Accounting Roundup — Special Edition

Could a Wave of Change *Finally* Be on the Horizon?

Updated July 2012

A Compendium of the FASB's Joint and Individual Projects

by Deloitte & Touche LLP's Accounting Standards and Communications Group

Introduction

The FASB and IASB have been working together for over a decade to develop and issue high-quality accounting standards that would be consistent under both U.S. GAAP and IFRSs. While this process has been slow, the boards have made some progress on their joint projects, including issuing final U.S. GAAP and IFRS standards on fair value measurement.[1] The boards have also revised the balance sheet offsetting disclosure requirements[2] to improve the comparability of financial statements prepared in accordance with U.S. GAAP or IFRSs. Furthermore, the boards continue to work together on certain priority projects, including (1) financial instruments, (2) revenue recognition, (3) leases, (4) insurance contracts, and (5) investment companies. While the FASB and IASB are expected to issue final standards on investment companies in the fourth quarter of this year, final standards on the other priority projects are not expected until sometime in 2013 at the earliest.

Concurrently with the boards' convergence efforts, the SEC continues to contemplate the incorporation of IFRSs into the U.S. financial reporting system. On July 13, 2012, the SEC staff issued its final staff report[3] summarizing its analyses and observations related to the SEC's February 2010 work plan for IFRS incorporation. The report emphasizes that the SEC has not made "any policy decisions as to whether [IFRSs] should be incorporated into the financial reporting system for U.S. issuers, or how any such incorporation, if it were to occur, should be implemented." In addition, the report indicates that before making a decision, the SEC must further analyze and consider "the fundamental question of whether transitioning to IFRS is in the best interests of the U.S. securities markets generally and U.S. investors specifically." In response to the SEC staff final report, Michael Prada, chairman of the trustees of the IFRS Foundation, expressed his view on this issue in a statement on the foundation's Web site:

> While recognising the right of the SEC to determine the method and timing for incorporation of IFRSs in the United States, we regret that the staff report is not accompanied by a recommended action plan for the SEC. . . . For the benefit of both US and international stakeholders, the Trustees look forward to the SEC resolving the continued uncertainty regarding the US's commitment to global accounting standards.

The report does not include any timetable for this effort and many questions remain regarding whether and, if so, when and how this incorporation will take place. For more information on the staff final report, see Deloitte's July 19, 2012, *Heads Up*.

This update to *Accounting Roundup — Special Edition* contains status summaries of some of the key FASB/IASB joint and FASB-only projects. It reflects (1) the FASB's and IASB's revisions to their agenda and timeline and (2) developments that have occurred in the joint and FASB-only projects since the last issuance of this publication in November 2011. In addition, this publication includes (1) references to other Deloitte publications such as *Heads Up* newsletters and *Industry Spotlights* that provide more specifics about these projects and (2) an appendix with a table summarizing significant adoption dates and transition guidance for final ASUs.

Not interested in reading the *thousands* (yes, we said thousands) of pages of new accounting guidance when the final standards are issued? Well, we will issue a *Heads Up* newsletter on each of these projects as they are exposed for public comment and again as they become final standards. Not a subscriber to our *Heads Up* newsletters? Follow this link to sign up.

[1] The FASB issued Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, and the IASB issued IFRS 13, *Fair Value Measurement*.

[2] FASB Accounting Standards Update No. 2011-11, *Disclosures About Offsetting Assets and Liabilities*, creates new disclosure requirements about the nature of an entity's rights of setoff and the related arrangements associated with its financial instruments and derivative instruments. In connection with the issuance of this ASU, the IASB amended IFRS 7, *Financial Instruments: Disclosures*, and clarified certain aspects of IAS 32, *Financial Instruments: Presentation*, to improve the consistency between U.S. GAAP and IFRSs. See Deloitte's December 20, 2011, *Heads Up* for additional information.

[3] SEC Final Staff Report, *Work Plan for the Consideration of Incorporating IFRSs Into the Financial Reporting System for U.S. Issuers.*

Updated Timeline for FASB's Major Projects

		Expected Date			
		2012		2013	Page Number
	Final[4]	3Q	4Q	1H	
Joint FASB/IASB Projects[5]					1
Accounting for Financial Instruments					1
Classification and Measurement of Financial Assets and Financial Liabilities			E		1
Impairment of Financial Assets			E		1
Hedge Accounting					2
Offsetting Financial Assets and Financial Liabilities	2011				2
Revenue Recognition				F	2
Leases			E		3
Insurance Contracts			E		4
VIEs and Voting Interest Entities					4
Investment Companies			F		5
FASB-Only Projects					7
Accounting for Financial Instruments: Liquidity and Interest Rate Disclosures		C			7
Liquidation Basis of Accounting and Going Concern (Formerly Disclosures About Risks and Uncertainties)					7
Liquidation Basis of Accounting			C		7
Going Concern			E		7
Codification Technical Corrections and Improvements		F			8
Impairment of Indefinite-Lived Intangible Assets		F			9
Presentation of Comprehensive Income: Reclassifications Out of Accumulated Other Comprehensive Income		E			9
Transfers and Servicing: Repurchase Agreements and Similar Transactions		E			10
Definition of a Nonpublic Entity		D			10
Disclosure Framework		D[6]			11
Investment Properties			F		11
Not-for-Profit Financial Reporting: Financial Statements					12
Key Takeaways					13

C **Comment Deadline** **D** **Discussion Paper** **E** **Exposure Draft** **F** **Final Document**

[4] An ASU for this project has been issued since the last edition of this publication.

[5] The joint FASB/IASB and FASB-only projects, as well as the expected dates, in this list may vary slightly from those listed on the FASB's Web site.

[6] On July 12, 2012, the Board issued a discussion paper (DP), *Invitation to Comment — Disclosure Framework*. Comments on the DP are due by November 16, 2012.

Joint FASB/IASB Projects

Financial Instruments

Affects: All entities.

Summary: The financial instruments project addresses the accounting for a broad range of financial instruments, including derivatives, investments in debt and equity securities, loans, loan commitments, trade receivables and payables, deposit liabilities, and debt. In May 2010, the FASB released an exposure draft (ED)[7] that would change (1) the classification and measurement of financial assets and financial liabilities, (2) the accounting for impairment of financial assets, and (3) hedge accounting. Since the close of the ED's comment period, the FASB has redeliberated and revised many aspects of its original proposals. In addition, the FASB has added two additional components to its reconsideration of the accounting for financial instruments: (1) balance sheet offsetting of financial assets and financial liabilities and (2) liquidity and interest rate risk disclosures related to financial instruments.[8]

Classification and Measurement of Financial Assets and Financial Liabilities

Summary: The FASB has tentatively decided that financial assets should be classified as fair value through net income (FV-NI), fair value through other comprehensive income (FV-OCI), or amortized cost on the basis of an evaluation of the contractual cash flow characteristics of the financial instrument and the related business model. Reclassification of financial assets from one category to another would be required if an entity's business model for managing a group of financial assets changes, which should be infrequent. Investments in equity instruments (both marketable and nonmarketable) would be classified as FV-NI; however, a practicability exception — a cost-based measurement approach — would be allowed for nonmarketable equity securities held by both public and nonpublic entities. Financial liabilities would be measured at amortized cost, except derivatives, short sales, and those that will be subsequently transacted at fair value (all of which would be measured at FV-NI).

