities that have not adopted ASC 842, the effective date and transition requirements will be the same as the effective date and transition requirements in ASC 842.

Pronouncement	Affects	Effective Date and Transition
ASU 2018-09, *Codification Improvements*	All entities	The transition and effective date guidance is based on the facts and circumstances of each amendment. Some of the amendments in this ASU do not require transition guidance and will be effective upon issuance. However, many of the amendments do have transition guidance with effective dates for annual periods beginning after December 15, 2018, for public business entities.
ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*	All entities, including business entities, that receive or make contributions of cash and other assets, including promises to give within the scope of Subtopic 958-605 and contributions made within the scope of Subtopic 720-25, *Other Expenses—Contributions Made*.	***Contributions Received:*** For an entity that is either a public business entity or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as a resource recipient, the entity should apply the amendments to annual periods beginning after June 15, 2018, including interim periods within those annual periods. All other entities should apply the amendments to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. ***Contributions Made:*** For an entity that is either a public business entity or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as a resource provider, the entity should apply the amendments to annual periods beginning after December 15, 2018, including interim periods within those annual periods. All other entities should apply the amendments to annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early adoption of the amendments is permitted.
ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*	All entities that enter into share-based payment transactions for acquiring goods and services from nonemployees.	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606.

Pronouncement	Affects	Effective Date and Transition
ASU 2018-06, ***Codification Improvements to Topic 942, Financial Services—Depository and Lending***	The amendments in this ASU remove outdated guidance related to Circular 202 and should have no effect on reporting entities.	Effective upon issuance.
ASU 2018-05, ***Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118***	All entities that are SEC filers.	Effective upon issuance.
ASU 2018-04, ***Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 117 and SEC Release No. 33-9273***	All entities that are SEC filers.	Effective upon issuance.
ASU 2018-03, ***Recognition and Measurement of Financial Assets and Financial Liabilities***	All entities	For public business entities the amendments in this Update are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018. Public business entities with fiscal years beginning between December 15, 2017, and June 15, 2018, are not required to adopt these amendments until the interim period beginning after June 15, 2018, and public business entities with fiscal years beginning between June 15, 2018, and December 15, 2018, are not required to adopt these amendments before adopting the amendments in Update 2016-01. For all other entities, the effective date is the same as the effective date in Update 2016-01. All entities may early adopt these amendments for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, as long as they have adopted Update 2016-01.

Pronouncement	Affects	Effective Date and Transition
ASU 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*	All entities	Effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption of the amendments in this ASU is permitted, including adoption in any interim period, (1) for public business entities for reporting periods for which financial statements have not yet been issued and (2) for all other entities for reporting periods for which financial statements have not yet been made available for issuance.
ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*	All entities	The effective date and transition requirements for ASU 2018-01 are the same as the effective date and transition requirements in ASU 2016-02. An entity that early adopted ASC 842 should apply the amendments in this ASU upon issuance.
ASU 2017-15, *Elimination of Topic 995*	Steamship entities that have unrecognized deferred taxes related to statutory reserve deposits that were made on or before December 15, 1992	Effective for fiscal years and first interim periods beginning after December 15, 2018. Early adoption is permitted for all entities, including adoption in an interim period.
ASU 2017-14, *Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 116 and SEC Release No. 33-10403*	All entities that are SEC filers.	Effective upon issuance.
ASU 2017-13, *Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments (SEC Update)*	All entities that are SEC filers.	Effective upon issuance.

Pronouncement	Affects	Effective Date and Transition
ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*	Entities that elect to apply hedge accounting	Effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods therein. Effective for all other entities for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. All entities are permitted to early adopt the new guidance in any interim or annual period after issuance of the ASU.
ASU 2017-11, *(Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*	Entities that issue financial instruments that include down round features	Effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Effective for all other entities for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted.
ASU 2017-10, *Determining the Customer of the Operation Services—a consensus of the Emerging Issues Task Force*	Operating entities with service concession arrangements within the scope of ASC 853, *Service Concession Arrangements*	Dependent upon the adoption of ASC 606, *Revenue from Contracts with Customers*.
ASU 2017-09, *Scope of Modification Accounting*	Entities that provide share-based payment awards.	Effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period. The amendments should be applied prospectively to an award modified on or after the adoption date.
ASU 2017-08, *Premium Amortization on Purchased Callable Debt Securities*	Entities that hold investments in callable debt securities held at a premium	Effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period.

