



January 2025

Keeping You Informed

Q4 Accounting and Financial Reporting Developments

Smart decisions. Lasting value.™

Contents

Fourth quarter highlights	4		
From the FASB	6		
• Final standards	6		
◦ Induced conversions of convertible debt instruments	6		
◦ Disaggregation of income statement expenses	6		
• Proposals	7		
◦ Improvements related to environmental credits and obligations	7		
◦ Measurement of credit losses for accounts receivable and contract assets for certain entities	8		
◦ Clarification of effective date of ASU 2024-03	8		
◦ Accounting for government grants by business entities	9		
◦ Interim reporting improvements	9		
◦ Determining the accounting acquirer in the acquisition of a VIE	10		
◦ Improvement to the accounting for internal-use software	10		
• Other activity	11		
◦ Invitation to comment on accounting for intangibles	11		
◦ Invitation to comment on financial KPIs	11		
From the SEC	12		
• Leadership	12		
◦ Corp Fin director	12		
◦ Chair and commissioner	12		
◦ Enforcement director	12		
• Public statements and announcements ...	12		
◦ Statement on FICC registered fund margin framework	12		
◦ Speech on regulatory environment	13		
◦ Remarks on private credit	13		
• Rules and guidance	14		
◦ Covered clearing agencies	14		
◦ EDGAR account access and management	14		
◦ Small-business policy recommendations	15		
◦ Minimum pricing increment	15		
• Regulatory agenda	15		
• Enforcement	15		
From the PCAOB	16		
• Standard-setting and rulemaking	16		
◦ Firm and engagement metrics and firm reporting	16		
◦ Updated agendas	16		
• Audit committees	17		
◦ Culture and audit quality	17		
◦ Audit committee communications	17		
◦ Critical audit matters (CAMs)	17		
◦ Illegal acts	18		
◦ Audit committee and independent auditor dialogue	18		
• Inspections	19		
◦ 2025 inspection priorities	19		
• Advisory groups	19		
◦ Standards and Emerging Issues Advisory Group	19		
From the Annual Conference on SEC and PCAOB Developments	20		
• AICPA and CIMA annual conference	20		
◦ SEC developments	20		
◦ Auditing matters	21		
◦ Accounting and financial reporting perspectives	21		
◦ Next steps	21		
From the CAQ	22		
• ESG reporting primer	22		
• Audit committee transparency report	22		
• Audit Partner Pulse Survey	23		
• Auditor’s role in assessing and responding to fraud risk	23		
From the GASB	24		
• Final standard	24		
◦ Disclosure of certain capital assets	24		
• Proposals	25		
◦ Infrastructure assets	25		
◦ Implementation guidance update	26		
◦ Subsequent events	26		
Accounting Standards Updates (ASU) effective dates	27		
Checklist A	A-1		
• ASU effective dates for public business entities (PBEs)	A-1		
Checklist B	B-1		
• ASU effective dates for nonpublic business entities (non-PBEs)	B-1		
Governmental Accounting Standards Board (GASB) statement effective dates	37		
Checklist C	C-1		
• Effective dates for all GASB statements	C-1		
Learn more	40		



Message from Sydney Garmong

Partner, National Office

Dear readers,

I hope you enjoyed last quarter's holidays and your 2025 is off to a great start.

On the standard-setting front, the Financial Accounting Standards Board (FASB) had a very busy quarter, issuing two final standards (and one in 2025) and seven proposals. Over the past 60 days, the FASB has issued three [invitations to comment \(ITC\)](#), as follows:

- "Financial Key Performance Indicators for Business Entities," issued Nov. 14, comments due April 30, 2025
- "Recognition of Intangibles," issued Dec. 19, comments due May 30, 2025
- "Agenda Consultation," issued Jan. 3, 2025, comments due June 30, 2025

The first one on financial key performance indicators (KPIs) is an important ITC given the topic has been debated for many years, in various forums, mostly from the perspective of whether KPIs should be standardized. The FASB took an important step of posing the question of whether to add a project to its agenda. The second ITC on intangibles has been on the FASB's agenda, in some form, for many years, and the topic has garnered disparate views, so the FASB is seeking feedback on if and how to proceed. The latest ITC, which is the "what should we work on next" ITC, is a routine process but the broadest as it will inform the board on where to focus.

The FASB is always looking for feedback on its agenda – and the process is simple. You do not even need to write a comment letter. For all ["Documents Open for Comment,"](#) the FASB provides an electronic feedback form to encourage feedback from all stakeholders.

December brought the issuance of the SEC's semiannual [regulatory flexibility agenda](#) for fall 2024 – commonly referred to as Reg Flex – which provides transparency into the agency's near-term and long-term expected actions. The estimated timing for proposals that are top of mind for us are:

- Incentive-based compensation arrangements – April 2025
- Human capital management – October 2025
- Corporate board diversity – October 2025
- Revisions to definition of securities held of record – October 2025

With the change in leadership, the new SEC chair's agenda priorities likely will change rulemaking agenda and timing.

The Public Company Accounting Oversight Board (PCAOB) was expected to finalize in 2024 a change to a standard regarding an auditor's consideration of possible noncompliance with laws and regulations (NOCLAR) including Accounting Standard 2405, "Illegal Acts by Clients." On Nov. 18, the PCAOB updated its standard-setting agenda to change the next board action from "adoption" to "TBD pending analysis of comment letters on June 6, 2023 proposal and March 6, 2024 Roundtable, and responses to targeted inquiries of firms about their approach relating to noncompliance with laws and regulations or illegal acts." The anticipated timing was changed from 2024 to 2025. Several sources reported that the PCAOB plans to wait to consult with the SEC leadership under the new administration. We encourage our readers to stay tuned.

On Dec. 9-11, 2024, the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA) held the annual Conference on Current SEC and PCAOB Developments in Washington, D.C., which some refer to as the annual nerd-fest. As good nerds do, we took notes to capture key themes. We are working diligently on a robust document covering takeaways from the conference.

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

Fourth quarter highlights

During the fourth quarter of the 2024 calendar year, the Financial Accounting Standards Board (FASB) issued two final standards addressing induced conversions of convertible debt instruments and disaggregation of income statement expenses. The FASB also issued seven new proposals:

- Accounting for environmental credit programs
- Measurement of credit losses for accounts receivable and contract assets for certain entities
- Clarifying the effective date of the disaggregation of income statement expenses standard
- Accounting for government grants by business entities
- Interim reporting improvements
- Determining the accounting acquirer in the acquisition of a variable interest entity (VIE)
- Accounting for internal-use software improvements

In the fourth quarter, the FASB also issued an invitation to comment on financial key performance indicators and one on accounting for intangibles.

The Securities and Exchange Commission (SEC) announced changes in leadership; remarked on Fixed Income Clearing Corporation (FICC) registered fund margin framework, regulatory environment, and private equity; adopted final amendments and rules related to covered clearing agencies, EDGAR account access and management, and minimum pricing increments; published small business policy recommendations and its updated regulatory agenda; and released an overview of enforcement results. The SEC also participated in the annual American Institute of CPAs (AICPA) and Chartered Institute of Management Accountants (CIMA) Conference on Current SEC and Public Company Accounting Oversight Board (PCAOB) Developments.

