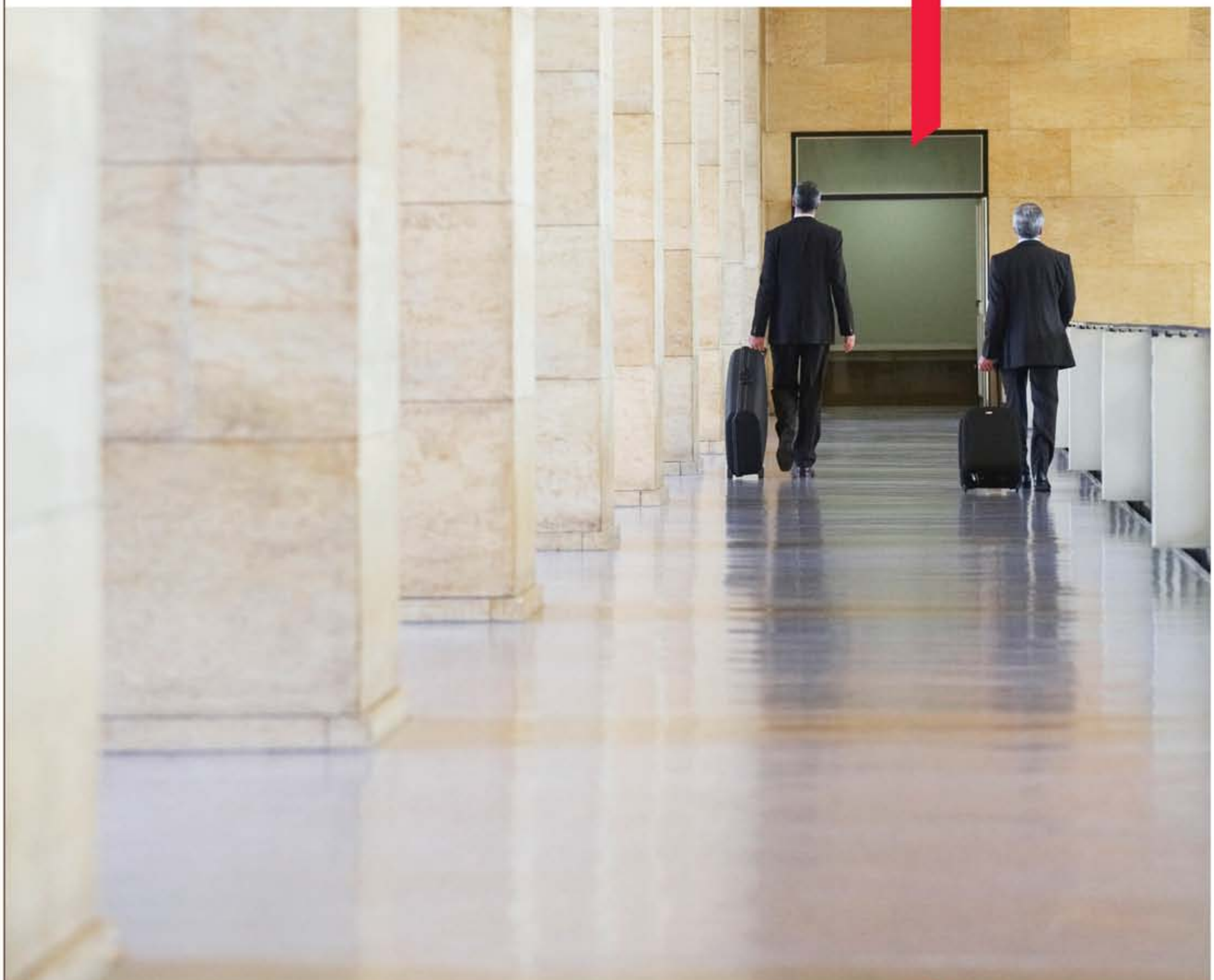
FIRST QUARTER 2013

Provided Courtesy Of URISH POPECK accountants and consultants

AN OFFERING FROM BDO'S NATIONAL ASSURANCE PRACTICE

SIGNIFICANT ACCOUNTING & REPORTING MATTERS



BDO

TABLE OF CONTENTS

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)

FINAL FASB GUIDANCE

All final FASB guidance can be accessed on the FASB website at **http://www.fasb.org/home** located under the *Standards* tab, *Accounting Standards Updates*.

Emerging Issues Task Force (EITF) Issue No. 12-B, *Not-for-Profit Entities: Services Received from Personnel of an Affiliate*

Issued: Final consensus as of March 14, 2013. FASB ratification occurred on March 28, 2013, with final ASU to follow.

Summary: The amendments in this Update require a recipient not-for-profit entity to recognize in its standalone financial statements all personnel services received from an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if the cost significantly overstates or understates the value of the services received, a not-for-profit entity can elect to measure the services at fair value.

A not-for-profit entity within the scope of Topic 954, *Health Care Entities*, that provides a performance indicator (analogous to income from continuing operations of a for-profit entity) will report the increase in net assets associated with personnel services received from an affiliate, regardless of whether those services are received from a not-for-profit affiliate entity or a for-profit affiliate entity. For other not-for-profit entities that do not present a performance indicator, this Update does not prescribe presentation guidance for the increase in net assets associated with personnel services received from an affiliate other than prohibiting reporting as a contra-expense or a contra-asset. All not-for-profit entities will report the corresponding decrease in net assets or the creation or enhancement of an asset resulting from the use of personnel services received from an affiliate similar to how other such expenses and assets are reported. The amendments also specify that Subtopic 850-10, *Related Party Disclosures—Overall*, applies to personnel services received from an affiliate.

Effective Date: The amendments are effective for fiscal years beginning after June 15, 2014, and interim and annual periods thereafter. The amendments in this Update should be applied on a prospective basis. Entities have an option to apply the amendments under a modified retrospective approach in which all prior periods presented upon the date of adoption are adjusted, but no adjustment is made to the beginning balance of net assets of the earliest period presented. Early adoption is permitted.

Emerging Issues Task Force (EITF) Issue No. 12-G, *Consolidation (Topic 810): Accounting for the Difference between the Fair Value of the Assets and the Fair Value of the Liabilities of a Consolidated Collateralized Financing Entity*

Issued: Final consensus as of March 14, 2013. FASB ratification occurred on March 28, 2013, with final ASU to follow.

Summary: The amendments in this Update define a collateralized financing entity as a variable interest entity (VIE) that holds financial assets, issues beneficial interests in those financial assets, and has nominal equity. All of the beneficial interests only have recourse to the related financial assets of the collateralized financing entity. The amendments in this Update require a reporting entity that measures the financial assets and financial liabilities of a collateralized financing entity at fair value to determine the fair value of the collateralized financing entity's financial assets and financial liabilities consistently with how market participants would price the reporting entity's net risk exposure at the measurement date.

Effective Date: The amendments are effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years beginning after December 15, 2014 and interim and annual periods thereafter. The amendments in this Update apply prospectively by recording a cumulative effect of the change in accounting to beginning retained earnings upon adoption. Reporting entities are also permitted to apply the amendments retrospectively to all consolidated collateralized financing entities by adjusting the financial assets and financial liabilities of all relevant prior periods presented upon the date of adoption, beginning from the fiscal year in which Statement 167 (codified in Topic 810) was initially adopted. Early adoption is permitted.

