



April 2026

# Keeping You Informed

## Q1 Accounting and Financial Reporting Developments

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# Message from Sydney Garmong

Partner, National Office

Dear readers,

With the first quarter of 2026 in the rearview mirror, we are on to the second quarter. Spring officially arrived on March 20, and I hope you are making summer plans to enjoy some time off.

I am thrilled to share the launch of our first quarterly [State and Local Government Executive Briefing](#). In addition to updates from the Governmental Accounting Standards Board (GASB) and the effective date for GASB statements checklist, my colleague [Tony Boras](#) provides additional industry developments and insights. We hope you find this “one-stop shop” for the state and local government industry useful, and as always, we welcome your feedback.

Since September, the Securities and Exchange Commission (SEC) has signaled it will consider removing the requirement for quarterly reporting. It is not a new idea – it was considered during President Donald Trump’s first administration. Across the pond, in 2013 the European Union (EU) removed the mandatory “interim management statement” for required quarterly updates from listed companies. While still in the EU, the United Kingdom implemented the same reform, though many companies still report quarterly. The SEC’s next steps are eagerly awaited.

This quarter continues developments in two emerging areas: artificial intelligence and digital assets. SEC Chair Paul Atkins provided [remarks](#) on AI and disclosure considerations at the Financial Stability Oversight Council’s Artificial Intelligence Innovation Series Roundtable, and the American Institute of CPAs [issued](#) a 16-page guide on evaluating AI models for business use.

Continuing the evolution of digital assets, Atkins provided [remarks](#) at the Digital Asset Summit 2026. Also, the commission issued guidance on crypto assets and the federal securities laws, and SEC Commissioner Hester Peirce issued a [statement](#), including a link to [frequently asked questions](#), on regulatory considerations. The Office of the Comptroller of the Currency [issued](#) a proposal to establish regulatory requirements for entities that issue or engage in activities involving payment stablecoins. The Center for Audit Quality [posted](#) on building trust in the digital asset ecosystem.

On a lighter note, it is March Madness, which brings NCAA men’s and women’s basketball. I am disappointed (but not totally surprised) that the Indiana Hoosiers men’s and women’s teams were not invited to the “big dance.” For those of you participating, good luck with your brackets. Of course, March also brought us St. Patrick’s Day and all things green.

Other quarterly festivities included my Indiana Hoosiers winning the national football championship! We Hoosiers are not used to using the words “football” and “great,” or even “OK,” in the same sentence. Congratulations to Curt Cignetti, Fernando Mendoza, and the entire team! For more about our inspirational quarterback, please read a letter from Elsa Mendoza, written a couple of days before the Heisman Trophy ceremony: [“Dear Fernando.”](#) The last undefeated IU team that won a national championship was Bobby Knight’s 1975-1976 team, so it is remarkable that 50 years later, the Hoosiers did it again.

I am grateful to my Crowe colleagues Julia Bell, Tony Boras, Alissa Doherty, Jason Eaves, and Mark Shannon for their significant contributions to this publication. We hope you find this report useful, and we welcome any feedback.

# First quarter highlights

During the first quarter of the 2026 calendar year, the Financial Accounting Standards Board (FASB) issued no new standards or proposals.

The Securities and Exchange Commission (SEC) issued several public statements, policy remarks, and regulatory updates focused on disclosure modernization, market structure, and digital asset regulation. Developments included an announcement of a public roundtable on listed options market structure; remarks on artificial intelligence and related disclosure considerations; and statements addressing stablecoins, tokenized securities, and potential reforms to Regulation S-K and the public company disclosure framework. The SEC also outlined rulemaking priorities related to digital assets and implementation of the  *Holding Foreign Insiders Accountable Act*  (HFIA Act), provided congressional testimony on capital formation and enforcement priorities, advanced coordination initiatives with the Commodity Futures Trading Commission (CFTC), approved the 2026 Public Company Accounting Oversight Board (PCAOB) budget and board appointments, adopted final HFIA Act rules, issued updated Compliance and Disclosure Interpretations (C&DIs), proposed revisions to the definition of “small entity,” and proposed amendments to Exchange Act Rule 15c2-11.

The PCAOB welcomed a new chair and board members and a new acting director of enforcement. It issued a staff publication addressing broker-dealer related-party transaction audit considerations. The PCAOB also discussed audit oversight and emerging technologies and announced new members of its advisory groups.

The Center for Audit Quality (CAQ) published a report addressing the auditor’s role in digital assets, posted an article addressing the digital assets ecosystem, and released an outlook on the audit profession for 2026.

In addition, we have included recent developments from the American Institute of Certified Public Accountants (AICPA) and the Governmental Accounting Standards Board (GASB).

Checklists for the effective dates of FASB Accounting Standards Updates (ASUs) and GASB statements are provided in the appendix.

# From the FASB

## Final standards

The FASB issued no new standards during the first quarter of 2026.

## Proposals

The FASB issued no new proposals during the first quarter of 2026.





# From the SEC

## SEC Speaks in 2026: Key takeaways

The Practising Law Institute’s SEC Speaks in 2026 conference occurred March 19-20, 2026, in Washington, D.C., and featured SEC commissioners and staff speaking throughout the two days.

### **Commissioners**

Commission leadership emphasized a reset in regulatory philosophy centered on modernization, clarity, and restraint. Chair Paul [Atkins](#) framed the agenda around an “ACT” framework, “advance – A, clarify – C, transform – T,” with a focus on aligning legacy rules with current market realities, reducing unnecessary complexity, and prioritizing materiality in disclosure.

Commissioners Hester [Peirce](#) and Mark [Uyeda](#) echoed and expanded on these themes in their remarks and consistently rejected “regulation by enforcement,” particularly in the digital asset space. They supported a shift toward clear prospective rulemaking. Commissioners emphasized facilitating capital formation while maintaining strong anti-fraud enforcement, underscored that disclosure requirements must remain grounded in statutory authority and material investor information, and highlighted efforts to expand retail access to private markets and maintain U.S. competitiveness. They also pointed to increased coordination with other regulators, including through a memorandum of understanding with the CFTC, to reduce jurisdictional overlap and provide clearer regulatory frameworks in emerging areas.

