ASSURANCE SERVICES

Quarterly Update

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Third Quarter 2022

October 1, 2022

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 third 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:

FASB Update

The following selected Accounting Standards Updates (ASUs) were recently issued by the Financial Accounting Standards Board (FASB). A complete list of all ASUs issued or effective in 2022 is included in Appendix A.

FASB Clarifies Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

In June, the FASB issued ASU 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, which (1) clarifies the guidance in ASC 820, *Fair Value Measurement*, on the fair value measurement of an equity security that is subject to a contractual sale restriction and (2) requires specific disclosures related to such an equity security.

Under current guidance, stakeholders have observed diversity in practice related to whether contractual sale restrictions should be considered in the measurement of the fair value of equity securities that are subject to such restrictions. On the basis of interpretations of existing guidance and the current illustrative example in ASC 820-10-55-52 (Example 6, Case A) of a restriction on the sale of an equity instrument, some entities use a discount for contractual sale restrictions when measuring fair value, while others view the application of such a discount to be inconsistent with the principles of ASC 820. To reduce the diversity in practice and increase the comparability of reported financial information, ASU 2022-03 clarifies this guidance and amends the illustrative example.

ASU 2022-03 clarifies that a "contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security" and is not included in the equity security's unit of account. Accordingly, an entity should not consider the contractual sale restriction when measuring the equity security's fair value (i.e., the entity should not apply a discount related to the contractual sale restriction, as stated in ASC 820-10-35-36B as amended by the ASU). In addition, the ASU prohibits an entity from recognizing a contractual sale restriction as a separate unit of account.

Under the existing guidance in ASC 820-10-35-6B, "[a]lthough a reporting entity must be able to access the market, the reporting entity does not need to be able to sell the particular asset or transfer the particular liability on the measurement date to be able to measure fair value on the basis of the price in that market." ASU 2022-03 clarifies that an entity should apply this existing guidance when measuring the fair value of equity securities that are subject to contractual sale restrictions (i.e., a contractual sale restriction on the reporting entity that prevents the sale of an equity security in the market does not prevent the entity from measuring the fair value of the equity security on the basis of the price in that principal market).

In addition, ASU 2022-03 amends the implementation guidance in ASC 820-10-55-51, as well as the fact pattern in Example 6, Case A (by amending ASC 820-10-55-52 and adding ASC 820-10-55-52A), to illustrate whether and, if so, when an entity should consider a sale restriction in measuring fair value.

As amended by ASU 2022-03, Example 6, Case A, notes that when measuring fair value, an entity should:

- Consider sale restrictions that are characteristics of the equity security (e.g., a restriction resulting from a security that is not registered for sale with a national securities exchange or an over-the-counter market when other securities from the same class of stock are registered for sale).
- Not consider sale restrictions that are characteristics of the holder of the equity security (e.g., a lock-up agreement, a market stand-off agreement, or a sale restriction provision within an agreement between certain shareholders).

Further, ASU 2022-03 requires specific disclosures related to equity securities that are subject to contractual sale restrictions, including (1) the fair value of such equity securities reflected in the balance sheet, (2) the nature and remaining duration of the corresponding restrictions, and (3) any circumstances that could cause a lapse in the restrictions.

The amendments in ASU 2022-03 are consistent with the principles of fair value measurement under which an entity is required to consider characteristics of an asset or liability if other market participants would also consider those characteristics when pricing the asset or liability. Specifically, the ASU clarifies that an entity should apply these fair value measurement principles to equity securities that are subject to contractual sale restrictions.

Effective Dates
ASU 2022-03's amendments are effective as follows:

- For public business entities, fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, with early adoption permitted.
- For all other entities, fiscal years beginning after December 15, 2024, and interim periods within those fiscal years, with early adoption permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.

