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Keeping You Informed

Q4 Accounting and Financial Reporting Developments

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Contents

Message from Sydney Garmong	3
Fourth quarter highlights.....	4
From the FASB.....	5
• Final standards	5
◦ Credit losses – purchased loans.....	5
◦ Hedge accounting improvements.....	6
◦ Accounting for government grants	6
◦ Interim disclosures	7
◦ Codification improvements	8
• Other activities.....	9
◦ Digital assets	9
◦ Post-implementation review report on leases standard.....	9
From the SEC.....	10
• Public statements and announcements	10
◦ Roundtable on Regulation NMS Rule 611	10
◦ Corporate governance policies.....	10
◦ Investor Advisory Committee meeting ...	10
◦ Compliance outreach event.....	11
◦ Remarks on reporting rules.....	11
◦ Broad reforms at NYSE.....	11
◦ Digital assets	11
◦ Filing fee disclosure taxonomy	12
◦ Examination division 2026 priorities	12
◦ Security-based swap dealer definition ...	12
◦ IPO revitalization.....	12
• Rules and guidance.....	12
◦ Financial Reporting Manual	12
◦ Shareholder proposal challenges	13
◦ Government shutdown Q&A	13
◦ Regulation NMS compliance deadline extension	13
◦ Taxonomies	13
From the PCAOB	14
• Leadership	14
◦ Board member.....	14
• Standard-setting and rulemaking	14
◦ Audit quality advancement	14
• Guidance and publications	15
◦ Inspection process.....	15
◦ Restatements and auditor turnover data	15
◦ SPAC IPO auditor data.....	15
◦ Electronic audit evidence.....	15
• Speeches and announcements	16
◦ Audit quality drivers.....	16
◦ Tech-enabled audit priorities	16
◦ Audit firm leadership	16
• Advisory groups.....	17
◦ Standards and Emerging Issues Advisory Group meeting	17
From the Annual Conference on SEC and PCAOB Developments.....	18
• AICPA and CIMA annual conference	18
◦ SEC: Chair delivers remarks on getting “back to basics”	18
◦ SEC: Chief accountant outlines priorities	19
◦ SEC: OCA highlights hot topics of 2025	19
◦ CorpFin: Director reviews priorities	19
◦ CorpFin: Staff reports on activities	19
◦ FASB: Leaders outline activities	20
◦ PCAOB: Acting chair reviews priorities.....	20
◦ PCAOB: Panel shares observations	20
◦ Other stakeholders engage in wide range of topics.....	20
From the CAQ	21
• Audit committee transparency report.....	21
• Fall 2025 Audit Partner Pulse Survey.....	21
• Professional skepticism.....	22
• S&P 500 Form 10-Ks disclosures analysis.....	23
• Auditor assurance in AI use.....	23
• External auditor assessment tool.....	23
From the GASB	24
• Final standards	24
• Proposals	24
Accounting Standards Updates (ASU) effective dates	25
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 that your 2026 is off to a great start.

During the quarter, the Financial Accounting Standards Board (FASB) focused on wrapping up its current agenda to be in a position to reload the agenda based on its 2025 Invitation to Comment (ITC), "Agenda Consultation." The FASB issued five Accounting Standards Updates (ASUs) for a total of 12 ASUs in 2025. If you're curious, the last year the FASB issued 12 ASUs was 2019.

According to FASB Chair Rich Jones, the board plans to consider the 72 items received from the ITC agenda consultation sometime next summer. To date, the board has added three projects to its agenda:

- Accounting for transfers of crypto assets
- Classification of certain digital assets as cash equivalents
- Equity method of accounting: targeted improvements

On Dec. 8-10, 2025, the American Institute of CPAs (AICPA) held the annual Conference on Current Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (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. If you are interested, please watch your inbox for our recap.

During the conference, attendees heard from an engaging economist, Jason Schenker. Among the many data points he covered, three were particularly entertaining. First, based on the most recent core consumer price index (CPI) report, which measures changes in prices for a broad basket of goods and services, Schenker compared the impact of pets and pet food to the impact of major appliances, noting pets and pet food are nine times more important to the CPI than major appliances. Second, he described crypto as "fake magic internet money." Third, he noted trends of companies disclosing use of AI in public statements and documents. Per Schenker, in the not-too-distant future, these disclosures will be akin to disclosing that a company "uses the internet" or "has running water."

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.

Fourth quarter highlights

During the fourth quarter of the 2025 calendar year, the FASB issued five final standards: one on accounting for purchased loans under the current expected credit loss model, one on hedge accounting improvements, one establishing comprehensive guidance on accounting for government grants received by business entities, one providing narrow-scope improvements to interim reporting disclosures, and one covering codification improvements. The FASB also added projects to its technical agenda related to digital assets, including cash-equivalent classification and crypto asset transfers, and released its post-implementation review report on the leases standard.

The SEC delivered numerous public statements and policy remarks focused on revitalizing U.S. capital markets, modernizing reporting and governance frameworks, and supporting innovation while maintaining investor protections. The SEC released its 2026 examination priorities, announced compliance outreach events related to amendments to Regulation S-P, updated its Financial Reporting Manual, and issued guidance addressing shareholder proposal challenges, government shutdown impacts, Regulation NMS compliance deadlines, and filing fee taxonomies. The SEC also continued to advance its “Project Crypto” initiative through remarks and statements addressing digital assets, IPO revitalization, security-based swap dealer thresholds, and broader regulatory reform efforts.