Pronouncement	Affects	Effective Date and Transition
ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*	Entities that offer defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under ASC 715.	Effective for public business entities for interim and annual periods beginning after December 15, 2017. For other entities, the amendments are effective for annual periods beginning after December 15, 2018, and interim periods in the subsequent annual period. Early adoption is permitted as of the beginning of any annual period for which an entity's financial statements have not been issued or made available for issuance.
ASU 2017-06, *Employee Benefit Plan Master Trust Reporting—a consensus of the Emerging Issues Task Force*	Entities within the scope of ASC 960, ASC 962, or ASC 965.	Effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. An entity should apply the amendments retrospectively to each period for which financial statements are presented.
ASU 2017-05, *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*	All entities.	See the Effective Date and Transition of ASU 2014-09, below.
ASU 2017-04, *Simplifying the Test for Goodwill Impairment*	All entities.	Effective for public business entities that are SEC filers for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2019. For public business entities that are not SEC filers, the amendments are effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2020. For all other entities, including not-for-profit entities, the amendments are effective for annual and interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.
ASU 2017-03, *Amendments to SEC Paragraphs Pursuant to Staff Announcements at the September 22, 2016 and November 17, 2016 EITF Meetings*	All entities.	Effective upon issuance.

Pronouncement	Affects	Effective Date and Transition
ASU 2017-02, *Clarifying When a Not-for-Profit Entity That Is a General Partner or a Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*	Not-for-profit entities.	Effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period.
ASU 2017-01, *Clarifying the Definition of a Business*	All entities.	Effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those annual periods. For all other entities, the amendments are effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.
ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*	All entities.	See the Effective Date and Transition of ASU 2014-09, below.
ASU 2016-19, *Technical Corrections and Improvements*	All entities.	Effective upon issuance (December 14, 2016) for amendments that do not have transition guidance. Amendments that are subject to transition guidance: effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted.
ASU 2016-18, *Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*	All entities.	The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments should be applied using a retrospective transition method to each period presented.

Pronouncement	Affects	Effective Date and Transition
ASU 2016-17, *Interests Held through Related Parties That Are under Common Control*	All entities.	The amendments are effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. Entities that have not yet adopted the amendments in ASU 2015-02 are required to adopt the amendments at the same time they adopt the amendments in ASU 2015-02 and should apply the same transition method elected for the application of ASU 2015-02. Entities that already have adopted the amendments in ASU 2015-02 are required to apply the amendments retrospectively to all relevant prior periods beginning with the fiscal year in which the amendments in ASU 2015-02 initially were applied.
ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*	All entities.	For public business entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. For all other entities, the amendments are effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual periods beginning after December 15, 2019. Early adoption is permitted for all entities as of the beginning of an annual reporting period for which financial statements (interim or annual) have not been issued or made available for issuance. That is, earlier adoption should be in the first interim period if an entity issues interim financial statements. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption.

Pronouncement	Affects	Effective Date and Transition
ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*	All entities.	The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The amendments should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable.
ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*	All not-for-profit entities.	The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted.
ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*	All entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income.	For public business entities (PBE) that are Securities and Exchange Commission (SEC) filers, the new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 (for a calendar-year entity, it would be effective January 1, 2020). For PBEs that are not SEC filers, the new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other organizations, the new standard is effective for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. Early application will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.

Pronouncement	Affects	Effective Date and Transition
ASU 2016-12, *Narrow-Scope Improvements and Practical Expedients*	All entities	See the Effective Date and Transition of ASU 2014-09, below.
ASU 2016-11, *Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting (SEC Update)*	None.	None.
ASU 2016-10, *Identifying Performance Obligations and Licensing*	All entities	See the Effective Date and Transition of ASU 2014-09, below.
ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*	All entities that issue share-based payment awards to their employees.	For public business entities, the amendments are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for any organization in any interim or annual period.
ASU 2016-08, *Principal versus Agent Considerations* ***(Reporting Revenue Gross versus Net)***	All entities.	See the Effective Date and Transition of ASU 2014-09, below.
ASU 2016-07, *Simplifying the Transition to the Equity Method of Accounting*	Entities that have an investment that becomes qualified for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence.	The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. Earlier application is permitted.

Pronouncement	Affects	Effective Date and Transition
ASU 2016-06, *Contingent Put and Call Options in Debt Instruments (a consensus of the Emerging Issues Task Force)*	Entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options.	For public business entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For entities other than public business entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. An entity should apply the amendments on a modified retrospective basis to existing debt instruments as of the beginning of the fiscal year for which the amendments are effective. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period.
ASU 2016-05, *Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the Emerging Issues Task Force)*	Entities for which there is a change in the counterparty to a derivative instrument that has been designated as a hedging instrument.	For public business entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. For all other entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. An entity has an option to apply the amendments on either a prospective basis or a modified retrospective basis. Early adoption is permitted, including adoption in an interim period.