## CorpFin

The SEC's Division of Corporation Finance (CorpFin) staff acknowledged that Atkins' ACT strategy framed its active rulemaking agenda focused on simplifying requirements and reducing friction for issuers. Key initiatives include a comprehensive review of Regulation S-K grounded in materiality, reforms to the public company framework (including filer status and offering processes), and continued evaluation of executive compensation disclosure to balance investor usefulness with complexity.

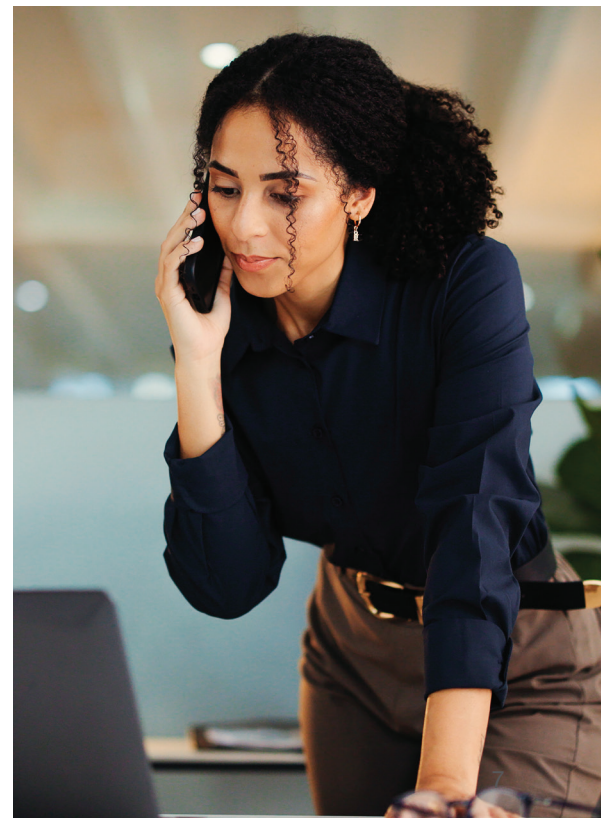
CorpFin staff noted that it is exploring changes to reporting frequency, including whether companies should have flexibility to move from quarterly to semiannual reporting, with market forces rather than mandates driving the appropriate cadence. Staff also highlighted efforts to expand access to private capital markets, including potential updates to the accredited investor framework, and increased use of targeted guidance (such as [CorpFin interpretations](#) and [no-action letters](#)) to provide near-term clarity because rulemaking takes time.

On disclosure priorities, staff pointed to continued focus on areas requiring judgment, such as commercial real estate (CRE), private credit, and AI. Staff noted improved disclosure in certain risk areas but emphasized the need for tailored, decision-useful information. For example, in CRE, staff said it expects more specificity related to property type, geography, and refinancing risk where certain segments (for example, downtown office) are under stress. In private credit, this includes clearer disclosure of portfolio composition, credit quality, and liquidity risks, particularly given limited transparency. For AI, registrants are expected to substantiate claims and describe material risks and governance rather than relying on generic or promotional language.

## Chief accountants

The accounting panel, which featured SEC Chief Accountant Kurt Hohl, CorpFin Chief Accountant Heather Rosenberger, and Division of Enforcement Chief Accountant Ryan Wolfe, focused on reinforcing core financial reporting principles while addressing emerging complexity.

Hohl remarked that accounting policy and oversight are entering a period of transition, particularly with changes at the PCAOB and a renewed focus on fit-for-purpose standards, audit quality, and global coordination. He highlighted opportunities for the PCAOB to rethink inspections, standard-setting, and consultation processes while noting increasing complexity from areas such as digital assets, AI-related arrangements, and private market valuations. He emphasized that these developments raise novel accounting and disclosure questions and increase pressure on existing frameworks.



Hohl also observed that application of accounting standards (for example, recent income tax and expense disaggregation standards) should remain grounded in materiality, cautioning against mechanical or expansive disclosures that do not provide decision-useful information to investors.

On the international front, Hohl mentioned the importance of continued attention to international accounting and auditing standard-setting and the related governance and funding structures.

Rosenberger provided thoughts on the disclosure review process, including operational updates on the review backlog created during the government shutdown and practical guidance on applying rules such as Rule 11-01(d) when evaluating business or asset acquisitions. She stressed the importance of judgment and materiality, particularly in complex transaction structures, and reminded registrants to anchor analyses in whether information is material to investors' understanding of future operations.

Wolfe highlighted Enforcement's continued focus on issuer disclosure and accounting cases, emphasizing that accounting enforcement remains active. He pointed to recurring issues such as earnings management, inconsistent narratives across disclosures, and weak compliance culture, and he underscored the importance of accurate reporting across the full "information package" provided to investors.



## **Division of Enforcement**

Enforcement staff emphasized a shift toward “quality over quantity,” focusing resources on cases involving clear investor harm and core violations such as fraud, insider trading, and disclosure misconduct. The staff highlighted continued emphasis on individual accountability, selective use of nonfraud charges, and efforts to improve transparency and coordination across investigations.

In emerging areas, Enforcement staff said it will continue to pursue fraud involving digital assets, while broader digital asset regulatory questions will shift to rulemaking rather than enforcement-driven policy.



## **Other public statements and announcements**

### **Options market structure reform roundtable**

The SEC announced on March 5, 2026, that it will hold a public roundtable on April 16, 2026, to discuss listed options market structure. Topics will include facilitating competition in a quote-driven market, evaluating customer experience, and identifying opportunities and challenges for continued market growth. The roundtable will be open to the public, and the SEC is accepting comment letters from the public.