The PCAOB posted its updated standard-setting and rulemaking agenda, adopted new requirements for firm and engagement metrics reporting, and adopted amendments on firm reporting. It published reports on audit committee communications, communications about illegal acts, and audit committee and auditor dialogue. The PCAOB released its 2025 inspection priorities, and the Standards and Emerging Issues Advisory Group held a meeting. The PCAOB also participated in the AICPA-CIMA conference.

The Center for Audit Quality (CAQ) published an ESG reporting primer, its audit committee transparency barometer report, results of the audit partner pulse survey, and a report that addresses the auditor's role in assessing and responding to fraud risk.

In addition to these highlights from the quarter, we have included recent developments from 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

Induced conversions of convertible debt instruments

On Nov. 26, 2024, the FASB issued Accounting Standards Update (ASU) 2024-04, [“Debt – Debt With Conversion and Other Options \(Subtopic 470-20\): Induced Conversions of Convertible Debt Instruments,”](#) to clarify whether certain settlements of convertible debt instruments should be accounted for as an induced conversion if certain conditions are met. To account for such a settlement as an induced conversion, the final amendments require an entity to assess the qualifying criteria as of the date the inducement offer is accepted by the holder. If the convertible debt instrument had been exchanged or modified without being substantially different within one year leading up to the offer acceptance date, an entity would compare the terms provided in the offer with the terms that existed one year before the acceptance date. The final amendments do not modify the other existing criteria that must be satisfied to account for a settlement transaction as an induced conversion, and provide other clarifications.

Effective date

The amendments are effective for all entities for annual reporting periods beginning after Dec. 15, 2025, and interim reporting periods within those annual reporting periods. Entities are permitted to adopt the guidance on either a prospective or retrospective basis. If an entity adopts on a retrospective basis, a cumulative-effect adjustment to equity should be made as of the later of the beginning of the earliest period presented or the date the entity adopted the amendments in ASU 2020-06. Early adoption is permitted for all entities that have adopted the amendments under ASU 2020-06.

Disaggregation of income statement expenses

On Nov. 4, 2024, the FASB issued ASU 2024-03, [“Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures \(Subtopic 220-40\): Disaggregation of Income Statement Expenses,”](#) to enhance disclosure of information about certain costs and expenses for public business entities (PBEs). The final amendments require a PBE to disclose in the notes to the financial statements at each interim and annual reporting period:

- Amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities included in each relevant expense caption

- Certain amounts that are already required to be disclosed under GAAP in the same disclosure as the other disaggregation requirements
- A qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated
- The amount of selling expenses, and annually a public business entity's definition of selling expenses

Effective date

The amendments are effective for annual reporting periods beginning after Dec. 15, 2026, and interim reporting periods beginning after Dec. 15, 2027. Entities are permitted to adopt the guidance either prospectively to financial statements issued for reporting periods after the effective date of the final amendments, or retrospective to any or all prior periods presented in the financial statements. Early adoption is permitted. Refer to "Proposals" section below for more information on a clarifying proposal relating to the effective date of this ASU.

Proposals

Improvements related to environmental credits and obligations

On Dec. 17, 2024, the FASB issued a proposed ASU, "Environmental Credits and Environmental Credit Obligations (Topic 818)," to improve the financial accounting and disclosure of environmental credits and credit obligations. The proposed ASU would require the recognition of an environmental credit as an asset when it is probable that the credit will be transferred to another party in an exchange transaction or used to settle an environmental credit obligation. For all other environmental credits, any costs to obtain would be expensed when incurred. The proposed ASU would require the recognition of an environmental credit obligation as a liability when events have occurred on or before the reporting date which result in an environmental credit obligation. The proposed ASU also contains detailed guidance on measurement, disclosure, and presentation matters as it relates to environmental credits and environmental credit obligations.

The proposed ASU does not yet include an effective date and would be applied retrospectively through a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the annual reporting period of adoption. Early adoption would be permitted.

Comments are due April 15, 2025.

Measurement of credit losses for accounts receivable and contract assets for certain entities

On Dec. 3, 2024, the FASB issued a proposed ASU, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets for Private Companies and Certain Not-for-Profit Entities," to provide private companies and certain not-for-profit entities with the following practical expedient and accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606:

- Practical expedient: In developing reasonable and supportable forecasts, an entity may assume that current conditions as of the balance sheet date will continue throughout the forecast period.
- Accounting policy election: If an entity elects the practical expedient, an entity would be eligible for an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses.

The proposed ASU does not yet include an effective date and would be applied prospectively. Early adoption would be permitted.

Comments are due Jan. 17, 2025.

Clarification of effective date of ASU 2024-03

On Nov. 25, 2024, the FASB issued a proposed ASU, "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date," to clarify that all public business entities are required to adopt the guidance provided in ASU 2024-03 in annual reporting periods beginning after Dec. 15, 2026, and interim periods within annual reporting periods beginning after Dec. 15, 2027. Comments were due Dec. 10, 2024.

The final ASU (2025-01) was issued on Jan. 6, 2025, and specifically included the language "and interim reporting period within annual reporting periods beginning after December 15, 2027," to clarify the date for PBEs that do not have an annual reporting period that ends on Dec. 31.

Accounting for government grants by business entities

On Nov. 19, 2024, the FASB issued a proposed ASU, [“Government Grants \(Topic 832\): Accounting for Government Grants by Business Entities,”](#) to establish guidance for business entities receiving a government grant including a grant related to an asset and a grant related to income. Under the proposed ASU, a government grant would be recognized when it is probable that 1) a business entity will comply with the grant conditions, and 2) the grant will be received. The proposed ASU would require that a grant related to an asset be recognized using either the deferred income approach or cost accumulation approach. The proposed ASU would require that a grant related to income be presented under a general heading (for example, other income) or deducted from the related expense. The proposed ASU would also require certain disclosures.

The proposed ASU does not yet include an effective date and would be applied prospectively or retrospectively. The board will consider whether early adoption should be permitted after considering stakeholder feedback.

Comments are due March 31, 2025.

Interim reporting improvements

On Nov. 13, 2024, the FASB issued a proposed ASU, [“Interim Reporting \(Topic 270\): Narrow-Scope Improvements,”](#) to clarify interim disclosure requirements and the applicability of Topic 270. The proposed ASU would:

- Provide a comprehensive list of interim disclosures required by GAAP
- Establish a disclosure principle requiring disclosure of events and changes since the end of the last annual reporting period that have a material impact on the entity for disclosures not specified in Topic 270
- Clarify applicability of Topic 270, types of interim reporting, and form and content of interim financial statements in accordance with GAAP

The proposed ASU does not yet include an effective date and would be applied prospectively. The board will consider whether early adoption should be permitted after considering stakeholder feedback.

Comments are due March 31, 2025.

