



INSIGHTS FROM BDO'S NATIONAL ASSURANCE PRACTICE

ACCOUNTING STANDARD UPDATES: EFFECTIVE FIRST QUARTER 2020

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In this publication, we've summarized the new accounting standards with mandatory¹ effective dates in the first quarter of 2020 for public entities, as well as new standards that take effect in annual 2019 financial statements for nonpublic entities. Those effective dates reflect the FASB's [recent decision](#) to defer certain major standards. We have also included links to BDO's guidance on each pronouncement.

In the next filing season, calendar year-end public entities will prepare their annual 2019 financial statements, followed closely by their March 31, 2020 first quarter reports. The 2019 annual filings will disclose the anticipated effects that the FASB's new standards will have on the financial statements when they are adopted under SAB 74.² Most notably, the current expected credit losses³ (CECL) standard will be adopted by SEC filers, excluding smaller reporting companies, in the first quarter of 2020.⁴ Any standards issued after the date of this publication are unlikely to impact first quarter financial statements but should be considered in preparing SAB 74 disclosures.

On a similar timeline, calendar year-end nonpublic entities will prepare their annual 2019 financial statements reflecting standards that took effect in 2019. For many nonpublic entities, the new revenue standard⁵ will represent a significant change and may involve substantial effort.

Early adoption was generally permitted for all of the standards summarized herein, but each ASU has specific transition guidance and early adoption may have been limited to certain periods or circumstances. Please refer to BDO's alerts for more information.

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¹ Standards that become effective later but that can be early adopted currently are excluded.
² SEC SAB Topic 11.M
³ ASC 326 *Financial Instruments – Credit Losses*
⁴ The FASB [affirmed](#) in October 2019 its proposal to defer effective dates of certain major standards for certain entities, including CECL. An ASU is expected in the fourth quarter
⁵ ASC 606 *Revenue from Contracts with Customers*

▶ Read more

Public Entities

Accounting Standards Updates Effective for Calendar-year Public Entities as of January 1, 2020

ASC 326, CREDIT LOSSES

ASU 2016-13, MEASUREMENT OF CREDIT LOSSES ON FINANCIAL INSTRUMENTS

Effective Date

For public business entities that are SEC filers, excluding SRCs, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Issues ASU on Credit Losses on Financial Instruments](#)
- ▶ [ASU 2016-13](#)

ASU 2018-19, CODIFICATION IMPROVEMENTS TO TOPIC 326, FINANCIAL INSTRUMENTS—CREDIT LOSSES

Effective Date

For public business entities that are SEC filers, excluding SRCs, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Updates its Recent Credit Loss Standard](#)
- ▶ [ASU 2018-19](#)

ASU 2019-04, CODIFICATION IMPROVEMENTS TO TOPIC 326

Effective Date

For entities that have not yet adopted ASU 2016-13, the effective dates and transition requirements for these amendments are the same as those in ASU 2016-13.

For entities that have adopted ASU 2016-13, the relevant amendments of ASU 2019-04 are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Issues Targeted Improvements to Financial Instruments Standards](#)
- ▶ [ASU 2019-04](#)

ASU 2019-05, TARGETED TRANSITION RELIEF

Effective Date

For entities that have not yet adopted the amendments in ASU 2016-13, the effective date and transition methodology for the amendments are the same as in Update 2016-13.

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.

Guidance

- ▶ [BDO Flash Report: FASB Issues Transition Relief for Credit Losses Standard](#)
- ▶ [ASU 2019-05](#)

ASC 350, INTANGIBLES – GOODWILL AND OTHER**ASU 2017-04, SIMPLIFYING THE TEST FOR GOODWILL IMPAIRMENT****Effective Date**

For public business entities that are SEC filers, excluding SRCs, the amendments are effective for annual or any interim goodwill impairment tests performed in fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Simplifies Goodwill Impairment Test](#)
- ▶ [ASU 2017-04](#)

ASU 2018-15, CUSTOMER'S ACCOUNTING FOR IMPLEMENTATION COSTS INCURRED IN A CLOUD COMPUTING ARRANGEMENT THAT IS A SERVICE CONTRACT**Effective Date**

Effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Clarifies Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Service Arrangement](#)
- ▶ [ASU 2018-15](#)

