

Below is a list of finalized upcoming significant GAAP guidance that are not yet in effect as of January 7, 2022. It does not contain all Accounting Standard Updates (ASUs) that have been issued. If you have any questions about these upcoming guidance, please contact your CPA at Larson & Company.

Upcoming Significant GAAP Accounting Pronouncements			
ASU			
ASU 2016-02 and ASU 2019-10	Leases (Topic 842)	In March of 2016, the FASB issued Accounting Standards Update 2016-02, Leases, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. In November 2019, FASB issued ASU 2019-10 which effective defers the date of implementation for this guidance.	Public - for fiscal years beginning after December 15, 2018. Public NFP entities not yet issued their statements adopting ASC 842 - fiscal years beginning after December 15, 2019 Private - for fiscal years beginning after December 15, 2021 (Amended by ASU 2020-05)
ASU 2016-13 and ASU 2019-10	Financial Instruments - Credit Losses (Topic 326)	In June of 2016, the FASB issued Accounting Standards Update 2016-13, Financial Instruments – Credit Losses, which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In November 2019, FASB issued ASU 2019-10 which effective defers the date of implementation for this guidance. This requirement eliminates the probable initial recognition threshold in current GAAP which has delayed recognition of credit losses until the loss was probable. Instead, the new treatment will better reflect an entity's current estimate of all expected credit losses. In addition, the new guidance requires that any credit losses on available-for-sale debt securities to be presented as an allowance rather than as a write-down. Initial allowance for credit losses is added to the purchase price rather than reported as a credit loss expense. Subsequent changes in the allowance for credit losses are recorded in credit loss expense. This will allow entities to also record reversals of credit losses in current period net income, whereas the current GAAP prohibits reflecting these improvements in current period earnings.	Public, excluding entities eligible to be SRCs as defined by the SEC - for fiscal years beginning after December 15, 2019. Private and others - for fiscal years beginning after December 15, 2022.
ASU 2017-04	Goodwill and Other (Topic 350)	In January 2017, the FASB issued Accounting Standards Update 2017-04, Intangibles – Goodwill and Other (Topic 350). This eliminated Step 2 of goodwill impairment testing, which had required an entity to calculate the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting entity had been acquired in a business combination. Instead, an entity will merely compare the entity's fair value with its carrying value.	Public - for fiscal years beginning after December 15, 2020. Private - for fiscal years beginning after December 15, 2021.
ASU 2018-01	Leases (Topic 842)	In January 2018, FASB issued Accounting Standards Update 2018-01, which allows an optional transition practical expedient to not evaluate for the implementation of ASU 2016-02 (which introduced Topic 840), any existing or expired land easements that were not previously accounted for as leases under the current lease guidance in Topic 840. Once an entity adopts Topic 840, it should apply that Topic prospectively to all new (or modified) land easements to determine whether the arrangement should be accounted for as a lease.	Public - for fiscal years beginning after December 15, 2018. Public NFP entities not yet issued their statements adopting ASC 842 - fiscal years beginning after December 15, 2019 Private - for fiscal years beginning after December 15, 2021 (Amended by ASU 2020-05)

ASU 2018-11	Leases (Topic 842)	<p>In July 2018, FASB issued Accounting Standards Update 2018-11, Leases (Topic 842), which provides entities with an additional (and optional) transition method to adopt the new leases standard. Under this method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, the prior comparative period's financials will remain the same as those previously presented. Entities that elect this optional transition method must provide the disclosures that were previously required.</p> <p>Additionally, this guidance provides lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue guidance (Topic 606) and both of the following requirements are met:</p> <ol style="list-style-type: none"> <li>1. The timing and pattern of transfer of the nonlease component(s) and associated lease component are the same.</li> <li>2. The lease component, if accounted for separately, would be classified as an operating lease.</li> </ol> <p>Additional disclosures are required if entity is electing this practical expedient.</p>	<p><b>Public - for fiscal years beginning after December 15, 2018.</b> <b>Public NFP entities not yet issued their statements adopting ASC 842 - fiscal years beginning after December 15, 2019</b> <b>Private - for fiscal years beginning after December 15, 2021 (Amended by ASU 2020-05)</b></p>
ASU 2018-12, ASU 2019-09, and ASU 2020-11	Financial Services - Insurance (Topic 944)	<p>In August 2018, FASB issued Accounting Standards Update 2018-12, Financial Services - Insurance (Topic 944), which provides new updates to accounting treatment of the benefit liability estimate, amortization of deferred acquisition costs, and disclosure requirements of long-duration insurance contracts for insurance carriers. In November 2019, FASB issued ASU 2019-09 which effective defers the date of implementation for this guidance. These updates include the following:</p> <ol style="list-style-type: none"> <li>1. <b>Assumptions used to measure liability for future policy benefits</b> for traditional limited-payment contracts were previously locked at contract inception. New guidance would require insurance entities to (1) review and, if there is a change, update the assumptions used to measure cash flows at least annually and (2) update the discount rate assumption at each reporting date. The provision for risk of adverse deviation and premium deficiency (or loss recognition) testing are eliminated. Changes of the liability due to updated cash flow assumptions vs. updating discount rate assumption is required to be either in net income or other comprehensive income, respectively. The amendments also requires that an insurance entity discount expected future cash flows at an upper-medium grade (low-credit-risk) fixed-income instrument yield that maximizes the use of observable market inputs instead of using an unobservable discount rate (a rate based on an insurance entity's expected yield on its invested assets).