ASSURANCE SERVICES
Quarterly Update

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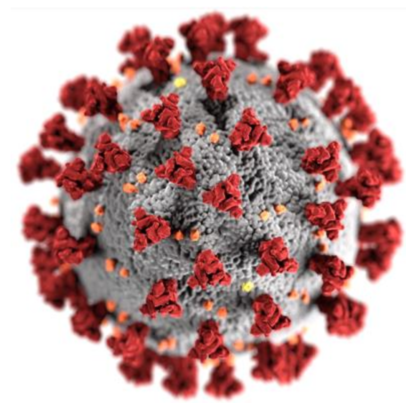
Fourth Quarter 2020

January 1, 2021

In this edition of the quarterly communication, we have provided information about financial reporting and accounting issues – some of which are currently being evaluated by regulatory agencies and not resolved at this time. We have also compiled a list of items for consideration in your financial reporting and disclosures for the fourth quarter and a summary of recently issued accounting pronouncements (see Appendices for summary of recently issued accounting pronouncements and the related effective dates).

This quarterly update is organized as follows:

Coronavirus Disease 2019 Update



The COVID-19 pandemic has significantly disrupted communities and businesses globally. This disruption is placing a great deal of strain not only on the healthcare system but also on the day-to-day livelihood of individuals. COVID-19 has also had a significant impact on global financial markets, and will likely have operational implications for many entities. Examples of some potential operational impacts include, but are not limited to:

- Reductions in productivity due to extended unavailability of production personnel
- Supply chain disruptions
- Declines in sales and earnings
- Closure of facilities and stores
- Increased volatility in the value of financial instruments
- Reduced tourism from reductions of nonessential travel and leisure activities

Entities should carefully consider their unique circumstances and risk exposures and evaluate the pandemic's impact on their financial reporting as well. Specifically, financial reporting and related financial statement disclosures need to convey all material effects of COVID-19. Some of the accounting and disclosure considerations related to the COVID-19 outbreak include, but are not limited to:

- ***Impairment of goodwill*** – see Goodwill Impairment Analysis discussion below.
- ***Impairment of other long-lived assets*** – long-lived assets are required to be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable under ASC Topic 360. The coronavirus outbreak may result in triggering events, such as changes in the planned use of an asset, that will necessitate more vigorous evaluations of the recoverability of machinery and equipment.
- ***Valuation of inventories*** – the carrying value of inventory will need to be adjusted if disruptions to supply chains and decreased consumer demand results in decreases to the net realizable value of inventories. Additionally, there could be excess fixed overhead costs being capitalized into the cost of inventory if production is abnormally low or halted. ASC Topic 330 requires a portion of fixed overhead to be expensed as period costs, rather than capitalized into inventory, when production levels are below normal capacity.
- ***Allowance for expected credit losses*** – if COVID-19 has adversely impacted customers' ability to pay its outstanding balance, the adequacy of the allowance for expected credit losses should be re-evaluated.
- ***Fair value measurements*** – apply the guidance in ASC Topic 320, ASC Topic 321, and ASC Topic 323 when performing an impairment assessment resulting from declines in the capital markets as a result of COVID-19.
- ***Breach of loan covenants and debt restructuring*** – as a result of the coronavirus outbreak, entities may need to amend the terms of existing debt agreements as a result of loan covenant violations. ASC 470 requires these amendments to be assessed to determine if the amendments represent a debt modification, debt extinguishment, or a troubled debt restructuring.
- ***Going concern*** – evaluation of whether there is substantial doubt about an entity's ability to continue as a going concern is required under ASC 205-40. This evaluation is based on events that are known and reasonably knowable at the date the financial statements are issued. Analysis should include consideration of any adverse factors such as reduced product demand, facility closures, and the ability to meet debt covenants or other key financial ratios resulting from the effects of the pandemic.

Coronavirus Disease 2019 Update, *continued*

- ***Liquidity risk management*** – while not intended to be an all-inclusive list of liquidity risk management requirements, an organization should know (1) current and projected cash position, (2) current and projected working capital needs, (3) evaluate cash inflow (i.e., customer payment ability, etc.), (4) aggressively manage cash outflow (i.e., cost controls), and (5) understand external liquidity sources (i.e., communicate frequently with lenders). ***Employment termination benefits*** – the accounting ramifications for any employment termination benefits should be evaluated under the requirements of ASC 710.
- ***Share-based compensation performance conditions and modifications*** – stock compensation arrangements with performance conditions based on the achievement of future metrics may no longer be assessed as being probable due to the COVID-19 pandemic. Accounting for those contracts and any potential modifications is governed by ASC 718.
- ***Tax considerations*** – if COVID-19 has adversely impacted profitability, the recoverability of any deferred tax assets should be evaluated under the requirements of ASC 740.
- ***Subsequent events disclosures*** – see COVID-19 Financial Reporting Considerations discussion below
- ***Commitments and contingencies*** – ASC 440 and ASC 450 outline requirements regarding disclosure of commitments and contingencies. New situations resulting from COVID-19 should be evaluated under this guidance.
- ***Internal controls*** – the impact of COVID-19 on internal control over financial reporting should be evaluated (i.e., controls no longer function or segregation of duties is compromised due to absence caused by workforce sickness, new controls may have been implemented, and/or existing controls revised related to IT access changes to enable remote workforces).

Goodwill Impairment Analysis

Most if not all stocks have been impacted by the economic fallout from the COVID-19 pandemic and this may raise questions about whether certain assets are impaired. Impairment tests may need to be performed for goodwill and intangible assets. The FASB issued revised guidance for measuring goodwill, and a company may elect to adopt ASU 2017-04 to apply a simplified quantitative impairment test for goodwill.

<u>Process for Testing Goodwill for Impairment:</u>

The guidance requires that goodwill is tested annually or more frequently if events or changes in circumstances indicate it is more likely than not the intangible asset or the reporting unit for goodwill is impaired. Goodwill is tested at the reporting unit level in the company. A reporting unit is generally defined as an operating segment in the company.

With uncertainty in the economic environment, these are some of the considerations to use in the evaluation:

- The company's stock price and market capitalization suggest that the fair value of a reporting unit is less than carrying amount.
- Recent news articles or analyst reports suggest a decline in the company's market or industry.
- Competitors have recently recognized an impairment loss.
- Market multiples for competitors in the industry have declined.
- The company or its competitors have been impacted by workforce reductions due to the current economic environment.

The company should evaluate these considerations and any others that are relevant to its business to determine if it believes that it is more likely than not that goodwill or a reporting unit is impaired. If so, it must perform a quantitative impairment test.

Coronavirus Disease 2019 Update, *continued*

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Elliott Davis Analysis: *Many companies in today's environment may be questioning whether to perform an interim analysis. A company should consider how much excess of fair value over carrying amount it had in its previous quantitative analysis. It should also consider the impact of negative factors such as decline in stock price and business interruption. The guidance requires a company to consider how the severity and anticipated duration of the current market conditions impact its fair value.*

The steps to perform the quantitative impairment test vary based on whether the company has adopted ASU 2017-04. This guidance in ASU 2017-04 is already effective for calendar year public business entities that are not smaller reporting companies. For all other entities it is effective for annual periods beginning after December 15, 2022. **Early adoption is permitted.**

Steps to review goodwill for impairment: (Prior to adoption of ASU 2017-04)

1. Determine whether the fair value of the intangible asset (or reporting unit) is less than its carrying amount.
2. Determine the amount of the implied fair value of goodwill
3. Measure impairment loss – which is the amount by which the implied goodwill is less than its carrying amount.