ASC 808, COLLABORATIVE ARRANGEMENTS**ASU 2018-18, CLARIFYING THE INTERACTION BETWEEN TOPIC 808 AND TOPIC 606****Effective Date**

Effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Clarifies Scope of Collaborative Arrangements](#)
- ▶ [ASU 2018-18](#)

ASC 810, CONSOLIDATION**ASU 2018-17, TARGETED IMPROVEMENTS TO RELATED PARTY GUIDANCE FOR VARIABLE INTEREST ENTITIES****Effective Date**

Effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Improves Consolidation Accounting](#)
- ▶ [ASU 2018-17](#)

ASC 815, DERIVATIVES AND HEDGING**ASU 2019-04, CODIFICATION IMPROVEMENTS TO TOPIC 815****Effective Date**

For entities that have adopted the amendments in ASU 2017-12 as of the issuance date of this ASU, the effective date is as of the beginning of the first annual period beginning after the issuance date of this ASU.

Guidance

- ▶ [BDO Flash Report: FASB Issues Targeted Improvements to Financial Instruments Standards](#)
- ▶ [ASU 2019-04](#)

ASC 820, FAIR VALUE MEASUREMENT**ASU 2018-13, DISCLOSURE FRAMEWORK—CHANGES TO THE DISCLOSURE REQUIREMENTS FOR FAIR VALUE MEASUREMENT****Effective Date**

Effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Amends Fair Value Disclosure Requirements](#)
- ▶ [ASU 2018-13](#)

ASC 825, FINANCIAL INSTRUMENTS

ASU 2019-04, CODIFICATION IMPROVEMENTS TO TOPIC 825

Effective Date

The amendments in this ASU related to ASU 2016-01 are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: FASB Issues Targeted Improvements to Financial Instruments Standards](#)
- ▶ [ASU 2019-04](#)

ASC 842, LEASES

ASU 2019-01, CODIFICATION IMPROVEMENTS TO TOPIC 842

Effective Date

Effective for fiscal years beginning after December 15, 2019, including interim periods within those years.

Guidance

- ▶ [BDO Flash Report: FASB Issues Improvements to Leases Standard for Lessor Financial Institutions](#)
- ▶ [ASU 2019-01](#)

ASC 920, ENTERTAINMENT—BROADCASTERS AND ASC 926, ENTERTAINMENT—FILMS

ASU 2019-02, IMPROVEMENTS TO ACCOUNTING FOR COSTS OF FILMS AND LICENSE AGREEMENTS FOR PROGRAM MATERIALS

Effective Date

Effective for fiscal years beginning after December 15, 2019, including interim periods within those years.

Guidance

- ▶ [Q1 2019 Guide](#)
- ▶ [ASU 2019-02](#)

ASC 958, NOT-FOR-PROFIT ENTITIES

ASU 2019-03, UPDATING THE DEFINITION OF COLLECTIONS

Effective Date

Effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020.

Guidance

- ▶ [Q1 2019 Guide](#)
- ▶ [ASU 2019-03](#)



Nonpublic Entities

Accounting Standards Updates Effective for Calendar-year Nonpublic Entities as of January 1, 2019

ASC 220, INCOME STATEMENT—REPORTING COMPREHENSIVE INCOME

ASU 2018-02, RECLASSIFICATION OF CERTAIN TAX EFFECTS FROM ACCUMULATED OTHER COMPREHENSIVE INCOME

Effective Date

Effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

Guidance

- ▶ [BDO Flash Report: Reclassification of Certain Tax Effects Caused by Tax Reform](#)
- ▶ [ASU 2018-02](#)

ASC 230, STATEMENT OF CASH FLOWS

ASU 2016-15, CLASSIFICATION OF CERTAIN CASH RECEIPTS AND CASH PAYMENTS

Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Issues Guidance on Eight Cash Flow Classification Issues](#)
- ▶ [ASU 2016-15](#)

ASU 2016-18, RESTRICTED CASH

Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Clarifies Restricted Cash Presentation](#)
- ▶ [ASU 2016-18](#)

ASC 405, LIABILITIES

ASU 2016-04, RECOGNITION OF BREAKAGE FOR CERTAIN PREPAID STORED-VALUE PRODUCTS

Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Issues ASU on Recognizing Breakage for Prepaid Stored-Value Products](#)
- ▶ [ASU 2016-04](#)