</li> <li>2. <b>Measurement of market risk benefits</b> associated with deposits contracts is now required to be measured at fair value instead of a potential alternative option of using an insurance accrual model. The portion of any change in fair value attributable to a change in the instrument-specific credit risk is required to be recognized in other comprehensive income.</li> <li>3. <b>Amortization methods of deferred acquisition costs</b> is now simplified to be amortized on a constant level basis over the expected term of the related contracts. Deferred acquisition costs are required to be written off for unexpected contract terminations but are not subject to an impairment test.</li> <li>4. <b>Disclosures</b> now require that an insurance entity provide disaggregated rollforwards of beginning to ending balances of the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs. The amendment also requires that an insurance entity disclose information about significant inputs, judgments, assumptions, and methods used in measurement, including changes in those inputs, judgements, and assumptions, and the effect of those changes on measurement.</li> </ol>	<p><b>Public - for fiscal years beginning after December 15, 2021.</b> <b>Private - for fiscal years beginning after December 15, 2024.</b></p>

<p>ASU 2018-14</p>	<p><b>Compensation - Retirement Benefits - Defined Benefit Plans - General (Topic 715-20)</b></p>	<p>In August 2018, FASB issued Accounting Standards Update 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Topic 715-20), and modifies certain disclosure requirements for entities with defined benefit plans. These changes include:</p> <p><b>- Removal of:</b></p> <p>(1) The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year.</p> <p>(2) The amount and timing of plan assets expected to be returned to the employer.</p> <p>(3) The disclosures related to the June 2001 amendments to the Japanese Welfare Pension Insurance Law.</p> <p>(4) Related party disclosures about the amount of future annual benefits covered by insurance and annuity contracts and significant transactions between the employer or related parties and the plan.</p> <p>(5) For nonpublic entities, the reconciliation of the opening balances to the closing balances of plan assets measured on a recurring basis in Level 3 of the fair value hierarchy. However, nonpublic entities will be required to disclose separately the amounts of transfers into and out of Level 3 of the fair value hierarchy and purchases of Level 3 plan assets.</p> <p>(6) For public entities, the effects of a one-percentage-point change in assumed health care cost trend rates on the (a) aggregate of the service and interest cost components of net periodic benefit costs and (b) benefit obligation for postretirement health care benefits.</p> <p><b>- Modified the guidance to clarify that the following information for defined benefit plans should be disclosed:</b></p> <p>(1) The projected benefit obligation (PBO) and fair value of plan assets for plans with PBOs in excess of plan assets.</p> <p>(2) The accumulated benefit obligation (ABO) and fair value of plan assets for plans with ABOs in excess of plan assets.</p> <p><b>- Added the following disclosures:</b></p> <p>(1) The weighted-average interest crediting rates for cash balance plans and other plans with promised interest crediting rates.</p> <p>(2) An explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period.</p>	<p><b>Public - for fiscal years beginning after December 15, 2020.</b></p> <p><b>Private - for fiscal years beginning after December 15, 2021.</b></p>
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ASU 2018-20	Leases (Topic 842)	<p>In December 2018, FASB issued Accounting Standards Update 2018-20, Leases (Topic 842), by providing additional guidance to stakeholders in implementing ASU 2016-02. This ASU provides the following guidance:</p> <ol style="list-style-type: none"> <li><b>1. Sales Taxes and Other Similar Taxes Collected from Lessees</b> - permit lessors, as an accounting policy election, to not evaluate whether certain sales taxes and other similar taxes are lessor costs (as described in paragraph 842-10-15-30(b)) or lessee costs. Instead, those lessors will account for those costs as if they are lessee costs. Consequently, a lessor making this election will exclude from the consideration in the contract and from variable payments not included in the consideration in the contract all collections from lessees of taxes within the scope of the election and will provide certain disclosures.</li> <li><b>2. Certain Lessor Costs</b> - require lessors to exclude from variable payments, and therefore revenue, lessor costs <i>paid by lessees</i> directly to third parties. However, costs excluded from the consideration of a contract that are <i>paid by the lessor</i> and reimbursed by the lessee should be treated as variable payments, and thus revenue.</li> <li><b>3. Variable Payments for Contracts with Lease and Nonlease components</b> - lessors should allocate certain variable payments to the lease and nonlease components when the changes in facts and circumstances on which the variable payment is based occurs. After the allocation, the amount of variable payments allocated to the lease components will be recognized as income in profit or loss in accordance with Topic 842, while the amount of variable payments allocated to nonlease components will be recognized in accordance with other Topics, such as Topic 606.</li> </ol>	<p><b>Public</b> - for fiscal years beginning after December 15, 2018. <b>Public NFP entities not yet issued their statements adopting ASC 842</b> - fiscal years beginning after December 15, 2019 <b>Private</b> - for fiscal years beginning after December 15, 2021 (Amended by ASU 2020-05)</p>