Steps to review goodwill for impairment: (after adoption of ASU 2017-04)

1. Determine whether the fair value of the intangible asset (or reporting unit) is less than its carrying amount.
2. Measure impairment loss – amount by which fair value of the goodwill (or reporting unit) is less than its carrying amount.

As part of the analysis, the Company must determine fair value. ASC 820 describes three valuation approaches: market approach, cost approach, and the income approach. The Company should determine which of these valuation techniques to use. As part of the analysis, a public company should consider overall market capitalization. With the volatility in the current market, the Company may use recent trends in its stock price over a short period of time leading up to the impairment testing when considering the overall market capitalization.

A company may also consider whether a control premium should be considered in determining a reporting unit's fair value which may be more relevant in times when markets are more volatile and uncertain. Larger control premiums require more analysis and documentation to support the reasonableness.

Key Disclosures When Impairment is Identified:

- Disclose the facts and circumstances that led to the impairment
- The amount of impairment loss
- The method used to determine the fair value, including specific assumptions used

COVID-19 Financial Reporting Considerations

The effects of the coronavirus are evolving quickly and are unique for each company's circumstances. In addition to addressing the serious operational impacts of COVID-19, it is important that all entities consider how COVID-19 affects their financial reporting.

The SEC reminded companies to provide investors with information regarding their assessment of, and plans for responding to, risks to their business resulting from COVID-19. Disclosures of these risks and COVID-19 effects may be necessary in management's discussion and analysis, the business section, risk factors, legal proceedings, internal control over financial reporting and the financial

Coronavirus Disease 2019 Update, *continued*

statements. While the situation remains fluid, depending on how the outbreak impacts the company or the markets, the SEC will scrutinize company disclosures for compliance, and investors might file lawsuits for lack of disclosures.

Financial statements should reflect all material current and potential effects of COVID-19 that existed at the period end date. The COVID-19 pandemic is considered to have begun in the first quarter of 2020. If a calendar-year-end company has not finalized its 2019 financial statements, the financial statements should include disclosure of the potential COVID-19 impacts. Disclosures may be presented separately or included in notes addressing subsequent events, uncertainties, or contingencies.

Federal Tax Impact of 2020 Families First and CARES Acts

Payroll & Employment Tax Changes:

- **Refundable Tax Credits for Paid Sick and FMLA Leave** – Refundable tax credits against payroll taxes is available for employers with fewer than 500 employees. It applies to qualified sick leave and family leave wages paid from April 1, 2020 to December 31, 2020 if employees are unable to work or telework due to certain circumstances related to the coronavirus (COVID-19). An additional tax credit is available to employers for the cost of maintaining the health insurance coverage for eligible employees during the leave period.
  - Paid sick leave credit – This credit is equal to two-thirds of the employee's regular rate of pay, up to $200 per day and $2,000 in the aggregate, for up to 10 days. Credit increases to $511 per day, or $5,110 total, if the employee is on sick leave because they are subject to a government-mandated quarantine or isolation order, been advised by a health-care provider to self-quarantine, or are experiencing COVID-19 symptoms and seeking a medical diagnosis.
  - Child care leave credit – This credit is equal to two-thirds of the employee's regular pay, capped at $200 per day or $10,000 in the aggregate. Up to 10 weeks of qualifying leave can be counted towards the child care leave credit.
  - **REMINDER:** For large employers with more than 500 employees, IRC Section 45S may provide a tax credit for paid FMLA leave, equal to a percentage of wages they pay to qualifying employees, if a written policy that satisfies certain conditions is in place.

- **Employee Retention Tax Credit** – Employers that are subject to closure or significant economic downturn due to COVID-19 may qualify for a refundable tax credit. The credit is 50% of qualified wages (up to a maximum of $10,000 of wages) paid to each employee for all quarters or maximum credit of $5,000 per employee. The credit is reduced if the employer is claiming WOTC, payroll research credit or employer credit/payroll tax credit for paid family and medical leave for these same wages. The retention credit applies to the employer’s share of Social Security tax (6.2% of wages) and any excess may be refunded to the employer.

- **Employer Social Security Payroll Tax Deferral** – The employer portion of Social Security Tax (6.2% of wages up to the wage base of $137,700 in 2020) incurred between March 27, 2020 and December 31, 2020 can be deferred. Amounts will be considered timely paid if 50% of the deferred amount is paid by December 31, 2021, and the remainder is paid by December 31, 2022.

  NOTE:
  - The payroll tax deferral does not apply to federal income tax withholding, the Hospital Insurance (Medicare) tax, or the employee's portion of Social Security tax.
  - The payroll tax deferral is not available to a taxpayer that obtains a Small Business Act loan under the Paycheck Protection Program (PPP) established by the CARES Act if the loan is later forgiven.

Coronavirus Disease 2019 Update, *continued*

  - The employer Social Security payroll tax deferral should not be confused with the President's executive order allowing employers to defer collecting employee payroll tax for the September to December 2020 period. That employee withholding deferral is not mandatory, but rather at the option of the employer.

- **Student Loan Employer Assistance Programs** – excludes employer-provided student loan payments up to $5,250 made after March 27, 2020 and before January 1, 2021 from income for both the employer and employee.

Tax Return Changes:

- **Quick Refunds** – Prior to filing its tax return, companies can obtain a refund of excess tax paid if it exceeds 10% of its expected tax liability.

- **Net Operating Losses**
  - 5-year carryback period for NOLs generated in tax years beginning after December 31, 2017 and before January 1, 2021.
  - No taxable income limitation on NOL carryovers for tax years beginning before January 1, 2021.

- **Acceleration of AMT Credits** – May claim 100% of AMT credit refund in either 2018 (via Form 1139) or 2019 return.

- **Fixed Assets**– Technical correction for 2017 Tax Cuts and Jobs Act (TCJA) by defining qualified leasehold improvement property as 15-year property and eligible for 100% bonus depreciation. This change is effective for property acquired and placed in service after September 27, 2017.

- **Charitable Contributions** – Increases limitation for corporations from 10% to 25% of taxable income.

- **Interest Expense Disallowance** – Increases limitation from 30% to 50% of adjusted taxable income for tax years beginning in 2019 or 2020, with the election to use 2019 adjusted taxable income for 2020. Small businesses with gross receipts under $25 million remain exempt.

- **IRC §139, Disaster Relief Payments**
  - (b)(1): Any amount paid to or for the benefit of an individual to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses as a result of a qualified disaster
  - Not taxable to employee, fully deductible to employer
  - Not treated as wages/compensation: not subject to payroll taxes, not reportable on W-2 or 1099
  - Recommendation for taxpayers to document and substantiate these payments

Impact of Various COVID-19 Stimulus Packages on ASC 740

Over the course of the past several months, Congress and the President have enacted various laws that contain beneficial tax provisions aimed at mitigating some of the adverse economic conditions created by COVID-19. In an effort to improve taxpayer cash flows, many of the provisions will allow for refunds of taxes paid in past years, as well as adjustments to the tax law in effect for the current (2020) and future tax years.

Coronavirus Disease 2019 Update, *continued*

While these provisions may be acted upon with some immediacy for tax compliance purposes, ASC 740 does not allow for the inclusion of such provisions in the calculations of a Company's annual tax provision until the period in which such laws are enacted. This means that for calendar year taxpayers who prepare an annual tax provision, the tax provision calculation must be based on the laws enacted as of December 31, 2020, and not include any direct or indirect income tax effects of the additional provisions contained in the various stimulus packages – even if these provisions were enacted before the financial statement issuance date.