### **Artificial intelligence and disclosure considerations**

On March 4, 2026, Atkins delivered [remarks](#) at the Financial Stability Oversight Council’s Artificial Intelligence Innovation Series Roundtable addressing the use of AI in financial markets. Atkins emphasized that existing principles-based disclosure requirements rooted in materiality should guide how public companies disclose developments related to AI, noting that disclosure should focus on whether information would be important to a reasonable investor. His remarks also discussed the SEC’s efforts to incorporate AI into regulatory activities such as risk assessments, market surveillance, and disclosure review.

### **Stablecoin regulatory considerations**

On Feb. 19, 2026, Peirce released a [statement](#) on regulatory considerations related to stablecoins. She addressed the treatment of payment stablecoins and included a link to [frequently asked questions](#) related to the application of the broker-dealer net capital rule to payment stablecoins.



### **Rulemaking priorities**

In a Feb. 13, 2026, [statement](#), James Moloney, director of CorpFin, outlined the division's forthcoming priorities and rulemaking efforts as part of implementing Atkins' agenda to reduce disclosure burdens and modernize reporting. Priorities include:

- Advancing crypto assets reform and a clear taxonomy for digital assets
- Implementing the HFIA Act
- Exploring a shift to semiannual reporting
- Reducing regulatory burdens under Regulation S-K
- Advancing rule proposals following concept releases on foreign private issuer eligibility and residential mortgage-backed securities disclosures
- Issuing ongoing staff-level guidance and no-action letters to help market participants navigate evolving rules

### **Testimony before House and Senate committees**

On Feb. 11, 2026, Atkins [testified](#) before the U.S. House Financial Services Committee, outlining the commission's focus on its core mission of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation. Atkins noted the decline in the number of U.S. public companies over recent decades and addressed efforts to streamline disclosure requirements and reduce regulatory costs that he said ultimately affect everyday Americans, including through public company compliance expenses and oversight costs. He also addressed review of the Consolidated Audit Trail, approval of the PCAOB 2026 budget, support for digital asset market structure legislation, and recent enforcement priorities, including actions involving fraud, insider trading, accounting misconduct, and cross-border market manipulation. On Feb. 12, 2026, Atkins [testified](#) before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, building on many of the topics covered in his House testimony.

### **SEC-CFTC coordination initiatives**

On Jan. 29, 2026, Atkins delivered opening remarks at an event held by the SEC and the CFTC on Project Crypto, a joint initiative of the two agencies. He said it is intended to prepare the agencies to implement any new legislation, and described efforts to reduce regulatory friction and harmonize standards and definitions where appropriate.

In remarks on March 10, 2026, at the FIA Global Cleared Markets Conference, Atkins discussed efforts to promote regulatory coordination between the SEC and the CFTC. He highlighted initiatives aimed at reducing regulatory friction for dually registered firms, including increased staff coordination on product applications, potential updates to interagency coordination agreements, and consideration of harmonized approaches to swap data reporting.

On March 11, 2026, the SEC and CFTC announced that they had entered into a memorandum of understanding (MOU) to strengthen coordination between the agencies and support innovation, market integrity, and investor and customer protection. The agreement establishes a Joint Harmonization Initiative intended to promote regulatory alignment across policy development, examinations, enforcement, and data reporting, particularly in areas affecting dually registered market participants and emerging technologies.



### **Statement on tokenized securities**

CorpFin, the Division of Investment Management, and the Division of Trading and Markets issued a [staff statement](#) on Jan. 28, 2026, addressing the application of federal securities laws to tokenized securities. It describes tokenized securities as financial instruments meeting federal securities laws' definition of "security" and represented by crypto assets. In addition, the statement outlines issuer-sponsored and third-party tokenization models.

### **Regulation S-K and public company disclosure framework**

In Jan. 26, 2026, [remarks](#) at the annual Securities Regulation Institute, Uyeda said Regulation S-K is a key pillar of the public company disclosure framework. He highlighted potential areas to streamline Regulation S-K, including revisiting insider trading policy disclosures under Item 408, adjusting the de minimis threshold for related-party transactions under Item 404, simplifying cybersecurity disclosures under Item 106, reevaluating disclosure requirements related to unregistered securities under Item 701, and simplifying disclosures related to the number of security holders and performance graphs under Item 201. Uyeda also noted the role of scaled disclosure regimes, including emerging growth company and smaller reporting company thresholds, and emphasized a renewed focus on financial materiality when developing SEC disclosure requirements.

Atkins provided additional views on SEC disclosure reform during his [remarks](#) on Feb. 17, 2026, at the Texas A&M School of Law Corporate Law Symposium.

On Jan. 13, 2026, Atkins issued a [statement](#) announcing that the commission is reviewing Regulation S-K, which governs many qualitative disclosure requirements outside the financial statements in public company filings. Atkins noted that Regulation S-K has expanded significantly over time, remarking that it "has grown from the size of a gym locker to the size of an artificial-intelligence data center," and directed CorpFin to evaluate whether existing requirements continue to elicit material, decision-useful information for investors.

Atkins invited public input on potential changes to the disclosure framework. Comments are due April 13, 2026.

### **Report on capital-raising dynamics**

On Jan. 8, 2026, the SEC's Office of the Advocate for Small Business Capital Formation [released](#) its annual staff report examining capital-raising activity in the United States. The report compiles market data across multiple stages of the business life cycle, summarizes capital formation trends observed during fiscal year 2025, and outlines the office's outreach efforts and advisory committee activities intended to inform policymakers, small businesses, and investors.



### **Investor Advisory Committee meeting**

On March 12, 2026, the SEC’s Investor Advisory Committee held a meeting that included two panel discussions and consideration of committee recommendations. One panel examined potential reforms to the public company disclosure framework, including possible changes such as semiannual reporting and revisions to Regulation S-K aimed at reducing disclosure burdens while maintaining investor protection. A second panel addressed challenges associated with fund proxy voting, including difficulties obtaining shareholder quorum and the costs of current solicitation practices. The committee also considered and voted on recommendations related to the tokenization of equity securities, including potential benefits, risks, and related policy considerations.