ASU 2022-03 also adds to the ASC 820-10 glossary the following definition of an equity security from the ASC master glossary:

Equity Security (first definition)
Any security representing an ownership interest in an entity (for example, common, preferred, or other capital stock) or the right to acquire (for example, warrants, rights, forward purchase contracts, and call options) or dispose of (for example, put options and forward sale contracts) an ownership interest in an entity at fixed or determinable prices. The term equity security does not include any of the following:

- Written equity options (because they represent obligations of the writer, not investments)
- Cash-settled options on equity securities or options on equity-based indexes (because those instruments do not represent ownership interests in an entity)
- Convertible debt or preferred stock that by its terms either must be redeemed by the issuing entity or is redeemable at the option of the investor.

Improvements to Disclosures about Supplier Finance Programs

In September, the FASB issued ASU 2022-04, *Disclosure of Supplier Finance Program Obligations* to enhance the transparency of supplier finance programs to address investors and other allocators of capital requests for additional information to better consider the effect of supplier finance programs on a buyer's working capital, liquidity, and cash flows. The ASU affects buyers that use supplier finance programs in connection with the purchase of goods and services. Supplier finance programs allow a buyer to offer its suppliers the option to be paid by a third party in advance of an invoice due date, based on invoices that the buyer has confirmed as valid. These transactions are also commonly known as reverse factoring, payables finance, or structured payables arrangements.

Stakeholders have observed that there is a lack of transparency about supplier finance programs because (1) there are no explicit disclosure requirements in U.S. GAAP for those programs and (2) a buyer may present obligations covered by those programs in the same balance sheet line item as accounts payable or in another balance sheet line item depending on the facts and circumstances of the arrangement.

The ASU addresses these issues by requiring the buyer in a supplier finance program to disclose sufficient information about the program to allow an investor to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. These disclosures would include the key terms of the program, as well as the obligation amount that the buyer has confirmed as valid to the third party that is outstanding at the end of the reporting period, a roll-forward of that amount, and a description of where that amount is presented in the balance sheet.

ASU 2022-04's amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. During the fiscal year of adoption, the information on key terms of the programs and the balance sheet presentation of the program obligations, which are annual disclosure requirements, should be disclosed in each interim period. The amendments should be applied retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively.

Regulatory Update

SEC Issues Final Rule Related to Pay Versus Performance

On August 25, 2022, the Securities and Exchange Commission (SEC) issued a final rule, Release No. 34-95607, *Pay Versus Performance*, that requires certain registrants to provide disclosures about executive pay and company performance within any proxy statement or information statement for which executive compensation disclosures are required. According to SEC Chair Gary Gensler, the final rule, which adds Item 402(v) to SEC Regulation S-K, is intended to help investors receive the consistent, comparable, and decision-useful information they need to evaluate executive compensation policies.

The Final Rules were adopted to implement Section 953(a) of the Dodd-Frank Act. Section 953(a) required the SEC to adopt a rule requiring reporting issuers to disclose a clear description of compensation information that shows the relationship between executive compensation actually paid and the financial performance of the issuer as measured by taking into account increases or decreases in share price and any dividends or other distributions paid. Under the Final Rules, issuers must include a new "Pay Versus Performance" table and related discussion in proxy or information statements that are required to include executive compensation disclosures.

The final rule will become effective on October 11, 2022, and applies beginning with fiscal years ending on or after December 16, 2022. Emerging growth companies, foreign private issuers, and registered investment companies are exempt from the new disclosure requirements.

SEC Issues Final Rule on Inflation Adjustments

On September 9, 2022, the SEC issued a final rule, Release No. 33-11098, *Inflation Adjustments Under Titles I and III of the JOBS Act*, to make certain inflation adjustments in response to a mandate of the JOBS Act, which requires the Commission to make such adjustments at least once every five years. Specifically, the purpose of the final rule is to adjust the thresholds in the definition of "emerging growth company" (EGC) as well as dollar amounts in Regulation Crowdfunding (Reg CF).

The new threshold for EGC is $1,235,000,000. This is up from the current annual gross revenue threshold of $1,070,000,000. EGCs get a host of scaled or exemptions from certain reporting requirements.