Accounting Standards Update 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)*

Issued: March 2013

Summary: This Update provides guidance for whether to release cumulative translation adjustments (CTA) upon certain derecognition events. The Update was issued to resolve the diversity in practice about whether Subtopic ASC 810-10, *Consolidation-Overall*, or ASC 830-30, *Foreign Currency Matters-Translation of Financial Statements*, applies to such transactions. The accounting for a CTA upon a derecognition event is based on the level at which the foreign investment is held by the parent. Accordingly, the Update requires entities to distinguish between derecognition events of investments *within* a foreign entity and changes in investments *in* a foreign entity. The Update contains a flowchart to help entities navigate the rules applicable to both scenarios.

For additional information on this ASU, refer to BDO's Flash Report at: http://www.bdo.com/download/2495.

Effective Date: The Update is effective prospectively for all entities with derecognition events after the effective date. For public entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. For nonpublic entities, the guidance is effective for fiscal years beginning after December 31, 2014 (and interim and annual periods thereafter). Early adoption is permitted. If early adoption is elected, the guidance should be applied as of the beginning of the entity's fiscal year of adoption.

Accounting Standards Update 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force)*

Issued: February 2013

Summary: This Update provides guidance related to the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount is fixed at the reporting date. Previously, U.S. GAAP did not contain specific guidance on accounting for such obligations which resulted in diversity in practice. The guidance requires an entity to measure the obligation resulting from joint and several arrangements (for which the total amount is fixed at the reporting date) as the sum of:

1. The amount the reporting entity agreed to pay based on the arrangement with its co-obligors, and

2. Any additional amount the reporting entity expects to pay on behalf of its co-obligors. When the additional amount the entity expects to pay is within a range of possibilities, the entity should record the amount within the range that is a better estimate than any other amount within the range. If no amount is better than other amounts within the range, the entity should record the minimum amount in the range.

The corresponding journal entry to be recorded is dependent on the facts and circumstances of the obligation. Accordingly, a significant amount of judgment may be necessary to determine the appropriate entry to be recorded. The Update requires certain disclosures for each obligation, or each group of similar obligations, resulting from joint and several liability arrangements.

For additional information on this ASU, refer to BDO's Flash Report at: http://www.bdo.com/download/2494.

Effective Date: For public entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after December 31, 2013. For nonpublic entities, the guidance is effective for fiscal years ending after December 31, 2014 (and interim and annual periods thereafter). Retrospective application is required for all periods presented. Entities are permitted to use hindsight when determining the appropriate amount to be recorded in prior periods. Early adoption is permitted.

Accounting Standards Update 2013-03, *Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities*

Issued: February 2013

Summary: This Update was issued to resolve an internal inconsistency in ASU 2011-04. In that ASU, the Board expressed an intent to exempt nonpublic entities from the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized (Level 1, 2 or 3) for items that are not measured at fair value in the balance sheet, but for which fair value is disclosed in the footnotes. However, the text itself in ASU 2011-04 suggested that nonpublic entities would not qualify for the intended exemption if the entity has total assets greater than $100 million or has one or more derivative instruments. To address this conflict, the amendments in ASU 2013-03 confirm that a nonpublic entity is not required to provide the disclosure mentioned above, regardless of whether its assets exceed $100 million or holds a derivative instrument.

Effective Date: ASU 2013-03 was effective upon issuance in February 2013. Consequently, it amends ASU 2011-04 immediately, which is effective for nonpublic entities for periods beginning after December 15, 2011 (i.e., 2012 calendar year-ends).

Accounting Standards Update 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*

Issued: February 2013

Summary: This Update was issued to end the deferral of new presentation requirements for reclassifications out of accumulated other comprehensive income (required by ASU 2011-05 and subsequently deferred by ASU 2011-12) and to resolve certain cost/benefit concerns related to reporting reclassification adjustments.

This Update provides entities with two basic options for reporting the effect of significant reclassifications — either 1) on the face of the statement where net income is presented or 2) as a separate footnote disclosure. Public entities will report reclassifications in both annual and interim periods, while private entities are only required to report them in annual financial statements.

Under option 1, the effect of significant reclassifications is presented parenthetically by component of OCI on the respective line items of net income. Examples of OCI components include cash flow hedges, unrealized gains and losses on certain marketable securities, pension adjustments and foreign currency translation adjustments. Entities must also parenthetically report the aggregate tax effect of reclassifications in the income tax expense (benefit) line item.

Under option 2, the significant amounts of each component of OCI must be presented in a single footnote. Pre- and net of- tax presentations are both acceptable. For reclassifications that are recorded entirely in net income (e.g., the gain on sale of an available for sale security), the income statement line item affected by the reclassification must be identified. For any reclassification that is not recorded entirely in net income (e.g., pension cost capitalized in inventory), a cross-reference must be provided to the footnote where additional information can be found (e.g., a cross-reference to the pension footnote).

The ASU includes examples of both options 1 and 2.

For additional information on this ASU, refer to BDO's Flash Report at: http://www.bdo.com/download/2492.

Effective Date: For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. For nonpublic entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2013. Early adoption is permitted.

Accounting Standards Update 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*

Issued: January 2013

Summary: Previously, the FASB issued ASU 2011-11 as the result of a joint project with the IASB to enhance and provide converged disclosures about financial and derivative instruments that are offset on the balance sheet or are subject to an enforceable master netting arrangement. ASU 2011-11 did not change the conditions for when offsetting is appropriate in U.S. GAAP. However, those conditions differ under IFRS, which results in the single largest financial reporting difference for certain financial institutions. As a result, ASU 2011-11 established new disclosures to reconcile U.S. GAAP and IFRS primarily through the requirement to present information on both a "gross" and "net" basis in the footnotes.

After the issuance of ASU 2011-11, stakeholders informed the FASB that the scope of the new disclosures was unclear, particularly because many contracts contain standard commercial provisions that would equate to a master netting arrangement. In order to clarify its intent and narrow the scope of the new disclosures, the Board issued ASU 2013-01. It states that the disclosures established in ASU 2011-11 only apply to recognized derivative instruments accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are:

- Offset on the balance sheet under ASC 210-20-45 or 815-10-45; or

- Subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset under ASC 210-20-45 or 815-10-45.

Effective Date: The amendments are effective for fiscal years beginning on or after January 1, 2013 and interim periods within those years. Retrospective application is required.

PROPOSED FASB GUIDANCE

The following is a summary of all proposed guidance that was issued or was open for comment during the quarter. All proposed FASB guidance can be accessed on the FASB website at **http://www.fasb.org/home** located under the *Exposure Documents* tab.

Proposed Accounting Standards Update, *Presentation of Financial Statements (Topic 205)—Reporting Discontinued Operations*

Issued: April 2, 2013

Comment Deadline: August 30, 2013

Summary: The amendments in this proposed Update would change the requirements for reporting discontinued operations in Subtopic 205-20, which would increase convergence of the requirements for reporting discontinued operations in Subtopic 205-20 and IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. A discontinued operation would be either of the following:

1. A *component of an entity* or a group of components of an entity that represents a separate major line of business or major geographical area of operations that either has been disposed of or is part of a single coordinated plan to be classified as held for sale in accordance with the criteria in paragraph 360-10-45-9; or

2. A business that, on acquisition, meets the criteria in paragraph 360-10-45-9 to be classified as held for sale.

A *component of an entity* comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. A component of an entity may be a reportable segment or an operating segment, a reporting unit, a subsidiary, or an asset group.

In addition to amending the definition of discontinued operations, the amendments in this proposed Update would require additional disclosures about discontinued operations and other disposals of individually material components of an organization that do not qualify for discontinued operations presentation in the financial statements. The proposed amendments also would expand the disclosures about an organization's continuing involvement with a discontinued operation.