As an example, the CARES Act allows for increased thresholds for interest expense deductibility limitations – increased from 30% of adjusted taxable income to 50% of adjusted taxable income. Annual 2019 tax provisions prepared under ASC 740 must be calculated with the 30% limitation, and any excess, even if less than the increased 50% and therefore known to be deductible on the 2019 tax return based on the CARES Act, must be added back and established as a deferred tax asset as of December 31, 2019, and subject to assessment for realizability. Annual 2020 tax provisions prepared under ASC 740 should be calculated with the 50% limitation.

ASC 740-10-45-15 also further prohibits a Company from considering the implication of laws enacted after year-end for purposes of considering or evaluating the realizability of net deferred tax assets as of the balance sheet date; any changes to the assessment of realization of a deferred tax asset must be recognized during the period in which a legislative change is enacted. This may seem counter-intuitive when ASC 740 requires the consideration of "all available evidence" in assessing realizability of deferred tax assets; however, guidance is clear that the impact of a change in a valuation allowance position should not be reflected in the financial statement until the year of enactment.

As an example, consider a Company with multiple years of losses (2016 - 2020). The Company was taxable in 2015 and prior. The history of cumulative losses serves as objective, negative evidence that a Company may not, more likely than not, realize its net operating losses. Even through the CARES Act will now permit the carryback of 2019 and 2018 NOLs to profitable tax years, which could support at least partial realizability of those NOLs and also typically necessitate the establishment of a tax receivable rather than a deferred tax asset (DTA), ASC 740 guidance will require that the NOLs remain established as DTAs, and that unless there is other evidence available to counter the objective history of losses, the full valuation allowance should be maintained as of December 31, 2019 against those net operating losses.

The loan forgiveness component of the PPP has created some confusion for many Companies in preparing their income tax provisions. In something of a surprise move, the IRS issued a notice stating its position that expenses related to PPP loans which were forgiven would not be deductible for tax purposes. This was contrary to earlier statements that PPP loan forgiveness would not be taxable, since the denial of deductions related to PPP loans effectively results in forgiveness being taxable. An issue that many Companies are wrestling with now is what to do if their loan has not yet been forgiven. In preparing their tax provision, companies should consider that the deductibility of "related" expenses may occur in the current fiscal period; while forgiveness of the loan may occur in a future fiscal period.

Companies should consider whether any disclosures of material changes anticipated as a result of the CARES Act be disclosed in the financial statements – either within the tax footnote or as a subsequent event (Type II).

Fiscal Year Taxpayers:
Fiscal year taxpayers that prepare an annual tax provision which includes the enactment dates of the various stimulus packages should include the associated tax impact in the annual tax provision that includes the date of enactment. The direct and indirect effect of such changes should be recognized as a component of income tax expense within income from continuing operations.

Coronavirus Disease 2019 Update, *continued*

Public Companies/ASC 740-270 ("Interim Tax Provisions"):
Taxpayers who prepare interim tax provisions under ASC 740-270 should be especially diligent when recording the tax impact of the COVID-19 stimulus packages in their calculation of interim tax expense. Companies that intend to carryback net operating losses to pre-TCJA (i.e., pre-21% corporate tax rate), attention should be given to the impact of the rate differential and realization of deferred taxes. A detailed discussion on the impact of the COVID-19 impact on interim tax provisions is not included in this Alert; for specific technical assistance, please contact the Elliott Davis Tax Team.

Application to Income Taxes:
It is important to note that ASC 740 only applies to income taxes. There are numerous provisions contained within the various COVID-19 stimulus packages that are outside of the scope of ASC 740 and should comply with those generally accepted accounting principles that govern such provisions.

Please contact an Elliott Davis Tax Team Member with any questions. For a detailed analysis of these Tax Acts and other COVID-19 Resources, please go to [www.elliottdavis.com/covid19.](www.elliottdavis.com/covid19)

FASB Update

Other than one Accounting Standards Update (ASU) that made some minor changes to the Accounting Standards Codification (ASC), the Financial Accounting Standards Board (FASB) did not issue any significant guidance during the fourth quarter. A complete list of all ASUs issued or effective in 2020 is included in Appendix A.

Regulatory Update

SEC Guide Explains Recent Disclosure Rule Changes for Small Companies

On November 6, 2020, the Security and Exchange Commission's (SEC's) Division of Corporation Finance (CorpFin), issued staff interpretive guidance to help small public companies comply with recent disclosure rule changes under Regulation S-K. In August, the SEC published the revised rules in Release No. 33-10825, *Modernization of Regulation S-K Items 101, 103, and 105*. The release, which revised Items 101, 103, and 105 of Reg S-K, became effective on November 9. Regulation S-K lays out the reporting requirements for periodic reports. Item 101 is about the description of business; Item 103 is about legal proceedings; and Item 105 is about risk factors. The commission largely simplified or modernized the disclosure requirements to reduce compliance costs but added human capital management disclosure to Item 101.

The small company compliance guide states that the rules apply to both domestic companies and foreign private issuers (FPIs) that file registration statements, periodic reports, proxy statements, and other documents that require disclosure under Items 101, 103, and 105. However, the guide notes that smaller reporting companies (SRCs) are not required to provide risk factor disclosure under Item 105 in registration statements on Form 10 and annual reports on Form 10-K.

SEC Updates Interpretive Guidance on Private Equity Line Financing

On November 13, 2020, the SEC's CorpFin, updated the Compliance and Disclosure Interpretations (C&DIs) to provide staff's views about private equity line financing. The staff revised Question 139.13 in interpretive guidance, *Compliance & Disclosure Interpretations: Securities Act Sections*, and correspondingly withdrew Question 139.15, Question 139.16, Question 139.17, Question 139.18, Question 139.19, and Question 139.20.

Regulatory Update, *continued*

A company often relies on private offerings to sell securities under the equity line and then seeks to register the resale of the securities sold in the equity line financing. Question 139.13 asks when a company can file a registration statement for the resale by the investors of securities sold in a private equity line financing. The answer explains that the company's right to put shares to the investor in the future and the lack of market risk resulting from the formula price make these types of financings different from financing PIPEs—private investment, public equity. However, the interpretive guidance said that the staff will not object to such companies registering the resale of the securities before the exercise of the equity line put if the transactions meet certain conditions. The company and the investor must be in a binding agreement with respect to the private equity line financing at the time the registration is filed, and the resale registration statement is on a form that the company is allowed to use for a primary offering. Moreover, there must be an existing market for the securities, and the equity line investor must be identified in the prospectus as an underwriter as well as a selling shareholder.

The staff will not object if a registration statement for a private equity line is filed for a private equity line financing before issuing securities under the equity line even when there are contingencies attached to the investor's obligation to accept a put of shares from the company as long as the above conditions are met and the following investment terms have been agreed and disclosed by the company at the time the resale registration statement is filed:

- the number of shares registered for resale;
- the maximum principal amount available under the equity line agreement;
- the term of the agreement; and
- the full discounted price at which the investor will receive the shares.

SEC Streamlines Requirements on MD&A, Financial

On November 19, 2020, the SEC issued final rules to streamline requirements in management's discussion and analysis (MD&A) of financial condition and results of operation, along with some other changes easing requirements in Regulation S-K. The SEC issued the rules in Release No. 33-10890, *Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information*. The changes become effective 30 days after publication in the Federal Register. The rules make a long list of changes to Item 303 of Regulation S-K, which pertains to the MD&A. The amendments also eliminate outright Item 301, removing the need for companies to provide five years of selected financial data.

Release No. 33-10890 adds new Item 303(a), *Objective*, to clarify the principal objectives of MD&A that will apply throughout Item 303. Among other amendments, Release No. 33-10890 also replaces Item 303(a)(4), *Off-balance sheet arrangements*, with a new instruction that will prompt registrants to consider and integrate disclosure of off-balance sheet arrangements within the context of their MD&A.