Although the IASB initially issued finalized guidance on the classification and measurement of financial assets in 2009 and on the classification and measurement of financial liabilities in 2010, the IASB has tentatively decided to make limited amendments to its guidance on the basis of its joint discussions with the FASB.

Next Steps: The FASB's redeliberations of the classification and measurement of financial instruments are nearly complete. However, the Board still needs to redeliberate certain aspects of its approach (e.g., scope, effective date, transition approach, and specialized industry guidance). The FASB plans to issue an ED on this topic sometime in the fourth quarter of 2012.

Impairment of Financial Assets

Summary: The FASB and IASB have tentatively agreed to develop an expected-loss impairment model that reflects the general pattern of the credit-quality deterioration of debt instruments. Under this model, financial assets subject to impairment accounting (such as loans accounted for at amortized cost) would be split into three buckets. These buckets would be used to determine the amount and timing of credit losses to be recognized and would reflect different phases of credit deterioration.

Next Steps: The boards are continuing to develop the three-bucket approach and are expected to issue an ED on this topic sometime in the fourth quarter of 2012.

[7] FASB Proposed Accounting Standards Update, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*.

[8] See the "FASB-Only Projects" section of this publication for a discussion of the portion of the Board's financial instruments project related to disclosures about liquidity and interest rate risk.

Hedge Accounting

Summary: After proposing limited changes and simplifications to hedge accounting as part of its May 2010 ED, the FASB released a discussion paper (DP)[9] in February 2011 to obtain feedback on the IASB's December 2010 ED[10] that proposes to align hedge accounting more closely with risk management practices.

Next Steps: The IASB has completed redeliberations of its ED and expects to release a staff draft of its proposals in the third quarter and a final standard by the end of 2012. In addition, the IASB continues to work on its project on accounting for macro hedges and is expected to release a DP on this topic in the third quarter of this year.

The FASB has not yet formalized a timeline for redeliberating its hedge accounting model. Since issuing its ED and DP, the FASB has met to discuss the feedback received and has performed outreach activities to obtain additional views from other constituent groups.

Offsetting Financial Assets and Financial Liabilities

Summary: In December 2011, the FASB and IASB issued final guidance (released by the FASB as ASU 2011-11) on the offsetting of financial assets and financial liabilities. The objective of the new guidance is to provide improved "information about offsetting and related arrangements to enable users of . . . financial statements to understand the effect of those arrangements on [a reporting entity's] financial position." Entities are required to disclose both gross and net information for financial instruments, which the boards expect will enhance "comparability between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS."

Next Steps: The new disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2013, and interim periods therein, with retrospective application required.

Other Resources on Financial Instruments

The following Deloitte publications contain additional information about the boards' project on accounting for financial instruments:

- January 5, 2012, *Heads Up* — Provides an update on the FASB's financial instruments project.
- December 20, 2011, *Heads Up* — Outlines the FASB's and IASB's finalized guidance on improved offsetting disclosures.

Revenue Recognition

Affects: All entities.

Summary: On November 14, 2011, the FASB and IASB jointly issued their revised ED (released by the FASB as a proposed ASU[11]) on revenue recognition. The revised ED is the result of months of redeliberations of their June 2010 ED. The proposed ASU outlines a single comprehensive model for entities to use in accounting for contracts with customers and would supersede most current revenue recognition guidance, doing away with the volumes of industry-specific guidance that many have been using for years. In its place, entities would apply a broad principle when recognizing revenue for contracts under which goods or services are provided to customers. That broad principle would require an entity to (1) identify the contract(s) with a customer, (2) identify the separate performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the separate performance obligations, and (5) recognize revenue as each performance obligation is satisfied.

After significant outreach to constituents, including preparers, users, and others, the boards began redeliberating their revised ED in July 2012. The final standard would be effective no earlier than annual periods beginning on or after January 1, 2015, for public entities and January 1, 2016, for nonpublic entities.

[9] FASB Discussion Paper, *Selected Issues About Hedge Accounting*.
[10] IASB Exposure Draft, *Hedge Accounting*.
[11] FASB Proposed Accounting Standards Update, *Revenue From Contracts With Customers*.

Consideration Points: As a result of this project, entities may need to (1) assess their information technology systems, specifically those related to sales, to determine whether those systems need to be reconfigured; (2) evaluate the terms of their existing contracts to determine how they may affect revenue recognition; (3) educate their sales force on the key aspects of recognizing revenue; and (4) reconsider the timing or the manner in which the sales force is compensated as a result of the changes, if any, in the manner in which revenue is recognized.

In addition, because the application of the principles in the proposed standard would most likely require significant judgment, an entity may also need to evaluate its accounting policies to ensure consistent application of the principles throughout the entity.

Lastly, certain entities may experience significant changes in the amount and timing of revenue recognition and may need to evaluate how and when to disclose such changes to external financial statement users.

Next Steps: The FASB expects redeliberations of the revised ED to be substantially complete by the end of 2012 and to issue a final standard in the first half of 2013.

Other Resources: The following Deloitte publications contain additional information about the revenue recognition project:

- April 13, 2012, *Heads Up* — Discusses comment-letter feedback on the boards' revised revenue recognition ED.
- November 15, 2011, *Heads Up* — Summarizes the FASB's revised ED on revenue recognition.

Leases

Affects: All entities.

Summary: On August 17, 2010, the FASB and IASB issued an ED (released by the FASB as a proposed ASU[12]) on leases. The lease model proposed by the boards would fundamentally change the accounting for leases by lessees by eliminating operating lease treatment and would result in on-balance-sheet treatment for all leases (except certain short-term leases). Under the proposed model, a lessee would recognize a liability to make lease payments and an asset that represents the right to use the underlying asset.

On the basis of feedback received on the proposed model, the boards have redeliberated numerous measurement issues, including lease term, contingent rents, and income statement recognition patterns. They have also held many discussions about more fundamental issues (e.g., distinguishing a lease from a service arrangement, the lessor accounting model).

As a result of these deliberations, the boards have confirmed the on-balance-sheet treatment of all leases (except certain short-term leases) and made significant changes to the ED's proposed model that will generally simplify the determination of lease term and lease payments for both lessees and lessors.