Effective Date: The effective date will be determined after the Board considers the feedback on the amendments in this proposed Update. The proposed amendments would be applied prospectively to all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after the period of adoption, with earlier application permitted.

Consensus-for-Exposure, Emerging Issues Task Force (EITF) Issue No. 13-B, *Accounting for Investments in Qualified Affordable Housing Projects*

Issued: Consensus-for-exposure as of March 14, 2013. FASB ratification occurred on March 28, 2013, with proposed ASU to follow.

Summary: The Low Income Housing Tax Credit is a program designed to encourage investment of private capital for use in the construction and rehabilitation of low income housing, which provides certain tax benefits to investors in those projects. Current

U.S. GAAP allows a reporting entity with a qualifying investment to account for the investment using the effective yield method if certain restrictive conditions are met. This generally combines the investment performance and tax credits in a single line item on the investor's income statement. If those conditions are not met, then an investor would apply the equity method or cost method of accounting, either of which presents the investment performance and tax credits in separate line items on the investor's income statement. The EITF reached a consensus for exposure to relax the conditions that are necessary for an investor to elect to use the effective yield method.

Effective Date: The effective date will be determined after the Task Force considers stakeholder feedback on the proposed Update. It would be effective on a retrospective basis and early adoption would be permitted.

Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (a consensus of the FASB Emerging Issues Task Force)*

Issued: February 21, 2013

Comment Deadline: April 22, 2013

Summary: Topic 815, *Derivatives and Hedging*, provides guidance on the risks that are permitted to be hedged in a fair value or cash flow hedge. Among those risks for financial assets and financial liabilities is the risk of changes in a hedged item's fair value or a hedged transaction's cash flows attributable to changes in the designated benchmark interest rate (referred to as interest rate risk). In the United States, currently only the interest rates on direct Treasury obligations of the U.S. government (UST) and, for practical reasons, the London Interbank Offered Rate (LIBOR) swap rate are considered benchmark interest rates.

The amendments in this proposed Update would permit the Fed Funds Effective Swap Rate (OIS) to be included as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815, in addition to UST and LIBOR. No additional disclosures would be required.

Effective Date: Although the Task Force has not decided on an effective date, which will be determined after deliberating stakeholder feedback on the proposed Update, the Task Force indicated that it will consider whether the effective date should coincide with the issuance date of a final Update. The amendments would be applied on a prospective basis for qualifying new or redesignated hedging relationships entered into on or after the date of adoption.

Proposed Accounting Standards Update, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force)*

Issued: February 21, 2013

Comment Deadline: April 22, 2013

Summary: Topic 740, *Income Taxes*, does not include explicit guidance on the presentation in the statement of financial position of an unrecognized tax benefit when a net operating loss carryforward or a tax credit carryfoward exists. There is diversity in practice in the presentation of unrecognized tax benefits in those instances. Under the proposed amendments, an unrecognized tax benefit, or a portion of an unrecognized tax benefit, would be presented in the statement of financial position as a reduction to a deferred tax asset for a net operating loss carryforward or a tax credit carryforward, except as follows. To the extent that a net operating loss carryforward or tax credit carryforward at the reporting date is not available under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, the unrecognized tax benefit would be presented in the statement of financial position as a liability.

No new recurring disclosures would be required.

Effective Date: The amendments in the proposed Update would be applied retrospectively. Early adoption would be permitted. The effective date will be determined after the Task Force considers stakeholder feedback on the proposed Update.

Proposed Accounting Standards Update, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*

Issued: February 14, 2013

Comment Deadline: May 15, 2013

Summary: The FASB has released its second exposure draft (ED) on accounting for financial instruments. The February 2013 document represents the Board's consideration of extensive feedback on its initial May 2010 proposal. The 2013 release incorporates greater use of amortized cost accounting than the 2010 ED, which would have required more financial instruments to be adjusted to fair value through earnings each period.

The ED would apply to all financial instruments, unless specifically exempted. For example, loans, trade receivables, debt and equity securities, as well as financial liabilities (e.g., issued debt) would be included. Specific exemptions include derivatives, instruments classified within stockholders' equity, equity-method investments, pension plans, and share-based payment arrangements.

The FASB has decided that the most meaningful accounting for financial instruments should reflect both the terms of the instrument and the entity's strategy for holding it. Therefore, the same instrument may be accounted for differently across companies, in one of three categories.

To determine the appropriate classification and measurement of a financial asset, entities would first evaluate whether its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the "cash flow test").

1. If the asset passes the cash flow test and is managed with the objective of collecting contractual cash flows, it would be measured at amortized cost (AC).

2. However, if the asset passes the cash flow test but is managed in a business model that both collects contractual cash flows and sells assets, then it would be measured at fair value with qualifying changes in fair value recognized in other comprehensive income (FV-OCI).

3. If the asset does not fall within either of the first two categories, it would be adjusted to fair value through net income (FV-NI).

While the ED contains implementation guidance for assessing whether an asset passes the cash flow test, it may be more efficient in some cases to determine the nature of the reporting entity's business model to select the appropriate category. Regardless of which is assessed first—the cash flow test or the business model—the outcome should be the same.

The ED contains additional guidance for when an entity's business model changes, equity investments (including those which lack a readily determinable fair value), application of the unrestricted and conditional fair value options, financial liabilities, and hybrid financial assets. The ED would require numerous disclosures by class of financial instrument for both annual and interim periods, some of which would not apply to private entities.

Debt investments would be assessed for impairment under the companion ED, *Credit Losses*, which was released for public comment in December 2012. See summary, below.

For additional information on this Proposed ASU, refer to BDO's Flash Report at: http://www.bdo.com/download/2493.

Effective Date: An effective date will be decided after the comment period. However, the Board has decided that entities must reflect the cumulative-effect of adoption as an adjustment to the balance sheet at the beginning of the period of adoption. All public and private entities would be affected by the proposed guidance, but entities such as banks that hold a large volume of financial instruments would be more significantly impacted.

Proposed Accounting Standards Update, *Transfers and Servicing (Topic 860): Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings*

Issued: January 15, 2013

Comment Deadline: March 29, 2013

Summary: The proposed amendments would require that a transfer of an existing financial asset with an agreement that both entitles and obligates the transferor to repurchase or redeem the transferred asset from the transferee with all of the following characteristics be considered to maintain the transferor's effective control over the transferred financial asset and, therefore, accounted for as a secured borrowing transaction:

1. The financial asset to be repurchased at settlement of the agreement is identical to or substantially the same as the financial asset transferred at inception or, when settlement of the forward agreement to repurchase or redeem the transferred assets is at the maturity of the transferred assets, the agreement is settled through an exchange of cash (or a net amount of cash).

2. The repurchase price is fixed or readily determinable.

3. The agreement to repurchase the transferred financial asset is entered into contemporaneously with, or in contemplation of, the initial transfer.

If the agreement fails any of the criteria listed above, it would not maintain the transferor's effective control over the transferred financial asset and the transferor would be required to assess the transfer under the remaining derecognition conditions in paragraph 860-10-40-5 to determine whether it should be accounted for as a secured borrowing or sale and a forward repurchase agreement.

The proposed amendments would also clarify the characteristics of financial assets that may be considered substantially the same. The characteristics that must be satisfied to consider financial assets to be substantially the same should result in identifying those transactions in which the transferor is economically in the equivalent position with the return of a substantially-the-same asset compared with the return of the identical asset.