Determining the accounting acquirer in the acquisition of a VIE

On Oct. 30, 2024, the FASB issued a proposed ASU, “Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity,” to revise current guidance for determining the accounting acquirer for a transaction effected primarily by exchanging equity interests in which the legal acquiree is a VIE that meets the definition of a business. Under the proposed ASU, an entity involved in an acquisition meeting these criteria will be required to assess the factors described under ASC 805-10-55-12 through 55-15 to determine the accounting acquirer.

For a transaction that is determined to be a reverse acquisition, the required accounting remains unchanged. Additionally, the required accounting also remains unchanged for a transaction in which the legal acquirer is not a business and is determined to be the accounting acquiree.

The proposed ASU does not yet include an effective date and would be applied prospectively. Early adoption would be permitted.

Comments were due Dec. 16, 2024.

Improvement to the accounting for internal-use software

On Oct. 29, 2024, the FASB issued a proposed ASU, “Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,” to improve the accounting guidance for internal-use software in Subtopic 350-40. The proposed ASU would:

- Remove all references to the prescriptive and sequential software stages throughout Subtopic 350-40
- Require capitalization of software costs when 1) management has authorized and committed to funding the software project, and 2) it is probable that the project will be completed and the software will be used to perform the intended function

The proposed ASU would also require certain cash flow presentation matters and supersede the website development cost guidance and incorporate the recognition requirements for website-specific development costs from ASC 350-50 into Subtopic 350-40.

The proposed ASU does not yet include an effective date and would be applied prospectively or retrospectively. The board will consider whether early adoption should be permitted after considering stakeholder feedback.

Comments are due Jan. 27, 2025.

Other activity

Invitation to comment on accounting for intangibles

On Dec. 19, 2024, the FASB issued an invitation to comment (ITC), "[Recognition of Intangibles](#)," to solicit feedback on whether it should pursue a project on standard-setting on intangibles. The FASB is looking to gain insight into:

- Whether there is a need to improve GAAP related to the accounting for and disclosure of intangibles
- Which intangibles, or groups of intangibles, should be considered
- What potential solutions should be considered and the expected benefits and expected costs of the potential solutions
- Whether different accounting approaches should exist depending on how the intangible asset is obtained
- What information about intangibles an investor uses for its analysis and how that information influences capital allocation decisions.

The ITC contains 15 questions for stakeholders to provide feedback on accounting guidance for intangibles.

Comments are due May 30, 2025.

Invitation to comment on financial KPIs

On Nov. 14, 2024, the FASB issued an ITC, "[Financial Key Performance Indicators for Business Entities](#)," to solicit feedback on potential standard-setting for financial key performance indicators (KPIs), including:

- Whether financial KPIs should be standardized and, if so, which ones
- Whether financial KPIs should be required or permitted to be disclosed in GAAP financial statements and, if so, when and for what type of entities

The ITC contains 25 questions for various stakeholders to provide their views on financial KPIs.

Comments are due April 30, 2025.

From the SEC

Leadership

Corp Fin director

On Dec. 13, 2024, the SEC [announced](#) the departure of Erik Gerding, director of the Division of Corporation Finance (Corp Fin), effective Dec. 31, 2024. Cicely LaMothe will serve as acting director upon his departure. LaMothe will be stepping into this role from Corp Fin deputy directory, disclosure operations.

Chair and commissioner

In November, SEC Chair Gary [Gensler](#) and Commissioner Jaime [Lizárraga](#) announced their planned departures, with Gensler's resignation effective Jan. 20, 2025, and Lizárraga's on Jan. 17, 2025. President-elect Donald Trump reportedly intends to nominate former SEC Commissioner Paul Atkins to replace Gensler, subject to Senate confirmation.

Enforcement director

On Oct. 2, 2024, the SEC [announced](#) the departure of Director of the Division of Enforcement Gurbir Grewal, after three years in the post, effective Oct. 11, 2024. Deputy Director Sanjay Wadhwa was named acting director. Wadhwa has served as deputy director since August 2021, and previously served in the New York regional office and in the Market Abuse Unit. Sam Waldon, who has been chief counsel since March 2022, became acting deputy director.

Public statements and announcements

Statement on FICC registered fund margin framework

On Nov. 22, 2024, the Division of Investment Management (IM) released a [statement](#) on recently approved amendments to the Fixed Income Clearing Corporation (FICC) rules on separate calculation, collection, and holding of margin requirements for proprietary transactions of direct participants and indirect participant transactions. The IM staff states its position that the amended rules “would allow a registered fund’s margin to be posted at FICC consistent with the FICC registered fund margin framework” and notes that its “view applies equally to tri-party and bilateral repurchase agreement transactions.”

Speech on regulatory environment

On Nov. 1, 2024, Commissioner Hester Peirce spoke at the Wharton School of Business FinTech lecture series on the role of government in creating a regulatory environment that supports innovation and investment, and she warned against the risks of excessive regulation stifling the advancement of the financial markets. Peirce criticized the SEC's recent enforcement surrounding the crypto markets, asserting that it failed to provide a viable path to register with the SEC and then disciplined entities for failing to register. Peirce promoted the creation of a "micro-innovation sandbox" to allow entities to develop pioneering projects – citing the need for innovation in tokenization and other crypto-related projects, as well as other arenas such as mutual funds and exchange-traded funds – while maintaining designated guardrails to protect the financial markets.

Remarks on private credit

On Oct. 15, 2024, Peirce spoke on private credit before the Securities Industry and Financial Markets Association (SIFMA) Private Credit Forum. Peirce acknowledged that private credit "deserves scrutiny from market participants, academics, and regulators" and should be carefully and continuously monitored as a growing sector of the market. At the same time, she asserted that many regulatory concerns are appropriately mitigated through existing lender incentives that drive strong due diligence, credit protection, and portfolio diversification, and the long-term nature of private credit lending. Peirce described the existence of the private credit market outside of the prudentially regulated banking system as a "strength" and cautioned against overregulation, noting that "invoking systemic risk to regulate private credit" in the same fashion as banks would impede both the flexibility of the sector and small-business access to capital, and "could make future financial contagion more, not less, likely" by homogenizing the market.

Rules and guidance

Covered clearing agencies

On Oct. 25, 2024, the SEC [adopted final amendments and a new rule](#) for covered clearing agencies (CCAs), putting into place new requirements related to risk-based margin system policies and procedures for certain CCAs, as well as requirements for a CCA's recovery and orderly wind-down plan.

The final amendments require a CCA that provides central counterparty services to have in place "policies and procedures to establish a risk-based margin system that monitors intraday exposures on an ongoing basis." Under the amendments, a covered CCA's margin methodology must enable it to make intraday margin calls "as frequently as circumstances warrant," such as when designated risk thresholds are surpassed, or when markets served "display elevated volatility." A covered CCA must also document when it chooses not to make an intraday margin call in accordance with its written policies and procedures.

The final rule enacts new requirements for the contents of a CCA's recovery and orderly wind-down plan (RWP). New elements required under the final rule include the "identification and use of scenarios, triggers, tools, staffing, and service providers." The final rule also includes requirements for timing, implementation, testing, and board approval of the RWP.

