

This summary is intended only for a high-level overview. It is not intended to be accounting or tax advice. SOS recommends its clients consult their qualified accounting and tax advisors before taking action in order to understand the impact new accounting guidance will have on their company's stock based compensation accounting, tax, financial reporting and equity systems/databases.

FASB Issues Proposed ASU on Improvements to Non-Employee Accounting

On March 7, 2017, the Financial Accounting Standards Board ("FASB") issued an exposure draft of a proposed Accounting Standard Update ("ASU") that is intended to reduce cost and complexity and to improve financial reporting for non-employee equity awards. The proposed ASU would supersede the accounting guidance in ASC 505-50¹ and include non-employee equity awards under the scope of ASC 718². In short, non-employee equity awards will be treated *similar* to employee equity awards with certain exceptions. Here are links to the [FASB's Press Release](#), [FASB In Focus Summary](#) and the [proposed ASU](#). The FASB is accepting public comments on this proposed ASU until **June 5, 2017**. Stay tuned... there's light at the end of the tunnel, but don't make any changes yet!!

FASB Approves ASU That Simplifies the Scope of Modification Accounting

Per the [February 22, 2017 Meeting Minutes](#), the FASB voted to approve the exposure draft of the [proposed ASU](#) that is intended to simplify the modification accounting guidance in ASC 718. Basically, if certain modifications are made to equity awards, but the fair value, vesting conditions and equity (or liability) classification of the award all remain unchanged before and after the modification, then modification accounting is not required. Look for the FASB to issue a final ASU on or before **June 30, 2017**.

Footnotes:

1- ASC 505-50 = FASB ASC Topic 505-50, *Equity-Based Payments to Non-Employees*

2- ASC 718 = FASB ASC Topic 718, *Compensation- Stock Compensation*