And with the elimination of Item 303(a)(5), registrants will no longer need to provide a contractual obligations table. Instead, the SEC said that a discussion of material contractual obligations will remain required through an enhanced principles-based liquidity and capital resources requirement focused on material short- and long-term cash requirements from known contractual and other obligations.

SEC Proposes to Update Equity Compensation Exemption

On November 24, 2020, the SEC proposed to update the exemption allowing private companies to offer equity compensation to their workers in Rule 701 under the Securities Act of 1933. The SEC issued the proposal in Release No. 33-10891, *Modernization of Rules and Forms for Compensatory Securities Offerings and Sales*. Comments are due 60 days following publication in the Federal Register.

Regulatory Update, *continued*

Rule 701 subjects companies that issue more than $10 million in securities under the rule in a year to enhanced disclosure requirements. The proposal in Release No. 33-10892 would revise those additional disclosure requirements, including how the disclosure threshold applies, the type of financial disclosure required, and the frequency with which it must be updated. The proposal also would raise some of the caps on the amount of securities a private company can sell in a 12-month period; revise the timing for disclosures for certain derivative securities; and allow a company's subsidiaries to use the exemption for offer and sale of securities under compensatory benefit plans, whether that subsidiary is majority-owned or not, among other changes.

The SEC, at the same time, separately proposed rules that would allow companies to award equity compensation to certain gig workers, subject to several limitations. The changes would be temporary, running for five years. The SEC issued that proposal in Release No. 33-10892, *Temporary Rules to Include Certain "Platform Workers" in Compensatory Offerings under Rule 701 and Form S-8*. Comments are also due 60 days following publication in the Federal Register. The proposal describes platform workers as "workers who provide services available through the issuer's internet-based marketplace platform or through another widespread, technology-based marketplace platform or system." Release No. 33-10892 would enable certain platform workers to receive equity compensation under Rule 701, subject to a set of conditions that include limiting the securities to 15 percent of a worker's compensation during a 12-month period and up to $75,000 during a 36-month period. That proposal would apply to both the exemption in Rule 701 and Form S-8.

Banking Agencies Urge Banks to Stop Using LIBOR

The Federal Reserve, the Federal Deposit Insurance Corp. (FDIC), and the Office of the Comptroller of the Currency (OCC) issued a joint statement on November 30, 2020, urging banks to stop entering into new contracts that use U.S. dollar London Interbank Offered Rate (LIBOR) as a reference rate as soon as practicable and in any event by December 31, 2021. The banking supervisors said that new contracts that use LIBOR as a reference rate after the end of 2021 would create safety and soundness risks and warned banks that their practices will be examined accordingly. This comes as the United Kingdom has been phasing out the benchmark rate by the end of 2021 following a string of rate-fixing scandals in 2012. The Federal Reserve, in April 2018, began publishing an alternative rate—the Secured Overnight Financing Rate (SOFR)—as the preferred alternative to the LIBOR.

The LIBOR administrator has said that it will consult about its intention to end the publication of the one week and two month US dollar LIBOR settings immediately following the LIBOR publication on December 31, 2021 and the remaining US dollar settings immediately following the LIBOR publication on June 30, 2023.

The joint statement noted that if the LIBOR administrator extends the publication of U.S. dollar LIBOR beyond December 31, 2021, the agencies said there may be limited circumstances for banks to enter into new U.S. dollar LIBOR contracts after that time, such as:

- transactions that require participation in a central counterparty auction procedure in the case of a member default, including transactions to hedge the resulting US dollar exposure;
- market making in support of client activity related to LIBOR transactions executed before January 1, 2022;
- transactions that reduce or hedge the bank's or any client of the bank's LIBOR exposure on contracts entered into before January 1, 2022; and
- novations of LIBOR transactions executed before January 1, 2022.

SEC Chairman, Jay Clayton, encouraged registrants to proactively transition to market-based reference rates and stand ready to assist market participants in a separate November 30 statement.

Regulatory Update, *continued*

FASB Issues Educational Paper on Debt Restructurings, Modification

On October 28, 2020, FASB staff released an educational paper aimed at helping borrowers apply guidance on debt restructurings and modifications. The educational paper pertains to Subtopic 470-50, *Debt—Modifications and Extinguishments*, and Subtopic 470-60, *Debt—Troubled Debt Restructurings by Debtors*.

Subtopic 470-50 helps determine if a nontroubled modification or exchange of debt with the same creditor should be accounted for as either an extinguishment or a modification. The educational paper lays out circumstances to help entities make that determination, among other help.

Subtopic 470-60 explains that a troubled debt restructuring (TDR) occurs when a borrower is in the midst of financial troubles and a lender makes concessions that it would not consider under normal circumstances. The FASB staff paper explains accounting for TDRs and provides help in determining whether TDR has or has not occurred, including by explaining what constitutes financial difficulties on the part of a borrower.

The education paper is available at:
https://fasb.org/cs/ContentServer?c=Document_C&cid=1176175502209&d=&pagename=FASB%2FDocument_C%2FDocumentPage

FASB to Consider Amending Credit Loss Guidance

The FASB will consider revising the current expected credit loss (CECL) standard in four areas, according to board discussions on December 2, 2020. In addition to disclosures, staff members were instructed to research whether the board should amend the CECL standard in ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. At a high level, staff research flagged the following issues:

- Accounting for non-purchased credit deteriorated (PCD) financial assets—the accounting for purchased financial assets that do not qualify for PCD accounting treatment was unintuitive and complex. Non-PCD accounting leads to double counting the allowance for credit losses, overstates the yield on non-PCD assets, and is difficult to explain or understand. In addition, companies indicated that it was not clear what purchased financial assets qualify for PCD treatment.
- Troubled debt restructuring by creditors—some companies have questioned the usefulness of the accounting and disclosures for credit debt restructurings under the CECL standard. They believe that troubled debt restructuring for creditors guidance should be eliminated with certain loan modification disclosures enhanced.
- Amending the scope of financial assets included in ASU 2016-13—nonfinancial institutions that adopted CECL indicated that there was minimal effect to their reserves when applying the guidance to trade receivables. Applying the standard to trade receivables was not worth the cost and effort and should be scoped out of CECL guidance, those companies said.
- Disclosures—substantial feedback was obtained from analysts who acknowledged CECL provides them with more information than under the incurred loss model (prior rules). However, they suggested disclosure enhancements should be made to improve the quality of information being provided.

Staff members will bring back the four topics to the board at a future meeting for vote on whether to add projects to the technical agenda on the topics, the discussions indicated. Board members observed that a full reporting cycle has still not yet passed for public companies, and therefore some of the research findings could evolve.

FASB Plans to Make Clarifications to Lease Accounting Guidance

The FASB plans to determine whether to propose more amendments to lease accounting guidance, and/or to provide targeted educational webinars, according to December 2, 2020, board discussions on its post-implementation review (PIR) of the standard.

Regulatory Update, *continued*

One issue is specific to the interaction of guidance in ASC 360, *Property, Plant, and Equipment*, and ASC 842, *Leases*. Specifically, accounting differences have emerged related to two issues: a lessee's accounting for an abandoned but unimpaired right-of-use asset; and a lessee's accounting for an operating lease right-of-use asset that is held for sale. Because no specific guidance exists to address either situation, different approaches have evolved in practice.

A second issue arose from the interaction of ASC 842 with ASC 805, *Business Combinations*, and asset acquisitions. In relation to sale-leaseback transactions, an issue cropped up with an arrangement that was not a successful sale at contract commencement because a purchase option exists, but subsequently may be a successful sale because the purchase option expired before the end of the contractual lease term. Views differ in: 1) the assessment of the date at which the leaseback classification should be determined for purposes of accepting whether the transaction qualifies as a sale under ASC 842; and 2) the date at which leaseback classification should be determined for purposes of accounting for the leaseback when the transaction initially does not qualify as a sale under the leases standard.