Covered CCAs must file any proposed rule changes regarding revisions to their margin methodologies under Rule 19b-4, or advance notices, by April 17, 2025. The proposed rule changes and advance notices must be effective by Dec. 15, 2025.

EDGAR account access and management

On Sept. 27, 2024, the SEC [adopted](#) final rule and form amendments modernizing access and account management of the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. The amendments, collectively referred to as EDGAR Next, will prepare filers for updates to EDGAR.

The final amendments require all filers to designate at least two individuals as authorized EDGAR account administrators (or one, if the filer is an individual or single-member company). Designated account administrators will need to present individual account credentials from Login.gov and complete multifactor authentication to manage the account and maintain filer information on EDGAR. These individuals may access the beta platform through Dec. 19, 2025, for testing and feedback, including developing optional Application Programming Interface (API) connections.

The new platform will go live and take enrollments starting March 24, 2025. Enrollment closes on Dec. 19, 2025, but filers must comply with the changes by Sept. 15, 2025, in order to continue to file on EDGAR. Additional information on EDGAR Next, including a detailed transition timeline, can be found [here](#).

Small-business policy recommendations

On Sept. 19, 2024, the SEC [published](#) a report based on its 43rd Annual Small Business Forum, held in April. The report includes highlights from panel discussions on early-stage founder and funder experiences; investing in early-stage companies; and going and staying public as a small-cap company. It also summarizes policy recommendations developed by participants, as well as the SEC's response to each recommendation.

Minimum pricing increment

On Sept. 18, 2024, the SEC [adopted](#) final amendments to Regulation National Market System (NMS) to “amend the minimum pricing increments for the quoting of certain NMS stocks, reduce the access fee caps, and enhance the transparency of better priced orders.”

The amendments lower the minimum pricing increment to \$0.005 for certain NMS stocks that meet a time-weighted average quoted spread threshold over a specified evaluation period. They also lower access fee caps, setting an access fee cap of \$0.001 per share for NMS stocks priced at \$1.00 or more, and a cap of 0.1% of quotation price per share for those priced under \$1.00. Finally, the amendments expedite the timeline by which entities must implement the round lot and odd-lot definitions and mandatory off-lot information changes introduced by the SEC's [2020 market data infrastructure rules](#).

The final amendments were effective Dec. 9, 2024. Entities must comply with the amended minimum pricing increment, access fee caps, and round lot definitions by the first business day of November 2025, and the odd-lot information requirements by the first business day of May 2026.

Regulatory agenda

In December 2024, the SEC published its Fall 2024 [agenda](#). The agenda presents 13 rules as proposed rule stage and 17 as final rule stage.

Enforcement

On Nov. 22, 2024, the SEC released an [overview](#) of enforcement actions and results in fiscal year 2024. The agency filed 583 enforcement actions and obtained orders for \$8.2 billion in financial remedies. The report includes notable cases and enforcement themes as well as statistics for the fiscal year.

From the PCAOB

Standard-setting and rulemaking

Firm and engagement metrics and firm reporting

On Nov. 21, 2024, the PCAOB adopted new requirements regarding public reporting of standardized firm and engagement metrics, and a set of amendments related to audit firm reporting. Under the new requirements, public accounting firms registered with the PCAOB that audit one or more issuers that qualify as an accelerated filer or large accelerated filer will be required to publicly report specified metrics relating to such audits and their audit practices on an annual basis. Regarding firm reporting, the amendments improve the PCAOB's annual and special reporting requirements by providing more complete, standardized, and timely information by registered firms. The enhanced reporting covers financial information, governance information, network relationships, special reporting, cybersecurity, and quality control policies and procedures.

The amendments and new requirements incorporate changes resulting from feedback received on the April 2024 proposals. The requirements will be phased in and are subject to approval by the SEC.

Updated agendas

The PCAOB on Nov. 4, 2024, posted its updated agendas for its standard-setting and rulemaking projects. Chair Erica Williams said “the PCAOB continues to achieve significant results and advance our investor-protection mission in 2024 by modernizing our standards and rules that have fallen out of date after decades without substantial revision.” During 2024, the PCAOB adopted four new standards or rules addressing quality control systems, general responsibilities of the auditor in conducting an audit, amendments related to aspects of designing and performing audit procedures that involve technology-assisted analysis of information in electronic form, and contributor liability.

The seven short-term projects (and next action) include noncompliance with laws and regulations (“TBD pending analysis of comment letters on June 6, 2023, proposal and March 6, 2024, Roundtable, and responses to targeted inquiries of firms about their approach relating to noncompliance with laws and regulations or illegal acts”), update to attestation standards (proposal), going concern (proposal), firm and engagement metrics (final), substantive analytical procedures (final), inventory (proposal), and auditor reporting in specified circumstances (proposal). Seven midterm standard-setting projects address fraud, interim ethics and independence standards, use of service organizations, interim financial information reviews, internal audit, subsequent events and other matters arising after the date of the auditor's report, and interim standards.

Audit committees

Culture and audit quality

On Dec. 5, 2024, the PCAOB published “[Spotlight on Culture and Audit Quality](#),” which explores the link between audit deficiencies and audit firms’ culture and audit quality. The PCAOB performed interviews, analyzed inspection results, and reviewed firms’ quality control systems. The report focuses on aspects of quality control that might affect audit firm culture including governance and leadership, resources, engagement performance, and information and communication. The PCAOB identified the following key insights related to firm culture:

- Audit firm culture can positively or negatively affect audit quality.
- Centralization and standardization may be correlated with audit quality.
- The remote/hybrid work environment affects audit firm culture.
- Audit firms need to promote a culture of accountability to support audit quality.
- Certain firm personnel may lack foundational skills.
- Audit leadership sends mixed messages.

This report might assist audit committees in evaluating their audit firm.

Audit committee communications

The PCAOB released on Dec. 4, 2024, a staff publication, “[Audit Focus: Audit Committee Communications](#),” intended for auditors of smaller public companies, offering short and actionable items related to auditor communications with audit committees. It has reminders about certain communications, common deficiencies in required communications, and good practices observed in audit committee communications.

Critical audit matters (CAMs)

The PCAOB released on Nov. 13, 2024, a staff publication, “[Audit Focus: Critical Audit Matters](#),” that provides key reminders from the PCAOB standards on determination, communication, and documentation of CAMs; perspectives on some common deficiencies related to CAMs; and examples of good practices that have been implemented.

Illegal acts

The PCAOB on Nov. 12, 2024, published [“Spotlight: Auditor Responsibilities for Detecting, Evaluating, and Making Communications About Illegal Acts.”](#) It emphasizes the importance of auditors’ procedures in identifying possible illegal acts, due to the significant impact such acts can have on financial statements. It outlines the responsibilities of auditors under federal securities laws and PCAOB standards, which include detection and risk assessment. When auditors become aware of a possible illegal act, PCAOB standards require them to understand the nature and circumstances of the act and evaluate its effect on the financial statements and relevant disclosures. This involves inquiries and management response. Auditors are required to timely communicate possible or actual illegal acts to management, the audit committee, and other parties, including the SEC in certain circumstances. Auditors would also need to consider the impact on the auditor’s report. Audit committees and management may find this document useful in understanding the scope of auditor responsibilities regarding illegal acts.