As for Reg CF, there are different thresholds:

- Threshold for assessing investor's annual income or net worth to determine investment limits will increase from $107,000 to $124,000
- Lower threshold of Reg CF securities permitted to be sold to an investor if annual income or net worth is less than $124,000 will be increased from $2,200 to $2,500
- Maximum amount that can be sold to an investor under Reg CF in a 12-month period will be increased from $107,000 to $124,000

The final rule will become effective 30 days after the date of its publication in the Federal Register.

Senate Bill Would Force Large Private Companies to Register with SEC

Senate Democrats have filed legislation that would establish new SEC registration triggers for certain large private companies. Under the measure, S. 4857, the *Private Markets Transparency and Accountability Act*, a privately held company would be required to register with the commission within 18 months after the end of the first fiscal year in which it surpasses a $700 million valuation, excluding the value of shares held by affiliates, or exceeds $5 billion in revenue with at least 5,000 employees.

The bill reflects ongoing unease among Democratic lawmakers and investor protection advocates around the number of large companies opting to remain private and avoid the complex and expensive requirements around disclosure and accounting, especially, that accompanies SEC registration. Capital markets data firm PitchBook counted 653 active private companies with a $1 billion or more valuation, in the United States as of September 8, 2022.

On the Horizon

The following selected FASB exposure drafts and projects are outstanding as of September 30, 2022.

FASB Begins Deliberating Project on Digital Assets

In August 2022, the FASB began deliberating its project on the accounting for and disclosure of digital assets. Specifically, the Board tentatively decided that a digital asset held by an entity that meets all the following criteria would be within the scope of the project:

- It meets the U.S. GAAP definition of an intangible asset
- The holder is not provided with enforceable rights to, or claims on, goods, services, or other assets
- The asset resides on a blockchain or other distributed ledger
- It is secured by cryptography
- It is fungible

The Board also tentatively decided that the scope of the project would apply to all entities. However, the Board acknowledged that it may need to address industry-specific issues in the future. Given its decision to limit the scope of the project to certain digital assets, the Board decided to change the name of the project to the "Accounting for and Disclosure of Crypto Assets." The accounting for crypto assets, including potential measurement alternatives for such assets, will be discussed at a future Board meeting. Because the FASB decided to include in the scope's project only digital assets that are considered fungible crypto assets that meet the definition of an intangible asset, questions remain on the accounting for other digital assets that are not within the scope of the project. For example, the accounting for and disclosure of nonfungible tokens (NFTs) will be outside the scope of the project on crypto assets. As a result, financial statement preparers accounting for transactions involving NFTs will need to fully understand the rights represented and what has actually been transferred.

Proposed ASU on Accounting for Investments in Tax Credit Structures

In August 2022, the FASB issued a proposed ASU on use of the proportional amortization method to account for investments in tax credit structures. The proposed ASU would permit reporting entities to elect to account for their tax equity investments, regardless of the program from which the income tax credits are received, using the proportional amortization method if certain conditions are met.

In 2014, the FASB issued a standard that introduced an option allowing reporting entities to elect to apply the proportional amortization method to account for investments made primarily for the purpose of receiving income tax credits and other income tax benefits. The guidance limited the proportional amortization method to investments in low-income housing tax credit (LIHTC) structures. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the income tax credits and other income tax benefits received and recognizes the net amortization and income tax credits and other income tax benefits in the income statement as a component of income tax expense (benefit). Investments in other tax credit structures are typically accounted for using the equity or cost method, which results in investment gains and losses and tax credits being presented gross on the income statement in their respective line items.

In recent years, stakeholders have asked the FASB to allow reporting entities to elect to apply the proportional amortization method to tax equity investments that generate tax credits through other programs, such as the New Markets Tax Credit (NMTC) program, the Historic Rehabilitation Tax Credit (HTC) program, and Renewable Energy Tax Credit (RETC) programs. These stakeholders noted that the proportional amortization method provides financial statement users with a better understanding of the returns from investments that are made primarily for the purpose of receiving income tax credits and other income tax benefits than the equity or cost methods.