The boards have also tentatively decided that the income statement recognition pattern for lessees would be based on whether the lessee acquires and consumes more than an insignificant portion of the underlying asset. If consumption is insignificant, the income statement recognition pattern would be a straight-line expense approach that results in recognition of the total lease expense on a straight-line basis; however, if consumption is more than insignificant, an entity would use a financing approach in which the right-of-use asset is treated as if it were purchased. This determination would also dictate whether a lessor would account for a lease under the receivable and residual approach — an approach similar to the ED's proposed derecognition model — or under an approach akin to current operating lease accounting.

Consideration Points: The proposed accounting changes could have significant consequences, including a direct effect on financial ratios and metrics (e.g., the return on assets), which may affect existing debt covenants. In addition, entities with significant lease portfolios may need to perform considerable system upgrades and management may have to reconsider buy-versus-lease decisions and the provisions in the entity's standard lease arrangements. The bottom line is that both lessee and lessor entities will need to have a handle on their lease portfolios before these changes take effect.

Next Steps: The FASB and IASB are close to wrapping up their deliberations and expect to issue a revised ED in the fourth quarter of 2012 and a final standard in 2013.

Other Resources: For more information, see Deloitte's IAS Plus Web site, which provides summaries of the boards' tentative decisions on the lease project.

[12] FASB Proposed Accounting Standards Update, *Leases*.

Insurance Contracts

Affects: Entities that issue insurance contracts.

Summary: Since the issuance of the FASB's DP[13] and the IASB's ED,[14] several key issues have been raised and debated. While the boards have made some progress in bridging their differing views, it has become increasingly clear that the new standards on insurance contracts, although similar, most likely will not be converged. In March 2012, the IASB chairman reported to EFRAG[15] that full convergence would not be achieved but indicated that the IASB standard would be a significant improvement given the fact that uniform accounting standards for insurance do not exist internationally. In June 2012, the FASB chairman expressed to the Financial Accounting Standards Advisory Council her belief that the FASB and IASB standards will not be converged given their unsuccessful attempts to reconcile differing views on fundamental aspects of the proposals. Regarding remaining open topics, the boards plan to continue their joint redeliberations and are committed to converging when possible.

Significant topics on which U.S. GAAP and IFRSs still differ include (1) the inclusion of a separate risk adjustment margin (versus a single-margin approach), (2) recognition of changes in estimates, (3) the treatment of acquisition costs, and (4) whether the premium allocation approach should be considered a separate model for certain contracts that are generally of a shorter duration or a proxy for the building blocks approach. While attempts to fully reconcile these differences have not yet proved successful, the boards have recently reached tentative decisions on many aspects of the project in recent months, including the following five major components:

- Premium allocation approach.
- Unit of account.
- Unbundling certain noninsurance components.
- Other comprehensive income.
- Acquisition costs.

Next Steps: The IASB expects to reexpose or issue a review draft in the second half of 2012, probably December, while the FASB plans to issue a separate ED around the same time. The publication of the final standard is expected during 2013. The mandatory effective date of the final standards is likely to be no earlier than January 1, 2016, with the expectation that this effective date would be aligned with the effective date of new standards on financial instruments.

Other Resources: See the following Deloitte publications for more information about the boards' insurance project:

- June 2012 *Insurance Accounting Newsletter* — Provides a monthly update on the Board's current redeliberations and Deloitte's observations on them.
- April 2011 *Insurance Spotlight* — Highlights potential intersection points ahead in the revenue recognition and insurance contracts projects.
- October 8, 2010, *Heads Up* — Analyzes FASB's DP on insurance contracts.
- August 24, 2010, *Heads Up* — Summarizes IASB's ED on insurance contracts.

VIEs and Voting Interest Entities

Affects: All entities.

Summary: The consolidation project began as a joint project between the FASB and IASB to develop improved, converged consolidation standards that would apply to all entities (i.e., variable interest entities (VIEs) and voting interest entities). However, the boards eventually decided not to converge on all aspects of this topic, mainly because of differing views regarding "control with less than a majority of the voting rights" and the consideration of "potential voting rights."

The FASB ultimately decided on a project that will be narrower in scope and that will address certain aspects of its consolidation requirements. On November 3, 2011, the Board issued a proposed ASU[16] that focuses on whether a decision maker is acting as a principal or as an agent. In addition, it proposes other changes to conform some aspects of the VIE and voting interest entity consolidation models. Comments on the ED were due by February 15, 2012.

[13] FASB Discussion Paper, *Preliminary Views on Insurance Contracts.*
[14] IASB Exposure Draft, *Insurance Contracts.*
[15] European Financial Reporting Advisory Group.
[16] FASB Proposed Accounting Standards Update, *Principal Versus Agent Analysis.*

The IASB's new and amended guidance on consolidations, issued in May 2011, addresses consolidated financial statements, joint arrangements, and disclosures of interests in other entities.[17]

The qualitative assessment of whether a decision maker (or general partner) is a principal or an agent would take into account the purpose and design of the entity and would include an evaluation of: (1) rights held by other parties; (2) the decision maker's compensation; and (3) exposure to variability of returns from other interests held by the decision maker. In addition, the proposal would:

- Amend the criteria for determining whether (1) an entity is a VIE and (2) a reporting entity is the VIE's primary beneficiary.
- Revise the definitions of protective rights, participating rights, and kickout rights. In particular, the proposal would align the analysis of these rights under the VIE, voting interest, and partnership models.
- Amend the guidance on assessing partnerships for consolidation (in particular, whether a general partner consolidates a limited partnership). The qualitative assessment would allow a general partner to consider its economics when determining whether to consolidate a partnership.
- Eliminate the indefinite deferral in ASU 2010-10[18] for interests in certain entities.

Editor's Note: While comment letters on the ED generally supported the proposed qualitative approach, many respondents were concerned that the qualitative assessment could result in inconsistent and incomparable consolidation conclusions. In addition, some respondents believed that the ED's specific implementation examples could create inappropriate "bright lines" for (1) how to weigh each factor in the analysis and (2) the level of economic interest that would result in consolidation.

Consideration Points: U.S. entities should consider any potential impacts of the FASB's proposed principal-versus-agent guidance on (1) structures involving VIEs, including funds managed by investment managers; (2) partnerships and similar entities applying the guidance in ASC 810-20;[19] and (3) rights granted to noncontrolling interest holders.

Next Steps: The FASB will continue redeliberations in the second half of 2012 and expects to issue a final ASU sometime in 2013.

Other Resources: See the following Deloitte publications for more information about the boards' project on VIEs and voting interest entities:

- November 4, 2011, *Heads Up* — Discusses FASB's proposal on principal–versus-agent analysis.
- April 2012 *Asset Management Spotlight* — Discusses constituents' feedback on FASB's proposals, including principal-versus-agent analysis.

Investment Companies

Affects: Investment companies.