Audit committee and independent auditor dialogue

On Oct. 25, 2024, the PCAOB Office of the Investor Advocate released an investor bulletin, [“Audit Committee and Independent Auditor Dialogue.”](#) It lists publications that provide investors resources for engaging with audit committees regarding their discussions with their independent auditors and reminds audit committees of the available resources to address interactions with their auditors. To fulfill their oversight responsibilities, it is important that audit committees engage in effective dialogue with their auditors and ask relevant questions throughout the audit.

Among other resources, the bulletin highlights these [staff publications](#):

- [Spotlight: 2023 Conversations With Audit Committee Chairs](#)
- [Spotlight: Staff Priorities for 2024 Inspections and Interactions With Audit Committees](#)
- [Spotlight: Audit Committee Resource](#)
- [Spotlight: Staff Update on 2023 Inspection Activities](#)

Each of these publications provides reminders and suggestions to consider as reference points for outreach and discussion with independent auditors.

Inspections

2025 inspection priorities

On Dec. 9, 2024, the PCAOB issued staff report “[Spotlight: Staff Priorities for 2025 Inspections and Interactions With Audit Committees.](#)” It shares key risks and considerations for auditors and questions for audit committees to consider in their oversight role. Questions for audit committees address internal control over financial reporting, materiality, auditor use of technology, audit evidence, and turnover on the engagement team.

The PCAOB shared that the financial sector will be one of the industries prioritized. There will be continued emphasis on industries with specialized accounting, those that may be negatively impacted by uncertainties and volatility in the economic and geopolitical environment, those that are in sectors where inspectors have previously found a higher number of deficiencies, and those that may have a heightened going concern risk. Focus also will be on companies engaging in merger and acquisition activities or business combinations, broker-dealers that file compliance reports, and broker-dealers that provide customers with various investment opportunities.

Identified emphasis areas for 2025 include, but are not limited to:

- Prior execution challenges
- New auditing standards
- Critical audit matters
- New technology, including generative AI, at public companies and broker-dealers
- Crypto assets

Advisory groups

Standards and Emerging Issues Advisory Group

On Nov. 12, 2024, the PCAOB’s Standards and Emerging Issues Group met virtually. It opened with an update on standard-setting, offered a presentation on a company’s information technology risks and control environment, held breakout sessions on AI, and discussed subsequent events. A recording of the meeting is available on the [meeting event page](#).

From the Annual Conference on SEC and PCAOB Developments

AICPA and CIMA annual conference

The 2024 AICPA & CIMA Conference on Current SEC and PCAOB Developments held in Washington, D.C., Dec. 9-11 brought together leading stakeholders from regulatory bodies, standard-setters, and corporate governance groups to address the most pressing issues in financial reporting, auditing, and compliance. The conference emphasized transparency, accountability, and evolving expectations for companies as they prepare for 2025.

SEC developments

SEC Commissioner Mark Uyeda provided thoughts on changes to the SEC's priorities with the incoming presidential administration. Representatives of the SEC staff focused on standard-setting developments, recent fact patterns addressed in Office of the Chief Accountant consultations, and how the Division of Corporation Finance executes its disclosure review program. Segment reporting, non-GAAP disclosures, cybersecurity rules, and disclosure transparency were key topics of discussion. SEC Chief Accountant Paul Munter provided [remarks](#).

Auditing matters

In addition to remarks from PCAOB Chair Erica Williams, conference attendees heard from other PCAOB members on the PCAOB's recent accomplishments, including updates to quality control standards, fraud detection responsibilities, and the integration of technology in audits, urging companies to strengthen internal controls and adopt forward-looking risk assessments. Representatives from the Center for Audit Quality underscored the importance of engaging with regulatory proposals and fostering audit committee collaboration to address challenges in audit quality and reporting accuracy.

Accounting and financial reporting perspectives

FASB members provided updates on standard-setting efforts including segment expense disclosures, disaggregation of income statement items, and interim reporting clarifications. Preparers, including CFOs and audit committee members, shared their perspectives on the challenges of adopting these new standards and the operational impacts of new accounting standards and SEC rules (for example, related to cybersecurity).

Next steps

Across all sessions, the call to action was clear: Proactive engagement with stakeholders and early preparation for new standards and disclosures are essential to maintaining resilience and building trust in a continually evolving financial reporting landscape. Crowe will provide a comprehensive report in January.

From the CAQ

ESG reporting primer

In December 2024 the CAQ issued [“ESG Reporting: A Primer on Key Regulatory Reporting Requirements for U.S. Based Entities,”](#) to provide an overview of key regulatory ESG reporting requirements and standards, ongoing developments that should be monitored, and practical implementation considerations to help navigate the complex and rapidly changing ESG reporting environment. The report describes California climate laws, SEC climate rules, the European Union corporate sustainability reporting directive, and International Financial Reporting Standards (IFRS) sustainability disclosure standards.

Audit committee transparency report

On Nov. 18, 2024, the CAQ and Ideagen Audit Analytics issued the [“2024 Audit Committee Transparency Barometer,”](#) which tracks proxy disclosures of S&P Composite 1500 companies to evaluate transparency of audit committee oversight of the external auditor and other financial reporting topics. The data gathered for this 11th annual report shows progress in disclosures over the years and reveals the continued need for audit committees to improve their disclosures each year.

The findings reveal a continued trend of increasing disclosures in key areas such as cybersecurity and environmental, social, and governance (ESG). A new question was added this year related to disclosure of a skills matrix for boards of directors. The report disclosed that 85% of S&P 500 companies and 75% of S&P Midcap companies included such disclosure. Furthermore, the publication provides highlights of the results, a summary of disclosure rates, examples of effective disclosures, a sample leading practice audit committee matters and report, and questions to consider when preparing audit committee disclosures.

Audit Partner Pulse Survey

The CAQ on Oct. 30, 2024, released the [“2024 Audit Partner Pulse Survey,”](#) reporting results of its poll, conducted in September and October 2024, of audit partners at the country’s leading public company accounting firms about their perspectives on the current business environment. Topics include U.S. economic health, challenges and risks facing businesses, and how business leaders are adjusting their strategies.

The survey revealed that a potential recession, ongoing inflation, regulations, and geopolitical instability are among the top concerns of audit partners and the companies they audit. Half of audit partners are neutral on the economy despite a potential recession and concerns over inflation. Although businesses are concerned about the U.S. election, most public companies were not preparing for the possibility of business interruptions due to the election. Regarding labor strategies, the survey revealed that upskilling employees and reducing headcount capacity were the top two priorities. Partners reported that the use of AI has increased primarily in process automation (62%), customer service (52%), and predictive analysis (34%). The use of AI may be influencing the change in labor strategies as well.