The amendments in this proposed ASU would allow reporting entities to elect to account for their tax equity investments using the proportional amortization method if certain conditions are met, regardless of the program from which the income tax credits are received. The election would be on a program-by-program basis. The proposed amendments would also require disclosures to enable financial statement users to better understand the nature and effects of the entity's investments that generate income tax credits and other income tax benefits.

Potential GAAP Guidance on Government Grants

In June 2022, the FASB published an Invitation to Comment (ITC), *Accounting for Government Grants by Business Entities: Potential Incorporation of IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, into Generally Accepted Accounting Principles*. The ITC gives stakeholders the opportunity to provide feedback on whether IAS 20 represents a workable solution for improving GAAP in the U.S. financial reporting environment for business entities as it relates to the accounting for government grants.

In 2021, the FASB issued the Invitation to Comment, *Agenda Consultation*, which gave all stakeholders the opportunity to provide input on what the Board's future priorities should be. The 2021 ITC asked stakeholders to weigh in on a broad range of issues, including whether the FASB should pursue a project on the recognition and measurement of government grants—and, if so, whether it should leverage an existing grant or contribution model or develop a new accounting model. Approximately three-quarters of stakeholders who provided specific feedback on that question, including investors, practitioners, preparers, and state certified public accounting societies, preferred that the FASB leverage International Accounting Standard (IAS) 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

In response to this feedback, the FASB added a project, *Accounting for Government Grants, Invitation to Comment*, to the research agenda. Published as part of that research project, the government grants ITC solicits additional feedback from stakeholders on relevant requirements in IAS 20 and includes specific questions for investors about the importance and utility of government grants information to their analysis of a company's financial performance.

Projects on Environmental Credits, Consolidation, and KPIs

In May 2022, the FASB added a project to its technical agenda on the recognition, measurement, presentation and disclosure of environmental credits that are legally enforceable and tradeable, following a review of the staff's initial research on accounting for environmental credits, including feedback that there is diversity in practice in this area. The project will address the accounting by participants in compliance and voluntary programs, as well as by creators of environmental credits. In addition, the FASB added a project on consolidation for business entities to its research agenda after removing its project on consolidation reorganization and targeted improvements from the technical agenda. The new project will explore whether a single consolidation model could be developed for business entities. In response to feedback received on the FASB's Invitation to Comment, Agenda Consultation, the FASB also added a project on financial key performance indicators to the research agenda to explore standardizing the definitions of financial key performance indicators.

GASB Issues Proposal to Enhance Concepts for Notes to Financial Statements

In July 2021, the GASB issued a proposed Concepts Statement to guide the Board when establishing note disclosure requirements for state and local governments. The document is part of the GASB's response to the results of its research reexamining existing note disclosure requirements. The proposed concepts primarily are intended to provide the GASB with criteria to consistently evaluate notes to financial statements in the standards-setting process. They also may help stakeholders to understand the fundamental concepts underlying future GASB pronouncements.

The Revised Exposure Draft (RED), *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements*, proposes concepts such as:

- The purpose of notes to financial statements
- The intended users of note disclosures
- The types of information that should be disclosed in notes
- The types of information that are not appropriate for note disclosures.

A key element of the proposed Concepts Statement is the concept of essentiality. The RED would establish that notes to financial statements are essential to making economic, social, or political decisions or assessing accountability. The RED also identifies the characteristics that indicate information is essential to users:

- Users utilize the information in their analyses for making decisions or assessing accountability or would modify those analyses to incorporate the information if it were made available.
- The information has or would have a meaningful effect on users' analyses for making decisions or assessing accountability.
- A breadth or depth of users utilize or would utilize the information in their analyses for making decisions or assessing accountability.