The PCAOB announced changes in board membership and continued its focus on audit quality, technology, and transparency. The PCAOB issued guidance and published reports on inspection processes, electronic audit evidence, financial restatements and auditor turnover, and auditor involvement in special purpose acquisition company (SPAC) IPOs. The PCAOB also highlighted the evolving role of artificial intelligence, private equity investment, and firm leadership in auditing through conferences, speeches, and discussions with its Standards and Emerging Issues Advisory Group.

The Center for Audit Quality (CAQ) published results of its Fall 2025 Audit Partner Pulse Survey and its audit committee transparency barometer report. The CAQ also released publications addressing professional skepticism, auditor assurance related to artificial intelligence, and audit committee oversight, and published analyses of S&P 500 disclosures related to climate, artificial intelligence (AI), and digital assets.

In addition, we have included highlights from the 2025 AICPA and Chartered Institute of Management Accountants (CIMA) Conference on Current SEC and PCAOB Developments and recent developments from the Governmental Accounting Standards Board (GASB).

Checklists for the effective dates of FASB ASUs and GASB statements are provided in the appendix.

From the FASB

Final standards

Credit losses – purchased loans

On Nov. 12, 2025, the FASB issued ASU 2025-08, “Financial Instruments – Credit Losses (Topic 326): Purchased Loans,” to simplify and improve consistency in accounting for acquired loans under the current expected credit loss (CECL) model. The ASU resolves the “double count” of expected credit losses that arises under current guidance for certain acquired loans. Under existing GAAP, acquired loans are classified as either purchased credit-deteriorated (PCD) or non-PCD loans. For PCD loans, the Day 1 allowance is established through a gross-up of the amortized cost basis in purchase accounting rather than through a charge to earnings. For non-PCD loans, the Day 1 allowance is established by a charge to earnings, and the related purchase discount is then accreted into interest income, overstating the yield prospectively. The ASU significantly expands loans qualifying for the gross-up method by introducing purchased seasoned loans (PSLs), which are a subset of non-PCD loans. A loan is considered a PSL if it is 1) acquired in a business combination accounted for under Topic 805 or 2) obtained in an asset acquisition or initially recognized through consolidation of a variable interest entity that is not a business and is purchased more than 90 days after origination when the acquirer was not involved in origination. Credit cards, trade receivables arising from transactions accounted for under Topic 606, and debt securities are excluded from the scope of the ASU. Under the gross-up approach, an allowance for credit losses (ACL) is recorded at acquisition with an equal increase to the amortized cost basis, eliminating Day 1 credit loss expense. Entities also may elect, on an acquisition-by-acquisition basis, to subsequently measure the ACL on PSLs using the amortized cost basis when estimating losses with nondiscounted methods, which would allow pooling of PSLs with originated loans.

Effective dates

The amendments are effective for all entities for annual periods beginning after Dec. 15, 2026, including interim periods within those annual periods. The guidance should be applied prospectively to loans acquired on or after the adoption date. Early adoption is permitted in an interim or annual reporting period for which financial statements have not yet been issued or made available for issuance. If adopting in an interim period, an entity must adopt the amendments as of the beginning of the fiscal year that includes that interim period.

For additional information, see the Crowe article “Goodbye Double Count: FASB Finalizes Purchased Loans ASU.”

Hedge accounting improvements

On Nov. 25, 2025, the FASB issued ASU 2025-09, “[Derivatives and Hedging \(Topic 815\): Hedge Accounting Improvements](#),” which finalizes targeted updates intended to better align hedge accounting with entities’ risk management strategies across five key areas:

- **Similar risk assessment for cash flow hedges:** Replaces the “shared risk exposure” requirement with a more flexible “similar risk exposure” standard, allowing broader grouping of forecasted transactions.
- **Hedging forecasted interest payments on choose-your-rate debt:** Provides an optional model that permits hedge accounting to continue when the borrower changes the interest rate index or tenor within the contract’s allowable terms.
- **Cash flow hedges of nonfinancial forecasted transactions:** Expands component hedging by allowing designation of price components or subcomponents that are clearly and closely related to the underlying nonfinancial asset, including spot-market transactions.
- **Net written options as hedging instruments:** Allows certain swap-plus-written-option combinations to qualify as eligible hedging instruments, addressing mismatches that emerged after reference rate reform.
- **Foreign-currency-denominated debt in dual hedges:** Eliminates the measurement mismatch in dual strategies by excluding the fair value hedge basis adjustment from the net investment hedge effectiveness assessment.

Effective dates

For public business entities (PBEs), the amendments are effective for fiscal years beginning after Dec. 15, 2026, including interim periods. All other entities will apply the guidance for fiscal years beginning after Dec. 15, 2027. Early adoption is permitted. The guidance should be applied prospectively, and the ASU provides targeted transition relief, including the ability to update certain aspects of existing hedge designations without dedesignating and redesignating the hedge.

For additional information, see the Crowe article “[FASB Issues Hedge Accounting Improvements](#).”