Auditor’s role in assessing and responding to fraud risk

In October 2024 the CAQ published [“The Role of the Auditor: Assessing and Responding to Fraud Risk.”](#) It presents insights into practices, tools, and considerations that can help auditors enhance their professional skepticism and overall approach to assessing and responding to the risks of material misstatement resulting from fraud during the audit. It also provides clarity about the auditor’s role and responsibilities related to fraud and gives insights for those who are involved in evaluating and using financial reporting information. There are many stakeholders whose influence and responsibilities have a significant impact on fraud deterrence and detection, and the mitigation of fraud risk is greatest when all in the financial reporting environment fulfill their roles.

From the GASB

Final standard

Disclosure of certain capital assets

On Oct. 17, 2024, the GASB issued Statement No. 104, "Disclosure of Certain Capital Assets," to provide users of government financial statements with essential information about certain types of capital assets in a disaggregated format.

This statement requires information about the following be disclosed separately in the capital assets note disclosures required by Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments":

- Lease assets, by major class of underlying asset
- Intangible right-to-use assets recognized by an operator under public-public partnership arrangements
- Subscription assets
- Intangible assets other than the previously listed three, by major class of asset

Intangible assets that represent the right to use a type of underlying asset should not be disclosed in the same major class as any owned assets of that type.

This statement also establishes criteria for governments to use in determining whether a capital asset should be classified as held for sale. A capital asset is classified as held for sale if both the following criteria are met:

- The government has decided to pursue the sale of the asset.
- It is probable that the sale will be finalized within one year of the financial statement date.

Governments should consider the following relevant factors to evaluate the likelihood of the asset being sold within the established time frame:

- Whether the asset is available for immediate sale in its present condition
- Whether an active program to locate a buyer has been initiated, which may include the asset being put out for bid
- Market conditions for selling that type of asset
- Regulatory approvals needed to sell the asset

In addition, the statement requires governments to evaluate the classification of capital assets as held for sale each reporting period.

A capital asset held for sale should continue to be reported within the appropriate major class of capital asset. Additionally, a government should separately disclose the ending balances of the historical cost and accumulated depreciation (or amortization) of capital assets held for sale, by major class of asset.

Effective date

The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Proposals

Infrastructure assets

On Oct. 10, 2024, the GASB issued a preliminary views proposal, "Infrastructure Assets," intended to present the board's current thinking on how to provide financial statement users better information about the condition of infrastructure assets, and how the government is maintaining those assets, than what is currently available in financial statements.

Key proposals include defining infrastructure assets as long-lived capital assets that are part of a network, such as roads, bridges, and tunnels. The preliminary views propose maintaining the current recognition and measurement requirements, allowing governments to use historical cost net of accumulated depreciation or the modified approach. It also proposes that governments conduct periodic reviews of estimated useful lives and salvage values for infrastructure assets measured at historical cost.

For governments using the modified approach, the preliminary views emphasize the need for processes to perform and document assessments that the condition of the assets is being preserved at level established by the government. Additionally, the preliminary views propose removing some existing note disclosures related to infrastructure assets and adding new ones, such as disclosures of maintenance or preservation expenses and assets that have exceeded 80% of their estimated useful lives.

The document also proposes including a schedule of maintenance expenses over the past ten fiscal years in required supplementary information. These changes aim to provide better information about the condition and maintenance of infrastructure assets, addressing the needs of financial statement users.

Comments are due Jan. 17, 2025.

Implementation guidance update

On Nov. 25, 2024, the GASB issued an exposure draft, "[Implementation Guidance Update – 2025](#)," to clarify, explain, or elaborate on certain GASB pronouncements.

The exposure draft proposes 19 new questions and answers to address application of existing GASB standards covering various topics including the following:

- Statement of cash flows reporting
- Management's discussion and analysis
- Leases
- Proprietary fund financial statements
- Conduit debt obligations
- Accounting changes and error corrections
- Compensated absences

In addition, the exposure draft proposes amendments to two questions and answers from a previously issued Implementation Guide related to the relationship between holding title and asset ownership and the requirement to use special revenue funds to report restricted or committed revenue sources.

Comments are due Jan. 24, 2025.

Subsequent events

On Nov. 25, 2024, the GASB issued an exposure draft, "[Subsequent Events](#)," to enhance consistency in the application of guidance related to subsequent events.

The proposed statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. The proposed definition of the date the financial statements are available to be issued is described as the date both of the following criteria are met:

- The financial statements are complete in a form and format that complies with generally accepted accounting principles
- All approvals necessary for issuance have been obtained

In addition, the proposed statement would clarify the types of subsequent events, specify when note disclosures are required, and detail the information to be included in those disclosures.