The following selected FASB exposure drafts and projects are outstanding as of December 31, 2020.

On the Horizon

FASB Proposes to Ease Goodwill Testing for Private Companies and Nonprofits

The FASB voted to propose an accounting alternative that would enable private companies and not-for-profit entities to perform a triggering event evaluation for goodwill only at the annual reporting date, thereby skipping having to do so during interim periods. The changes would take effect prospectively for fiscal years beginning after December 15, 2019. Earlier adoption would be permitted. The alternative would only be applicable to entities within scope of the proposal and only for goodwill, the board said. It would not be applicable to other intangibles or fixed assets (or any other asset).

Under current U.S. GAAP, private companies have to monitor and evaluate interim goodwill triggering events as they occur throughout the year. This involves the preparation of interim balance sheet and cash flow projections, which lose relevance at the annual reporting date when financial statements are issued. Those companies find it costly and complex to have to perform on an interim basis the goodwill triggering event evaluation because they only issue GAAP-compliant financial statements annually.

FASB Proposal Issued to Address Business Combination Accounting for an Assumed Liability in a Revenue Contract

When accounting for a business combination, in applying the acquisition method, the acquirer recognizes identifiable assets acquired and liabilities assumed in the business combination and measures those assets and liabilities at fair value. For business combinations that occur before the adoption of the new revenue recognition standard, entities often use a legal obligation definition for recognition of a liability under Topic 805 for deferred revenue. However, Topic 606 has introduced the performance obligation definition for revenue contracts with customers which has created diversity of opinion regarding which definition should be used for recognition for business combinations after Topic 606 has been adopted.

On the Horizon, *continued*

On February 14, 2019, the FASB issued proposed ASU, *Business Combinations (Topic 805): Revenue from Contracts with Customers—Recognizing an Assumed Liability (a consensus of the FASB Emerging Issues Task Force)*. The EITF reaffirms that the performance obligation definition in Topic 606, *Revenue from Contracts with Customers*, would be used to determine whether a liability assumed for a contract liability from a revenue contract with a customer is recognized by the acquirer in a business combination.

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 and through the March 2019 meeting, 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.

On the Horizon, *continued*

- 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

In September 2019, the FASB issued Proposed ASU (REVISED) No. 2019-780, *Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*, to solicit feedback on the revised proposed ASU. The comment period closed on October 28, 2019 and the FASB's next steps are to consider comment letter feedback on the revised proposed ASU.

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 has directed the staff to conduct additional outreach and research on the proposed disclosure requirements for changes to the inventory balance. The Board also asked the staff to consider the application of those proposed disclosures to companies within manufacturing and wholesale businesses and the needs of financial statement users in those industries.

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

On the Horizon, *continued*

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 FASB 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.

Determining Current Price of an Underlying Share for Equity-Classified Share-Option Awards

In August, the FASB issued a proposed ASU intended to reduce cost and complexity for private companies when determining the fair value of the shares underlying a share-option award on its grant date or modification date. Members of the Private Company Council (PCC) conveyed concerns that current guidance on determining fair value for these shares creates unnecessary cost and complexity for some stakeholders. This is primarily because the private company equity shares underlying the share option often are not actively traded and, thus, observable market prices for those shares or similar shares do not exist.

The proposed ASU would allow a nonpublic entity to determine the current price of a share underlying an equity-classified share-option award using a valuation method performed in accordance with specific regulations of the U.S. Department of the Treasury that provide acceptable methodologies to comply with the "presumption of reasonableness" requirements of Section 409A of the U.S. Internal Revenue Code.

GASB Plans to Revise Accrued Vacation and Sick Leave Rules

According to a February 4, 2020, report, the GASB is planning to revise the accounting rules for accumulated vacation and sick leave of government employees. The GASB has indicated that the topic is being addressed because current accounting rules are either incomplete, inconsistently applied, or outdated.

Standard-setting work will be focused on revising GASB Statement (GASBS) No. 16, *Accounting for Compensated Absences*, related to:

- accrued leave benefits that are not covered, such as paid time off (where for example, vacation and sick leave are not distinguished)
- the existing options for measuring sick leave liabilities
- the usefulness of required notes to financial statements for decision-making and assessing accountability

Board discussions will examine the definition of compensated absences for accounting and financial reporting purposes and consider whether a revised definition should be adopted that could incorporate the accounting for certain types of leave other than vacation leave and sick leave.

An exposure document on the topic, however, is not expected any earlier than the first quarter of 2021.

EITF Agenda Items

The Emerging Issues Task Force did not meet during the fourth quarter.

PCC Activities

The Private Company Council (PCC) met on September 22, 2020. Below is a brief summary of issues addressed by the PCC at the meeting:

On the Horizon, *continued*

- Summary of September 21, 2020 Meeting with the AICPA's Technical Issues Committee (TIC): PCC members reported on the issues discussed with TIC during their annual PCC-TIC Liaison meeting. PCC members and FASB Board members discussed the challenges private companies are having in applying the guidance on goodwill impairment in the current environment, including in the identification and evaluation of triggering events. PCC members indicated that, at a minimum, private companies could benefit from educational materials covering this issue, including those currently being developed by the FASB staff. They also recommended that the Board consider simplifying that guidance for private companies. PCC members also briefly highlighted the complexities in accounting for the Small Business Administration Paycheck Protection Program loans.
- Current Issues in Financial Reporting: PCC and Board members briefly discussed practice issues arising from the current business environment under the COVID-19 pandemic. Topics discussed included a borrower's accounting for debt modifications and troubled debt restructurings, interim impairment testing of nonfinancial assets, the Paycheck Protection Program, and accounting for inventory impairment in times of longer turnover. PCC members noted that private companies are struggling to identify practice aids and research guidance relevant to COVID-19 accounting issues. The PCC discussed how the FASB could improve stakeholder awareness of educational resources. Furthermore, the Board emphasized that it continues to monitor conditions and stands ready to support private companies encountering technical accounting issues. Board members encouraged PCC members and other stakeholders to continue providing feedback.
- Implementation Issues—Revenue: FASB staff provided the PCC with an overview of the *Revenue Recognition—Practical Expedient for Private Company Franchisors* project and the recently issued proposed ASU, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*. The project seeks to address the difficulty in determining whether pre-opening services are distinct from the franchise license. The proposed practical expedient is aimed at simplifying the performance obligation analysis. The PCC supported the proposed Accounting Standards Update. PCC members also discussed the effect of the adoption of ASC 606, *Revenue from Contracts with Customers*, on Common Interest Realty Associations (CIRAs) and, in particular, on accounting for reserve assessments. PCC members and FASB staff noted that prior industry-specific guidance used by the CIRA industry has been superseded and therefore is no longer applicable.
- Implementation Issues—Leases: FASB staff provided the PCC with an overview of the *Leases: Targeted Improvements* project that was added to the Board's technical agenda on July 29, 2020. That project provides targeted improvements related to:
    - Sales-type leases with substantial variable lease payments
    - Remeasurement of lease payments based on a reference index or rate
    - Reduction of scope in a lease contract.

  FASB staff also provided a brief report of the Leases Roundtable held on September 18, 2020. Topics of discussion included lessee application of the guidance related to the rate implicit in the lease and to the incremental borrowing rate, lease modification guidance, embedded leases, and lessee allocation of fixed and variable payments between lease and nonlease components. As part of its post-implementation review efforts, the staff will summarize the feedback and develop a plan for the Board to consider.