Accounting for government grants

On Dec. 4, 2025, the FASB issued ASU 2025-10, “[Government Grants \(Topic 832\): Accounting for Government Grants Received by Business Entities](#),” providing comprehensive guidance for business entities that receive government grants. The standard establishes recognition, measurement, and presentation requirements for monetary and tangible nonmonetary grants; defines what qualifies as a government grant; and sets a probable threshold for recognition based on both compliance with grant conditions and likelihood of receipt. The ASU requires entities to classify grants as asset-related or income-related, with asset-related grants accounted for using either a deferred income approach or a cost-accumulation approach, and income grants

recognized systematically over the periods of related costs. Expanded annual disclosures are required, including information about grant terms, accounting policies, and, for nonmonetary grants, the fair value recognized.

Effective dates

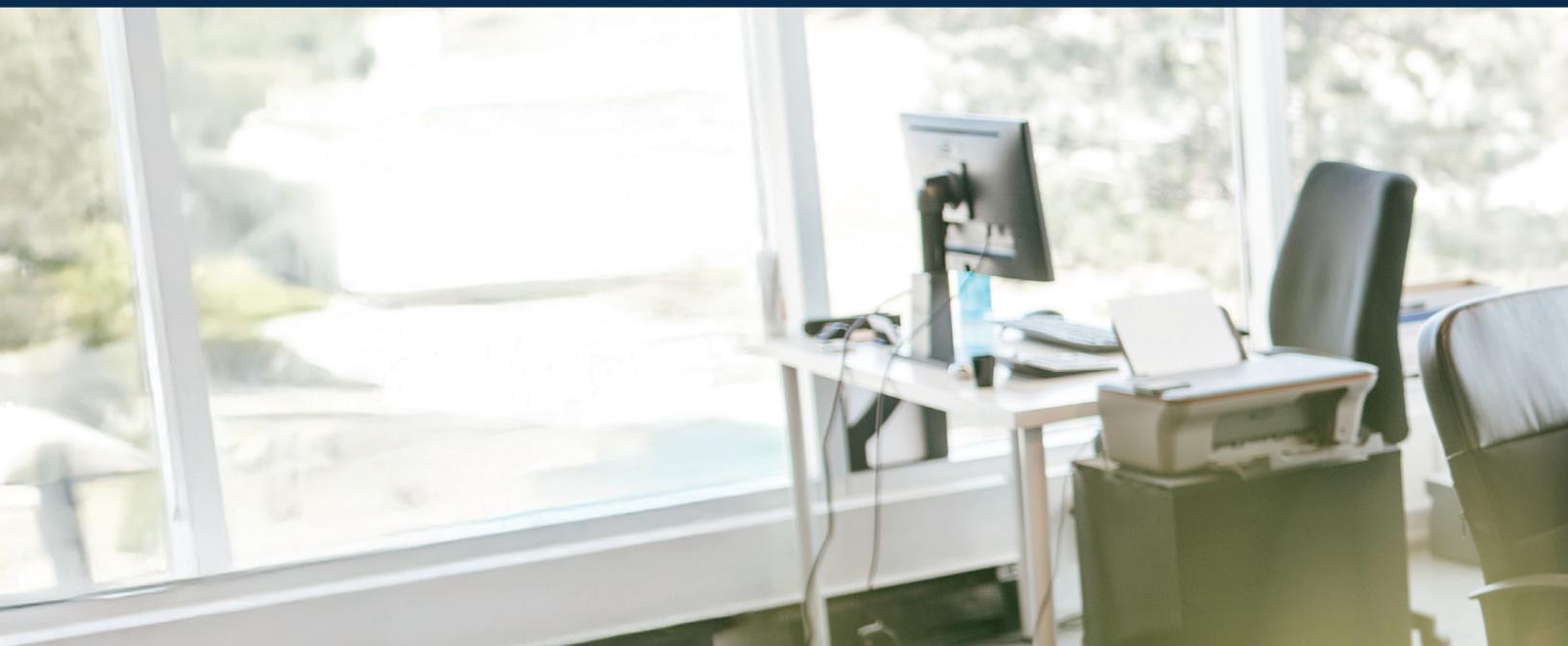
The standard is effective for PBEs for annual reporting periods beginning after Dec. 15, 2028, and interim reporting periods within those annual reporting periods. For all other entities, the amendments are effective for annual reporting periods beginning after Dec. 15, 2029, and interim reporting periods within those annual reporting periods. Early adoption is permitted.

For additional information, see the Crowe article "[FASB Issues Final ASU on Government Grants for Businesses](#)."

Interim disclosures

On Dec. 8, 2025, the FASB issued ASU 2025-11, "[Interim Reporting \(Topic 270\): Narrow-Scope Improvements](#)," to enhance the clarity and usability of interim reporting guidance. The amendments do not change the underlying objective or expand existing interim disclosure requirements; instead, they reorganize and clarify Topic 270 to improve consistency and navigability. The ASU confirms that Topic 270 applies to all entities that issue interim financial statements and notes in accordance with GAAP and introduces a more structured framework for determining which interim disclosures are required. Significantly, the standard creates a comprehensive list of GAAP-required interim disclosures within Topic 270 and incorporates a disclosure principle requiring entities to disclose events occurring after the latest fiscal year-end that have a material impact, aligning GAAP with prior SEC guidance. The amendments also clarify types of interim reporting, provide improved guidance on the form and content of interim financial statements (including when condensed statements may be used), and make extensive conforming edits throughout the codification to indicate when a disclosure is explicitly required in interim periods. The guidance is intended to reduce confusion, promote consistent application, and support more efficient navigation of interim requirements across topics.