ASU 2019-01	Leases (Topic 842)	<p>In March 2019, FASB issued Accounting Standards Update 2019-01, Leases (Topic 842), by providing additional guidance to stakeholders in implementing ASU 2016-02. This ASU provides the following guidance:</p> <ol style="list-style-type: none"> <li><b>1. Fair Value of the underlying assets by Lessors that are not manufacturers or dealers</b> - similar to previous guidance Topic 840, guidance provides explicit exception for lessors who are not manufacturers or dealers (generally financial institutions and captive finance companies) to utilize underlying asset's cost, reflecting any volume or trade discounts that may apply, as the fair value of the leased property. However, if significant time lapses between the acquisition of the underlying asset and lease commencement, those lessors will be required to apply the definition of fair value (exit price) in Topic 820.</li> <li><b>2. Presentation of the Statement of Cash Flows</b> - lessors that are depository and lending institutions within the scope of Topic 942 will present all "principal payments received under leases" within investing activities.</li> <li><b>3. Transition Disclosures Related to Topic 250, Accounting Changes and Error Corrections</b> - provides explicit exception for Companies from applying paragraph 250-10-50-3, which requires entities to provide in the fiscal year in which a new accounting principle is adopted the identical disclosures for interim periods after the date of adoption.</li> </ol>	<p><b>Public</b> - for fiscal years beginning after December 15, 2018. <b>Public NFP entities not yet issued their statements adopting ASC 842</b> - fiscal years beginning after December 15, 2019 <b>Private</b> - for fiscal years beginning after December 15, 2021 (Amended by ASU 2020-05)</p>
ASU 2020-04	Reference Rate Reform (Topic 848)	<p>In March 2020, FASB issued Accounting Standards Update 2020-04, <i>Reference Rate Reform (Topic 848)</i>, which provided optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by LIBOR reference rate reform as LIBOR is expected to be discontinued in the future. These practical expedients help clarifying how contracts that change their reference rate should be treated, including modifications of receivables and debt agreements where reference rate is being changed should be considered on a prospective basis. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationships.</p>	<p><b>For all entities as of March 12, 2020 through December 31, 2022.</b></p>

ASU 2020-05	Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)	In June 2020, FASB issued Accounting Standards Update 2020-05, <i>Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)</i> , which provides the deferral of effective dates for the adoption of ASC 606 and ASC 842 for certain entities due to the compressed timeline to adopt these changes as a result of the impact of COVID-19. As such, the deferral of the effective date of ASC 606 applies to certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Revenue. The deferral of the effective date of ASC 842 applies to entities in the "all other" category and public NFP entities.	<p><b>ASC 606</b> Non-public entities not yet adopted 606 deferred new effective date - fiscal years beginning after December 15, 2019.</p> <p><b>ASC 842</b> Public NFP entities not yet issued their statements adopting ASC 842 - fiscal years beginning after December 15, 2019 Private entities - fiscal years beginning after December 15, 2021.</p>
ASU 2020-06	Debt -- Debt with Conversion and Other Options (Subtopic 470-20) and Derivates and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)	In August 2020, FASB issued ASU 2020-06 Debt -- <i>Debt with Conversion and Other Options (Subtopic 470-20) and Derivates and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)</i> , to help simplify and eliminate complexities related to the accounting for convertible debt instruments, derivatives for contracts in an entity's own equity, and current EPS guidance surrounding such embedded instruments. The standard effectively eliminates certain separation models from Subtopic 470-20, Debt - Debt with Conversion and Other Options, for convertible instruments. Instead, the embedded conversion features no longer are separated from the host contract for convertible instruments with conversion features that are not required to be accounted for as derivatives under Topic 815, Derivatives and Hedging, or that do not result in substantial premiums accounted for as paid-in capital. This amendment also eliminates derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions.	<p>Public - for fiscal years beginning after December 15, 2021. Private - for fiscal years beginning after December 15, 2023.</p>
ASU 2020-07	Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets	In September 2020, FASB issued ASU 2020-07, <i>Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets</i> , which provides requirements for clearer financial information about important noncash contributions charities and other not-for-profit organizations receive known as gifts-in-kind (GIKs). The standard requires contributed nonfinancial assets be presented as a separate line in the statement of activities, separate from contributions of cash or other financial assets. The standard also provides additional qualitative and quantitative disclosure requirements regarding the policies, categories, uses, and valuation techniques employed for such nonfinancial assets received.	Effective for all entities after June 15, 2021.