On the Horizon, *continued*

- Profits Interests and Their Interrelationship with Partnership Accounting: FASB staff and this issue's working group members provided the PCC with an update on the formation of the working group and discussed its first meeting. The working group's objectives are to assist with outreach, identify practice issues on profits interests and partnership accounting, identify a scope for a potential PCC project on profits interests, and ultimately identify potential solutions to the practice issues. The working group will conduct outreach with specialists to better understand legal, tax, and valuation issues associated with profits interests.
- Disclosure Framework—Disclosure Review: Income Taxes: FASB staff provided a summary of comments on certain proposed amendments that are relevant to nonpublic business entities that the Board received in response to the proposed ASU, *Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes*. PCC members provided feedback on the proposed disclosures and potential alternative disclosures relating to disaggregated tax information and carryforwards.

Appendix A

Important Implementation Dates

The following table contains significant implementation dates and deadlines for standards issued by the FASB and others.

Selected Implementation Dates (FASB/EITF/PCC)

Pronouncement	Affects	Effective Date and Transition
ASU 2020-11, Financial Services—Insurance (Topic 944): Effective Date and Early Application	Insurance entities that issue long-duration contracts	The amendments in this ASU delay the effective date of ASU 2018-12.
ASU 2020-10, Codification Improvements	All entities	The amendments in Sections B and C of this ASU are effective for annual periods beginning after December 15, 2020, for public business entities. For all other entities, the amendments are effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022.
ASU 2020-09, Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762	All entities that are SEC filers	Effective upon issuance.
ASU 2020-08, Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs	All entities	For public business entities, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early application is not permitted. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.
ASU 2020-07, Not-for-Profit Reporting of Gifts-in-Kind (Contributed Nonfinancial Assets),	Not-for-profit entities	Effective for annual periods after June 15, 2021 and interim periods within fiscal years after June 15, 2022. Early adoption is permitted.
ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity	Entities that issue convertible instruments and/or contracts in an entity's own equity.	Effective for public business entities that meet the definition of a SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities	Entities other than public business entities	The amendments in this ASU delay the effective dates of ASU 2014-09 and ASU 2016-02.
ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	All entities	Effective for all entities as of March 12, 2020 through December 31, 2022.
ASU 2020-03, Codification Improvements to Financial Instruments	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 fiscal years beginning after December 15, 2019, for public business entities.
ASU 2020-02, Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)—Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842) (SEC Update)	All entities that are SEC filers	Effective upon issuance.
ASU 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)	All entities	For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted, including early adoption in an interim period, (1) for public business entities for periods for which financial statements have not yet been issued and (2) for all other entities for periods for which financial statements have not yet been made available for issuance.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	Entities within the scope of ASC 740	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted.
ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments—Credit Losses	All entities	For entities that have not yet adopted the amendments in ASU 2016-13 as of the issuance date of this ASU, the effective dates and transition requirements for the amendments are the same as the effective dates and transition requirements in ASU 2016-13. For entities that have adopted the amendments in ASU 2016-13, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted in any interim period after issuance of this ASU as long as an entity has adopted the amendments in ASU 2016-13.
ASU 2019-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates	All entities	The amendments in this ASU delay the effective dates of ASU 2016-13, ASU 2017-12, and ASU 2016-02, and ASU 2017-04.
ASU 2019-09, Financial Services—Insurance (Topic 944): Effective Date	Insurance entities	The amendments in this ASU defer the effective date of the amendments in ASU 2018-12 for all entities.
ASU 2019-08, Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer	All entities that issue share-based payments to customers	For entities that have not yet adopted the amendments in ASU 2018-07, the amendments in this ASU are effective for (1) public business entities in fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, and (2) other than public business entities in fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. For entities that have adopted the amendments in ASU 2018-07, the amendments in this ASU are effective in fiscal years beginning after December 15, 2019, and interim periods within those fiscal years.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
ASU 2019-05, Targeted Transition Relief	All entities	For entities that have not yet adopted ASU 2016-13, the effective date and transition methodology for the amendments in this ASU are the same as in ASU 2016-13. For entities that have adopted ASU 2016-13, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted in any interim period after the issuance of this ASU as long as an entity has adopted ASU 2016-13.
ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	Entities that hold financial instruments	The effective date of each of the amendments depends on the effective date and adoption of ASU 2016-01, ASU 2016-13, and ASU 2017-12.
ASU 2019-03, Updating the Definition of Collections	Entities that hold collections	The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments is permitted. The amendments should be applied on a prospective basis.
ASU 2019-02, Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350) : Improvements to Accounting for Costs of Films and License Agreements for Program Materials	Broadcasters and entities that produce and distribute films and episodic television series	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted.
ASU 2019-01, Leases (Topic 842): Codification Improvements	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, 2019, and 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.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
ASU 2018-20, Narrow-Scope Improvements for Lessors	Lessor entities	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 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 the amendments in this ASU are as follows: 1. The amendments should be applied at the original effective date of Topic 842 for the entity or in either the first reporting period ending after the issuance of this ASU (for example, December 31, 2018) or in the first reporting period beginning after the issuance of this ASU (for example, January 1, 2019). 2. The amendments may be applied either retrospectively or prospectively. All entities, including early adopters, must apply the amendments in this ASU to all new and existing leases.
ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments—Credit Losses	All entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income	The effective date and transition requirements are the same as the effective dates and transition requirements in ASU 2016-13, as amended by this ASU.
ASU 2018-18, Clarifying the Interaction between Topic 808 and Topic 606	All entities	Effective for public companies for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. For all other organizations, the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted.
ASU 2018-17, Targeted Improvements to Related Party Guidance for Variable Interest Entities	All entities	Effective for organizations other than private companies for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments in this ASU are effective for a private company for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
ASU 2018-16, Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes	All entities	For entities that have not already adopted ASU 2017-12, the amendments in this ASU are required to be adopted concurrently with the amendments in ASU 2017-12. For public business entities that already have adopted the amendments in ASU 2017-12, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities that already have adopted the amendments in ASU 2017-12, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted in any interim period upon issuance of this Update if an entity already has adopted ASU 2017-12.
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.
ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts	Insurance entities that issue long-duration contracts	For public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC the amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. Early application of the amendments is permitted.

Appendix A

Important Implementation Dates, *continued*

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: • 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.
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.
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.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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.
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 2017-12, 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, 2020, and interim periods within fiscal years beginning after December 15, 2021. All entities are permitted to early adopt the new guidance in any interim or annual period after issuance of the ASU.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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 2017-08, 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.
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 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 that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC, the new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other organizations, the new standard is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early application will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application of the amendments is permitted for all entities.

Appendix A

Important Implementation Dates, *continued*

Selected Implementation Dates (GASB)

Pronouncement	Affects	Effective Date and Transition
Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32	Governmental entities	The requirements of this Statement are effective as follows: • The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. • The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. • All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by specific requirement as follows: • Paragraph 4 of this Statement as it applies to arrangements other than defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans • Paragraphs 6–9 of this Statement and the supersession of the remaining requirements of Statement 32 (as detailed in paragraph 3 of this Statement). Questions 4.3 and 4.5 of Implementation Guide 2019-2, as amended, are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged if Statement 84, as amended, has been implemented.
Statement 96, Subscription-Based Information Technology Arrangements	Governmental entities	Effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance	Governmental entities	Effective immediately.
Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	Governmental entities	Effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
Statement 93, Replacement of Interbank Offered Rates	Governmental entities	The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Earlier application is encouraged.
Statement 92, Omnibus 2020	Governmental entities	The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020. The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020
Statement 91, Conduit Debt Obligations	Governmental entities	Effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.
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.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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.
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 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.
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.