Effective dates

The amendments apply to PBEs for interim periods within fiscal years beginning after Dec. 15, 2027. For all other entities, they are effective for interim periods within fiscal years beginning after Dec. 15, 2028. Early adoption is permitted. Transition may be applied prospectively or retrospectively to any or all prior periods presented.

Codification improvements

On Dec. 17, 2025, the FASB issued ASU 2025-12, “[Codification Improvements](#),” as part of its ongoing effort to make targeted technical corrections and clarifications to the Accounting Standards Codification (ASC). The update addresses 33 issues across a broad range of topics and is intended to clarify guidance, correct errors, and reduce unintended diversity in application without significantly changing current accounting practice. Notable amendments include:

- Removal of the unused Master Glossary term “amortized cost”
- Clarification of diluted earnings per share calculations when a loss from continuing operations exists
- Refinement of guidance for calculating reference amounts for beneficial interests
- Clarification that certain transfers of receivables from contracts with customers are subject to Topic 860
- Updates to not-for-profit guidance related to receivables

The amendments apply to all entities within the scope of the affected guidance and generally are expected to have a limited operational impact.

Effective dates

The amendments are effective for all entities for annual reporting periods beginning after Dec. 15, 2026, and interim periods within those annual periods. Early adoption is permitted, and entities may elect transition and early adoption on an issue-by-issue basis.



Other activities

Digital assets

At its Oct. 29, 2025, [meeting](#), the FASB discussed whether certain digital assets should qualify as cash equivalents under U.S. GAAP. In response to stakeholder concerns about inconsistent accounting treatment, the board voted to add a project to its technical agenda to explore updates to the cash-equivalent definition or creation of a new “digital cash equivalents” category. Several approaches were outlined for further study, and while no final decisions were made, FASB staff will continue research and outreach to assess potential effects on financial reporting and liquidity presentation.

At its Nov. 19, 2025, [meeting](#), the FASB added a project to its technical agenda to address accounting for crypto asset transfers, including wrapped and receipt tokens, by expanding the scope of Subtopic 350-60 and clarifying when control of a crypto asset is surrendered for derecognition. With this addition, and the separate project on cash-equivalent classification of certain digital assets, the FASB removed its broader digital assets research project. Remaining digital asset issues will be evaluated through future agenda consultations.

Post-implementation review report on leases standard

On Nov. 20, 2025, the FASB released its [“Post-Implementation Review: Leases \(Topic 842\),”](#) concluding that the standard generally meets its objective of providing investors with more transparent and useful information about leasing activities. The report reflects outreach to more than 1,600 stakeholders and notes that while lessor accounting has operated smoothly with minimal cost, lessees incurred significantly higher than expected implementation and ongoing compliance costs, primarily due to system and process changes needed to recognize operating leases on the balance sheet. Although the post-implementation review is complete, the FASB emphasized that it will continue monitoring application of the standard and will consider future improvements as needed.

From the SEC

Public statements and announcements



Roundtable on Regulation NMS Rule 611

On Dec. 16, 2025, the SEC held a roundtable hosted by the University of Austin to discuss potential reforms to Rule 611 under Regulation NMS. The first panel examined how potential changes to trade-through protections could affect Rule 610, with discussion centered on market access requirements, access fee limitations, and restrictions on locked and crossed markets. The second panel addressed whether revisions to Rule 600 definitions would be needed and how such changes could influence market data, including the national best bid and offer and consolidated data revenue incentives. The third panel considered whether additional best execution guidance for broker-dealers would be appropriate in light of potential amendments to Rule 611 and related rules.

Corporate governance policies

On Dec. 4, 2025, Chair Paul Atkins delivered remarks addressing corporate governance priorities, the SEC's ongoing evaluation of distributed ledger technology and tokenization in capital markets, and the potential need for regulatory updates to accommodate on-chain models. Atkins also noted that existing principles-based disclosure requirements already obligate companies to provide material information regarding the use and impact of artificial intelligence.

Investor Advisory Committee meeting

On Dec. 4, 2025, the SEC's Investor Advisory Committee held a meeting with two panels: one discussing regulatory changes in corporate governance and one addressing tokenization of equities, including how issuance, trading, and settlement would work with existing regulation. The committee also discussed draft recommendations regarding the disclosure of artificial intelligence's impact on operations.

Compliance outreach event

On Dec. 4, 2025, the SEC announced the second virtual outreach event for registrants impacted by the 2024 updates to Regulation S-P on Dec. 17, 2025. This session focused on transfer agents. Staff from the Division of Examinations and the Division of Trading and Markets reviewed new obligations under the amended rule, discussed what firms should expect during SEC examinations, and answered outstanding compliance questions.