In opening remarks, Atkins highlighted the SEC’s focus on reducing unnecessary disclosure burdens while maintaining investor protection. He also noted the SEC’s continued work on potential regulatory approaches related to tokenized securities.

### **Statement on new PCAOB chair and board members**

In a [statement](#) issued in connection with the appointments of a new PCAOB chair and board members announced on Jan. 30, 2026, Atkins stated, “I am confident that this new Board will usher in a new day at the PCAOB – one of sensible, efficient oversight of auditors.” Atkins said that the new board will refocus on the PCAOB’s core statutory mission of protecting investors and promoting informative, accurate, and independent audit reports. He also noted the SEC’s intent to continue close engagement with the PCAOB as the new board pursues its priorities and objectives.

### **PCAOB budget approval**

The SEC [approved](#) the PCAOB’s 2026 budget and accounting support fee on Jan. 22, 2026, reflecting a 9.4% decrease from the prior year. In a related [statement](#), Atkins noted that the approved budget reflects a renewed focus on the PCAOB’s core statutory mission and the importance of diligent oversight of auditors while minimizing unnecessary costs borne by public companies. Atkins stated that the SEC will continue to oversee the PCAOB’s activities and budget consistent with its statutory responsibilities.

## **Rules and guidance**

### **Application of securities laws to crypto assets**

On March 17, 2026, the SEC [issued](#) an interpretation clarifying the application of federal securities laws to certain crypto assets and related transactions, with the CFTC indicating it will apply the *Commodity Exchange Act* consistently with the SEC’s approach. The interpretation outlines a framework for categorizing digital assets, addresses when a crypto asset may be subject to or cease to be subject to an investment contract, and provides guidance on specific activities such as airdrops, staking, and token wrapping. The release is intended to provide greater regulatory clarity for market participants and support ongoing efforts to develop a broader market structure framework for digital assets.

In a [speech](#) on March 17, 2026, Atkins indicated that the SEC might consider future rulemaking, including potential exemptions or safe harbor frameworks, to support capital formation involving crypto assets.

### **Proposed amendments to Exchange Act Rule 15c2-11**

On March 16, 2026, the SEC [proposed](#) amendments to *Securities Exchange Act of 1934* (Exchange Act) Rule 15c2-11, which governs the publication or submission of quotations for certain over-the-counter securities by broker-dealers. Atkins stated, “This proposal would clarify regulatory obligations when publishing quotations and affirm what was always understood: Rule 15c2-11 applies to equity securities.”

Comments are due May 18, 2026.

## Final rule on HFIA Act

On Feb. 27, 2026, the SEC adopted final rules to implement the HFIA Act, which increases transparency into the holdings and transactions of insiders of foreign private issuers (FPIs). Beginning March 18, 2026, directors and officers of FPIs with a class of equity securities registered under Section 12 of the Exchange Act must report their holdings and transactions in the issuer's equity securities through Section 16 reports; however, 10% holders of FPIs are excluded from this reporting requirement.

On March 9, 2026, CorpFin released FAQs related to the implementation of the HFIA Act.

## Updated C&DIs

On March 6, 2026, CorpFin published additional C&DIs addressing the exemption for offers and sales of securities pursuant to certain compensatory benefit plans and contracts, Securities Act forms, and Item 102 of Regulation S-K.

On Feb. 17, 2026, CorpFin published several C&DIs. They provide clarification on the application of certain Securities Act requirements and include C&DIs related to crowdfunding exemptions and associated disclosure requirements.

On Jan. 23, 2026, CorpFin updated various C&DIs related to Securities Act sections and Securities Act rules.

## 'Small entity' definition update

On Jan. 7, 2026, the SEC proposed amendments to update the definitions of "small entity" as applied to certain registered investment companies, investment advisers, and business development companies under the *Regulatory Flexibility Act*. The proposal would revise asset-based thresholds, adjust how assets of related entities are considered, and provide a mechanism for periodic inflation adjustments, with the goal of better aligning regulatory analysis with the scale and characteristics of smaller market participants.

Comments were due March 13, 2026.





# From the PCAOB

## Leadership

### **Chair and board members**

On Jan. 30, 2026, the SEC announced the appointment of Demetrios (Jim) Logothetis as chair of the PCAOB. Logothetis spent more than 40 years in public accounting, including in senior leadership roles, and currently serves on the board of the Republic Bank of Chicago, where he chairs the audit committee. Also appointed as board members were Mark Calabria, Kyle Hauptman, and Steven Laughton. Logothetis, Calabria, and Laughton were sworn in on Feb. 10, 2026.

### **Acting director of enforcement**

William Ryan was named acting director of the Division of Enforcement and Investigations, following the retirement of Robert Rice on Dec. 31, 2025. Ryan joined the PCAOB in 2007 and served in various leadership roles in enforcement, most recently as chief counsel.

## Guidance and publications

### **Broker-dealer related party transactions**

On Feb. 4, 2026, the PCAOB released a staff [publication](#), “Broker-Dealer Audit Focus: Related Party Transactions,” highlighting recurring inspection deficiencies related to auditors’ testing of transactions between broker-dealers and their parent companies or affiliates. The publication reinforces key expectations under PCAOB standards, including risk assessment, testing of revenue and expense allocations, evaluation of intercompany balances, and clear related-party disclosures. In addition, it outlines common inspection deficiencies and good practices observed.

## Speeches and announcements

### **New audit practitioner fellowship program**

On March 13, 2026, the PCAOB [announced](#) the Audit Practitioner Fellowship Program in the Office of the Chief Auditor. The new program is designed to bring additional experienced auditors with recent practical experience to the PCAOB to share their unique expertise with PCAOB staff. Selected candidates will be hired for a two-year term to engage on the PCAOB’s new and existing standards and to provide insights into emerging issues. The application period closes on May 15, 2026.