The GASB issued an Exposure Draft (ED) on this topic in early 2020. The Board has issued this RED to incorporate feedback received from stakeholders on the previous ED and to seek feedback on the resulting proposed revisions, which the Board believes will improve the final concepts.

EITF Agenda Items

The Emerging Issues Task Force did not meet during the third quarter. The next meeting is scheduled for December 1, 2022.

PCC Activities

The Private Company Council (PCC) met on Thursday, September 22 and Friday, September 23, 2022. Members of the PCC and the FASB discussed the FASB's projects on (1) targeted improvements to income tax disclosures, (2) accounting for and disclosure of crypto assets, (3) accounting for and disclosure of software costs, (4) conceptual framework: the reporting entity and (5) conceptual framework: recognition and derecognition. They also discussed leases implementation issues, stock compensation disclosures and profits interests.

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 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations	All entities	The amendments are effective for fiscal years beginning after December 15, 2022, for all entities, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The amendments should be applied retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively.
ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	All entities	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.
ASU 2022-02, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures	All entities	For entities that have adopted ASU 2016-13, the amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. For entities that have not yet adopted ASU 2016-13, the effective dates for the amendments are the same as the effective dates in ASU 2016-13.
ASU 2022-01, Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method	All entities that elect to apply the portfolio layer method of hedge accounting in accordance with ASC 815	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.
ASU 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance	All entities except for not-for-profit entities and employee benefit plans	The amendments are effective for all entities within their scope for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendments is permitted.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
ASU 2021-09, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities	Lessees that are private companies or not-for-profit entities	Entities that have not yet adopted ASC 842 as of November 11, 2021, are required to adopt the amendments at the same time that they adopt ASC 842. For entities that have adopted ASC 842 as of November 11, 2021, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Earlier application is permitted.
ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	All entities that enter into a business combination	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2022, 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. The amendments should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption of the amendments is permitted, including adoption in an interim period.
ASU 2021-07, Compensation—Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards (a consensus of the Private Company Council)	Private companies and not-for-profit entities that elect the accounting alternative	Effective prospectively for all qualifying awards granted or modified during fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application, including application in an interim period, is permitted for financial statements that have not yet been issued or made available for issuance as of October 25, 2021.
ASU 2021-05, Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments	Lessor entities	The amendments are effective for fiscal years beginning after December 15, 2021, for all entities, and interim periods within those fiscal years for public business entities and interim periods within fiscal years beginning after December 15, 2022, for all other entities.
ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)	Entities that issue freestanding written call options that are classified in equity	The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. Early adoption is permitted for all entities, including adoption in an interim period.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
ASU 2021-03, Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events	Private companies and not-for-profit entities that elect the accounting alternative	The amendments in this ASU are effective on a prospective basis for fiscal years beginning after December 15, 2019. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021.
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 2020-08, 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.
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.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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 2020-01, 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.
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.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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 2019-05, 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 2019-01, 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 2018-15, 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 2018-12, 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.
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.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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 2018-01, 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.
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.
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 101, Compensated Absences	Governmental entities	The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
Statement 100, Accounting Changes and Error Corrections	Governmental entities	The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
Statement 99, Omnibus 2022	Governmental entities	The requirements of Statement 99 that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the other requirements related to derivative instruments are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged and is permitted by individual topic to the extent that all requirements associated with an individual topic are implemented simultaneously.
Statement 98, The Annual Comprehensive Financial Report	Governmental entities	The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

Appendix A

Important Implementation Dates, *continued*

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.
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.

Appendix A

Important Implementation Dates, *continued*

Pronouncement	Affects	Effective Date and Transition
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.

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements

For the Quarter Ended September 30, 2022

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 2016-13 — 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.

ASU 2017-04 — Applicable to all entities:

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

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended September 30, 2022

testing dates after January 1, 2017. 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 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 2018-10 — 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.

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*

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*
For the Quarter Ended September 30, 2022

after December 15, 2024.-all other entities] The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2018-14 — Applicable to 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 entities:
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 2018-17 — Applicable to all entities:
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 entities:
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.