Remarks on reporting rules

On Dec. 3, 2025, Commissioner Mark Uyeda delivered remarks at the Institute for Corporate Counsel outlining the SEC's focus on rules which encourage more companies to go public and stay public. His remarks discussed reassessing periodic reporting requirements and potential changes to quarterly reporting, transparency in the SEC's regulatory framework, and considerations related to mandatory arbitration provisions in registration statements. Uyeda also noted the importance of evaluating proxy voting practices under existing beneficial ownership rules.

Broad reforms at NYSE

On Dec. 2, 2025, Atkins delivered a major policy address, "Revitalizing America's Markets at 250," laying out the SEC's vision for modernizing U.S. capital markets as the country approaches its 250th anniversary. The address underscored regulatory reforms centered on promoting capital formation, improving market efficiencies, and ensuring the U.S. remains a competitive market.

Digital assets

On Nov. 12, 2025, Atkins delivered remarks outlining the next phase of the SEC's "Project Crypto" initiative. He emphasized the importance of applying the federal securities laws to crypto assets with fairness and clarity and announced that the SEC will consider establishing a token taxonomy grounded in the Howey investment contract framework. Atkins noted that most crypto tokens trading today are not securities but might have been sold through investment contracts that have since ended. He outlined plans for tailored offering exemptions to promote innovation and capital formation while maintaining investor protections, and he reaffirmed the SEC's commitment to working with other regulators and Congress to develop a clear, modern framework for digital assets.

On Nov. 20, 2025, Division of Trading and Markets Director Jamie Selway delivered remarks at a Securities Industry and Financial Markets Association (SIFMA) conference emphasizing the importance of rebuilding trust in the marketplace while integrating emerging "trustless" digital assets. Selway highlighted Atkins' Project Crypto initiative and noted that the division is engaging widely with market participants as it evaluates policies to support innovation. The remarks underscored that competition and clear regulatory frameworks remain central to fostering well-functioning markets and reiterated the SEC's commitment to restoring trust between the public and private sectors.

Filing fee disclosure taxonomy

The SEC updated its filing fee disclosure taxonomy on Nov. 20, 2025, refining the classification framework used for fee categories under various registrations and filings. Refer to the published update available under [Standard Taxonomies](#) on the SEC's website.

Examination division 2026 priorities

On Nov. 17, 2025, the SEC's Division of Examinations [released](#) its annual 2026 examination priorities, signaling key areas of focus for the coming year including fiduciary duty, standards of conduct, custody rule compliance, and adherence to recent amendments such as the 2024 updates to Regulation S-P. Atkins noted that examinations are a critical component of the SEC's mission to protect investors, emphasizing that the process is not intended to be a "gotcha exercise."

Security-based swap dealer definition

On Oct. 29, 2025, Atkins issued a [statement](#) addressing the upcoming expiration of the phase-in period for the de minimis exception to the security-based swap dealer definition. Beginning Nov. 8, 2025, firms will be subject to lower thresholds – \$3 billion for credit default swaps (CDS) and \$150 million for non-CDS security-based swaps – based on a 12-month lookback period. The phase-in period is set to end on Nov. 8, 2026.

Atkins noted that SEC staff had begun analyzing the thresholds using transaction data, which was paused due to the government shutdown. He emphasized that once operations resume, the SEC will evaluate whether relief from the phase-in termination date is warranted, ensuring that the lower thresholds do not take effect before the staff report and public comments are fully considered.

IPO revitalization

In his Oct. 9, 2025, keynote [remarks](#) at the Weinberg Center's 25th anniversary gala, Atkins emphasized the need to make public company status more attractive to issuers, citing the continued decline in the number of exchange-listed companies. He stated that efforts to "make IPOs great again" should focus on simplifying and scaling disclosure requirements, depoliticizing shareholder meetings, and reforming securities litigation to reduce frivolous lawsuits. He reaffirmed the SEC's commitment to strengthening U.S. capital markets through policies that enhance efficiency, innovation, and investor participation.

Rules and guidance

Financial Reporting Manual

On Dec. 5, 2025, the Division of Corporation Finance (Corp Fin) [announced](#) updates to the Financial Reporting Manual to reflect [amendments](#) related to SPACs, shell companies, and projections, which were effective July 1, 2024.

Shareholder proposal challenges

On Nov. 17, 2025, CorpFin [announced](#) that it will not respond to no-action requests to exclude shareholder proposals under Rule 14a-8, except for those relying on Rule 14a-8(i)(1). CorpFin will continue to review requests under Rule 14a-8(i)(1) related to the application of state law and precatory proposals until sufficient guidance is available.

Government shutdown Q&A

On Oct. 1, 2025, (updated Oct. 9, 2025) CorpFin [announced](#) the impact of a federal government shutdown on its operations, including a Q&A section. It noted that EDGAR would continue to accept filings, but staff would not declare registration statements effective or qualify Form 1-A offerings.

On Nov. 13, 2025, CorpFin released a [Q&A document](#) for after the government shutdown to provide transparency and address common inquiries from issuers with pending filings before the SEC. During the government shutdown, issuers filed more than 900 registration statements. CorpFin staff members are working to clear the backlog as quickly as possible.

Regulation NMS compliance deadline extension

On Oct. 31, 2025, the SEC [issued](#) an exemptive order extending compliance dates for several rules under Regulation NMS. The order defers compliance with the revised minimum pricing increment and access-fee provisions until November 2026 and delays compliance with the fee-determinability requirement until February 2026.