ASU 2021-03	Intangibles—Goodwill and Other (Topic 350)	In March 2021, FASB issued ASU 2021-03, <i>Intangibles—Goodwill and Other (Topic 350)</i> , which provide private companies and not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as required in Table of Contents Subtopic 350-20 as of the end of the reporting period, whether the reporting period is an interim or annual period. An entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. An entity that does not elect the accounting alternative for amortizing goodwill and that performs its annual impairment test as of a date other than the annual reporting date should perform a triggering event evaluation only as of the end of the reporting period.	Private Only - 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 2021-05	Leases (Topic 842)	<p>In July 2021, FASB issued ASU 2021-05, <i>Leases (Topic 842)</i>, which requires lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if both of the following criteria are met:</p> <ol style="list-style-type: none"> <li>1. The lease would have been classified as a sales-type lease or a direct financing lease in accordance with the classification criteria in paragraphs 842-10-25-2 through 25-3.</li> <li>2. The lessor would have otherwise recognized a day-one loss.</li> </ol> <p>The amendments in this Update affect lessors with lease contracts that (1) have variable lease payments that do not depend on a reference index or a rate and (2) would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing.</p>	All entities - effective for fiscal years beginning after December 15, 2021 unless previously adopted Leases (Topic 842).
ASU 2021-07	Compensation - Stock Compensation (Topic 718)	<p>In October 2021, FASB issued ASU 2021-07, <i>Compensation - Stock Compensation (Topic 718)</i>, which provides a practical expedient for nonpublic entity to determine the current price input of equity-classified share-based awards issued to both employees and nonemployees. As a practical expedient, a nonpublic entity is allowed to determine the current price input of equity-classified share-based awards issued to both employees and nonemployees using the reasonable application of a reasonable valuation method. The practical expedient describes the characteristics of the reasonable application of a reasonable valuation method including (1) the date on which a valuation's reasonableness is evaluated, (2) the factors that a reasonable valuation should consider, (3) the scope of information that a reasonable valuation should consider, and (4) the criteria that should be met for the use of a previously calculated value to be considered reasonable.</p>	Private Only - effective for fiscal years beginning after December 15, 2021.
ASU 2021-08	Business Combinations (Topic 805)	<p>In October 2021, FASB issued ASU 2021-08, <i>Business Combinations (Topic 805)</i>. The amendments in this Update require that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts.</p>	Public - for fiscal years beginning after December 15, 2022. Private - for fiscal years beginning after December 15, 2023.
ASU 2021-09	Leases (Topic 842)	<p>In November 2021, FASB issued ASU 2021-09, <i>Leases (Topic 842)</i>. The amendments in this update allow a lessee that is not a public business entity to elect an accounting policy to use a risk-free rate as its discount rate by class of underlying asset rather than at an entity-wide level, as is currently required by Topic 842, Leases. The amendments in this Update also require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee would use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election.</p>	All entities - effective for fiscal years beginning after December 15, 2021 unless previously adopted Leases (Topic 842).
ASU 2021-10	Government Assistance (Topic 832)	<p>In November 2021, FASB issued ASU 2021-10, <i>Government Assistance (Topic 832)</i>. The amendments in this Update require the following annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy:</p> <ol style="list-style-type: none"> <li>1. Information about the nature of the transactions and the related accounting policy used to account for the transactions</li> <li>2. The line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item</li> <li>3. Significant terms and conditions of the transactions, including commitments and contingencies.</li> </ol>	All entities - effective for fiscal years beginning after December 15, 2021