### **Audit oversight and emerging technologies**

In [remarks](#) at the American Accounting Association Auditing Section’s midyear meeting on Jan. 16, 2026, acting PCAOB Chair George Botic discussed the evolving role of auditors, regulators, and the academic community in supporting confidence in capital markets. He highlighted the PCAOB’s oversight framework, including its standard-setting, inspections, and enforcement activities, and emphasized the value of academic research in informing audit practice and regulatory oversight. Botic also addressed the growing use of artificial intelligence in auditing, noting that while the technology might enhance analysis and efficiency, auditors remain responsible for exercising professional judgment and skepticism.

## Advisory groups

### **New advisory group members**

On Jan. 30, 2026, the PCAOB [announced](#) new and continuing appointments to its Investor Advisory Group and Standards and Emerging Issues Advisory Group. Members of both advisory groups generally serve two-year terms and provide input to the PCAOB on investor perspectives, auditing standards, and emerging issues relevant to audit oversight. Background information for each appointed and continuing advisory group member is available on the PCAOB website.

# From the AICPA

## AI models for business use

On March 1, 2026, the AICPA released “Step-by-Step Guide to Evaluating and Selecting AI Models for Business,” which outlines a structured framework organizations can use when assessing artificial intelligence solutions. The guide describes key phases in the evaluation process, including defining business requirements, assessing data readiness and technical infrastructure, selecting appropriate model types and vendors, conducting pilot testing, and planning for implementation. The resource is intended to help organizations make more informed decisions when adopting AI technologies and managing related risks.

## Stablecoin reporting framework

On Jan. 12, 2026, the AICPA announced expanded 2025 reporting criteria for asset-backed, fiat-pegged stablecoins to include a new section focused on controls over token operations. While the original framework addressed disclosures about outstanding tokens and reserves at a point in time, the update emphasizes the design and effectiveness of controls supporting activities such as issuance, redemptions, custody, and governance. The revisions aim to strengthen transparency and trust by providing a structured approach to evaluating operational risks and offering practical guidance for both issuers and practitioners.



# From the CAQ

## Digital assets

### **Digital asset ecosystem**

A March 1, 2026, [post](#) from the CAQ addresses the growing presence of digital assets in the financial system and the importance of trust and transparency as the ecosystem evolves. The article notes that while digital asset use among U.S. public companies remains relatively limited, 9% of S&P 500 companies referenced digital assets in their 2024 Form 10-K filings, with more than half of those companies in the financial services sector. The post also highlights increasing industry exposure and evolving regulatory activity, including recent legislation establishing a regulatory framework for stablecoins. The CAQ emphasizes that audits and attestation engagements can play an important role in enhancing the reliability of information reported about digital asset activities as the market continues to develop.



### **Auditor's role in digital assets**

The CAQ [released](#) on Jan. 27, 2026, “The Role of the Auditor in Digital Assets: Present and Future,” which examines the rapidly evolving digital asset ecosystem and the role auditors can play in enhancing trust and transparency. The publication addresses current market and regulatory developments related to digital assets, outlines how auditors can use existing capabilities to provide audit and attestation services in this area, and highlights key considerations and questions for boards, regulators, and policymakers as digital asset activity continues to expand.

## Outlook for audit profession

On Feb. 4, 2026, Julie Bell Lindsay, CEO of the CAQ, [released](#) her “2026 Audit Profession Outlook,” reflecting on the current state and future direction of the public company audit profession in a post-disruption environment. It covers the profession’s role in sustaining trust and transparency amid rapid technological change, evolving regulatory oversight, and increased use of emerging technologies such as generative AI. It also highlights the importance of balanced, implementable regulation and continued focus on strengthening the audit talent pipeline, emphasizing collaboration across auditors, companies, investors, and regulators to support confidence in U.S. capital markets.

# From the GASB

For more state and local government highlights, please see the new Crowe quarterly [State and Local Government Executive Briefing](#).

## Final standards

The GASB issued no new standards during the first quarter of 2026.

## Proposals

### **Implementation guide on subsidies**

On Feb. 25, 2026, the GASB issued an [exposure draft](#) of a proposed implementation guide, “Financial Reporting Model Improvements – Subsidies.” The proposal contains questions and answers to clarify, explain, or elaborate on the requirements related to subsidies as defined in GASB Statement 103, “Financial Reporting Model Improvements.”

The GASB released Statement 103 in May 2024. The statement, in part, modifies the format of operating and nonoperating activity in the proprietary fund statement of revenues, expenses, and changes in net position to require separate reporting of noncapital subsidies (a type of nonoperating revenue and expense). Subsidies are defined in the statement as resources received from another party or fund for which the proprietary fund does not provide goods or services to the other party or fund and that directly or indirectly keep current fees and charges lower than they should be otherwise. Subsidies also include the opposite where resources are provided to another party or fund without goods or services being returned and are recoverable through the proprietary fund’s current or future pricing policies.

The exposure draft proposes eight new questions and answers to address application of this definition of subsidies specific to the following topics:

- Governmental supplemental payments received by a hospital that reports as a business-type activity (BTA) or an enterprise fund (1)
- Donations for scholarships and research grants received by a higher education institution that that reports as a BTA or an enterprise fund (2-4)
- Taxes imposed by a BTA (5)
- Passenger facility charges received by an airport that reports as a BTA or an enterprise fund (6)
- Reporting subsidies other than noncapital subsidies (7)
- Classifying subsidies if the provider of the resources limits the use to debt service for capital-related debt (8)



In addition, the exposure draft proposes an amendment to a question and answer from a previously issued Implementation Guide related to classifying subsidies if the resources are used for the acquisition of capital assets in circumstances in which the use of the resources is not limited by the provider to the acquisition of capital assets.

Comments are due April 27, 2026.

### **Infrastructure assets**

On April 8, 2026, the GASB issued an exposure draft, “Infrastructure Assets,” which would amend GASB Statement No. 34. The proposal is intended to improve financial reporting by enhancing the consistency, comparability, and usefulness of information related to infrastructure assets.

The exposure draft defines infrastructure assets as capital assets that are part of a network, are stationary in nature, and can be maintained or preserved for a significant number of years. It would require governments to separately account for components of infrastructure assets when those components have costs that are significant in relation to the total cost of the asset and have substantially different useful lives. Governments also would be required to periodically reassess estimated useful lives and salvage values.