Taxonomies

The SEC [released](#) its draft 2026 taxonomies. The SEC staff encouraged public review and feedback was due on Nov. 12, 2025.





From the PCAOB

Leadership

Board member

On Dec. 2, 2025, the PCAOB announced that Christina Ho will conclude her service on the board on Jan. 31, 2026, or earlier if the SEC names a successor. During her tenure, she chaired the Technology Innovation Alliance Working Group, collaborating with external experts on emerging technologies, and she was recognized by PCAOB acting Chair George R. Botic for championing innovation as a driver of improved audit quality.

Standard-setting and rulemaking

Audit quality advancement

The PCAOB held its 12th annual Conference on Auditing and Capital Markets on Oct. 16-17, 2025, in Washington, D.C., in partnership with the Accounting Review. The event brought together more than 115 researchers to discuss developments in auditing, regulation, and capital markets, with a focus on research that can inform the PCAOB's oversight and standard-setting work. Ten research papers covered topics such as auditing and management disclosures, private equity investment in accounting firms, and auditor independence.

Botic opened the conference with a speech underscoring the PCAOB's commitment to using academic insights to enhance audit quality and address emerging issues such as private equity investment in audit firms and the impact of artificial intelligence on auditing.

Guidance and publications

Inspection process

The Office of the Investor Advocate on Nov. 18, 2025, released an [investor bulletin](#) explaining how PCAOB inspections help protect investors by evaluating audit firms' compliance with standards and the effectiveness of their quality control systems. The bulletin outlines which firms are inspected, highlights 2024 activity, and points readers to resources explaining how inspections are conducted and how to access public inspection reports.

Restatements and auditor turnover data

On Oct. 15, 2025, the PCAOB released "[Data Points: Financial Restatements and Auditor Turnover](#)," which analyzes trends from 2005 to 2024. The report finds that "Big R" financial restatements – those disclosed in SEC Form 8-K, Item 4.02 – occurred at an average annual rate of about 3%. Among companies with such restatements, nearly 30% changed auditors in the preceding year, compared with an average annual auditor-change rate of roughly 11% across all companies. The analysis highlights an association between auditor turnover and subsequent financial restatement risk, indicating that companies undergoing an auditor change are more likely to report a material restatement in the following year than the general population.

SPAC IPO auditor data

On Oct. 1, 2025, the PCAOB [released](#) "Data Points: Auditors of SPACs at IPO," which analyzes 1,291 SPAC IPOs listed on U.S. exchanges from January 2015 through August 2025. The report finds that more than 90% were audited by firms outside the six largest global networks with two nonaffiliated firms conducting more than three-quarters of these audits, underscoring notable concentration in the SPAC audit market. The report also highlights that SPAC IPO activity peaked during 2020-2021, with approximately 87% of SPACs based in the United States at the time of their IPOs.

Electronic audit evidence

Following the Sept. 18, 2025, [release](#) of a board policy statement clarifying how auditors should implement paragraph .10A of Auditing Standard (AS) 1105, "Audit Evidence," the PCAOB, on Oct. 1, 2025, [issued](#) staff guidance that provides illustrative examples of the application of paragraph .10A of AS 1105. The amendments to AS 1105, which require auditors to understand the source of electronic information provided by a company from external parties as well as the company's processes for receiving, maintaining, and processing the information, including any modifications, and to evaluate the reliability of that information by testing the information itself or relevant controls, are effective for audits of fiscal years beginning on or after Dec. 15, 2025.

Speeches and announcements

Audit quality drivers

In a Nov. 20, 2025, [speech](#) at Baruch College's 20th Annual Audit Conference, Botic emphasized the enduring responsibility of auditors to protect investors and uphold integrity in the capital markets, even as the profession undergoes rapid change. Botic pointed to two developments reshaping the audit landscape: the rise of private equity investment in accounting firms, which introduces both new resources and new pressures, and the accelerating use of artificial intelligence, which offers potential efficiencies but also raises questions about bias, transparency, and how to maintain professional judgment. Against this backdrop, he underscored the need for a shared, modern definition of audit quality that reflects independence, technical expertise, audit execution, and the impact of audit outcomes on market confidence. Botic encouraged stakeholders, practitioners, academics, and investors to help shape this definition, noting that a unified view of audit quality could strengthen the entire financial reporting ecosystem and guide the profession through technological and structural change.

Tech-enabled audit priorities

In [remarks](#) at the World Continuous Auditing and Reporting Symposium on Nov. 7, 2025, Ho emphasized that the audit of the future will look fundamentally different as rapid advances in artificial intelligence and data technologies reshape the profession. Drawing on insights from the PCAOB's Technology Innovation Alliance, Ho outlined four strategic priorities for building a tech-forward audit environment: promoting standardized and structured audit data to support AI-driven analysis, encouraging responsible adoption of AI tools that can enhance audit coverage and quality, strengthening regulatory innovation through experimentation and collaborative innovation labs, and elevating technology literacy across the auditing workforce. She stressed that the profession's role as a guardian of trust is becoming even more critical in an era of misinformation and that future auditors will need both technical expertise and courage to uphold integrity in increasingly complex environments.