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended September 30, 2022

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 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 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 2019-09 — 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.

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*

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Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended September 30, 2022

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 — Applicable to 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 2020-03 — 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*

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended September 30, 2022

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.

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,*

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Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended September 30, 2022

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 2020-10 — 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.

ASU 2021-04 — Applicable to Entities that issue freestanding written call options that are classified in equity
In May 2021, the FASB issued amendments that clarify an issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. The amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2021-05 — Applicable to lessor entities
In July 2021, the FASB issued amendments to require lessors to classify and account for a lease with variable payments as an operating lease if (a) the lease would have been classified as a sales-type lease or a direct financing lease and (b) the lessor would have otherwise recognized a day-one loss. The amendments are effective for *[fiscal years beginning after December 15, 2021 – all entities] [interim periods within fiscal years beginning after December 15, 2021 – public business entities] [interim periods within fiscal years beginning after December 15, 2022 – all other entities].* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2021-07 — Applicable to private companies and not-for-profit entities that elect the accounting alternative
In October 2021, the FASB issued guidance that provides the option to elect a practical expedient to determine the current price input of equity-classified share-based awards issued as compensation using the reasonable application of a reasonable valuation method. The practical expedient is effective prospectively for all qualifying awards granted or modified during 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.

Appendix B

Illustrative Disclosures for Recently Issued Accounting Pronouncements, *continued*

For the Quarter Ended September 30, 2022

ASU 2021-08 — Applicable to all entities that enter into a business combination

In October 2021, the FASB amended the Business Combinations topic in the Accounting Standards Codification to require entities to apply guidance in the Revenue topic to recognize and measure contract assets and contract liabilities acquired in a business combination. The amendments are effective for *[fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. - public business entities] [fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. - all other entities]* The amendments are applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption of the amendments is permitted, including adoption in an interim period. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2021-09 — Applicable to lessees that are private companies or not-for-profit entities

In November 2021, the FASB amended the Leases topic in the Accounting Standards Codification to allow lessees that are not public business entities to make an accounting policy election to use a risk-free rate as the discount rate by class of underlying asset, rather than at the entity-wide level. The amendments are effective for 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 2021-10 — Applicable to all entities except for not-for-profit entities and employee benefit plans

In November 2021, the FASB added a topic to the Accounting Standards Codification, Government Assistance, to require certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy to other accounting guidance. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2021. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2022-01 — Applicable to entities that elect to apply the portfolio layer method of hedge accounting

In March 2022, the FASB issued amendments which are intended to better align hedge accounting with an organization's risk management strategies. The amendments are effective for *[fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. - public business entities] [fiscal years beginning after December 15, 2023, 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 2022-02 — Applicable to entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income:

In March 2022, the FASB issued amendments which are intended to improve the decision usefulness of information provided to investors about certain loan re-financings, restructurings, and write-offs. The amendments are effective for *[fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. - entities that have adopted the amendments in ASU 2016-13] [fiscal years beginning after December 15, 2022 including interim periods within those fiscal years.-entities that have not yet adopted the amendments in ASU 2016-13]*. 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 September 30, 2022

ASU 2022-03 — Applicable to all entities:

In June 2022, the FASB issued amendments to clarify the guidance on the fair value measurement of an equity security that is subject to a contractual sale restriction and require specific disclosures related to such an equity security. The amendments are effective for *[fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. - public business entities] [fiscal years beginning after December 15, 2024 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 2022-04 — Applicable to all entities that use supplier finance programs to purchase goods and services:

In September 2022, the FASB issued amendments to require a buyer in a supplier finance program disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, change from period to period, and potential magnitude. The amendments are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

Applicable to all:

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

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 September 30, 2022, the FASB has issued the following Accounting Standard Updates during the year.

- ***ASU 2022-04****, Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*
- ***ASU 2022-03****, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*
- ***ASU 2022-02****, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*
- ***ASU 2022-01****, Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method*