Summary: In 2011, the FASB and IASB issued an ED (released by the FASB as a proposed ASU[20]) on identifying when an entity qualifies as an investment company. In response to feedback, the boards have subsequently agreed that to qualify as an investment company, an entity would only need to meet some of the six criteria outlined in the proposals. The remaining criteria would still be included in the definition, but only as characteristics typical of investment companies; an entity would consider these characteristics in determining whether it meets the revised definition of an investment company.

The FASB and IASB continue to disagree on whether the parent of an investment company subsidiary should retain, in its consolidated financial statements, the accounting that applies in the subsidiary's stand-alone financial statements. In their redeliberations, both boards reaffirmed the original decisions proposed in their respective EDs. Accordingly, U.S. GAAP would require that the parent of an investment company subsidiary recognize and measure that subsidiary's investments at FV-NI in the consolidated

[17] These standards consisted of three new IFRSs and two amended IASs: IFRS 10, *Consolidated Financial Statements;* IFRS 11, *Joint Arrangements*; IFRS 12, *Disclosure of Interests in Other Entities*; IAS 27 (Revised 2011), *Separate Financial Statements*; and IAS 28 (Revised 2011), *Investments in Associates and Joint Ventures.*

[18] FASB Accounting Standards Update No. 2010-10, *Amendments for Certain Investment Funds.*

[19] FASB Accounting Standards Codification Subtopic 810-20, *Consolidation: Control of Partnerships and Similar Entities.*

[20] FASB Proposed Accounting Standards Update, *Financial Services — Investment Companies (Topic 946) — Amendments to the Scope, Measurement, and Disclosure Requirements.*

financial statements. However, IFRSs would require that if the parent entity does not qualify as an investment company, the parent would reflect the assets and liabilities underlying the subsidiary's investments in its consolidated financial statements.

The boards have also decided that an investment company should measure its controlling financial interests in another investment company at fair value. Although the FASB will discuss this decision further, it is a significant departure from the guidance in the FASB's ED, which would have required an investment company to consolidate a controlling financial interest in another investment company.

Consideration Points: Entities should monitor any changes to the definition of an investment company, since these changes could affect whether an entity qualifies for investment company accounting. In addition, entities should note that the proposals would remove the real estate investment trust (REIT) scope exception from the amended ASC 946;[21] therefore, REITs would have to assess whether they qualify as an investment company.

Next Steps: The FASB expects to issue a final ASU on investment companies in the fourth quarter of 2012.

Other Resources: See the following Deloitte publications for more information about the boards' project on investment companies:

- Deloitte's April 2012 *Asset Management Spotlight* — Discusses constituents' feedback on the FASB's proposals, including its ED on investment companies.
- Deloitte's October 21, 2011, *Heads Up* — Summarizes the FASB's proposed ASU on investment companies.

[21] FASB Accounting Standards Codification Topic 946, *Financial Services — Investment Companies*.

FASB-Only Projects

Accounting for Financial Instruments: Liquidity and Interest Rate Disclosures

Affects: All entities.

Summary: On June 27, 2012, the FASB issued a proposed ASU[22] proposing a package of new financial instruments disclosures related to liquidity and interest rate risk. The proposed liquidity risk disclosures would apply to all entities, while the interest rate disclosures would only apply to financial institutions. The proposed disclosures would be required for interim and annual periods; however, nonpublic entities would be required to provide the liquidity risk and interest rate disclosures for annual reporting periods only.

Next Steps: Comments on the proposed ASU are due by September 25, 2012; we expect the Board to commence redeliberations shortly thereafter.

Other Resources: Deloitte's July 3, 2012, *Heads Up* — Discusses the FASB's proposed requirements for qualitative and quantitative disclosures about liquidity and interest rate risk.

Liquidation Basis of Accounting and Going Concern (Formerly Disclosures About Risks and Uncertainties)

Affects: All entities.

Summary: The objective of this project is to provide guidance on (1) the application of the liquidation basis of accounting and (2) management's assessment of its ability to continue as a going concern.

The Board added a project on going concern and the liquidation basis of accounting to its agenda in May 2007. In October 2008, the FASB issued an ED on going concern for public comment. Since then, the Board has continued deliberating this topic and ultimately decided to consider the liquidation basis of accounting and going concern separately.

Liquidation Basis of Accounting

On July 2, 2012, the FASB issued a proposed ASU[23] that would provide guidance on when and how to apply the liquidation basis of accounting. Under the proposed ASU, an entity would be required to use the liquidation basis of accounting to present its financial statements when it determines that liquidation is imminent. The proposed ASU specifies how such an entity would initially and subsequently measure its assets and liabilities, account for costs associated with the liquidation, and provide the required financial statements and disclosures.

Going Concern

In January 2012, the Board tentatively decided to exclude from the scope of this project a requirement for entities to perform a going-concern assessment. Rather, the Board considered including additional disclosures in the liquidity and interest rate risk disclosures project to address concerns about the viability of an entity. However, the Board subsequently reversed this decision and directed the staff to prepare a proposal outlining a direction for the going-concern project — specifically whether and, if so, how an entity should be required to prepare (1) an assessment of its ability to continue as a going concern and (2) the related disclosures.

Next Steps: Comments on the proposed ASU on the liquidation basis are due by October 1, 2012. The Board will deliberate the going-concern topic at a future meeting.

Other Resources: Deloitte's July 5, 2012, *Heads Up* — Discusses the FASB's proposed guidance on the liquidation basis of accounting.

[22] FASB Proposed Accounting Standards Update, *Disclosures About Liquidity Risk and Interest Rate Risk.*

[23] FASB Proposed Accounting Standards Update, *The Liquidation Basis of Accounting.*

Codification Technical Corrections and Improvements

Affects: All entities.

Summary: On October 14, 2011, the FASB issued a proposed ASU[24] that would make (1) certain technical corrections (i.e., minor corrections and clarifications) and (2) "conforming fair value amendments" to the *FASB Accounting Standards Codification*.

The technical corrections would be divided into three main categories:

- *Source literature amendments* — The objective of these amendments is to carry forward the original intent of certain pre-Codification authoritative literature (e.g., FASB Statements) that was unintentionally altered during the Codification process.
- *Guidance clarification and reference corrections* — Changes to wording and references to avoid misapplication or misinterpretation of guidance.
- *Relocated guidance* — Moving guidance from one part of the Codification (e.g., a topic or subtopic) to another to correct instances in which the scope of pre-Codification guidance may have been unintentionally narrowed or broadened.

The fair value amendments would "conform the use of the term fair value throughout the Codification." These amendments would reflect the usage of the term in the pre-Codification guidance in Statement 157[25] (ASC 820[26]), since the FASB had conformed this usage in certain pre-Codification standards (e.g., FASB Statements) but not others (e.g., EITF literature, AICPA Statements of Position). The amendments are thus intended to more fully reflect the measurement and disclosure requirements of ASC 820 that were codified from Statement 157.