Audit firm leadership

On Nov. 6, 2025, PCAOB board member Kara Stein presented [remarks](#) to the Portuguese Securities Market Commission and stressed that effective audit firm leadership is essential as technology, market dynamics, and firm structures evolve. She emphasized the importance of culture, independence, and robust quality control systems in navigating challenges such as AI-enabled financial reporting, private equity involvement in audit firms, new forms of digital assets, and talent pipeline pressures. Stein noted that audit quality indicators can support governance, but ultimately, integrity and sound judgment remain the foundation of high-quality auditing.

Advisory groups

Standards and Emerging Issues Advisory Group meeting

At its Nov. 5, 2025, virtual meeting, the PCAOB's Standards and Emerging Issues Advisory Group discussed the implications of artificial intelligence and cryptocurrency for the auditing profession. Botic emphasized that auditors and regulators must proactively address both the opportunities and risks these technologies pose. Ho urged clear, principles-based guidance and agile standard-setting to ensure AI advances strengthen audit quality. Stein highlighted the importance of balancing innovation with appropriate safeguards and clarifying standards for audits involving digital assets.



From the Annual Conference on SEC and PCAOB Developments

AICPA and CIMA annual conference

The 2025 AICPA and CIMA Conference on Current SEC and PCAOB Developments held in Washington, D.C., on Dec. 8-10 brought together leading stakeholders from regulatory bodies, standard-setters, and other groups to address the most pressing issues in financial reporting, auditing, and compliance. With a theme of “A Perfect Balance of Updates and Insights,” the conference highlighted evolving priorities across these groups in light of changes in leadership, emerging risks, and rapid technological developments as the profession looks ahead to 2026.



SEC: Chair delivers remarks on getting “back to basics”

Atkins highlighted the pillars guiding his chairmanship, emphasizing a return to fundamental principles of financial reporting, including integrity, independence, and professional skepticism. He expressed concerns about the continued growth in disclosure volume and underscored the importance of financial materiality, noting that forthcoming rulemaking efforts aim to reduce burdens on public companies and improve conditions for IPOs. Atkins also discussed priorities related to crypto rulemaking to “give clear rules of the road” and addressed PCAOB oversight matters, including anticipated changes in board leadership and the selection of a new chair.

SEC: Chief accountant outlines priorities

Chief Accountant Kurt Hohl spoke on the top priorities for the Office of the Chief Accountant (OCA), including emerging issues, oversight of the FASB and PCAOB, international standard-setting, and personnel development. He described ongoing evaluations of accounting firm structural changes, auditor independence considerations, and the effects of new technologies, specifically AI, on financial reporting. Hohl also highlighted coordination with the FASB on crypto-related matters to build a strong regulatory framework.

SEC: OCA highlights hot topics of 2025

Personnel from the OCA discussed a variety of accounting hot topics the staff has addressed in the past year, including the derivative scope exception, private credit valuations, digital asset accounting, AI-related financial reporting risks, private equity investments in accounting firms, and auditor independence matters raised through consultations. The panel also discussed priorities related to international standard-setter engagement, including collaboration between the FASB and the International Accounting Standards Board and alignment of auditing standards of the PCAOB and the International Auditing and Assurance Standards Board.

CorpFin: Director reviews priorities

CorpFin Director Jim Maloney provided an overview of priorities following the government shutdown. He noted that the staff is working diligently to address the backlog of registration statements, with particular focus on processing capital-raising filings. Maloney also highlighted the division's ongoing work on forthcoming rulemakings and planned roundtables, emphasizing the importance of broad stakeholder engagement as proposals move forward. He reiterated CorpFin's focus on transparency and responsiveness, and he encouraged registrants to maintain open communication with the staff throughout the filing review process.

CorpFin: Staff reports on activities

The CorpFin panel highlighted ongoing rulemaking efforts of the SEC, discussed significant staff transitions, and reiterated the staff's focus on working through the backlog of registration statements. Key themes included updates to the Financial Reporting Manual and frequently observed issues in revenue recognition, segment reporting, non-GAAP measures, and MD&A disclosures. Staff emphasized the importance of clear, consistent application of reporting rules – particularly for segment expense disclosures, requirements related to SPACs, accelerated filer status, and predecessor determinations in complex transactions. They also encouraged early consultation with CorpFin on interpretive questions and reminded registrants to avoid potentially misleading non-GAAP presentations. Overall, the message was one of transparency, careful compliance, and proactive engagement with the staff.

FASB: Leaders outline activities

FASB Chair Rich Jones, Technical Director Jackson Day, and Deputy Technical Directors Nellie Debbeler and Rosemarie Sangiulio reported significant progress on completing existing technical agenda items and advancing projects arising from the 2025 agenda consultation. They noted strong stakeholder engagement – with 72 items identified through the consultation process. FASB leadership indicated that the board expects to address these consultation topics in public meetings by mid-2026.

PCAOB: Acting chair reviews priorities

Botic emphasized the importance of the financial statement auditor's role, highlighting the PCAOB's inspection program, standard-setting activities, and transparency initiatives as core pillars supporting investor protection. He noted early indications of declining inspection deficiencies for 2025 and discussed the significance of standards such as internal control over financial reporting (ICFR) auditing and QC 1000, along with the value of Form AP and critical audit matters (CAMs). Botic also addressed emerging opportunities and risks relating to artificial intelligence and outlined imperatives for auditors entering year-end audit cycles, including independence, skepticism, adequate resourcing, and CAMs evaluation.