In addition, the proposed amendments would eliminate the requirement to determine whether repurchase agreements entered into as part of a repurchase financing should be accounted for separately or linked with the initial transfer for accounting purposes. Instead, a transferor would account for the initial transfer separately from the related repurchase financing that requires the financial asset to be transferred back to the initial transferor with an agreement that both entitles and obligates the initial transferee to repurchase or redeem the transferred financial asset.

Certain new disclosures would also be required.

Effective Date: The Board will establish the effective date of the requirements when it issues the final amendments. For transfers with forward repurchase agreements that settle at the maturity of the transferred financial asset and repurchase financings that involve such agreements, an entity would apply the proposed amendments by means of a cumulative-effect adjustment to beginning retained earnings as of the beginning of the first reporting period in which the guidance is effective. For all other transactions, the entity would apply the proposed amendments prospectively to transactions entered into or modified after the effective date.

Proposed Accounting Standards Update, *Financial Instruments - Credit Losses (Subtopic 825-15)*

Issued: December 20, 2012

Comment Deadline: May 31, 2013

Summary: In December 2012, the FASB issued an ED, *Proposed Accounting Standards Update on Financial Instruments—Credit Losses*. It would establish new, comprehensive impairment guidance for virtually all financial assets, replacing the five different "incurred loss" models that currently exist in U.S. GAAP.

The proposed amendments would require an entity to impair its existing financial assets on the basis of the current estimate of contractual cash flows not expected to be collected on financial assets held at the reporting date. This impairment would be reflected as an allowance for expected credit losses. The proposed amendments would remove the existing "probable" threshold in U.S. GAAP for recognizing credit losses and broaden the range of information that must be considered in measuring the allowance for expected credit losses. More specifically, the estimate of expected credit losses would be based on relevant information about past events, including historical loss experience with similar assets, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the assets' remaining contractual cash flows. An estimate of expected credit losses would always reflect both the possibility that a credit loss results and the possibility that no credit loss results. Accordingly, the proposed amendments would prohibit an entity from estimating expected credit losses solely on the basis of the most likely outcome (that is, the statistical mode).

As a result of the proposed amendments, financial assets carried at amortized cost less an allowance would reflect the current estimate of the cash flows expected to be collected at the reporting date, and the income statement would reflect credit deterioration (or improvement) that has taken place during the period. For financial assets measured at fair value with changes in fair value recognized through other comprehensive income, the balance sheet would reflect the fair value, but the income statement would reflect credit deterioration (or improvement) that has taken place during the period. An entity, however, may choose to not recognize expected credit losses on financial assets measured at fair value, with changes in fair value recognized through other comprehensive income, if both (1) the fair value of the financial asset is greater than (or equal to) the amortized cost basis and (2) expected credit losses on the financial asset are insignificant.

For additional information on this Proposed ASU, refer to BDO's Flash Report at: http://www.bdo.com/download/2414.

Effective Date: The Board will establish the effective date of the requirements when it issues the final amendments. An entity would apply the proposed amendments by means of a cumulative-effect adjustment to the statement of financial position as of the beginning of the first reporting period in which the guidance is effective.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant FASB publications and activities, with particular focus on the recent developments of the FASB and IASB's joint projects.

Update on International Convergence

The FASB and the IASB continue their efforts on a number of joint projects, including revenue recognition, financial instruments, leases and other projects. In their first quarter Board Meetings, the FASB and IASB made a number of key decisions, detailed below by topic.

Revenue - The Boards tentatively agreed upon certain disclosure requirements including: disaggregation of revenue; reconciliation of contract balances and remaining performance obligations; contract costs, onerous performance obligations, and qualitative information; and interim requirements. In addition, the Boards tentatively decided upon transition methods and an effective date of January 1, 2017.

Financial Instruments – Impairment – As discussed above, the FASB has developed an impairment model, known as the Current Expected Credit Loss (CECL) model. It simplifies the prior three bucket approach that the FASB and IASB had jointly discussed by requiring only a single estimate of the current amount of expected credit losses. There is no recognition threshold for recording future losses. The CECL model was released for public comment in December 2012. Additionally, in March 2013, the FASB released a staff document that responds to frequently asked questions about the proposed Update. In March 2013, the IASB released for public comment an exposure draft proposing amendments to IAS 39 which would replace the current incurred loss model under which the recognition of impairment is dependent on the occurrence of a credit loss event. The proposed replacement model is a more forward-looking expected loss model, under which impairment would be recognized before a credit loss event has occurred. Unlike the CECL model, the IASB's approach is a three-stage model based on the extent of deterioration in credit quality of a financial asset since initial recognition. While each board has a revised proposal out for comment, the proposals are not the same. Both boards have indicated they may consider the comments on both models before moving forward with final standards.

Financial Instruments – Classification and Measurement – The FASB issued an exposure draft on recognition and measurement of financial instruments during the first quarter, as discussed previously. The IASB issued its exposure draft on proposed amendments to IFRS 9 in December 2012. The IASB's classification and measurement ED follows the same general principles as the FASB's ED. It provides for the same three categories based upon the instrument's cash flow characteristics and the entity's business model. However, differences remain. For example, the FASB's proposal provides more detailed guidance related to sales of assets classified as amortized cost. The circumstances under which a fair value option can be elected also differ, and IFRS provides an option to classify equity investments as fair value with qualifying changes in fair value recorded in other comprehensive income.

For current status of joint FASB/IASB projects, refer to the FASB's Current Technical Plan and Project Updates page at: http://www.fasb.org/jsp/FASB/Page/SectionPage&cid=1218220137074, and IASB's Work Plan for IFRSs at: http://www.ifrs.org/Current-Projects/IASB-Projects/Pages/IASB-Work-Plan.aspx. In addition, refer to BDO's upcoming Ac'sense Webinar: *Quarterly Technical Update (Q1 2013)* available at:

http://www.bdo.com/acsense/events/technicalupdateq12013.aspx.

Update on Private Company Decision-Making Framework

Summary of Current Developments: In February 2013, the Private Company Council (PCC) held its second meeting at which it added three items to its agenda: consolidating variable interest entities; accounting for "plain vanilla" interest rate swaps with

single counterparties; and recognizing and measuring various identifiable intangible assets acquired in business combinations. In addition, the PCC and the FASB have voted to seek additional public input on a proposed private company decision-making framework. More information is available in the press release:
http://www.fasb.org/cs/ContentServer?c=FASBContent_C&pagename=FASB%2FFASBContent_C%2FNewsPage&cid=1176160955068

Background: In May 2012, the FAF established the PCC to improve the standards-setting process in U.S. GAAP for private companies. Its purpose is to determine whether exceptions or modifications to existing standards are necessary to meet the needs of private company financial statement users. The PCC will also serve in an advisory capacity to the FASB. In that role, the PCC will emphasize private company perspectives as the FASB develops accounting standards in the future. In July 2012 the FASB published an Invitation to Comment on the FASB Staff Paper, *Private Company Decision-Making Framework: A Framework for Evaluating Financial Accounting and Reporting Guidance for Private Companies*. It outlines an approach for deciding whether and when to modify U.S. GAAP for private companies.

BDO offered thoughts in its recent comment letter on the FASB Staff Paper (see http://www.bdo.com/download/2334), and the FASB and PCC are expected to formally release a draft of the framework for public comment shortly. BDO will be hosting an Ac'sense webinar addressing reporting considerations for private entities later in 2013, which will be announced at http://www.bdo.com/acsense/.