Comments are due Feb. 21, 2025

Accounting Standards Updates (ASU) effective dates

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>Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)</p> <p>Clarifies the accounting for certain financial instruments with characteristics of liabilities and equity. The amendments reduce the number of accounting models for convertible debt instruments and convertible preferred stock. The cash conversion and beneficial conversion feature models were removed. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract. Improves disclosure requirements for convertible instruments and earnings-per-share guidance. Revises derivatives scope exception guidance to reduce form-over-substance-based accounting conclusions driven by remote contingent events.</p>	<p>For SEC filers, excluding smaller reporting companies, March 31, 2022</p> <p>For all other PBEs, including smaller reporting companies, March 31, 2024</p>	<p>Permitted as of the fiscal years beginning after Dec. 15, 2020</p> <p>An entity must adopt the guidance as of the beginning of the fiscal year and not in a subsequent interim.</p>
<p>Long-Duration Insurance Contracts (ASU 2018-12)</p> <p>Revises the accounting for life insurance and annuity contracts by eliminating the method of locking in liability assumptions and the premium deficiency test for traditional and limited-payment contracts, among other methodology changes. Requires additional disclosure.</p> <p>Clarifying standards:</p> <p>ASU 2019-09 – Deferral of effective dates.</p> <p>ASU 2020-11 – Deferral of effective dates.</p> <p>ASU 2022-05 – Revises transition guidance to allow for an insurance entity to make an accounting policy election on a transaction-by-transaction basis. An insurance entity may elect to exclude contracts from applying the amendments if certain conditions are met as of the effective date.</p>	<p>For SEC filers, excluding smaller reporting companies, March 31, 2023</p> <p>For all other PBEs, including smaller reporting companies, Dec. 31, 2025</p>	<p>Permitted</p>
<p>Disclosure of Supplier Finance Program Obligations (ASU 2022-04)</p> <p>Provides transparency regarding the entity's use of supplier finance programs. The amendments require various quantitative and qualitative disclosures including key terms of the program, the amount outstanding, a description of where those obligations are presented on the balance sheet, and a rollforward of those obligations during the annual period. For interim reporting, the buyer should disclose the outstanding confirmed amount as of the end of the interim period.</p>	<p>March 31, 2023, except for the amendment on rollforward information, which is March 31, 2024</p>	<p>Permitted</p>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p>Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (ASU 2022-03)</p> <p>Clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. Clarifies that an entity cannot recognize and measure a contractual sale restriction as a separate unit of account. The amendments include various disclosure requirements.</p>	<p>March 31, 2024</p>	<p>Permitted, including in an interim period</p>
<p>Common Control Lease Arrangements (ASU 2023-01)</p> <p>Revises the accounting for leasehold improvements. Leasehold improvements associated with a lease between entities under common control are to be amortized over the useful life of those improvements to the common control group as long as the lessee controls the use of the underlying asset through a lease. If the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the common control group, the amortization period is determined under existing guidance when a lease is not a lease between entities under common control. If and when the lessee no longer controls the underlying asset, leasehold improvements associated with common control leases must be accounted for as a transfer between entities under common control through an adjustment to equity.</p>	<p>March 31, 2024</p>	<p>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>
<p>Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (ASU 2023-02)</p> <p>Expands the option to account for tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. For tax equity investments not accounted for under the proportional amortization method, the amendments require entities to apply ASC Topic 323, "Equity Method or Joint Ventures," or ASC Topic 321, "Investments – Equity Securities." The amendments require specific disclosures that must be applied to all investments that generate income tax credits and income tax benefits from a tax credit program for which an entity has elected to apply the proportional amortization method, including investments within the tax credit program that do not otherwise qualify for the proportional amortization method.</p>	<p>March 31, 2024</p>	<p>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>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p>Segment Reporting (ASU 2023-07)</p> <p>Enhances disclosures about significant segment expenses for public entities reporting segment information under ASC Topic 280. Requires public entities to disclose significant expense categories for each reportable segment, other segment items, the title and position of the chief operating decision-maker, and interim disclosures of certain segment-related information previously required only on an annual basis. Clarifies that entities reporting single segments must disclose both the new and existing segment disclosures under Topic 280, and a public entity is permitted to disclose multiple measures of segment profit or loss if certain criteria are met.</p>	<p>Dec. 31, 2024</p>	<p>Permitted, including in an interim period</p>
<p>Joint Venture Formations (ASU 2023-05)</p> <p>Amends the accounting for contributions made to a joint venture upon formation in a joint venture’s separate financial statements. The amendments require that a joint venture apply a new basis of accounting upon formation. By applying a new basis of accounting, a joint venture, upon formation, will recognize and initially measure its assets and liabilities at fair value with exceptions to the fair value measurement that are consistent with the business combination guidance.</p>	<p>March 31, 2025</p>	<p>Permitted, including in an interim period</p>
<p>Crypto Assets (ASU 2023-08)</p> <p>Requires holdings of certain crypto assets to be measured at fair value at each reporting period with changes in fair value recorded through earnings. The amendments apply to assets meeting certain defined characteristics and require crypto assets to be presented separately from other intangible assets on the balance sheet with changes in fair value presented separately from other changes in intangible assets on the income statement. Requires extensive disclosure about crypto assets measured at fair value on an interim and annual basis, requires an annual rollforward of an entity’s crypto holdings, and specifies certain statement of cash flows presentation for crypto assets received as noncash consideration in the ordinary course of business and converted nearly immediately into cash.</p>	<p>March 31, 2025</p>	<p>Permitted, including in an interim period</p>
<p>Scope Application of Profits Interest Awards (ASU 2024-01)</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>	<p>March 31, 2025</p>	<p>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>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
<p>Amendments to Remove References to the Concepts Statements (ASU 2024-02)</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>	<p>March 31, 2025</p>	<p>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>
<p>Improvements to Income Tax Disclosures (ASU 2023-09)</p> <p>Enhances transparency into income tax disclosures. Requires annual disclosure of certain information relating to the rate reconciliation, 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>	<p>Dec. 31, 2025</p>	<p>Permitted</p>
<p>Induced Conversions of Convertible Debt Instruments (ASU 2024-04)</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>	<p>March 31, 2026</p>	<p>Permitted</p>
<p>Disaggregation of Income Statement Expenses (ASU 2024-03)</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>Dec. 31, 2027</p>	<p>Permitted</p>
<p>Disclosure Improvements (ASU 2023-06)</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 Securities and Exchange Commission 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 disclosure from Regulation S-X or Regulation S-K becomes 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>Disclosure of Supplier Finance Program Obligations (ASU 2022-04)</p> <p>Provides transparency regarding the entity’s use of supplier finance programs. The amendments require various quantitative and qualitative disclosures including key terms of the program, the amount outstanding, a description of where those obligations are presented on the balance sheet, and a rollforward of those obligations during the annual period.</p>	Dec. 31, 2023, except for the amendment on rollforward information, which is Dec. 31, 2024	Permitted
<p>Convertible Instruments and Contracts in an Entity’s Own Equity (ASU 2020-06)</p> <p>Clarifies the accounting for certain financial instruments with characteristics of liabilities and equity. The amendments reduce number of accounting models for convertible debt instruments and convertible preferred stock. The cash conversion and beneficial conversion feature models were removed. Limiting the accounting models will result in fewer embedded conversion features being separately recognized from the host contract. Improves disclosure requirements for convertible instruments and earnings-per-share guidance. Revises derivatives scope exception guidance to reduce form-over-substance-based accounting conclusions driven by remote contingent events.</p>	Dec. 31, 2024	Permitted as of the fiscal years beginning after Dec. 15, 2020, including interim periods within
<p>Customer Contracts Acquired in a Business Combination (ASU 2021-08)</p> <p>Requires an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606 on revenue from contracts with customers. The amendments apply to contract assets or contract liabilities in contracts with customers and other contracts to which the provisions of Topic 606 apply. The amendments also provide certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination.</p>	Dec. 31, 2024	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p>Portfolio Layer Method of Hedge Accounting (ASU 2022-01)</p> <p>Expands the scope of assets eligible for portfolio layer method hedging to include all financial assets. The amendments remove the requirement that all assets in the closed portfolio have a contractual maturity date on or after the earliest-ending hedge period. The amendments require an entity to maintain fair value hedge basis adjustments at the closed portfolio level for a currently designated hedge and prohibit an entity from considering portfolio layer method fair value hedge basis adjustments on a currently designated hedge in its determination of credit losses. When a breach occurs (that is, the aggregate amount of the hedged layers currently exceeds the amount of the closed portfolio), an entity is required to present the fair value hedge basis adjustments with a breach in interest income and disclose the amount along with the circumstances that led to the breach.</p>	<p>Dec. 31, 2024</p>	<p>Permitted, including in an interim period when amendments in ASU 2017-12 have been adopted</p>
<p>Common Control Lease Arrangements (ASU 2023-01)</p> <p>Provides a practical expedient to private companies and not-for-profit entities that are not conduit bond obligors to use the written terms and conditions of a common control arrangement to determine whether a lease exists and, if so, the classification of and accounting for that lease. The amendments also revise the accounting for leasehold improvements for all entities (that is, public business entities, private companies, not-for-profit entities, and employee benefit plans). Leasehold improvements associated with a lease between entities under common control are to be amortized over the useful life of those improvements to the common control group as long as the lessee controls the use of the underlying asset through a lease. If the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the common control group, the amortization period is determined under existing guidance when a lease is not a lease between entities under common control. If and when the lessee no longer controls the underlying asset, leasehold improvements associated with common control leases must be accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities).</p>	<p>Dec. 31, 2024</p>	<p>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>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p>Long-Duration Insurance Contracts (ASU 2018-12)</p> <p>Revises the accounting for life insurance and annuity contracts by eliminating the method of locking in liability assumptions and the premium deficiency test for traditional and limited-payment contracts, among other methodology changes. Requires additional disclosure.</p> <p>Clarifying standards:</p> <p>ASU 2019-09 – Deferral of effective dates.</p> <p>ASU 2020-11 – Deferral of effective dates.</p> <p>ASU 2022-05 – Revises transition guidance to allow for an insurance entity to make an accounting policy election on a transaction-by-transaction basis. An insurance entity may elect to exclude contracts from applying the amendments if certain conditions are met as of the effective date.</p>	<p>Dec. 31, 2025</p>	<p>Permitted</p>
<p>Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (ASU 2022-03)</p> <p>Clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. Clarifies that an entity cannot recognize and measure a contractual sale restriction as a separate unit of account. The amendments include various disclosure requirements.</p>	<p>Dec. 31, 2025</p>	<p>Permitted, including in an interim period</p>
<p>Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (ASU 2023-02)</p> <p>Expands the option to account for tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. For tax equity investments not accounted for under the proportional amortization method, the amendments require entities to apply ASC Topic 323, “Equity Method or Joint Ventures,” or ASC Topic 321, “Investments – Equity Securities.” The amendments require specific disclosures that must be applied to all investments that generate income tax credits and income tax benefits from a tax credit program for which an entity has elected to apply the proportional amortization method, including investments within the tax credit program that do not otherwise qualify for the proportional amortization method.</p>	<p>Dec. 31, 2025</p>	<p>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>