Pronouncement	Affects	Effective Date and Transition
ASU 2016-04, *Recognition of Breakage for Certain Prepaid Stored-Value Products (a consensus of the Emerging Issues Task Force)*	Entities that offer certain prepaid stored-value products.	For public business entities, certain not-for-profit entities, and certain employee benefit plans, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The amendments should be applied either using a modified retrospective transition method by means of a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year in which the guidance is effective or retrospectively to each period presented. Earlier application is permitted, including adoption in an interim period.
ASU 2016-03, *Effective Date and Transition Guidance (a consensus of the Private Company Council)*	All entities except public business entities, as defined in the Master Glossary of the FASB Accounting Standards Codification, not-for-profit entities, and employee benefit plans.	The amendments are effective immediately.
ASU 2016-02, *Leases*	All lessee and lessor entities.	For public business entities, NFPs that have issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an OTC market, or an employee benefit plan that files financial statements with the SEC, the amendments are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments is permitted for all entities.

Pronouncement	Affects	Effective Date and Transition
ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*	Entities that hold financial assets or owe financial liabilities.	For public companies the amendments are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For private companies, not-for-profit organizations, and employee benefit plans, the standard becomes effective for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019.
ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*	Entities that have deferred tax assets and/or deferred tax liabilities.	For public business entities, the amendments are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the amendments are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018.
ASU 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*	Entities that have reported provisional amounts for items in a business combination for which the accounting is incomplete.	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. All other entities are required to apply the new requirements for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. All entities are required to apply the amendments prospectively to adjustments to provisional amounts that occur after the effective date, with earlier application permitted for financial statements that have not been issued.
ASU 2015-14, *Revenue From Contracts With Customers (ASC 606): Deferral of the Effective Date*	All entities.	See the Effective Date and Transition of ASU 2014-09, below.

Pronouncement	Affects	Effective Date and Transition
ASU 2015-11, *Simplifying the Measurement of Inventory*	Entities that have inventory.	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period.
ASU 2015-09, *Disclosures about Short-Duration Contracts*	Insurance entities that issue short-duration contracts as defined in FASB ASC 944, *Financial Services—Insurance*.	For public business entities, the amendments are effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. For all other entities, the amendments are effective for annual periods beginning after December 15, 2016, and interim periods within annual periods beginning after December 15, 2017.
ASU 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*	All entities.	For public business entities, the amendments will be effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendments will be effective for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. Early adoption is permitted for all entities.
ASU 2015-04, *Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets*	All entities.	The amendments are effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. Earlier application is permitted.
ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*	All entities.	For public business entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued.

Pronouncement	Affects	Effective Date and Transition
ASU 2015-02, *Amendments to the Consolidation Analysis*	All entities.	Effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. A reporting entity may apply the amendments using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. A reporting entity also may apply the amendments retrospectively.
ASU 2014-18, *Accounting for Identifiable Intangible Assets in a Business Combination—a consensus of the Private Company Council*	All entities except public business entities, as defined in the Master Glossary of the FASB Accounting Standards Codification, not-for-profit entities, and employee benefit plans.	Effective prospectively to the first in-scope transaction after the adoption of the accounting alternative.
ASU 2014-16, *Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share is More Akin to Debt or to Equity*	All entities that are issuers of, or investors in, hybrid financial instruments that are issued in the form of a share.	Effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. Entities should apply the guidance on a modified retrospective basis (cumulative-effect retained earnings adjustment as of the beginning of the year of adoption) to existing hybrid instruments issued in the form of a share as of the beginning of the fiscal year for which this ASU is effective. Retrospective application is permitted to all relevant prior periods.

Pronouncement	Affects	Effective Date and Transition
ASU 2014-15, *Disclosure of Uncertainties About and an Entity's Ability to Continue as a Going Concern*	All entities.	Effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted.
ASU 2014-13, *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity—a Consensus of the Emerging Issues Task Force*	A reporting entity that is required to consolidate a collateralized financing entity.	Effective for public business entities for annual periods and interim periods within those annual periods beginning after December 15, 2015. For all other entities, the amendments are effective for annual periods ending after December 15, 2016, and interim periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of an annual period.
ASU 2014-10, *Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation*	All entities.	Except for the amendments to ASC 810, the guidance is effective for public business entities for reporting periods (including interim periods) beginning after December 15, 2014. For other entities, the amendments are effective for annual periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015. The amendments to ASC 810 are effective one year later for public business entities and two years later for other entities. The guidance should be applied retrospectively, except for the clarification to ASC 275, which applied prospectively. Early adoption of the amendments is permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been issued.

Pronouncement	Affects	Effective Date and Transition
ASU 2014-09, *Revenue from Contracts with Customers*	All entities.	For public business entities, certain not-for-profit entities, and certain employee benefit plans, the ASU is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early application is permitted only as of annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. For all other entities, the ASU is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. All other entities may apply the ASU early as of an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities also may apply the guidance in the ASU early as of an annual reporting period beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the guidance in the ASU. An entity should apply the guidance either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying guidance at the date of initial application.