Update on Disclosure Framework

Recent Developments: In the first quarter, the Board discussed a summary of the comments received on the Invitation to Comment, *Disclosure Framework*. The Board considered possible next steps in the project but did not make any decisions.

Background: In July 2012, the FASB published an Invitation to Comment, *Disclosure Framework*. The objective and primary focus of this project is to improve the effectiveness of disclosures in notes to financial statements of public, private, and not-for-profit organizations by clearly communicating the information that is most important to users of each entity's financial statements. Although reducing the volume of notes to financial statements is not the primary focus, the Board hopes that a sharper focus on important information will result in reduced volume in most cases.

BDO offered thoughts in its recent comment letter on the disclosure framework discussion paper, which is available at:
http://www.bdo.com/download/2370.

For further background information regarding this project, please refer to BDO's *Significant Accounting and Reporting Matters – 2012 editions available at:* http://www.bdo.com/publications/assurance/index.aspx.

PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (PCAOB)

FINAL AND PROPOSED PCAOB GUIDANCE

All final and proposed PCAOB guidance can be accessed on the PCAOB website at **http://www.pcaobus.org/** located under the *Rules of the Board* tab.

As of the date of this publication, there were no significant final or proposed PCAOB standards issued during the first quarter. However, BDO has continued to develop resources to assist audit committees in understanding Auditing Standard No. 16 ("AS 16"), Communications with Audit Committees, as approved by the SEC in December 2012. AS 16 is effective for periods beginning on or after December 15, 2012. BDO has prepared a summary highlighting the changes AS 16 will have on required communications between auditors and audit committees and those charged with governance for public companies; foreign private issuers; emerging growth companies; and potentially for brokers and dealers registered with the SEC. Refer to http://www.bdo.com/download/2459 for more information to prepare for the enhanced communications. In addition, BDO will emphasize practical application of AS 16 in the Board Matters Quarterly Update webinar to be held on April 18, 2013. Refer to http://www.bdo.com/acsense/events/BoardMattersQ12013.aspx for more information and to register.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant PCAOB publications and activities.

Proposal for the Reorganization of Auditing Standards

Issued: March 26, 2013

Comment Deadline: May 28, 2013

Summary: The PCAOB is proposing reorganization of its existing Auditing Standards within a framework containing a topical structure with a single integrated numbering system. The proposed reorganization is intended to present the standards in a logical, easily navigable order according to the sequence of the audit process.

Effective Date: The Board will establish the effective date of the requirements when it issues final guidance.

More information is available in the PCAOB's press release at: http://pcaobus.org/News/Releases/Pages/03262013_Reorg.aspx.

The proposed framework is available at:
http://pcaobus.org/Rules/Rulemaking/Docket040/Release_2013_002_Proposed_Framework.pdf.

▶SECURITIES AND EXCHANGE COMMISSION (SEC)

FINAL SEC GUIDANCE

All SEC Final Rules can be accessed on the SEC website at **http://www.sec.gov/**, located under the *Regulatory Actions* section, *Final Rules*.

(Note: The following pertains to significant accounting and reporting SEC releases. For a complete listing of SEC rules, please refer to the SEC website.)

As of the date of this publication, the SEC had not adopted any significant final rules during the quarter.

PROPOSED SEC GUIDANCE

All SEC Proposed Rules can be accessed on the SEC website at **http://www.sec.gov/**, located under the *Regulatory Actions* section, *Proposed Rules*.

(Note: The following pertains to significant accounting and reporting SEC releases. For a complete listing of SEC rules, please refer to the SEC website.)

As of the date of this publication, the SEC had not issued any significant proposed rules during the quarter.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant SEC publications and activities.

NASDAQ Proposes Internal Audit Requirement

Summary: The NASDAQ Stock Market recently filed with the SEC a proposed rule change that would require all listed companies to maintain an internal audit function. The purpose of the rule change is to ensure management and the audit committee are provided with regular assessments of a company's risk management processes and system of internal control. Outsourcing of the internal audit function would be permitted, and the audit committee would be responsible for oversight of the function. Comments were due on the proposed rules by March 29, 2013.

Additional information is available in BDO's Flash Report at: http://www.bdo.com/download/2500.

Effective Date: The rule would require companies listed on NASDAQ on or before June 30, 2013 to establish an internal audit function no later than December 31, 2013. It would require companies listed after June 30, 2013 to establish an internal audit function prior to listing. The SEC has not yet approved the proposed rule.

Conflict Minerals

Summary: In August 2012, the SEC adopted Exchange Act Rule 13p-1, which requires disclosures mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The new rule requires companies to determine and publicly disclose on an annual basis whether their products were manufactured using certain minerals, designated as "conflict minerals," that originated in the Democratic Republic of the Congo (DRC) or adjoining countries. If so, an issuer is required to provide a report describing the measures taken to determine whether the minerals financed or benefited armed groups in the region and its conclusions. The process surrounding the assertions made on the report is required to be audited.

Conflict minerals are defined as cassiterite, columbite-tantalite, gold, wolframite, and their derivatives (tantalum, tin, and tungsten). **Due to the many uses of these minerals (e.g., soldering, electronics, etc.), this rule will likely impact many companies in many industries.**

Under Section 1502 of the Act, the Government Accountability Office (GAO) is responsible for establishing standards for the audit. The GAO plans to look to its existing Generally Accepted Government Auditing Standards (GAGAS), which are commonly referred to as the "Yellow Book." The auditor of a registrant's financial statements can perform an audit of the registrant's Conflict Minerals Report without impairing its independence. If the auditor of the registrant's financial statements is to perform this service, this, of course, needs to be pre-approved by the registrant's audit committee.

For additional information, refer to BDO's Flash Report on the rule, accessible at: http://www.bdo.com/download/2256.

Effective Date: Reporting is required on a calendar year basis regardless of an issuer's fiscal year end and is due by May 31st of the following year. The first report will cover the 2013 calendar year and is due on May 31, 2014. Some transitional relief is provided for the first two years for all issuers and the first four years for smaller reporting companies.

The Jumpstart Our Business Startups Act – Frequently Asked Questions

Summary: On April 5, 2012, President Obama signed the Jumpstart Our Business Startups (JOBS) Act into law. A primary goal of the JOBS Act is to improve small companies' access to capital. The Act amended the securities laws to ease the process and costs associated with raising capital. To facilitate initial public offerings of equity securities, Title I of the JOBS Act created a new category of filers called emerging growth companies (EGCs) which are entitled to certain reporting reliefs. Since the Act was signed into law, the SEC staff has issued several sets of frequently asked questions to assist companies with the application of the Act's provisions, which are available at: http://www.sec.gov/divisions/corpfin/guidance/cfjjobsactfaq-title-i-general.htm.

For more information, refer to the following BDO publications and archived webcasts on the JOBS Act:

- Ac'sense Webinar: *Quarterly Technical Update—Q1 2013 (April 2013)*
  http://www.bdo.com/acsense/events/technicalupdateq12013.aspx

- BDO Knows Newsletter: *The Jumpstart Our Business Startups Act*
  http://www.bdo.com/download/2054

- BDO Knows Newsletter: *SEC Year in Review*
  http://www.bdo.com/download/2406

- BDO Flash Report: *SEC Staff Announcements at the AICPA National Conference on Current SEC and PCAOB Developments That Could Have Immediate Effects on Practice*
  http://www.bdo.com/download/2376

- BDO Flash Report: *Emerging Growth Company Status and Accounting Policy Elections*
  http://www.bdo.com/download/2075

- Ac'sense Self Study Courses: *Quarterly Technical Updates—2012 (all quarters)*
  http://www.bdo.com/acsense/archive.aspx

- Ac'sense Self Study Course: *2012 JOBS Act—Implications and Considerations (May 2012)*
  http://www.bdo.com/acsense/events/JOBSAct.aspx

The Iran Threat Reduction and Syria Human Rights Act

In August 2012, the Iran Threat Reduction and Syria Human Rights Act of 2012 was signed into law. Among other things, the law creates Section 13(r) of the Exchange Act, which requires SEC registrants to disclose certain activities that they and their affiliates have engaged in related to Iran in the periodic reports they file with the SEC. The transactions and activities required to be disclosed include matters such as supporting terrorist activities, involvement in the development of weapons of mass destruction, activities that facilitate Iran's development, production and exportation of petroleum, and any transaction with the government of Iran that is not specifically authorized by a federal department or agency.