ASC 606, REVENUE FROM CONTRACTS WITH CUSTOMERS AND ASC 610-20, OTHER INCOME—GAINS AND LOSSES FROM THE DERECOGNITION OF NONFINANCIAL ASSETS

ASU 2014-09, REVENUE FROM CONTRACTS WITH CUSTOMERS

ASU 2016-08, PRINCIPAL VERSUS AGENT CONSIDERATIONS (REPORTING REVENUE GROSS VERSUS NET)

ASU 2016-10, IDENTIFYING PERFORMANCE OBLIGATIONS AND LICENSING

ASU 2016-12, NARROW-SCOPE IMPROVEMENTS AND PRACTICAL EXPEDIENTS

ASU 2016-20, TECHNICAL CORRECTIONS AND IMPROVEMENTS

TO TOPIC 606, REVENUE FROM CONTRACTS WITH CUSTOMERS

ASU 2017-05, CLARIFYING THE SCOPE OF ASSET DERECOGNITION GUIDANCE AND ACCOUNTING FOR PARTIAL SALES OF NONFINANCIAL ASSETS

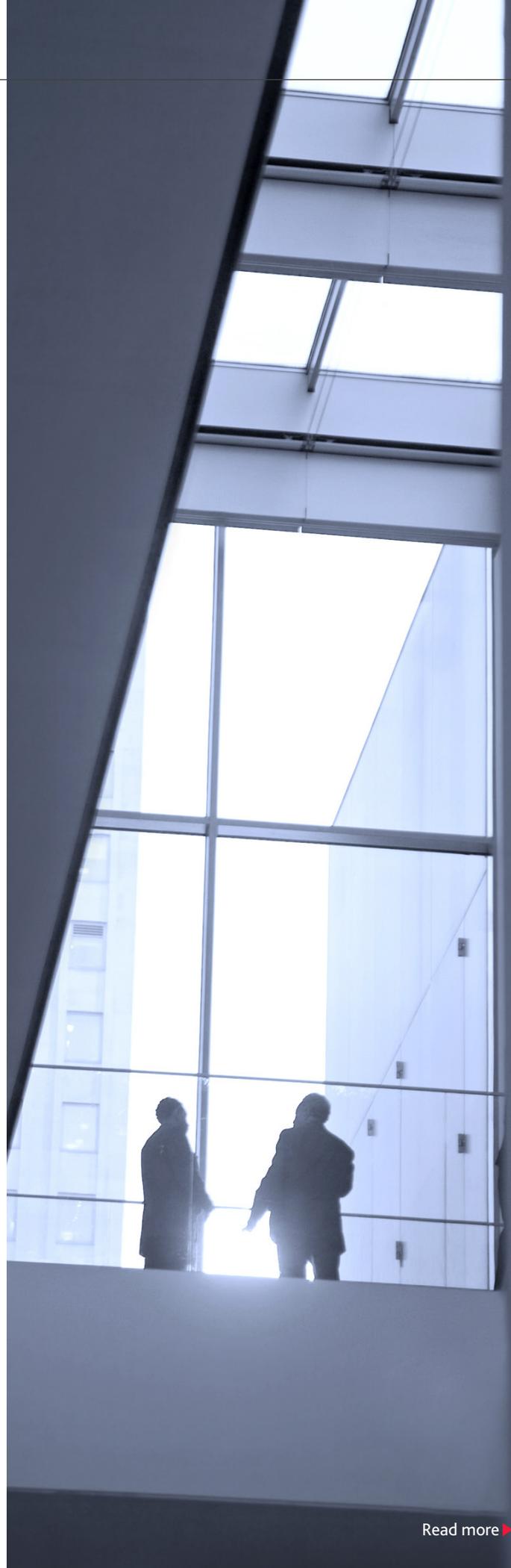
Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

For the individual ASUs and more information, refer to [FASB's Revenue Recognition Implementation Page](#).