Appendix A

Important Implementation Dates, *continued*

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements

For the Quarter Ended December 31, 2020

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 highlighted text.}

ASU 2016-02 — Applicable to lessee and lessor entities:

In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. 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, 2020, and interim periods within fiscal years beginning after December 15, 2021.-all other entities]*. Early adoption is permitted.

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, 2019 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 2016-13 — 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 *[fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC] [fiscal years beginning after December 15, 2022 including interim periods within those fiscal years.-all other entities]* 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.

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

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 2017-08 — 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 2017-11 — 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] [fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021.-entities other than public business entities]* 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

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

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 2018-07 — 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 2018-10 — 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 are effective 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.

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*
For the Quarter Ended December 31, 2020

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 *[fiscal years beginning after December 15, 2021, and interim periods within those fiscal years.-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC] [for fiscal years beginning after December 15, 2023, and interim periods within fiscal year beginning after December 15, 2024.-all other entities]* 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.-public business entities] [fiscal years ending after December 15, 2021-all other entities]*. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2018-15 — 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.-public business entities] [fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021-all other entities]*. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2018-16 — Applicable to all:
In October 2018, the FASB amended the Derivatives and Hedging Topic of the Accounting Standards Codification to expand the list of U.S. benchmark interest rates permitted in the application of hedge accounting. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2018.-public business entities] [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.

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

ASU 2018-17 — Applicable to all:

In October 2018, the FASB amended the Consolidation topic of the Accounting Standards Codification for determining whether a decision-making fee is a variable interest. The amendments require organizations to consider indirect interests held through related parties under common control on a proportional basis rather than as the equivalent of a direct interest in its entirety. *[The amendments will be effective for the Company for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years.-public business entities] [The amendments also provide a nonpublic entity with the option to exempt itself from applying the variable interest entity consolidation model to qualifying common control arrangements. The amendments will be effective for the Company for annual periods beginning after December 15, 2020, and interim periods within annual reporting periods beginning after December 15, 2021.-all other entities]* Early adoption is permitted. The Company will apply a full retrospective approach in which financial statements for each individual prior period presented and the opening balances of the earliest period presented are adjusted to reflect the period-specific effects of applying the amendments. *[The Company does not expect these amendments to have a material effect on its financial statements.] [The Company is currently evaluating the effect that implementation of the new standard will have on its financial statements.]*

ASU 2018-18 — Applicable to all:

In November 2018, the FASB amended the Collaborative Arrangements Topic of the Accounting Standards Codification to clarify the interaction between the guidance for certain collaborative arrangements and the new revenue recognition financial accounting and reporting standard. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2019, and interim periods within those fiscal years.-public business entities] [fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.-all other entities]* Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2018-19 — Applicable to entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income:

In November 2018, the FASB issued guidance to amend the Financial Instruments—Credit Losses topic of the Accounting Standards Codification. The guidance aligns the implementation date of the topic for annual financial statements of nonpublic companies with the implementation date for their interim financial statements. The guidance also clarifies that receivables arising from operating leases are not within the scope of the topic, but rather, should be accounted for in accordance with the leases topic. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2019, including interim periods within those fiscal years.-SEC filers] [reporting periods beginning after December 15, 2020, including interim periods within those fiscal years.-public business entities that are not SEC filers] [fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.-all other entities]* 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 2018-20 — Applicable to all:

In December 2018, the FASB issued guidance that providing narrow-scope improvements for lessors, that provides relief in the accounting for sales, use and similar taxes, the accounting for other costs paid by a lessee that may benefit a lessor, and variable payments when contracts have lease and non-lease components. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2018, including interim periods within those fiscal years.-public business entities] [annual periods beginning after December 15, 2019, and interim periods within annual reporting periods beginning after December 15, 2020-all other*

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*
For the Quarter Ended December 31, 2020

entities]. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2019-01 — Applicable to all:
In March 2019, the FASB issued guidance to address concerns companies had raised about an accounting exception they would lose when assessing the fair value of underlying assets under the leases standard and clarify that lessees and lessors are exempt from a certain interim disclosure requirement associated with adopting the new standard. The amendments will be effective for the Company for *[reporting periods beginning after December 15, 2019.-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 2019-02 — Applicable to broadcasters and entities that produce and distribute films and episodic television series:
In March 2019, the FASB issued guidance that helps align the accounting for production costs for films and episodic content produced for television and streaming services. The amendments will be effective for the Company for [reporting periods beginning after December 15, 2019, including interim periods within those fiscal years.-public business entities] [reporting periods beginning after December 15, 2020, including interim periods within those fiscal years.-all other entities]. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2019-03 — Applicable to entities that hold collections:
In March 2019, the FASB issued guidance to clarify the definition of collection in the Master Glossary in order to eliminate the diversity in practice between the application of the Master Glossary's definition compared with the definition that many entities use for accreditation purposes. The amendments will be effective for the Organization for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020 and should be applied on a prospective basis. Early adoption is permitted. The Organization does not expect these amendments to have a material effect on its financial statements.

ASU 2019-04 — Applicable to entities that hold financial instruments:
In April 2019, the FASB issued guidance that clarifies and improves areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement of financial instruments. The amendments related to credit losses will be effective for the Company for *[reporting periods beginning after December 15, 2019.-SEC filers] [reporting periods beginning after December 15, 2020.-public business entities that are not SEC filers] [fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.-all other entities]*. The amendments related to hedging 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]*. The amendments related to recognition and measurement of financial instruments will be effective for the Company for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2019-05 — Applicable to entities that hold financial instruments:
In May 2019, the FASB issued guidance to provide entities with an option to irrevocably elect the fair value option, applied on an instrument-by-instrument basis for eligible instruments, upon adoption of ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The amendments will be effective for the Company for *[fiscal years beginning after December 15, 2019, including interim*

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

periods within those fiscal years.-entities that have adopted ASU 2016-13] {For entities that have not yet adopted ASU 2016-13: [reporting periods beginning after December 15, 2019.-SEC filers] [reporting periods beginning after December 15, 2020.-public business entities that are not SEC filers] [fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.-all other entities]}. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2019-06 — Applicable to all not-for-profit entities:

In May 2019, the FASB issued guidance to extend the private company accounting alternatives related to goodwill and business combinations to not-for-profit entities. Under the goodwill accounting alternative, a not-for-profit entity may elect to amortize goodwill on a straight-line basis over a period of ten years or over a shorter period if the entity demonstrates that another useful life is more appropriate. Goodwill would be subject to impairment testing only upon the occurrence of a triggering event. Under the business combination accounting alternative, a not-for-profit entity may elect to not recognize separately from goodwill (1) customer-related intangible assets that are not capable of being sold or licensed independently from the other assets of the business and (2) noncompetition agreements. This alternative generally will result in recognizing fewer intangible assets in a business combination and, correspondingly, more goodwill. The alternative is applied on a prospective basis. In addition, when this alternative is elected, the entity also is required to adopt the alternative accounting related to goodwill. The amendments are effective upon issuance. The Organization does not expect these amendments to have a material effect on its financial statements.

ASU 2019-07 — Applicable to SEC filers:

In July 2019, the FASB updated various Topics of the Accounting Standards Codification to align the guidance in various SEC sections of the Codification with the requirements of certain SEC final rules. The amendments were effective upon issuance and did not have a material effect on the financial statements.