The law is available at http://www.govtrack.us/congress/bills/112/hr1905/text. The provisions requiring disclosure in SEC filings become effective for reports due on or after February 6, 2013. Because the list of covered activities and the definition of "affiliate" are broad, companies may be surprised to find, after consultation with legal counsel, that they must report activities to comply with Section 13(r).

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

FINAL IASB GUIDANCE

All final IASB guidance can be accessed on the IASB website at **http://www.ifrs.org/**, located under the *IFRS* tab, *Standards and Interpretations*.

As of the date of this publication, the IASB had not issued any final guidance during the quarter.

PROPOSED IASB GUIDANCE

The following is a summary of all significant proposed guidance that was issued or was open for comment during the quarter. All proposed IASB guidance can be accessed on the IASB website at **http://www.ifrs.org/**, located under the *Get Involved* tab, *Comment on a Proposal*.

Exposure Draft, *Defined Benefit Plans: Employee Contributions (proposed amendments to IAS 19)*

Issued: March 2013

Comment Deadline: July 25, 2013

Summary: The Exposure Draft (ED) addresses the accounting for contributions from employees or third parties when the requirement for such contributions is set out in the formal terms of a defined benefit plan.

The ED proposes that such contributions may be recognized as a reduction in the service cost in the same period in which they are payable if, and only if, they are linked solely to the employee's service rendered in that period. An example would be contributions that are a fixed percentage of an employee's salary, so the percentage of the employee's salary does not depend on the employee's number of years of service to the employer.

It specifies that the negative benefit from such contributions is attributed to periods of service in the same way that the gross benefit is attributed in accordance with paragraph 70 of IAS 19.

Effective Date: The proposed effective date is yet to be confirmed.

Exposure Draft, *Financial Instruments: Expected Credit Losses*

Issued: March 2013

Comment Deadline: July 5, 2013

Summary: The ED proposes to replace the current financial instrument impairment requirements set out in IAS 39 *Financial Instruments: Recognition and Measurement*, which are based on an incurred loss model under which the recognition of impairment is dependent on the occurrence of a credit loss event.

The proposed replacement model is a more forward-looking expected loss model, under which impairment would be recognized before a credit loss event has occurred, and provides users of financial statements with more useful information about the expected credit losses on financial assets and on commitments to extend credit.

This would be achieved using an approach which incorporates all relevant information about past events, current conditions and reasonable and supportable forecasts about the future. To apply this new model, the ED proposes:

- A three-stage model based on the extent of deterioration in credit quality of a financial asset since initial recognition, which would determine the recognition of impairment (as well as interest revenue)
    - i. No significant deterioration in credit quality: 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset;
    - ii. Significant deterioration in credit quality: lifetime expected credit losses are recognized but interest revenue is still calculated on the gross carrying amount of the asset;
    - iii. Financial assets that have objective evidence of impairment at the reporting date: lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount
- A simplified approach for trade and lease receivables
- A rebuttable presumption of when significant deterioration in credit risk is deemed to have occurred (this would be when payments are 30 days or more past due)
- A simplification for financial instruments that have low ('investment grade') credit risk.

Effective Date: The proposed effective date is yet to be confirmed, although the mandatory effective date of IFRS 9 is currently periods beginning on or after January 1, 2015. All phases of the IFRS 9 project (classification and measurement, impairment and hedge accounting) are intended to have the same effective date.

For additional information on this ED, refer to BDO's IFR Bulletin at: http://www.bdointernational.com/Services/Audit/IFRS/IFR-Bulletins-2011/IFRB%202013/IFRB-2013-09.pdf.

Exposure Draft, *Novation of Derivatives and Continuation of Hedge Accounting (Proposed amendments to IAS 39 and IFRS 9)*

Issued: February 2013

Comment Deadline: April 2, 2013

Summary: The proposed change would introduce a narrow scope exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9. This would have a significant effect on entities that have designated over-the-counter (OTC) derivatives as hedging instruments where those derivatives are now required to be novated to a central clearing counterparty by law – as has been the recent experience in Europe where new regulations have been implemented in response to the G20's commitment to improve transparency and regulatory oversight in the wake of the global financial crisis.

The IASB is aware that these new laws or regulations could come into effect in some jurisdictions very soon. Consequently the IASB published this ED with a short (30-day) comment period.

The exception would apply if the following criteria are met:

- The novation is required by laws or regulations,
- The novation results in a central counterparty becoming the new counterparty to each of the parties to the novated derivative, and
- The related changes to the terms of the novated derivative are limited to those necessary to effect the terms of the novated derivative.

Effective Date: The effective date for the amendments, if finalized, is yet to be confirmed. The amendments would be required to be applied retrospectively in accordance with paragraph 19(a) of IAS 8 *Accounting Policies and Changes in Accounting Estimates and Errors*.

For additional information on this ED, refer to BDO's IFR Bulletin at: http://www.bdointernational.com/Services/Audit/IFRS/IFR-Bulletins-2011/IFRB%202013/IFRB-2013-08.pdf.

Exposure Draft, *Recoverable Amount Disclosures for Non-Financial Assets (Proposed Amendments to IAS 36)*

Issued: January 2013

Comment Deadline: March 19, 2013

Summary: The ED sets out proposed modifications to the disclosures in IAS 36 *Impairment of Assets* for the measurement of the recoverable amount of impaired assets, introduced by IFRS 13 *Fair Value Measurement*, issued in May 2011. Some of the amendments made to IAS 36 have resulted in the requirement being more broadly applicable than the IASB intended. The proposed amendments to IAS 36 would result in two key changes being made to disclosures relating to the impairment of non-financial assets, being:

1. To require the disclosure of the recoverable amount of an asset (or CGU) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU)

2. To expand and clarify the disclosure requirements when an asset's (CGU's) recoverable amount has been determined on the basis of fair value less disposal.

The proposals set out above would align the disclosures required for the recoverable amount of an asset (or CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use. They would also align the IFRS disclosure requirements with U.S. GAAP.

A previous IASB ED, *Annual Improvements to IFRSs* (issued in May 2012) included a proposal to require disclosure of the discount rate applied to cash flows when determining an asset's (CGU's) recoverable amount on the basis of value in use. This proposal is not repeated in this most current ED, but all of these changes to IAS 36 will be made in one overall amendment.

Effective Date: The IASB proposes that the amendments should be applied retrospectively for annual periods beginning on or after January 1, 2014. The IASB also proposes to permit earlier application, but will not require an entity to apply those amendments in periods (including comparative periods) in which the entity does not also apply IFRS 13.

For additional information on this ED, refer to BDO's IFR Bulletin at: http://www.bdointernational.com/Services/Audit/IFRS/IFR-Bulletins-2011/IFRB%202013/IFRB-2013-05.pdf.