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p>Joint Venture Formations (ASU 2023-05)</p> <p>Amends the accounting for contributions made to a joint venture upon formation in a joint venture's separate financial statements. The amendments require that a joint venture apply a new basis of accounting upon formation. By applying a new basis of accounting, a joint venture, upon formation, will recognize and initially measure its assets and liabilities at fair value with exceptions to the fair value measurement that are consistent with the business combination guidance.</p>	Dec. 31, 2025	Permitted, including in an interim period
<p>Crypto Assets (ASU 2023-08)</p> <p>Requires holdings of certain crypto assets to be measured at fair value at each reporting period with changes in fair value recorded through earnings. The amendments apply to assets meeting certain defined characteristics and require crypto assets to be presented separately from other intangible assets on the balance sheet with changes in fair value presented separately from other changes in intangible assets on the income statement. Requires extensive disclosure about crypto assets measured at fair value, requires an annual rollforward of an entity's crypto holdings, and specifies certain statement of cash flows presentation for crypto assets received as noncash consideration in the ordinary course of business and converted nearly immediately into cash.</p>	Dec. 31, 2025	Permitted, including in an interim period
<p>Improvements to Income Tax Disclosures (ASU 2023-09)</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

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
<p>Scope Application of Profits Interest Awards (ASU 2024-01)</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>	<p>Dec. 31, 2026</p>	<p>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>
<p>Amendments to remove references to the concepts statements (ASU 2024-02)</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>	<p>Dec. 31, 2026</p>	<p>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>
<p>Induced Conversions of Convertible Debt Instruments (ASU 2024-04)</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>	<p>Dec. 31, 2026</p>	<p>Permitted</p>
<p>Disclosure Improvements (ASU 2023-06)</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 Securities and Exchange Commission in its August 2018 Release No. 33-10532, "Disclosure Update and Simplification."</p>	<p>Two years after removal of the related disclosure from Regulation S-X or Regulation S-K becomes effective</p>	<p>Prohibited</p>

Governmental Accounting Standards Board (GASB) statement effective dates

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>Omnibus 2022 (GASB Statement 99)</p> <p>Addresses a variety of topics including the classification and reporting of derivative instruments; clarification of provisions in Statements 34, 87, 94, and 96; extension of the LIBOR cessation date; and various technical updates related to SNAP, nonmonetary transactions, pledges of future revenues, and terminology.</p>	<p>Varies by topic (see pages 11 and 12 of the statement)</p> <p>Upon issuance, June 15, 2022, June 15, 2023</p>	<p>Permitted</p>
<p>Accounting Changes and Error Corrections (GASB Statement 100)</p> <p>Provides guidance for various categories of accounting changes or error corrections and prescribes the applicable accounting and financial reporting guidance for each category. The statement also establishes how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information (RSI) and supplementary information (SI).</p>	<p>June 15, 2023</p>	<p>Permitted</p>
<p>Compensated Absences (GASB Statement 101)</p> <p>Provides recognition and measurement guidance for all types of compensated absences under a unified model. This statement requires that a liability for compensated absences be recognized if all of these occur: 1) The leave is attributable to services already rendered. 2) The leave accumulates. 3) The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement amends the existing disclosure requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability, and it no longer requires the government to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.</p>	<p>Dec. 15, 2023</p>	<p>Permitted</p>

GASB statement	Effective dates – reporting periods beginning after	Early adoption
<p>Certain Risk Disclosures (GASB Statement 102)</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>	<p>June 15, 2024</p>	<p>Permitted</p>
<p>Financial Reporting Model Improvements (GASB Statement 103)</p> <p>Improves key areas of the current financial reporting model, including enhancements of management’s discussion and analysis (MD&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>	<p>June 15, 2025</p>	<p>Permitted</p>
<p>Disclosure of Certain Capital Assets (GASB Statement 104)</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>June 15, 2025</p>	<p>Permitted</p>



Learn more

Sydney Garmong

Partner

+1 202 779 9911

sydney.garmong@crowe.com

Alissa Doherty

+1 973 422 7199

alissa.doherty@crowe.com

For more information about GASB topics:

Tony Boras

Partner

+1 630 706 2053

tony.boras@crowe.com

Portions of AICPA materials reprinted with permission. Copyright 2025 by AICPA.

FASB materials reprinted with permission. Copyright 2025 by Financial Accounting Foundation, Norwalk, Connecticut.
Copyright 1974-1980 by American Institute of Certified Public Accountants.

[crowe.com](https://www.crowe.com)

"Crowe" is the brand name under which the member firms of Crowe Global operate and provide professional services, and those firms together form the Crowe Global network of independent audit, tax, and consulting firms. "Crowe" may be used to refer to individual firms, to several such firms, or to all firms within the Crowe Global network. Crowe Cayman Ltd., Crowe Horwath IT Services LLP, and ITR Economics LLC are subsidiaries of Crowe LLP. Crowe LLP is an Indiana limited liability partnership and the U.S. member firm of Crowe Global. Services to clients are provided by the individual member firms of Crowe Global, but Crowe Global itself is a Swiss entity that does not provide services to clients. Each member firm is a separate legal entity responsible only for its own acts and omissions and not those of any other Crowe Global network firm or other party. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global.

The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice, and should not be relied upon as such. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. © 2025 Crowe LLP.

AUDIT2500-0120