In the proposed ASU, the Board had included certain amendments related to the accounting for refundable advance fees by critical care retirement communities (CCRCs). After further consideration and in light of the comment-letter feedback it received, the Board decided that this particular topic should be addressed separately and in July 2012 released ASU 2012-01,[27] which clarified the guidance on accounting for refundable advance fees for CCRCs.

Next Steps: A final ASU on technical corrections is expected to be issued before the end of the third quarter of 2012.

The Board agreed to provide transition guidance on amendments that might be considered "more substantive," including those related to (1) derivatives, (2) debt, and (3) a number of items related to plan accounting.

For public entities, amendments for which transition guidance is provided would be effective for fiscal periods beginning after December 15, 2012; however, for nonpublic entities, the amendments would be effective for fiscal periods beginning after December 15, 2013.

The guidance should be applied as of the beginning of the fiscal year of adoption, with the cumulative effect of the change in accounting principle recognized as an adjustment to the opening balance of retained earnings or other appropriate components of equity or net assets in the statement of financial position. The final ASU is expected to allow for full retrospective application.

Other Resources: Deloitte's October 20, 2011, *Heads Up* — Discusses FASB's ED on technical corrections to the Codification.

[24] FASB Proposed Accounting Standards Update, *Technical Corrections.*
[25] FASB Statement No. 157, *Fair Value Measurements.*
[26] FASB Accounting Standards Codification Topic 820, *Fair Value Measurement.*
[27] FASB Accounting Standards Update No. 2012-01, *Continuing Care Retirement Communities — Refundable Advance Fees.*

Impairment of Indefinite-Lived Intangible Assets

Affects: All entities.

Summary: On July 27, 2012, the FASB issued ASU 2012-02[28] to amend the guidance on testing indefinite-lived intangible assets, other than goodwill, for impairment. Under the revised guidance, entities have the option of first performing a qualitative assessment to determine whether there are any events or circumstances indicating that it is more likely than not that the indefinite-lived intangible asset is impaired. The qualitative assessment would be similar to the new qualitative assessment for goodwill under ASU 2011-08.[29]

Next Steps: The amendments are effective for interim and annual impairment tests performed in fiscal years beginning after September 15, 2012; early adoption is permitted.

Other Resources: Deloitte's July 27, 2012, *Heads Up* — Details the final ASU amending the guidance on testing indefinite-lived intangible assets for impairment.

Presentation of Comprehensive Income: Reclassifications Out of Accumulated Other Comprehensive Income

Affects: Entities that provide a full set of financial statements containing a statement of financial position, results of operations, and cash flows. The guidance also applies to investment companies, defined benefit pension plans, and other employee benefit plans that are exempt from the requirement to provide a statement of cash flows. The new guidance does not apply to entities that have no items of OCI in any period presented or to not-for-profit entities that are required to apply the guidance in ASC 958-205.[30]

Summary: Last year, the FASB issued ASU 2011-05,[31] which revised the manner in which entities present comprehensive income in their financial statements. The new guidance removed the presentation options in ASC 220[32] by requiring entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. For public entities, ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities are required to apply the ASU's provisions for annual periods ending after December 15, 2012, and interim and annual periods thereafter.

In preparing for the adoption of ASU 2011-05, constituents expressed concerns about the operationality of certain of the ASU's provisions, primarily those pertaining to the presentation requirements for reclassification adjustments. Therefore, in December 2011, the Board issued ASU 2011-12[33] to indefinitely defer such provisions in ASU 2011-05 so that it could appropriately review and evaluate constituents' concerns. ASU 2011-12 has the same effective dates as ASU 2011-05.

> **Editor's Note:** During the indefinite deferral period, entities still need to comply with the existing requirements in U.S. GAAP for the presentation of reclassification adjustments. Specifically, ASC 220 gives entities the option of (1) presenting reclassification adjustments out of AOCI on the face of the statement in which OCI is presented or (2) disclosing reclassification adjustments in the footnotes to the financial statements.

Next Steps: In June 2012, the FASB tentatively decided not to reinstate the presentation requirements for reclassification adjustments originally included in ASU 2011-05. Instead, the Board voted to expand the disclosure requirements for such items to give financial statements users more access to information about the effects of reclassification adjustments on an entity's financial statements. The FASB is expected to issue an ED on the new proposed disclosures during the third quarter of 2012 for a 60-day comment period.

Other Resources: The following Deloitte publications contain additional information about the OCI project:

- June 17, 2011, *Heads Up* — Summarizes ASU 2011-05 on presentation of comprehensive income.
- December 23, 2011, *Heads Up* — Summarizes ASU 2011-12 on the deferral of the presentation requirements for reclassification adjustments in ASU 2011-05.

[28] FASB Accounting Standards Update No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment.*
[29] FASB Accounting Standards Update No. 2011-08, *Testing Goodwill for Impairment.*
[30] FASB Accounting Standards Codification Subtopic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements.*
[31] FASB Accounting Standards Update No. 2011-05, *Presentation of Comprehensive Income.*
[32] FASB Accounting Standards Codification Topic 220, *Comprehensive Income.*
[33] FASB Accounting Standards Update No. 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.*

Transfers and Servicing: Repurchase Agreements and Similar Transactions

Affects: All entities.

Summary: In March 2012, the FASB added to its agenda a project on reexamining the accounting and disclosure requirements for repurchase agreements (repos). Coming a little less than one year after the issuance of ASU 2011-03,[34] the addition of the project was in response to various concerns raised about the accounting for repos, primarily the effective-control criteria in ASC 860.[35] At a June 2012 meeting, the FASB tentatively decided to pursue an approach that would eliminate the existing criteria for assessing effective control for repos and specifically identify the types of repos that should be accounted for as secured borrowings rather than as sales. Under this approach, transferors would evaluate the characteristics of repos to determine whether they should be accounted for as secured borrowings. As a result, transferors would not need to assess effective control, continuing involvement, or risks and rewards.

Next Steps: The FASB will continue deliberating the project throughout the summer, including (1) the implications of the exception-based approach with respect to other similar arrangements (e.g., dollar roll repos) and (2) disclosures that will be required as a result of these changes. The Board is expected to publish an ED on the repo proposals in the third quarter of this year.

Other Resources: Deloitte's May 2, 2011, *Heads Up* — Summarizes ASU 2011-03 on the accounting for repurchase agreements.

Definition of a Nonpublic Entity

Affects: All entities.

Summary: On March 7, 2012, the FASB added to its agenda a project on reexamining the definition of a "nonpublic entity."

The project will focus on (1) distinguishing between various types of entities for standard-setting purposes, (2) determining which companies would be within the scope of the Private Company Decision-Making Framework, and (3) understanding which types of entities would be considered nonpublic, not-for-profit entities.