The proposal includes enhanced disclosure requirements, such as presenting information by network of infrastructure assets, describing policies for monitoring maintenance and preservation (if applicable), and providing information about assets that have exceeded 80% of their estimated useful lives, including historical-cost weighted-average age.

In addition, for governments using the modified approach, the exposure draft clarifies and updates the requirements for applying that approach and expands required supplementary information to include a 10-year comparison of estimated versus actual maintenance and preservation amounts.

Comments are due June 26, 2026.

## Other activity

### **Financial reporting video series for elected officials**

The GASB has released a new [video series](#) designed to help elected officials better understand government financial reports, recognizing that lengthy printed financial statements are not always easily accessible to nontechnical users.

The series consists of 16 videos, each about 10 minutes in length, presented in a whiteboard-style format. The videos explain the key components of a government's annual financial report in clear, accessible language. While the primary audience is state and local elected officials, such as city council members, county commissioners, and state legislators, the videos also are intended to benefit taxpayers and other stakeholders seeking a better understanding of governmental financial reporting.

The GASB developed the series to promote financial literacy, transparency, and informed decision-making by explaining what each section of a financial report communicates about a government's financial position and results of operations.



# Accounting Standards Updates (ASU) effective dates

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**Checklist A – ASU effective dates for public business entities (PBEs) ..... A-1**

**Checklist B – ASU effective dates for nonpublic business entities (non-PBEs) ..... B-1**

# Checklist A

## ASU effective dates for public business entities (PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Induced Conversions of Convertible Debt Instruments (ASU 2024-04)</b></p> <p>Clarifies whether certain settlements of convertible debt instruments should be accounted for as an induced conversion if certain conditions are met and provides certain clarifications.</p>	March 31, 2026	Permitted
<p><b>Measurement of Credit Losses (ASU 2025-05)</b></p> <p>Simplifies CECL for short-term receivables by creating a practical expedient. Under the expedient, entities estimate expected credit losses assuming conditions at the balance sheet date continue over the asset's remaining life, while still adjusting historical loss data for known, current customer or company factors.</p>	March 31, 2026	Permitted, including in an interim period
<p><b>Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity (ASU 2025-03)</b></p> <p>Enhances the guidance in Topic 805, "Business Combinations," for determining the accounting acquirer. When an acquisition is primarily executed through an exchange of equity interests and the legal acquiree is a VIE that qualifies as a business, the amendments require entities to apply the factors outlined in ASC 805-10-55-12 through 55-15 to identify the accounting acquirer.</p>	March 31, 2027	Permitted, including in an interim period
<p><b>Clarifications to Share-Based Consideration Payable to a Customer (ASU 2025-04)</b></p> <p>Clarifies guidance in Topic 606 and Topic 718 related to share-based payments made as consideration payable to a customer. The update revises the Master Glossary definition of a "performance condition" to include conditions tied to a customer's purchases or those of other parties within the distribution chain. This revised definition applies only to share-based consideration payable to customers and cannot be analogized to awards granted to employees or nonemployees. Additionally, the ASU clarifies that grantors must evaluate the likelihood of vesting using Topic 718 alone and should not apply the variable consideration constraints from Topic 606.</p>	March 31, 2027	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Derivative Accounting and Customer Share-Based Noncash Consideration (ASU 2025-07)</b></p> <p>Refines Topic 815 by excluding from derivative accounting any non-exchange-traded contracts whose underlyings are based on operations or activities specific to one of the parties with certain scoping exceptions. Clarifies that share-based noncash consideration received from a customer in a revenue contract is accounted for under Topic 606 until the right to receive or retain that consideration is unconditional, at which point other topics apply.</p>	<p>March 31, 2027</p>	<p>Permitted, including in an interim period</p>
<p><b>Credit Losses – Purchased Loans (ASU 2025-08)</b></p> <p>Simplifies accounting for acquired loans under CECL by expanding use of the gross-up method to a new category of purchased seasoned loans (PSLs). PSLs are acquired loans purchased more than 90 days after origination (or acquired in a business combination) when the acquirer was not involved in origination. For PSLs, an ACL is recorded at acquisition with an equal increase to amortized cost, eliminating Day 1 credit loss expense. Excludes credit cards, Topic 606 trade receivables, and debt securities.</p>	<p>March 31, 2027</p>	<p>Permitted, including in an interim period</p>
<p><b>Hedge Accounting Improvements (ASU 2025-09)</b></p> <p>Provides targeted updates including a new “similar risk exposure” criterion for grouping forecasted transactions in cash flow hedges, an optional model for hedging forecasted interest payments on choose-your-rate debt, expanded eligibility to hedge price components and subcomponents of nonfinancial forecasted transactions using the clearly-and-closely-related principle, revised eligibility for certain compound derivatives containing written options, and corrected effectiveness assessment for dual hedges involving foreign-currency-denominated debt.</p>	<p>March 31, 2027</p>	<p>Permitted</p>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Codification Improvements (ASU 2025-12)</b></p> <p>Makes targeted technical corrections and clarifications across the codification to address unintended application, outdated references, and minor inconsistencies. The ASU affects 33 issues spanning multiple topics, including earnings per share, beneficial interests, receivables, transfers and servicing, and not-for-profit accounting, and generally is not expected to significantly change current practice.</p>	<p><b>March 31, 2027</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Disaggregation of Income Statement Expenses (ASU 2024-03)</b></p> <p>Requires disclosure of information about certain costs and expenses for public business entities relating to purchases of inventory, employee compensation, depreciation, intangible asset amortization; and depreciation, depletion, and amortization recognized as part of oil and gas-producing activities included in each relevant expense caption. The amendments also require certain other disclosures.</p> <p>Clarifying standard:  <b>ASU 2025-01</b> – Clarifies the effective date.</p>	<p><b>Dec. 31, 2027</b></p>	<p><b>Permitted</b></p>
<p><b>Modernizing Internal-Use Software Accounting (ASU 2025-06)</b></p> <p>Eliminates prescriptive project stages and requires capitalization of internal-use software costs only after 1) management authorizes and commits to funding the project and 2) it is probable the software will be completed and used as intended. Entities also must evaluate and, if present, resolve significant development uncertainty, limited to 1) novel or unproven functionality not yet resolved through coding and testing and 2) situations in which significant performance requirements have not been identified or continue to be substantially revised.</p>	<p><b>March 31, 2028</b></p>	<p><b>Permitted, including in an interim period</b></p>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p><b>Interim disclosures (ASU 2025-11)</b></p> <p>Provides narrow-scope improvements to Topic 270 by clarifying that GAAP interim reporting guidance applies to all entities issuing interim financial statements and by creating a comprehensive list of required interim disclosures. Reorganizes and refines interim disclosure requirements, adds a disclosure principle requiring entities to report events after year-end that materially affect interim results, and clarifies form-and-content expectations for both full and condensed interim financial statements.</p>	<p>March 31, 2028</p>	<p>Permitted, including in an interim period</p>
<p><b>Accounting for Government Grants (ASU 2025-10)</b></p> <p>Establishes the authoritative guidance for business entities on accounting for government grants, including definitions, recognition criteria based on a probable threshold, and models for both asset-related and income-related grants. Permits either a deferred income approach or a cost-accumulation approach for asset-related grants and requires expanded annual disclosures.</p>	<p>March 31, 2029</p>	<p>Permitted, including in an interim period</p>
<p><b>Disclosure Improvements (ASU 2023-06)</b></p> <p>Amends disclosure or presentation requirements and provides clarifications or technical corrections to a variety of topics within the codification pursuant to matters identified by the SEC in its August 2018 Release No. 33-10532, "Disclosure Update and Simplification."</p>	<p>For SEC filers and certain entities required to file or furnish financial statements with the SEC, when removal of the related disclosures from Regulation S-X or Regulation S-K are proposed and become effective</p>	<p>Prohibited</p>