GASB Implementation Dates

Pronouncement	Affects	Effective Date and Transition
Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61)*	Governmental entities.	Effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*	Governmental entities.	Effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.
Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*	Governmental entities.	Effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.
Statement 87, *Leases*	Governmental entities.	Effective for reporting periods beginning after December 15, 2019.
Statement 86, *Certain Debt Extinguishment Issues*	Governmental entities.	Effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.
Statement 85, *Omnibus 2017*	Governmental entities.	Effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.
Statement 84, *Fiduciary Activities*	Governmental entities.	Effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
Statement 83, *Certain Asset Retirement Obligations*	Governmental entities.	Effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.
Statement 82, *Pension Issues*	Governmental entities.	Effective for reporting periods beginning after June 15, 2016, except for the requirements for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

Pronouncement	Affects	Effective Date and Transition
Statement 81, *Irrevocable Split-Interest Agreements*	Governmental entities.	Effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.
Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*	Governmental entities.	Effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
Statement 79, *Certain External Investment Pools and Pool Participants*	Governmental entities.	Effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.
Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*	Governmental entities.	Effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.
Statement 77, *Tax Abatement Disclosures*	Governmental entities.	Effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.
Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*	Governmental entities.	Effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.
Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*	Governmental entities.	Effective for fiscal years beginning after June 15, 2017. Early adoption is encouraged.
Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*	Governmental entities.	Effective for financial statements for periods beginning after June 15, 2016. Early adoption is encouraged.

Pronouncement	Affects	Effective Date and Transition
Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*	Governmental entities.	Effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. Early adoption is encouraged.
Statement 72, *Fair Value Measurement and Application*	Governmental entities.	Effective for financial statements for periods beginning after June 15, 2015. Early adoption is encouraged.

APPENDIX B

Illustrative Disclosures for Recently Issued Accounting Pronouncements

For the Quarter Ended September 30, 2018

The illustrative disclosures below are presented in plain English. Please review each disclosure for its applicability to your organization and the need for disclosure in your organization's financial statements.

{Please give careful consideration to appropriateness of italicized text.}

ASU 2014-09 — Applicable to all:

In May 2014, the FASB issued guidance to change the recognition of revenue from contracts with customers. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. This guidance also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The guidance will be effective for the Company for *[reporting periods beginning after December 15, 2017.-<u>public business entities</u>] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-<u>all other entities</u>]* The Company will apply the guidance using a *[full retrospective approach] [modified retrospective approach]. The Company is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.*

ASU 2015-02 — Applicable to all:

In February 2015, the FASB issued guidance which amends the consolidation requirements and significantly changes the consolidation analysis required under U.S. GAAP. Although the amendments are expected to result in the deconsolidation of many entities, the Company will need to reevaluate all its previous consolidation conclusions. The amendments will be effective for *[fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015-<u>public business entities</u>] [fiscal years beginning after December 15, 2016, and interim periods beginning after December 15, 2017-<u>all other entities</u>]*, with early adoption permitted (including during an interim period), provided that the guidance is applied as of the beginning of the annual period containing the adoption date. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2015-04 — Applicable to entities with defined benefit pension plans:

In April 2015, the FASB issued guidance which provides a practical expedient that permits the Company to measure defined benefit plan assets and obligations using the month-end that is closest to the Company's fiscal year-end. The amendments will be effective for *[fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015-<u>public business entities</u>] [fiscal years beginning after December 15, 2016, and interim periods beginning after December 15, 2017-<u>all other entities</u>]*, with early adoption permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2015-09 — Applicable to insurance entities that issue short-duration contracts:
In May 2015, the FASB issued guidance which requires insurance entities to disclose for annual reporting periods certain information about the liability for unpaid claims and claim adjustment expenses. The amendments will be effective for *[fiscal years beginning after December 15, 2015 and interim periods beginning after December 15, 2016-public business entities] [fiscal years beginning after December 15, 2016, and interim periods beginning after December 15, 2017-all other entities]*, with early adoption permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2015-11 — Applicable to entities that have inventory:
In July 2015, the FASB issued amendments to the Inventory topic of the Accounting Standards Codification to require inventory other than inventory measured at LIFO or retail methods to be measured at the lower of cost and net realizable value. Other than the change in the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory, there are no other substantive changes to the guidance on measurement of inventory. The amendments will be effective for *[fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016-public business entities] [fiscal years beginning after December 15, 2016, and interim periods beginning after December 15, 2017-all other entities]*, with early adoption permitted*. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2015-14 — Applicable to all:
In August 2015, the FASB deferred the effective date of ASU 2014-09, *Revenue from Contracts with Customers.* As a result of the deferral, the guidance in ASU 2014-09 will be effective for the Company for *[reporting periods beginning after December 15, 2017.-public business entities] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-all other entities]* The Company will apply the guidance using a [*full retrospective approach] [modified retrospective approach]*. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2015-16 — Applicable to all entities that have reported provisional amounts for items in a business combination for which the accounting is incomplete:
In September 2015, the FASB amended the Business Combinations topic of the Accounting Standards Codification to simplify the accounting for adjustments made to provisional amounts recognized in a business combination by eliminating the requirement to retrospectively account for those adjustments. The amendments will be effective for *[fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015-public business entities] [fiscal years beginning after December 15, 2016, and interim periods beginning after December 15, 2017-all other entities]*, with early adoption permitted for financial statements that have not been issued. All entities are required to apply the amendments prospectively to adjustments to provisional amounts that occur after the effective date. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2015-17 — Applicable to entities that have deferred tax assets and/or deferred tax liabilities:
In November 2015, the FASB amended the Income Taxes topic of the Accounting Standards Codification to