The Board has decided that the following entities would not be considered "private companies" for financial reporting purposes: (1) entities that are required to file or furnish financial statements with the SEC to issue securities that will be traded in a public market, (2) for-profit entities that are conduit bond obligors for conduit debt securities traded in a public market, and (3) employee benefit plans. The Board determined that an entity would be considered a private company for financial reporting purposes if the entity (1) is a privately held financial institution; (2) is a consolidated subsidiary of a public company; or (3) has a controlled and consolidated subsidiary that is a public company.

In May 2012, the scope of this project took on added significance as the board of trustees of the FASB's parent organization, the Financial Accounting Foundation (FAF), approved the formation of the Private Company Council (PCC), which is tasked with improving the accounting standard-setting process for private companies. Clarifying the definition of "private company" will help the Board identify companies that might be affected by standard-setting activities that are ultimately proposed by the PCC.

Next Steps: The FASB staff will continue its research and outreach with all relevant stakeholders, which we would expect to involve members of the newly established PCC. The results of this research and outreach will be presented to the Board for consideration.

The FASB is expected to issue a DP for public comment during the third quarter of 2012; the DP is expected to include (1) a draft definition of "private company" and (2) the proposed Private Company Decision-Making Framework.

Other Resources: Deloitte's June 5, 2012, *Heads Up* — Discusses the FAF approval of PCC formation and provides an overview of the PCC.

[34] FASB Accounting Standards Update No. 2011-03, *Reconsideration of Effective Control for Repurchase Agreements.*

[35] FASB Accounting Standards Codification Topic 860, *Transfers and Servicing.*

Disclosure Framework

Affects: All entities.

Summary: In response to requests and recommendations made by several constituents, in 2009 the FASB added a new agenda project aimed at establishing a framework intended to make financial statement disclosures "more effective, coordinated, and less redundant." This project has two primary objectives:

- Establish an overarching framework to improve the effectiveness of financial statement disclosures, which would be achieved by focusing on matters that are most important to financial statement end users. These matters would be presented in an order and format that promotes clear communication, resulting in a net reduction in disclosure volume and a net increase in usefulness of the information disclosed.
- Seek better methods for integrating information provided in financial statements, MD&A, and other parts of an entity's financial reporting package, with the overall intention of promoting meaningful communication and avoiding repetition wherever possible. To achieve this objective, the Board would first need to develop the framework envisioned in the first objective.

On July 12, 2012, the FASB issued a DP[36] to obtain feedback from stakeholders on this project. The DP, which is not a FASB proposal or preliminary views, identifies aspects of the notes to the financial statements that need improvement and explores possible ways to improve them. If implemented, some of the ideas in the DP could significantly change the Board's process for creating disclosure requirements in future standards and could potentially alter those in existing standards.

The FASB staff is working closely on this project with EFRAG. In addition, the staff plans to work with the SEC and the PCAOB to explore whether the application of materiality to disclosures of financial information can be clarified.

Next Steps: The scope of the disclosure framework project is currently limited to the notes to the financial statements; however, the FASB plans to work with the SEC and other regulators after the development of the disclosure framework project to further improve the integration of a company's public reporting package (e.g., financial statements, MD&A, and other sections). Comments on the DP are due by November 16, 2012.

Other Resources: Deloitte's July 17, 2012, *Heads Up* — Summarizes the FASB's DP on the disclosure framework.

Investment Properties

Affects: Entities with substantive activities related to investing in real estate properties.

Summary: On October 21, 2011, the FASB issued a proposed ASU[37] that would require investment property entities (IPEs), a newly defined type of entity under U.S. GAAP, to measure their investment properties at fair value through earnings in each reporting period. Comments on the proposed ASU were due by February 15, 2012.

The FASB cites two reasons for issuing the proposed ASU. First, it addresses diversity in practice in how real estate entities account for their investments — some record changes in fair value through earnings, while others apply a historical (depreciated) cost model. Second, the proposed ASU would more closely align the accounting for investment properties under U.S. GAAP with that under IFRSs.

Editor's Note: Although the proposed ASU constitutes part of the FASB's effort to more closely align U.S. GAAP with IFRSs, fundamental differences in the accounting for investment properties under the two sets of standards would remain. Unlike IAS 40,[38] which gives entities a fair value option, the proposed ASU would require that investment properties held by an IPE be measured at fair value in each reporting period. In addition, the FASB's guidance only applies to investment properties held by IPEs (the scope of IAS 40 is not limited to such entities).

In their feedback on the ED, many constituents expressed concerns with the proposed ASU's overall approach and with the creation of the IPE concept. It was suggested that rather than define an IPE, the final guidance should contain an asset-level approach that would allow all entities to measure investment properties at fair value. Constituents also remarked on the ED's failure to converge with IFRSs.

[36] FASB Discussion Paper, *Invitation to Comment — Disclosure Framework.*
[37] FASB Proposed Accounting Standards Update, *Real Estate — Investment Property Entities.*
[38] IAS 40, *Investment Property.*

An entity that invests in a real estate property or properties but that does not meet the proposed IPE criteria may still be within the scope of the proposed investment company ASU, in which case it would be required to measure investments owned by the entity at fair value, including investments in investment properties.

Next Steps: The FASB is expected to continue redeliberations in the second half of 2012.

Other Resources: The following Deloitte publications contain additional information about the investment properties project:

- Deloitte's April 2012 *Real Estate Spotlight* — Gives an update on the FASB's IPE and investment company projects.
- Deloitte's October 21, 2011, *Heads Up* — Discusses FASB's proposal on IPEs.

Not-for-Profit Financial Reporting: Financial Statements

Affects: Not-for-profit entities.

Summary: In November 2011, the Board added to its technical agenda a project that will reexamine current standards addressing financial statement presentation and disclosure for not-for-profit entities. The project will focus on improving (1) net asset classification requirements and (2) information included in financial statements and notes about liquidity, financial performance, and cash flows.

On June 6, 2012, the FASB staff proposed a tentative project plan clarifying the scope and intent of the project. The tentative plan highlighted that the project will (1) improve and build on the existing financial reporting model, (2) focus on assessing financial statement presentation and footnote disclosures, and (3) revisit the classification of certain items within the financial statements. The tentative plan further clarified that the project is **not** intended to overhaul the existing financial reporting model or develop a new one, nor will it revisit recognition and measurement of contributions or other revenues and expenses.

Next Steps: The Board is expected to deliberate the staff's tentative project plan during the third quarter of 2012.

Key Takeaways

So what should management and others in the financial reporting community be thinking about now as the wave of accounting and financial reporting change is on the horizon? The following are some potential considerations:

- Management should begin assessing how potential new standards may affect the way in which amounts are recorded and disclosed in their company's financial statements, since changes to their process and reporting systems may be warranted.
- Management should ensure that plans are in place to address the impact of any new accounting standards resulting from the FASB/IASB joint and FASB-only projects.
- To understand the potential timing of new standard issuance and implementation, management should be aware of the status of each of the FASB/IASB joint and FASB-only projects.