ASU 2019-08 — Applicable to entities that make share-based payments to customers:

In November 2019, the FASB issued guidance to simplify and increase comparability of accounting for nonemployee share-based payments, specifically those made to customers. As a result, the amount recorded as a reduction in revenue will be measured based on the grant-date fair value of the share-based payment. The amendments are effective for *[fiscal years beginning after December 15, 2019, and interim periods within those fiscal years-public business entities that have not yet adopted ASU 2018-07] [fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020-entities other than public business entities that have not yet adopted ASU 2018-07] [fiscal years beginning after December 15, 2019, and interim periods within those fiscal years-all entities that have adopted ASU 2018-07]*. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2019-09 — Applicable to insurance entities that issue long-duration contracts:

In November 2019, the FASB issued guidance to defer the effective date of ASU 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts. The new effective date will be *[for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years.-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC] [for fiscal years beginning after December 15, 2023, and interim periods within fiscal year beginning after December 15, 2024.-all other entities]* The Company does not expect these amendments to have a material effect on its financial statements.

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

ASU 2019-10 — Applicable to all entities:

In November 2019, the FASB issued guidance to defer the effective dates for private companies, not-for-profit organizations, and certain smaller reporting companies applying standards on current expected credit losses (CECL), leases, hedging. The new effective dates will be *CECL: [fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC] [fiscal years beginning after December 15, 2022 including interim periods within those fiscal years.-all other entities]*; *Hedging: [fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021.-entities other than public business entities]*; *Leases: [fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.-all entities other than public business entities; not-for-profit entities that have issued or are conduit bond obligors for securities that are traded, listed, or quoted on an exchange or an over-the-counter market; and employee benefit plans that file or furnish financial statements with or to the SEC]* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2019-11 — Applicable to all entities:

In November 2019, the FASB issued guidance that addresses issues raised by stakeholders during the implementation of ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments affect a variety of Topics in the Accounting Standards Codification. *[For entities that have adopted the amendments in ASU 2016-13, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years] [For entities that have not yet adopted the amendments in ASU 2016-13, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC] [fiscal years beginning after December 15, 2022 including interim periods within those fiscal years-all other entities]*. Early adoption is permitted in any interim period as long as an entity has adopted the amendments in ASU 2016-13. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2019-12 — Applicable to entities within the scope of Topic 740, Income Taxes:

In December 2019, the FASB issued guidance to simplify accounting for income taxes by removing specific technical exceptions that often produce information investors have a hard time understanding. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments are effective for *[fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.-public business entities] [fiscal years beginning after December 15, 2021, and interim periods within annual reporting periods beginning after December 15, 2022-all other entities]*. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-01 — All entities:

In January 2020, the FASB issued guidance to address accounting for the transition into and out of the equity method and measuring certain purchased options and forward contracts to acquire investments. The amendments are effective for *[fiscal years beginning after December 15, 2020, and interim periods within those fiscal years.-public business entities] [for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years-all other entities]*. Early adoption is permitted, including early adoption in an interim period. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-02 — Applicable to SEC filers:

In February 2020, the FASB issued guidance to add and amend SEC paragraphs in the Accounting Standards Codification to reflect the issuance of SEC Staff Accounting Bulletin No. 119 related to the new credit losses standard and comments by the SEC staff related to

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

the revised effective date of the new leases standard. The amendments were effective upon issuance. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-03 — Applicable to all entities:

In March 2020, the FASB issued guidance that makes narrow-scope improvements to various aspects of the financial instrument guidance, including the current expected credit losses (CECL) guidance issued in 2016. *The amendments related to conforming amendments: For public business entities, the amendments are effective upon issuance of this final ASU. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years beginning after December 15, 2020. Early application is permitted. The effective date of the amendments to ASU 2016-01 is for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For the amendments related to ASU 2016-13, public business entities that meet the definition of an SEC filer, excluding eligible smaller reporting companies (SRCs) as defined by the SEC, should adopt the amendments in ASU 2016-13 during 2020. All other entities should adopt the amendments in ASU 2016-13 during 2023. Early adoption will continue to be permitted. For entities that have not yet adopted the guidance in ASU 2016-13, the effective dates and the transition requirements for these amendments are the same as the effective date and transition requirements in ASU 2016-13. For entities that have adopted the guidance in ASU 2016-13, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For those entities, the amendments should be applied on a modified-retrospective basis by means of a cumulative-effect adjustment to opening retained earnings in the statement of financial position as of the date that an entity adopted the amendments in ASU 2016-13.*The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-04 — Applicable to all entities:

In March 2020, the FASB issued guidance to provide temporary optional guidance to ease the potential burden in accounting for reference rate reform. The amendments are effective as of March 12, 2020 through December 31, 2022. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-05 — Applicable to all entities:

In June 2020, the FASB issued guidance to defer the effective dates for certain companies and organizations which have not yet applied the revenue recognition and leases guidance by one year. The new effective dates will be: *Revenue Recognition: annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020; Leases: fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-06 — Applicable to all entities:

In August 2020, the FASB issued guidance to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The amendments are effective for *[fiscal years beginning after December 15, 2021, including interim periods within those fiscal years – public business entities that meet the definition of a SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC] [fiscal years beginning after December 15, 2023, including interim periods within those fiscal years – all other entities]*. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company does not expect these amendments to have a material effect on its financial statements.

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Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

ASU 2020-07 — Applicable to not-for-profit entities:

In September 2020, the FASB issued guidance to improve financial reporting on contributed nonfinancial assets, also known as gifts-in-kind donations. The amendments will be effective for annual periods after June 15, 2021 and interim periods within fiscal years after June 15, 2022. Early adoption is permitted. The Organization does not expect these amendments to have a material effect on its financial statements.

ASU 2020-08 — Applicable to all entities:

In October 2020, the FASB issued guidance to clarify the FASB's intent that an entity should reevaluate whether a callable debt security that has multiple call dates is within the scope of FASB Accounting Standards Codification (FASB ASC) 310-20-35-33 for each reporting period. The amendments will be effective for *[fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 – public business entities]* *[fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted for all other entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 - all other entities].* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-09 — Applicable to SEC filers:

In October 2020, the FASB updated various Topics of the Accounting Standards Codification to align the guidance in various SEC sections of the Codification with the requirements of certain SEC final rules. The amendments were effective upon issuance and did not have a material effect on the financial statements.

ASU 2020-10 — Applicable to all entities:

In October 2020, the FASB issued amendments to clarify the Accounting Standards Codification and make minor improvements that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments are effective for *[annual periods beginning after December 15, 2020. Early application is permitted for any annual or interim period for which financial statements have not been issued - public business entities]* *[annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application is permitted for any annual or interim period for which financial statements are available to be issued - all other entities].* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-11 — Applicable to insurance entities that issue long-duration contracts:

In November 2020, the FASB issued guidance to defer the effective dates for insurance entities which have not yet applied the long duration contracts guidance by one year. The new effective dates will be *[fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC]* *[for fiscal years beginning after December 15, 2024, and interim periods within fiscal year beginning after December 15, 2025.-all other entities]* 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.

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Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended December 31, 2020

Appendix C

Recently Issued Accounting Pronouncements

NOTE: The disclosures in the previous appendix are not intended to be all inclusive. All pronouncements issued during the period should be evaluated to determine whether they are applicable to your Company. Through December 31, 2020, the FASB had issued the following Accounting Standard Updates during the year.

- **ASU 2020-11,** *Financial Services—Insurance (Topic 944): Effective Date and Early Application*
- **ASU 2020-10,** *Codification Improvements*
- **ASU 2020-09,** *Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762*
- **ASU 2020-08,** *Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs*
- **ASU 2020-07,** *Not-for-Profit Reporting of Gifts-in-Kind (Contributed Nonfinancial Assets)*
- **ASU 2020-06,** *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*
- **ASU 2020-05,** *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*
- **ASU 2020-04,** *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*
- **ASU 2020-03,** *Codification Improvements to Financial Instruments*
- **ASU 2020-02,** *Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842)—Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842) (SEC Update)*
- **ASU 2020-01,** *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)*