Guidance

- ▶ [BDO Knows: ASC 606](#)
- ▶ [BDO Knows: ASC 606, Exploring Transition Methods](#)
- ▶ [BDO Knows: ASC 606, Presentation and Disclosure](#)



ASC 715, COMPENSATION— RETIREMENT BENEFITS

ASU 2017-07, IMPROVING THE PRESENTATION OF NET PERIODIC PENSION COST AND NET PERIODIC POSTRETIREMENT BENEFIT COST

Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Updates Presentation of Pension and Other Postretirement Benefit Plan Costs](#)
- ▶ [ASU 2017-07](#)

ASC 740, INCOME TAXES

ASU 2016-16, INTRA-ENTITY TRANSFERS OF ASSETS OTHER THAN INVENTORY

Effective Date

Effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Eliminates Income Tax Deferral for All Intra-Entity Asset Transfers Except Inventory](#)
- ▶ [ASU 2016-16](#)

ASC 805, BUSINESS COMBINATIONS

ASU 2017-01, CLARIFYING THE DEFINITION OF A BUSINESS

Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Clarifies the Definition of a Business](#)
- ▶ [ASU 2017-01](#)

ASC 825, FINANCIAL INSTRUMENTS

ASU 2016-01, RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Issues Targeted Amendments to the Recognition and Measurement Guidance for Financial Instruments](#)
- ▶ [ASU 2016-01](#)

ASU 2018-03, TECHNICAL CORRECTIONS AND IMPROVEMENTS TO TOPIC 825, RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Effective Date

Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Issues Technical Corrections & Improvements to its Recent Financial Instruments Guidance](#)
- ▶ [ASU 2018-03](#)

ASC 853, SERVICE CONCESSION ARRANGEMENTS

ASU 2017-10, DETERMINING THE CUSTOMER OF THE OPERATION SERVICES

Effective Date

For an entity that has not adopted ASC 606 before the issuance of this ASU, the effective date and transition requirements for the amendments generally are the same as the effective date and transition requirements for ASC 606.

For a nonpublic entity that has adopted ASC 606 before the issuance of this ASU, the ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Guidance

- ▶ [BDO Flash Report: FASB Clarifies Accounting for Service Concession Arrangements](#)
- ▶ [ASU 2017-10](#)

ASC 958, NOT-FOR-PROFIT ENTITIES

ASU 2018-08, CLARIFYING THE SCOPE AND THE ACCOUNTING GUIDANCE FOR CONTRIBUTIONS RECEIVED AND CONTRIBUTIONS MADE

Effective Date

Contributions Received - Effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.

Contributions Made - Effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.

Guidance

- ▶ [BDO Flash Report: FASB Clarifies and Improves Guidance for Not-for-Profit Grant and Contributions Accounting](#)
- ▶ [ASU 2018-08](#)

ASU 2019-06, EXTENDING THE PRIVATE COMPANY ACCOUNTING ALTERNATIVES ON GOODWILL AND CERTAIN IDENTIFIABLE INTANGIBLE ASSETS TO NOT-FOR-PROFIT ENTITIES

Effective Date:

Effective upon issuance of ASU 2019-06.

Guidance

- ▶ [BDO Flash Report: FASB Simplifies Accounting for Goodwill & Certain Identifiable Intangible Assets for NFPs](#)
- ▶ [ASU 2019-06](#)

ASC 960, DEFINED BENEFIT PENSION PLANS; ASC 962, DEFINED CONTRIBUTION PENSION PLANS; AND ASC 965, HEALTH AND WELFARE BENEFIT PLANS

ASU 2017-06, EMPLOYEE BENEFIT PLAN MASTER TRUST REPORTING

Effective Date:

Effective for plan fiscal years beginning after December 15, 2018.

Guidance

- ▶ [BDO Flash Report: FASB Simplifies Accounting for Goodwill & Certain Identifiable Intangible Assets for NFPs](#)
- ▶ [ASU 2017-06](#)

ASC 995, U.S. STEAMSHIP ENTITIES—ELIMINATION OF TOPIC 995

ASU 2017-15, CODIFICATION IMPROVEMENTS TO TOPIC 995, U.S. STEAMSHIP ENTITIES—ELIMINATION OF TOPIC 995

Effective Date:

Effective for fiscal years beginning after December 15, 2018.

Guidance

- ▶ [2017 Year in Review](#)

OTHER

ASU 2018-09, CODIFICATION IMPROVEMENTS

Effective Date:

Certain amendments become effective for fiscal years beginning after December 15, 2018.

Guidance

- ▶ [2018 Year in Review](#)



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