Entities may also wish to consider the following questions:

1. Are all necessary groups engaged in the discussions regarding these changes?
2. What are the key differences between current accounting policies and proposed changes to U.S. GAAP? How will these accounting changes affect critical accounting policies and management's estimates?
3. How will the proposed changes affect the financial statements, capital ratios, debt covenants, and internal controls over financial reporting?
4. Are sufficient and knowledgeable resources available to address these accounting changes?
5. Are information technology systems able to integrate the proposed changes?
6. Will these accounting changes require the increased use of external specialists?
7. What educational needs and goals do the board and audit committee have? How will the changes affect the financial expert designation?
8. How will the changes affect the duties and responsibilities of the audit committee with respect to internal control and financial statement disclosure?
9. What information, if any, will need to be communicated to external financial statement users?

Do you still have questions about the significance of these changes? Stay tuned for further communications regarding each of these projects (e.g., *Heads Up* newsletters and *Dbriefs* webcasts). In addition, feel free to reach out to a Deloitte representative to have more detailed discussions regarding these projects, the accounting changes they represent, or the business impact they may pose.

Appendix — Summary of Significant Adoption Dates, Transition Guidance, and Other Resources for Recently Issued ASUs

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Application Permitted?
ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment* **Deloitte Resources** • July 27, 2012, *Heads Up*.	Entities that have indefinite-lived intangible assets in their financial statements.	Effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012.	Amendments, including the qualitative analysis, may be applied to an annual or interim impairment test performed "as of a date before July 27, 2012, if an entity's financial statements . . . have not yet been issued or, for nonpublic entities, have not yet been made available for issuance."	Yes, early adoption is permitted.
ASU 2012-01, *Continuing Care Retirement Communities — Refundable Advance Fees*	Continuing care retirement communities that have resident contracts that provide for a payment of a refundable advance fee upon reoccupancy of that unit by a subsequent resident.	**Public Entities** Effective for fiscal years beginning after December 15, 2012. **Nonpublic Entities** Effective for fiscal years beginning after December 15, 2013.	**Public Entities** Amendments should be applied retrospectively by recording a cumulative-effect adjustment to opening retained earnings (or unrestricted net assets). **Nonpublic Entities** Amendments should be applied retrospectively by recording a cumulative-effect adjustment to opening retained earnings (or unrestricted net assets).	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** Yes, early adoption is permitted.
ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05* **Deloitte Resources** • December 23, 2011, *Heads Up*. • *Accounting Roundup: Year in Review — 2011*.	Entities that report items of other comprehensive income.	**Public Entities** Effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. **Nonpublic Entities** Effective for fiscal years ending after December 15, 2012, and interim and annual periods thereafter.	**Public Entities** Retrospective application required for all periods presented. **Nonpublic Entities** Retrospective application required for all periods presented.	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** Yes, early adoption is permitted.
ASU 2011-11, *Disclosures About Offsetting Assets and Liabilities* **Deloitte Resources** • December 20, 2011, *Heads Up*. • *Accounting Roundup: Year in Review — 2011*.	Entities that have financial instruments or derivatives instruments that are either (1) offset in accordance with ASC 210-20-45 or ASC 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement.	Effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods.	Retrospective application required for all periods presented.	No, early adoption is not permitted.
ASU 2011-10, *Derecognition of in Substance Real Estate — A Scope Clarification* **Deloitte Resources** • November 2011 *EITF Snapshot*. • *Accounting Roundup: Year in Review — 2011*.	Entities that cease to have a controlling financial interest (as described in ASC 810-10) in a subsidiary that is in-substance real estate as a result of default on the subsidiary's nonrecourse debt.	**Public Entities** Effective for fiscal years, and interim periods within those years, beginning on or after June 15, 2012. **Nonpublic Entities** Effective for fiscal years ending after December 15, 2013, and interim and annual periods thereafter.	**Public Entities** Prospective application required for deconsolidation events that occur after the effective date. **Nonpublic Entities** Prospective application required for deconsolidation events that occur after the effective date.	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** Yes, early adoption is permitted.

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Application Permitted?
ASU 2011-09, *Disclosures About an Employer's Participation in a Multiemployer Plan* **Deloitte Resources** • September 23, 2011, *Heads Up*. • *Accounting Roundup: Third Quarter in Review — 2011*.	Nongovernmental reporting entities that participate in multiemployer benefit plans.	**Public Entities** Effective for fiscal years ending after December 15, 2011. **Nonpublic Entities** Effective for fiscal years ending after December 15, 2012.	**Public Entities** Retrospective application required for all periods presented. **Nonpublic Entities** Retrospective application required for all periods presented.	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** Yes, early adoption is permitted.
ASU 2011-08, *Testing Goodwill for Impairment* **Deloitte Resources** • September 16, 2011, *Heads Up*. • *Accounting Roundup: Third Quarter in Review — 2011*.	Entities that have goodwill reported in their financial statements.	Effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011.	Amendments, including the qualitative analysis, may be applied to an annual or interim goodwill test performed "as of a date before September 15, 2011, if an entity's financial statements . . . have not yet been issued or, for nonpublic entities, have not yet been made available for issuance."	Yes, early adoption is permitted.
ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* **Deloitte Resources** • June 2011 *EITF Snapshot*. • *Accounting Roundup: Third Quarter in Review — 2011*.	Health care organizations.	**Public Entities** Effective for fiscal years, and interim periods within those fiscal years, after December 15, 2011. **Nonpublic Entities** Effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter.	Amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. Disclosures required should be provided for the period of adoption and subsequent reporting periods.	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** Yes, early adoption is permitted.
ASU 2011-06, *Fees Paid to the Federal Government by Health Insurers* **Deloitte Resources** • June 2011 *EITF Snapshot*. • *Accounting Roundup: Third Quarter in Review — 2011*.	Reporting entities that are subject to the fee imposed on health insurers mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education.	Effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective.	N/A	N/A
ASU 2011-05, *Presentation of Comprehensive Income* **Deloitte Resources** • June 17, 2011, *Heads Up*. • *Accounting Roundup: Second Quarter in Review — 2011*.	Entities that report items of comprehensive income.	**Public Entities** Effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. **Nonpublic Entities** Effective for annual periods ending after December 15, 2012, and interim and annual periods thereafter.	**Public Entities** Retrospective application required for all periods presented. **Nonpublic Entities** Retrospective application required for all periods presented.	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** Yes, early adoption is permitted.
ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* **Deloitte Resources** • May 13, 2011, *Heads Up*. • *Accounting Roundup: Second Quarter in Review — 2011*.	All entities.	**Public Entities** Effective for interim and annual periods beginning after December 15, 2011. **Nonpublic Entities** Effective for annual periods beginning after December 15, 2011.	**Public Entities** Prospective application required (i.e., no cumulative adjustment to opening retained earnings). **Nonpublic Entities** Prospective application required.	**Public Entities** No, early application is not permitted. **Nonpublic Entities** Yes, nonpublic entities may early apply the amendments for interim periods beginning after December 15, 2011.