Exposure Draft, *Acquisition of an Interest in a Joint Operation (Proposed amendment to IFRS 11)*

Issued: December 2012

Comment Deadline: April 23, 2013

Summary: IFRS 11 does not give explicit guidance on the accounting for acquisitions of interests in joint operations. The objective of the proposed amendment is to add new guidance to IFRS 11 on accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3 *Business Combinations*.

The IASB proposes that acquirers of such interests shall apply the relevant principles on business combination accounting in IFRS 3 and other Standards, and disclose the relevant information specified in these Standards for business combinations.

Effective Date: The amendments in this proposed IFRS would be applied for annual periods beginning on or after January 1, 2015. Earlier application is permitted.

Exposure Draft, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Proposed amendments to IFRS 10 and IAS 28)*

Issued: December 2012

Comment Deadline: April 23, 2013

Summary: The objective of the proposed amendments is to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of a subsidiary. The main consequence of the proposed amendments is that a full gain or loss would be recognized on the loss of control of a business (whether it is housed in a subsidiary or not), including cases in which the investor retains joint control of, or significant influence over, the investee.

OTHER ACTIVITIES

The following section provides high level summaries of other relevant IASB publications and activities, with particular focus on the recent developments and prioritization of the FASB and IASB's joint efforts to work towards convergence of U.S. GAAP and IFRS.

Accounting Standards Advisory Forum

Summary: In November 2012, the IFRS Foundation issued an Invitation to Comment that proposed the creation of a new advisory group to the IASB, the Accounting Standards Advisory Forum (ASAF). In February 2013, the IFRS foundation released its feedback statement in response to the comment letters received as well as inviting nominations for membership. Additional information is available at: http://www.bdointernational.com/News/Pages/Accounting-Standards-Advisory-Forum---IFRS-Foundation-issues-a-call-for-candidates-and-published-feedback-statement-on-publ.aspx.

IASB Hosts Public Disclosure Forum

Summary: In January 2013, the IASB released a summary of the findings from its disclosure survey. The results of the survey were used to facilitate discussion at the IASB disclosure forum held on January 28, 2013.

Highlights of the survey included:

- A broad consensus that improvements could be made to the way financial information is disclosed, not just the financial statements (i.e. across the entire annual report)
- Preparers believe disclosure requirements have become too extensive (‘disclosure overload’) with not enough being done to exclude immaterial information
- Users felt that preparers could do more to improve the communication of relevant information within the financial statements, rather than leaving users to sift through large amounts of data.

Additional information is available at: http://www.bdointernational.com/Services/Audit/IFRS/IFRS-News/Pages/2013-01-IFRS-News.aspx.

Update on International Convergence

For a summary of international convergence efforts, please refer to the *FASB: Other Activities* section above.

EFFECTIVE DATES OF U.S. ACCOUNTING PRONOUNCEMENTS

This appendix was prepared with a calendar year-end company in mind. Therefore standards with an effective date in 2012 have been included since many companies applied them for the first time in 2013, e.g., the first interim or annual period beginning on or after Dec. 15, 2012. Standards that do not require adoption before 2014 are highlighted in gray. The final amendments to the FASB Codification resulting from EITF Issues No. 12-B and 12-G were not available before the third quarter Significant Accounting & Reporting Matters document was published. The effective dates indicated above (see "Final FASB Guidance") are based on our observation of the EITF meeting, which is available to the public via webcast.

UPDATED! For a practice aid on the effective dates of new IFRS pronouncements, refer to: http://www.bdo.com/ifrs/practice.aspx

PRONOUNCEMENT	EFFECTIVE DATE
ASC 210, Balance Sheet	
ASU 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*	The amendments are effective for fiscal years beginning on or after 1/1/2013 and interim periods within those years. Retrospective application is required.
ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*	An entity is required to apply the amendments for annual reporting periods beginning on or after 1/1/2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented.
ASC 220, Comprehensive Income	
ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*	For public entities, the amendments are effective prospectively for reporting periods beginning after 12/15/2012. For nonpublic entities, the amendments are effective prospectively for reporting periods beginning after 12/15/2013. Early adoption is permitted.
ASC 230, Statement of Cash Flows	
ASU 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB Emerging Issues Task Force)*	Effective prospectively for fiscal years, and interim periods within those years, beginning after 6/15/2013. Retrospective application to all prior periods presented upon the date of adoption is permitted. Early adoption from the beginning of the fiscal year of adoption is permitted. For fiscal years beginning before 10/22/2012, early adoption is permitted only if an NFP's financial statements for those fiscal years and interim periods within those years have not yet been made available for issuance.

PRONOUNCEMENT	EFFECTIVE DATE
ASC 350, Intangibles—Goodwill and Other	
ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*	Effective for annual and interim impairment tests performed for fiscal years beginning after 12/15/2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before 7/27/2012, if an entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance.
ASC 360, Property, Plant, and Equipment	
ASU 2011-10, *Derecognition of in Substance Real Estate—a Scope Clarification (a consensus of the FASB Emerging Issues Task Force)*	The amendments in this Update should be applied on a prospective basis to deconsolidation events occurring after the effective date. Prior periods should not be adjusted even if the reporting entity has continuing involvement with previously derecognized in substance real estate entities. For public entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning on or after 6/15/2012. For nonpublic entities, the amendments are effective for fiscal years ending after 12/15/2013, and interim and annual periods thereafter. Early adoption is permitted.
ASC 405, Liabilities	
ASU 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force)*	Retrospective application is required for all periods presented. Entities are permitted to use hindsight when determining the appropriate amount to be recorded in prior periods. For public entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after 12/31/2013. For nonpublic entities, the guidance is effective for fiscal years ending after 12/31/2014 and interim and annual periods thereafter. Early adoption is permitted.
ASC 720, Other Expenses	
ASU 2011-06, *Fees Paid to the Federal Government by Health Insurers (a consensus of the FASB Emerging Issues Task Force)*	Effective for calendar years beginning after 12/31/2013, when the fee initially becomes effective.

PRONOUNCEMENT	EFFECTIVE DATE
ASC 805, Business Combinations	
ASU 2012-06, *Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution (a consensus of the FASB Emerging Issues Task Force)*	For public and nonpublic entities, the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning on or after 12/15/2012. Early adoption is permitted. The amendments should be applied prospectively to any new indemnification assets acquired after the date of adoption and to indemnification assets existing as of the date of adoption arising from a government-assisted acquisition of a financial institution.
ASC 825, Financial Instruments	
ASU 2013-03, *Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities*	The Update was effective upon issuance in February 2013. Consequently, it amends ASU 2011-04 immediately, which is effective for nonpublic entities for periods beginning after 12/15/2011 (i.e., 2012 calendar year-ends).
ASC 830, Foreign Currency Matters	
ASU 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force)*	The amendments in this Update are effective prospectively for all entities with derecognition events after the effective date. For public entities, the guidance is effective for fiscal years, and interim periods within those years, beginning after 12/31/2013. For nonpublic entities, the guidance is effective for fiscal years beginning after 12/31/2014 and interim and annual periods thereafter. Early adoption is permitted. If early adoption is elected, the guidance should be applied as of the beginning of the entity's fiscal year of adoption.
ASC 926, Entertainment—Films	
ASU 2012-07, *Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs (a consensus of the FASB Emerging Issues Task Force)*	For SEC filers, the amendments are effective for impairment assessments performed on or after 12/15/2012. For all other entities, the amendments are effective for impairment assessments performed on or after 12/15/2013. The amendments resulting from this Issue should be applied prospectively. In addition, earlier application is permitted, including for impairment assessments performed as of a date before 10/24/2012, if, for SEC filers, the entity's financial statements for the most recent annual or interim period have not yet been issued or, for all other entities, have not yet been made available for issuance.