simplify the presentation of deferred income taxes by requiring that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments will be effective for *[financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods-public business entities] [financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018-all other entities]*, with early adoption permitted as of the beginning of an interim or annual reporting period. The Company will apply the guidance *[prospectively] [retrospectively]*. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-01 — Applicable to entities that hold financial assets or owe financial liabilities:
In January 2016, the FASB amended the Financial Instruments topic of the Accounting Standards Codification to address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments will be effective for *[fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.-public business entities] [fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.-all other entities, including not-for-profit organizations and employee benefit plans]* The Company will apply the guidance by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values will be applied prospectively to equity investments that exist as of the date of adoption of the amendments. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-02 — Applicable to lessee and lessor entities:
In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. The amendments will be effective for *[fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.-public business entities] [fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.-all other entities]* Early adoption is permitted. *The Company is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.*

We expect to adopt the guidance using the modified retrospective method and practical expedients for transition. The practical expedients allow us to largely account for our existing leases consistent with current guidance except for the incremental balance sheet recognition for lessees. We have started an initial evaluation of our leasing contracts and activities. We have also started developing our methodology to estimate the right-of use assets and lease liabilities, which is based on the present value of lease payments (the December 31, 2017 future minimum lease payments were *$____* million). We do not expect a material change to the timing of expense recognition, but we are early in the implementation process and will continue to evaluate the impact. We are evaluating our existing disclosures and may need to provide additional information as a result of adoption of the ASU.

ASU 2016-04 — Applicable to entities that offer certain prepaid stored-value products:
In March 2016, the FASB amended the Liabilities topic of the Accounting Standards Codification to address the current and potential future diversity in practice related to the derecognition of a prepaid stored-value product liability. The amendments will be effective for *[financial statements issued for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.-public business entities] [financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.-all other entities]* Early adoption is permitted. The Company will apply the guidance *[using a modified retrospective transition method by means of a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year in which the guidance is effective] [retrospectively]* to each period presented. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-05 — Applicable to entities for which there is a change in the counterparty to a derivative instrument that has been designated as a hedging instrument:
In March 2016, the FASB amended the Derivatives and Hedging topic of the Accounting Standards Codification to clarify that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The amendments will be effective for *[financial statements issued for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years.-public companies] [financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018.-all other entities]* Early adoption is permitted. The Company will apply the guidance *[using a modified retrospective transition] [prospectively]* to each period *presented. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-06 — Applicable to entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options:
In March 2016, the FASB amended the Derivatives and Hedging topic of the Accounting Standards Codification to clarify the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. The amendments will be effective for *[financial statements issued for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years.-public business entities] [financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018.-all other entities]* Early adoption is permitted. The Company will apply the guidance using a modified retrospective transition to existing debt instruments as of the beginning of the fiscal year for which the amendments are effective. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-08 — Applicable to all:
In March 2016, the FASB amended the Revenue from Contracts with Customers topic of the Accounting

Standards Codification to clarify the implementation guidance on principal versus agent considerations and address how an entity should assess whether it is the principal or the agent in contracts that include three or more parties. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2017.-<u>public business entities</u>] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-<u>all other entities</u>] The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-09 — Applicable to all:

In March 2016, the FASB issued guidance to simplify several aspects of the accounting for share-based payment award transactions including the income tax consequences, the classification of awards as either equity or liabilities, and the classification on the statement of cash flows. Additionally, the guidance simplifies two areas specific to entities other than public business entities allowing them apply a practical expedient to estimate the expected term for all awards with performance or service conditions that have certain characteristics and also allowing them to make a one-time election to switch from measuring all liability-classified awards at fair value to measuring them at intrinsic value. The amendments will be effective for the Company for *[annual periods beginning after December 15, 2016 and interim periods within those annual periods.-<u>public business entities</u>] [annual periods beginning after December 15, 2017, and interim periods within annual reporting periods beginning after December 15, 2018.-<u>all other entities</u>]* Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-10 — Applicable to all:

In April 2016, the FASB amended the Revenue from Contracts with Customers topic of the Accounting Standards Codification to clarify guidance related to identifying performance obligations and accounting for licenses of intellectual property. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2017.-<u>public business entities</u>] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-<u>all other entities</u>] The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-12 — Applicable to all:

In May 2016, the FASB amended the Revenue from Contracts with Customers topic of the Accounting Standards Codification to clarify guidance related to collectability, noncash consideration, presentation of sales tax, and transition. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2017.-<u>public business entities</u>] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-<u>all other entities</u>] The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-13 — Applicable to entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income:

In June 2016, the FASB issued guidance to change the accounting for credit losses and modify the impairment model for certain debt securities. The guidance requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2019.-<u>SEC filers</u>]* [*reporting periods beginning after December 15, 2020.-<u>public business entities that are not SEC filers</u>] [annual periods beginning after December 15, 2020, and interim periods within annual reporting periods beginning after December 15, 2021.-<u>all other entities</u>]* Early adoption is permitted for all organizations for periods beginning after December 15, 2018. *The Company is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.*

ASU 2016-14 — Applicable to all not-for-profit entities:
In August 2016, the FASB issued guidance to make targeted improvements to the not-for-profit financial reporting model, including changes in how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. The amendments will be effective for the Organization for fiscal years beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. *The Organization is currently evaluating the effect that implementation of the new guidance will have on its financial statements.*

ASU 2016-15 — Applicable to all:
In August 2016, the FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2017 including interim periods within those fiscal years.-<u>public business entities</u>] [fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.-<u>all other entities</u>]* Early adoption is permitted*. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-16 — Applicable to all:
In October 2016, the FASB amended the Income Taxes topic of the Accounting Standards Codification to modify the accounting for intra-entity transfers of assets other than inventory. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2017 including interim periods within those fiscal years.-<u>public business entities</u>] [fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.-<u>all other entities</u>] Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-17 — Applicable to all:
In October 2016, the FASB amended the Consolidation topic of the Accounting Standards Codification to revise the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity (VIE) should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2016 including*

interim periods within those fiscal years.-public business entities] [fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017.-all other entities] Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2016-18 — Applicable to all:

In November 2016, the FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2017 including interim periods within those fiscal years.-public business entities] [fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.-all other entities] Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2016-20 — Applicable to all:

In December 2016, the FASB issued technical corrections and improvements to the Revenue from Contracts with Customers Topic. These corrections make a limited number of revisions to several pieces of the revenue recognition standard issued in 2014. The effective date and transition requirements for the technical corrections will be effective for the Company for *[reporting periods beginning after December 15, 2017.-public business entities] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-all other entities]* The Company will apply the guidance using a *[full retrospective approach] [modified retrospective approach]. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-01 — Applicable to all:

In January 2017, the FASB issued guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendment to the Business Combinations Topic is intended to address concerns that the existing definition of a business has been applied too broadly and has resulted in many transactions being recorded as business acquisitions that in substance are more akin to asset acquisitions. The guidance will be effective for the Company for *[reporting periods beginning after December 15, 2017.-public business entities] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-all other entities]* Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-02 — Applicable to all not-for-profit entities:

In January 2017, the FASB amended the Not-for-Profit Entities Topic of the Accounting Standards Codification to clarify consolidation guidance for not-for-profit entities. The amendments will be effective for the Organization for fiscal years beginning after December 15, 2016 and interim periods within fiscal years beginning after December 15, 2017. Early adoption is permitted. *The Organization is currently evaluating the effect that implementation of the new standard will have on its financial statements.*

ASU 2017-04 — Applicable to all:
In January 2017, the FASB amended the Goodwill and Other Topic of the Accounting Standards Codification to simplify the accounting for goodwill impairment for public business entities and other entities that have goodwill reported in their financial statements and have not elected the private company alternative for the subsequent measurement of goodwill. The amendment removes Step 2 of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The effective date and transition requirements for the technical corrections will be effective for the Company for *[reporting periods beginning after December 15, 2019.-public business entities that are SEC filers] [reporting periods beginning after December 15, 2020.-public business entities that are not SEC filers] [reporting periods beginning after December 15, 2021.-all other entities]* Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-05 — Applicable to all:
In February 2017, the FASB amended the Other Income Topic of the Accounting Standards Codification to clarify the scope of the guidance on nonfinancial asset derecognition as well as the accounting for partial sales of nonfinancial assets. The amendments conform the derecognition guidance on nonfinancial assets with the model for transactions in the new revenue standard. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2017.-public business entities] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-all other entities] The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-06 — Applicable to employee benefit plans with a master trust:
In February 2017, the FASB amended the guidance related to employee benefit plan master trust reporting. The new guidance provides for presentation within the plan's financial statements of its interest in a master trust as a single line item; disclosure of the master trust's investments by general type as well as by the dollar amount of the plan's interest in each type; disclosure of the master trust's other assets and liabilities and the balances related to the plan; and elimination of required disclosures for Section 401(h) accounts that are already provided by the associated defined benefit plan. The amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. *The Plan does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-07 — Applicable to entities that offer defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under ASC 715:
In March 2017, the FASB amended the requirements in the Compensation—Retirement Benefits Topic of the Accounting Standards Codification related to the income statement presentation of the components of net periodic benefit cost for an entity's sponsored defined benefit pension and other postretirement plans. The amendments will be effective for the Company for *[interim and annual periods beginning after December 15, 2017.-public business entities] [annual periods beginning after December 15, 2018, and interim periods within*

annual reporting periods beginning after December 15, 2019.-all other entities] Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-08 — Applicable to entities that hold investments in callable debt securities held at a premium