# Checklist B

## ASU effective dates for nonpublic business entities (non-PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p><b>Improvements to Income Tax Disclosures (ASU 2023-09)</b></p> <p>Enhances transparency into an entity's income tax disclosures. Requires annual disclosure of qualitative information about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory and effective tax rate. Requires annual disclosure of income taxes paid by jurisdiction, income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign, and income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. Eliminates certain requirements relating to unrecognized tax benefits and certain deferred tax disclosure relating to subsidiaries and corporate joint ventures.</p>	Dec. 31, 2026	Permitted
<p><b>Scope Application of Profits Interest Awards (ASU 2024-01)</b></p> <p>Provides an illustrative example comprised of four fact patterns to demonstrate how an entity should apply the guidance in paragraph 718-10-15-3 when determining whether a profits interest award should be accounted for in accordance with Topic 718. The four fact patterns illustrate how the guidance in paragraph 718-10-15-3 applies to common award features.</p>	Dec. 31, 2026	Permitted, including in an interim period. If adopted in an interim period, an entity must adopt as of the beginning of the fiscal year that includes that interim period.
<p><b>Amendments to Remove References to the Concepts Statements (ASU 2024-02)</b></p> <p>Removes references to concept statements, a nonauthoritative source of literature, in the guidance. The amendments simplify the codification and distinguish between authoritative and nonauthoritative literature by addressing 16 topical issues.</p>	Dec. 31, 2026	Permitted, including in an interim period. If adopted in an interim period, an entity must adopt as of the beginning of the fiscal year that includes that interim period.

<b>Accounting Standards Update (ASU)</b>	<b>Effective dates for Dec. 31 year-end non-PBEs</b>	<b>Early adoption</b>
<p><b>Induced Conversions of Convertible Debt Instruments (ASU 2024-04)</b></p> <p>Clarifies whether certain settlements of convertible debt instruments should be accounted for as an induced conversion if certain conditions are met and provides certain clarifications.</p>	Dec. 31, 2026	Permitted
<p><b>Measurement of Credit Losses (ASU 2025-05)</b></p> <p>Simplifies CECL for short-term receivables (current accounts receivable and current contract assets) by creating a practical expedient and an optional accounting policy for non-PBEs. Under the expedient, entities estimate expected credit losses assuming conditions at the balance sheet date continue over the asset's remaining life, while still adjusting historical loss data for known, current customer or company factors. For non-PBEs that elect the optional accounting policy, subsequent cash collections through a selected date before issuance may be considered such that amounts collected by that date carry a zero allowance and any uncollected balances are evaluated using the expedient.</p>	Dec. 31, 2026	Permitted, including in an interim period
<p><b>Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity (ASU 2025-03)</b></p> <p>Enhances the guidance in Topic 805, "Business Combinations," for determining the accounting acquirer. When an acquisition is primarily executed through an exchange of equity interests and the legal acquiree is a variable interest entity (VIE) that qualifies as a business, the amendments require entities to apply the factors outlined in ASC 805-10-55-12 through 55-15 to identify the accounting acquirer.</p>	Dec. 31, 2027	Permitted, including in an interim period
<p><b>Clarifications to Share-Based Consideration Payable to a Customer (ASU 2025-04)</b></p> <p>Clarifies guidance in Topic 606 and Topic 718 related to share-based payments made as consideration payable to a customer. The update revises the Master Glossary definition of a performance condition to include conditions tied to a customer's purchases or those of other parties within the distribution chain. This revised definition applies only to share-based consideration payable to customers and cannot be analogized to awards granted to employees or nonemployees. Additionally, the ASU clarifies that grantors must evaluate the likelihood of vesting using Topic 718 alone and should not apply the variable consideration constraints from Topic 606.</p>	Dec. 31, 2027	Permitted, including in an interim period