PRONOUNCEMENT	EFFECTIVE DATE
ASC 954, Health Care Entities	
ASU 2012-01, *Continuing Care Retirement Communities – Refundable Advance Fees*	Effective for public entities for fiscal years beginning after 12/15/2012. For nonpublic entities, the Issue will be effective for fiscal years ending after 12/15/2013. Early adoption is permitted. Entities must apply the requirements retrospectively by recording a cumulative-effect adjustment to opening retained earnings (or unrestricted assets) as of the beginning of the earliest period presented.
Other	
ASU 2012-04, *Technical Corrections and Improvements*	The amendments in this Update that do not have transition guidance are effective upon issuance for both public entities and nonpublic entities. For public entities, the amendments that are subject to the transition guidance will be effective for fiscal periods beginning after 12/15/2012. For nonpublic entities, the amendments that are subject to the transition guidance will be effective for fiscal periods beginning after 12/15/2013.

BDO RESOURCES FOR CLIENTS AND CONTACTS

The following is a sample of recent BDO thought leadership materials that may be of interest. For additional publications and resources, please refer to: http://www.bdo.com/publications/assurance/

BDO AC'SENSE[SM] UPCOMING WEBINAR EVENTS AND ARCHIVES

Please check **http://www.bdo.com/acsense/** for current and upcoming programs.

Upcoming Webinars

- **NEW!** Quarterly Financial Update – Q1 2013 – April 10, 11, and 12, 2013
  http://www.bdo.com/acsense/events/technicalupdateq12013.aspx

- **NEW!** Board Matters Quarterly Update – Q1 2013 – April 18, 2013
  http://www.bdo.com/acsense/events/BoardMattersQ12013.aspx

Archives

- **NEW!** Board Matters Quarterly Update Q4 2012 – February 7, 2013
  http://www.bdo.com/acsense/events/boardmattersQ42012.aspx

- Quarterly Financial Update – Q4 2012 – January 8, 9, and 10, 2013
  http://www.bdo.com/acsense/events/Q42012.aspx
- Effective Audit Committees for Nonprofit Organizations – January 7, 2013
  http://www.bdo.com/acsense/NFPAuditComm/
- Gift Tax Exemption – How to Benefit Now– October 25, 2012
  http://www.bdo.com/acsense/gifttax/
- 2012 BDO 600 Executive Compensation Survey – October 10, 2012
  http://www.bdo.com/acsense/compsurvey/
- Quarterly Technical Update – Q3 2012 – October 3, 4, and 5, 2012
  http://www.bdo.com/acsense/events/Q32012.aspx
- 2012 Board Matters Quarterly Update – Q3 2012 – September 25, 2012
  http://www.bdo.com/acsense/boardmattersQ32012/
- FCPA Series: Doing Business Abroad – Spotlight on Mexico – September 19, 2012
  http://www.bdo.com/acsense/FCPAMexico/
- Quarterly Financial Update – Q2 2012 – June 26, 27, and 28, 2012
  http://www.bdo.com/acsense/events/Q22012.aspx
- 2012 JOBS Act: Implications and Considerations – May 31, 2012
  http://www.bdo.com/acsense/events/2012IFRSRevRec.aspx
- Quarterly Financial Update – Q1 2012 – April 4, 2012
  http://www.bdo.com/acsense/events/2012IFRSRevRec.aspx
- Focus on Fraud – Employee Fraud, From Discovery to Recovery – March 20, 2012
  http://www.bdo.com/acsense/events/2012EmployeeFraud.aspx
- Institutional Shareholder Services (ISS): New Approach to Evaluating Executive Compensation – February 8, 2012
  http://www.bdo.com/acsense/events/2012ISSExecComp.aspx
- FASB Revenue Recognition Exposure Draft Update - January 18, 2012
  http://www.bdo.com/acsense/events/2012IFRSRevRec.aspx

Additional archived programming is available at: http://www.bdo.com/acsense/archive.aspx

BDO BOARD REFLECTIONS

http://www.bdo.com/library/boardreflections.aspx

BDO continues to refine its Board Reflections resource center designed with public and private company boards of directors in mind. Understanding the roles, responsibilities and risks associated with each committee, BDO routinely provides guidance to directors as they navigate through ever changing challenges in today's corporate climate. BDO's proprietary studies, publications, practice aids and educational programs help fuel conversations among those charged with corporate governance – who are making the tough decisions. Within this site, BDO has included resources across our various disciplines to help keep board members ahead of the trends while meeting compliance obligations. BDO has added a quarterly Board Matters Update webcast, intended as a discussion of developing issues of broad interest to board members and those charged with governance.

BDO CLIENT ADVISORIES

http://www.bdo.com/publications/assurance/

- BDO Board Reflections (February 2013) – Provides a summary currently effective PCAOB Auditing Standard No. 16 (AS 16), *Communications with Audit Committees*, and highlights changes to practice companies should be aware of.
- 2013 BDO IPO Outlook (January 2013)
- 2012 BDO IPO Halftime Report (July 2012)
- Initial Offerings Newsletter (April 2012)
- BDO Board Reflections: Top Issues at 2012 Shareholder Meetings (March 2012)
- Considerations for Nominating Committees (January 2012)
- Effective Audit Committee for Nonprofit Organizations (June 2012; http://www.bdo.com/download/2127)

BDO FINANCIAL REPORTING LETTERS & FLASH REPORTS

http://www.bdo.com/publications/assurance/

- **UPDATED!** BDO Flash Reports - Flash reports are intended to highlight certain financial reporting developments in a timely and brief "flash" format. (Various)
- Report on 2012 AICPA SEC and PCAOB Conference (January 2013)
- SEC Year in Review – Significant 2012 Developments (January 2013)
- Accounting Year in Review – 2012 (January 2013)
- BDO Knows: The Jumpstart Our Business Startups Act (April 2012)
- BDO Knows: Multiemployer Pension Plans (January 2012)
- BDO Knows: Goodwill Impairment (September 2011)
- BDO Knows: Comprehensive Income Newsletter (August 2011)
- BDO Knows: Contingent Consideration (June 2011)

BDO IFRS RESOURCE CENTER

http://www.bdo.com/ifrs/

Refer to the above website to keep current on the latest developments with regard to IFRS and the practical considerations involved in the convergence toward and implementation of global standards.

For a practice aid on the effective dates of new IFRS pronouncements, refer to: http://www.bdo.com/ifrs/practice.aspx.

In addition to several Ac'sense IFRS self-study courses currently available at www.bdo.com/acsense, BDO has expanded its course offerings by building a library of brief IFRS modules on various topics of significant interest, ranging from adoption and implementation to specific accounting topics including financial instruments and income taxes. Additional courses have been added to the library during 2012. Access these courses at: http://www.bdo.com/ifrs/education.aspx.

See also:
BDO Flash Report - SEC Staff Publishes Final Staff Report on Incorporating IFRS into the Financial Reporting System for US Domestic Issuers available at: http://www.bdo.com/download/2300

BDO Knows: IFRS – SEC's Progress Report on Work Plan for Global Accounting Standards available at:
http://www.bdo.com/download/1508.

BDO Knows: IFRS – SEC Seeks Comments on Incorporation of IFRS available at: http://www.bdo.com/download/1442.