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Application Permitted?
ASU 2011-03, *Reconsideration of Effective Control of Repurchase Agreements* **Deloitte Resources** • May 2, 2011, *Heads Up*. • *Accounting Roundup: Second Quarter in Review — 2011*.	All entities.	Effective for the first interim or annual period beginning on or after December 15, 2011.	Should be applied prospectively to transactions, or modifications of existing transactions, that occur on or after the effective date.	No, early adoption is not permitted.
ASU 2011-02, *A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring* **Deloitte Resources** • April 6, 2011, *Heads Up*. • *Accounting Roundup: Second Quarter in Review — 2011*.	All entities.	**Public Entities** Effective for the first interim or annual period beginning on or after June 15, 2011. **Nonpublic Entities** Effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods.	**Public Entities** Should be applied retrospectively to modifications occurring on or after the beginning of the annual period of adoption. **Nonpublic Entities** Should be applied retrospectively to modifications occurring on or after the beginning of the annual period of adoption.	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** Yes, early adoption is permitted for any interim period in the fiscal year of adoption.
ASU 2011-01, *Deferral of the Effective Date of Disclosures About Troubled Debt Restructurings in Update No. 2010-20* **Deloitte Resources** • *Accounting Roundup: First Quarter in Review — 2011*. • January 21, 2011, *Heads Up*.	Public-entity creditors that modify financing receivables within the scope of the TDR disclosure requirements in ASU 2010-20. This ASU does not affect nonpublic entities.	**Public Entities** Effective upon issuance. **Nonpublic Entities** N/A	**Public Entities** N/A **Nonpublic Entities** N/A	**Public Entities** N/A **Nonpublic Entities** N/A
ASU 2010-29, *Disclosure of Supplementary Pro Forma Information for Business Combinations* **Deloitte Resources** • *Accounting Roundup: First Quarter in Review — 2011*.	Public entities, as defined in ASC 805, entering into business combinations that are material individually or in the aggregate.	**Public Entities** Effective for business combinations whose acquisition date is at or after the beginning of the first annual reporting period beginning on or after December 15, 2010. **Nonpublic Entities** N/A	**Public Entities** Prospective application required. **Nonpublic Entities** N/A	**Public Entities** Yes, early adoption is permitted. **Nonpublic Entities** N/A
ASU 2010-28, *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units With Zero or Negative Carrying Amounts* **Deloitte Resources** • *Accounting Roundup: Year in Review — 2010*.	Entities that evaluate goodwill for impairment under ASC 350-20.	**Public Entities** Effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. **Nonpublic Entities** Effective for fiscal years, and interim periods within those years, beginning after December 15, 2011.	**Public Entities** N/A **Nonpublic Entities** N/A	**Public Entities** No, early adoption is not permitted. **Nonpublic Entities** Yes, early adoption is permitted, but entities that elect early adoption will be required to use the same effective date as that for public entities.
ASU 2010-27, *Fees Paid to the Federal Government by Pharmaceutical Manufacturers* **Deloitte Resources** • *Accounting Roundup: Year in Review — 2010*.	Entities that are required to pay the U.S. government a fee calculated on the basis of sales of qualifying branded prescription drugs to any federal program.	Effective for calendar years beginning after December 31, 2010, when the fee initially becomes effective.	N/A	N/A

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Application Permitted?
ASU 2010-26, *Accounting for Costs Associated With Acquiring or Renewing Insurance Contracts* **Deloitte Resources** • *Accounting Roundup: Year in Review — 2010*.	Insurance entities that are within the scope of ASC 944.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011.	Prospective application is required upon adoption. In addition, retrospective application to all periods presented upon the date of adoption is permitted, but not required.	Yes, early adoption is permitted, but only at the beginning of an entity's annual reporting period.
ASU 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans* **Deloitte Resources** • *Accounting Roundup: Year in Review — 2010*.	Entities that issue employee benefit plan financial statements.	Effective for fiscal years ending after December 15, 2010.	Retrospective application is required for all periods presented.	Yes, early adoption is permitted.
ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* **Deloitte Resources** • *Accounting Roundup: Year in Review — 2010*.	Health care organizations.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010.	Cumulative-effect adjustment should be recognized in opening retained earnings in the period of adoption if a difference exists between any liabilities and insurance receivables resulting from amendment adoption. Retrospective application is permitted.	Yes, early application is permitted.
ASU 2010-23, *Measuring Charity Care for Disclosure* **Deloitte Resources** • *Accounting Roundup: Year in Review — 2010*.	Health care organizations.	Effective for fiscal years beginning after December 15, 2010.	Retrospective application is required for all periods presented.	Yes, early adoption is permitted.
ASU 2010-20, *Disclosures About the Credit Quality of Financing Receivables and the Allowance for Credit Losses* **Deloitte Resources:** • *Accounting Roundup: Year in Review — 2010*.	All entities.	**Public Entities** Disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. Disclosures about the activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. **Nonpublic Entities** Disclosures are effective for annual reporting periods ending on or after December 15, 2011. An entity must provide previously deferred (see ASU 2011-01) disclosures for TDRs required by ASU 2010-20 in the first interim or annual period beginning after June 15, 2011.	Encourages, but does not require, comparative disclosures for reporting periods that ended before initial adoption.	N/A
ASU 2010-16, *Accruals for Casino Jackpot Liabilities* **Deloitte Resources:** • *Accounting Roundup: Year in Review — 2010*.	Entities that have gaming operations within the scope of ASC 924.	Effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15. 2010.	A cumulative catch-up adjustment will be recorded in retained earnings as of the beginning of the period in which this guidance is adopted.	Yes, early adoption is permitted.

Standard and Resources	Affects	Effective Date	Transition	Early Adoption/Application Permitted?
ASU 2010-15, *How Investments Held Through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments* **Deloitte Resources:** • *Accounting Roundup: Year in Review — 2010*.	Insurance companies that have a majority interest in an investment fund through interests held by the separate accounts or through a combination of interests held by the general and separate accounts.	Effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010.	Retrospective application to all prior periods is required.	Yes, early adoption is permitted.
ASU 2010-13, *Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades* **Deloitte Resources:** • *Accounting Roundup: Year in Review — 2010*.	Entities that issue share-based payment awards with exercise prices in currencies that are different from the entity's functional currency and the payroll currency of the employees.	Effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010.	Prospective application is required. Affected entities will be required to record a cumulative catch-up adjustment to the opening balance of retained earnings for all awards outstanding as of the beginning of the annual period in which the guidance is adopted.	Yes, early adoption is permitted.

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