<b>Accounting Standards Update (ASU)</b>	<b>Effective dates for Dec. 31 year-end non-PBEs</b>	<b>Early adoption</b>
<p><b>Derivative Accounting and Customer Share-Based Noncash Consideration (ASU 2025-07)</b></p> <p>Refines Topic 815 by excluding from derivative accounting any non-exchange-traded contracts whose underlyings are based on operations or activities specific to one of the parties with certain scoping exceptions. Clarifies that share-based noncash consideration received from a customer in a revenue contract is accounted for under Topic 606 until the right to receive or retain that consideration is unconditional, at which point other topics apply.</p>	<p><b>Dec. 31, 2027</b></p>	<p><b>Permitted</b></p>
<p><b>Credit Losses – Purchased Loans (ASU 2025-08)</b></p> <p>Simplifies accounting for acquired loans under CECL by expanding use of the gross-up method to a new category of purchased seasoned loans (PSLs) – acquired loans purchased more than 90 days after origination (or acquired in a business combination) when the acquirer was not involved in origination. For PSLs, an ACL is recorded at acquisition with an equal increase to amortized cost, eliminating Day 1 credit loss expense. Excludes credit cards, Topic 606 trade receivables, and debt securities.</p>	<p><b>Dec. 31, 2027</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Codification Improvements (ASU 2025-12)</b></p> <p>Makes targeted technical corrections and clarifications across the codification to address unintended application, outdated references, and minor inconsistencies. The ASU affects 33 issues spanning multiple topics, including earnings per share, beneficial interests, receivables, transfers and servicing, and not-for-profit accounting, and generally is not expected to significantly change current practice.</p>	<p><b>Dec. 31, 2027</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Modernizing Internal-Use Software Accounting (ASU 2025-06)</b></p> <p>Eliminates prescriptive project stages and requires capitalization of internal-use software costs only after 1) management authorizes and commits to funding the project and 2) it is probable the software will be completed and used as intended. Entities also must evaluate and, if present, resolve significant development uncertainty, limited to 1) novel or unproven functionality not yet resolved through coding and testing and 2) situations in which significant performance requirements have not been identified or continue to be substantially revised.</p>	<p><b>Dec. 31, 2028</b></p>	<p><b>Permitted, including in an interim period</b></p>

<b>Accounting Standards Update (ASU)</b>	<b>Effective dates for Dec. 31 year-end non-PBEs</b>	<b>Early adoption</b>
<p><b>Hedge Accounting Improvements (ASU 2025-09)</b></p> <p>Provides targeted updates including a new “similar risk exposure” criterion for grouping forecasted transactions in cash flow hedges, an optional model for hedging forecasted interest payments on choose-your-rate debt, expanded eligibility to hedge price components and subcomponents of nonfinancial forecasted transactions using the clearly-and-closely-related principle, revised eligibility for certain compound derivatives containing written options, and corrected effectiveness assessment for dual hedges involving foreign-currency-denominated debt.</p>	<p><b>Dec. 31, 2028</b></p>	<p><b>Permitted</b></p>
<p><b>Interim Disclosures (ASU 2025-11)</b></p> <p>Provides narrow-scope improvements to Topic 270 by clarifying that GAAP interim reporting guidance applies to all entities issuing interim financial statements and by creating a comprehensive list of required interim disclosures. Reorganizes and refines interim disclosure requirements, adds a disclosure principle requiring entities to report events after year-end that materially affect interim results, and clarifies form-and-content expectations for both full and condensed interim financial statements.</p>	<p><b>March 31, 2029</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Accounting for Government Grants (ASU 2025-10)</b></p> <p>Establishes the authoritative guidance for business entities on accounting for government grants, including definitions, recognition criteria based on a probable threshold, and models for both asset-related and income-related grants. Permits either a deferred income approach or a cost-accumulation approach for asset-related grants and requires expanded annual disclosures.</p>	<p><b>Dec. 31, 2030</b></p>	<p><b>Permitted, including in an interim period</b></p>
<p><b>Disclosure Improvements (ASU 2023-06)</b></p> <p>Amends disclosure or presentation requirements and provides clarifications or technical corrections to a variety of topics within the codification pursuant to matters identified by the SEC in its August 2018 Release No. 33-10532, “Disclosure Update and Simplification.”</p>	<p><b>Two years after removal of the related disclosure from Regulation S-X or Regulation S-K are proposed and become effective</b></p>	<p><b>Prohibited</b></p>



# Governmental Accounting Standards Board (GASB) statement effective dates

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Checklist C – Effective dates for all GASB statements..... C-1

# Checklist C

## Effective dates for all GASB statements

GASB statement	Effective dates – reporting periods beginning after	Early adoption
<p><b>Certain Risk Disclosures (GASB Statement 102)</b></p> <p>Provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If these criteria are met, the statement provides disclosure requirements that will enable users of financial statements to understand the nature of the concentrations or constraints identified and the government’s vulnerability to the risk of a substantial impact.</p>	June 15, 2024	Permitted
<p><b>Financial Reporting Model Improvements (GASB Statement 103)</b></p> <p>Improves key areas of the current financial reporting model, including enhancements of management’s discussion and analysis (MD&amp;A); presentation of the proprietary fund statement of revenues, expenses, and changes in net position; budgetary comparison information requirement changes; display of unusual or infrequent items; presentation of major component unit information; and other application issues.</p>	June 15, 2025	Permitted

<b>GASB statement</b>	<b>Effective dates – reporting periods beginning after</b>	<b>Early adoption</b>
<p><b>Disclosure of Certain Capital Assets (GASB Statement 104)</b></p> <p>Provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets.</p>	<p><b>June 15, 2025</b></p>	<p><b>Permitted</b></p>
<p><b>Subsequent Events (GASB Statement 105)</b></p> <p>Clarifies the definition and evaluation period for subsequent events – the period from the financial statement date to the date the statements are available to be issued – and requires disclosure of that evaluation date. The standard distinguishes recognized events from nonrecognized events and specifies four categories of nonrecognized events that might require disclosure.</p>	<p><b>June 15, 2026</b></p>	<p><b>Permitted</b></p>



## Learn more

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