In March 2017, the FASB amended the requirements in the Receivables—Nonrefundable Fees and Other Costs Topic of the Accounting Standards Codification related to the amortization period for certain purchased callable debt securities held at a premium. The amendments shorten the amortization period for the premium to the earliest call date. The amendments will be effective for the Company for *[interim and annual periods beginning after December 15, 2018.-public business entities] [annual periods beginning after December 15, 2019, and interim periods within annual reporting periods beginning after December 15, 2020.-all other entities]* Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-09 — Applicable to entities with stock compensation plans

In May 2017, the FASB amended the requirements in the Compensation—Stock Compensation Topic of the Accounting Standards Codification related to changes to the terms or conditions of a share-based payment award. The amendments provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The amendments will be effective for the Company for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted*. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-10 — Applicable to entities with service concession arrangements

In May 2017, the FASB amended the requirements in the Service Concession Arrangements Topic of the Accounting Standards Codification to clarify how an operating entity determines the customer of the operation services for service concession arrangements. The amendments will be effective for the Company for *{[reporting periods beginning after December 15, 2017.-public business entities] [annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.-all other entities] -entities that have **not** adopted ASU 2014-09} {[fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.-public business entity, a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the SEC] [fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.-all other entities]-entities that have adopted ASU 2014-09} The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-11 — Applicable to entities that issue financial instruments that include down round features

In July 2017, the FASB amended the requirements in the Earnings per Share, Distinguishing Liabilities from Equity, and Derivatives and Hedging Topics of the Accounting Standards Codification to address the complexity of accounting for certain financial instruments with down round features. The amendments will be effective for the Company for *[interim and annual periods beginning after December 15, 2018.-public business entities] [annual periods beginning after December 15, 2019, and interim periods within annual reporting periods beginning after December 15, 2020.-all other entities]* Early adoption is permitted*. The Company does not expect* *these amendments to have a material effect on its financial statements.*

ASU 2017-12 — Applicable to entities that elect to apply hedge accounting

In August 2017, the FASB amended the requirements of the Derivatives and Hedging Topic of the Accounting Standards Codification to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. The amendments will be effective for the Company for *[interim and annual periods beginning after December 15, 2018.-public business entities] [annual periods beginning after December 15, 2019, and interim periods within annual reporting periods beginning after December 15, 2020.-all other entities]* Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2017-15 — Applicable to U.S. Steamship Entities:

In December 2017, the FASB removed the U.S. Steamship Entities Topic of the Accounting Standards Codification. The amendments remove the guidance for steamship entities with respect to unrecognized deferred taxes related to certain statutory reserve deposits. The amendments are effective for fiscal years and first interim periods beginning after December 15, 2018. Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-01 — Applicable to entities with land easements:

In January 2018, the FASB amended the requirements of the Leases Topic of the Accounting Standards Codification. The amendments permit an entity to elect an optional transition practical expedient to not evaluate under the new lease accounting guidance land easements that exist or expired before the entity's adoption of the new lease accounting guidance and that were not previously accounted for as leases under previous lease accounting guidance. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in ASU 2016-02. Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-02 — Applicable to entities with items of other comprehensive income for which the related tax effects are presented in other comprehensive income:

In February 2018, the FASB amended the Income Statement—Reporting Comprehensive Income Topic of the Accounting Standards Codification. The amendments allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-03 — Applicable to all:

In February 2018, the FASB amended the Financial Instruments Topic of the Accounting Standards Codification. The amendments clarify certain aspects of the guidance issued in ASU 2016-01. The amendments are effective for [*fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018 -public business entities] [Public business entities with fiscal years beginning between December 15, 2017, and June 15, 2018, are not required to adopt these amendments until the interim period beginning* *after June 15, 2018, and public business entities with fiscal years beginning between June 15, 2018, and December 15, 2018, are not required to adopt these amendments before adopting the amendments in ASU 2016-01] [the same as the effective date in ASU 2016-01 –all other entities]. All entities may early adopt these amendments for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, as long as they have adopted ASU 2016-01. The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-04 — Applicable to SEC filers:
In March 2018, the FASB updated the Debt Securities and the Regulated Operations Topics of the Accounting Standards Codification. The amendments incorporate into the Accounting Standards Codification recent SEC guidance which was issued in order to make the relevant interpretive guidance consistent with current authoritative accounting and auditing guidance and SEC rules and regulations. The amendments were effective upon issuance *and did not have a material effect on the financial statements*.

ASU 2018-05 — Applicable to SEC filers:
In March 2018, the FASB updated the Income Taxes Topic of the Accounting Standards Codification. The amendments incorporate into the Accounting Standards Codification recent SEC guidance related to the income tax accounting implications of the Tax Cuts and Jobs Act. The amendments were effective upon issuance *and did not have a material effect on the financial statements.*

ASU 2018-06 — Applicable to depository and lending institutions:
In May 2018, the FASB amended the Financial Services—Depository and Lending Topic of the Accounting Standards Codification to remove outdated guidance related to Circular 202. The amendments were effective upon issuance *and did not have a material effect on the financial statements.*

ASU 2018-07 — Applicable to all entities that enter into share-based payment transactions for acquiring goods and services from nonemployees:
In June 2018, the FASB amended the Compensation—Stock Compensation Topic of the Accounting Standards Codification. The amendments expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The amendments are effective for *[fiscal years beginning after December 15, 2018, including interim periods within that fiscal year-public business entities] [fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020-all other entities]*. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-08 — Applicable to Not-for-Profit entities and all other entities, including business entities, that receive or make contributions of cash and other assets, including promises to give within the scope of Subtopic 958-605 and contributions made within the scope of Subtopic 720-25, Other Expenses—Contributions Made:
In June 2018, the FASB updated the Not-for-Profit Entities Topic of the Accounting Standards Codification. The amendments clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. For contributions received, the amendments are effective for *[annual periods beginning after June 15, 2018, including interim periods within*

those annual periods-public business entities or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as a resource recipient] [annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019-all other entities]. For contributions made, the amendments are effective for *[annual periods beginning after December 15, 2018, including interim periods within those annual periods-public business entities or an NFP that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as a resource provider] [annual periods beginning after December 15, 2019, and interim periods within those annual periods beginning after December 15, 2020-all other entities]*. Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-09 — Applicable to all:

In July 2018, the FASB issued amendments to clarify the Accounting Standards Codification (ASC), correct unintended application of guidance, and make minor improvements to the ASC that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The transition and effective date guidance is based on the facts and circumstances of each amendment. Some of the amendments do not require transition guidance and were effective upon issuance (July 16, 2018). *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-10 — Applicable to lessee and lessor entities:

In July 2018, the FASB amended the Leases Topic of the Accounting Standards Codification to make narrow amendments to clarify how to apply certain aspects of the new leases standard. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2018.-public business entities] [annual periods beginning after December 15, 2019, and interim periods within annual reporting periods beginning after December 15, 2020.-all other entities] The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-11 — Applicable to lessee and lessor entities:

In July 2018, the FASB amended the Leases Topic of the Accounting Standards Codification to give entities another option for transition and to provide lessors with a practical expedient. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2018.-public business entities] [annual periods beginning after December 15, 2019, and interim periods within annual reporting periods beginning after December 15, 2020.-all other entities] The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-12 — Applicable to insurance entities that issue long-duration contracts:

In August 2018, the FASB amended the Financial Services—Insurance Topic of the Accounting Standards Codification to make targeted improvements to the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The amendments will be effective for the Company *for [reporting periods beginning after December 15, 2020.-public business entities]* *[annual periods beginning after December 15, 2021, and interim periods within annual reporting periods beginning after December 15, 2022.-<u>all other entities</u>] The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-13 — Applicable to all entities that are required to make disclosures about recurring or nonrecurring fair value measurements:

In August 2018, the FASB amended the Fair Value Measurement Topic of the Accounting Standards Codification. The amendments remove, modify, and add certain fair value disclosure requirements based on the concepts in the FASB Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-14 — Applicable to all employers that sponsor defined benefit pension or other postretirement plans:

In August 2018, the FASB amended the Compensation—Retirement Benefits—Defined Benefit Plans Topic of the Accounting Standards Codification. The amendments remove, modify, and add certain disclosure requirements for employers that sponsor defined benefit pension plans or other postretirement plans. The amendments are effective *[fiscal years ending after December 15, 2020.-<u>public business entities</u>] [fiscal years ending after December 15, 2021,-<u>all other entities</u>]*. Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

ASU 2018-15 — Applicable to all:

In August 2018, the FASB amended the Intangibles—Goodwill and Other Topic of the Accounting Standards Codification to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2019.-<u>public business entities</u>] [fiscal years beginning after December 15, 2020, and interim periods within annual reporting periods beginning after December 15, 2021.- <u>all other entities</u>]* Early adoption is permitted. *The Company does not expect these amendments to have a material effect on its financial statements.*

Applicable to all:

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.