PCAOB: Panel shares observations

PCAOB staff members held a panel discussion that covered recent inspection observations, noting improvements in audit quality and practices such as expanded specialist involvement, enhanced consultations, improved risk assessments, and strengthened client acceptance and continuance processes. Panelists reviewed the implementation timeline and available resources for QC 1000; enforcement priorities including independence violations, ethics matters, and quality control deficiencies; and emerging issues related to technology-assisted audit procedures. They also highlighted the importance of sustained audit quality, appropriate use of AI, vigilance against fraud, and continued communication with PCAOB divisions through inspections, remediation processes, inquiry channels, and comment opportunities.

Other stakeholders engage in wide range of topics

In keeping with the conference theme of a balance of updates and insights, the conference also included numerous discussions of AI, an economic update, and panel discussions on diverse topics including audit committee focus areas, legal perspectives, income taxes, tariffs, analyst and investor relations viewpoints, and the mergers and acquisitions landscape.

From the CAQ

Audit committee transparency report

On Dec. 4, 2025, the CAQ and Ideagen Audit Analytics released the “[Audit Committee Transparency Barometer 2025](#),” which analyzes proxy disclosures of S&P Composite 1500 companies to assess transparency of audit committee oversight of the external auditor and other financial reporting matters. Now in its 12th year, the report reflects long-term progress in audit committee disclosures while continuing to highlight areas where enhanced transparency is encouraged.

The 2025 results show continued strength in disclosures related to cybersecurity oversight and board skills matrices, with skills matrix disclosure increasing across all market segments. Disclosure trends related to oversight of the external auditor, including auditor evaluation, fee considerations, and engagement partner selection, remained relatively stable, signaling opportunities for further enhancement. Furthermore, the report includes highlights of key results, a summary of disclosure rates, examples of effective disclosures, a sample leading-practice audit committee report, and questions for consideration when preparing audit committee disclosures.

Fall 2025 Audit Partner Pulse Survey

The CAQ released on Nov. 17, 2025, its [Fall 2025 Audit Partner Pulse Survey](#), which captured audit partners’ perspectives gathered in September and October on economic conditions, regulatory pressures, and emerging business risks. The survey indicates that economic sentiment is stabilizing, with pessimism declining significantly and more partners adopting a neutral or cautiously optimistic outlook. Regulatory uncertainty and trade tensions have become the most significant risks facing companies, leading many businesses to expand disclosures related to strategy, financial performance, and the integration of artificial intelligence. Cost management continues to be a central focus as companies reduce head count, refine hybrid work policies, and selectively upskill employees. At the same time, the use of artificial intelligence continues to grow, most notably in process automation, customer support, and predictive analytics, reflecting a belief that long-term resilience will depend on targeted technology investment.





Professional skepticism

On Oct. 28, 2025, the Anti-Fraud Collaboration in collaboration with the CAQ [published](#) “The Role of the Auditor: Exercising and Maintaining Professional Skepticism,” which emphasizes that in today’s environment of evolving fraud risks and more complex financial reporting, maintaining a questioning mindset, or professional skepticism, is essential to audit quality. The document outlines several key themes: the importance of a “skepticism continuum,” a behavioral range of doubt, to guide auditors; the need for continuous learning, particularly as technology, including AI, changes audit risks; and the importance of creating a culture and environment in audit firms and clients’ organizations that support and reward skeptical thinking. It also addresses the obstacles that can impede professional skepticism, such as overfamiliarity, blind trust in technology, or organizational pressures, and offers guidance on how to mitigate those risks through training, challenge, and governance. Additionally, it provides practical tips for exercising professional skepticism.

S&P 500 Form 10-Ks disclosures analysis

The CAQ [released](#) on Oct. 23, 2025, a series of analyses that examine how S&P 500 companies are addressing emerging topics including climate-related information, artificial intelligence, and digital assets in their most recent Form 10-K filings as of June 2025. The climate-related study noted that a majority of companies reference climate risks, often focusing on regulatory developments, transition risks, and sustainability initiatives. The AI-related analyses found increasing mentions of AI, with disclosures concentrated in risk factors and business sections, reflecting both opportunities and risks tied to its use, data governance, and ethical considerations. The digital asset analyses showed that approximately 9% of S&P 500 companies referenced digital asset-related matters, highlighting regulatory uncertainty, market volatility, and evolving accounting guidance. Together, they show how U.S. public companies are expanding their disclosures to address evolving investor expectations and regulatory attention across sustainability, technology, and innovation-related risks.

Auditor assurance in AI use

The CAQ [published](#) on Oct. 13, 2025, “The Role of the Auditor in AI: Present and Future,” which explores how auditors can enhance trust and transparency as companies increasingly use artificial intelligence. It highlights the growing demand for assurance on the reliability, ethics, and security of AI systems and outlines how auditors, through their independence and expertise, can provide assurance on governance, compliance, and risk management. The report also offers key considerations and questions for boards to guide oversight of AI strategy, risk, disclosure, and readiness for future assurance engagements.

External auditor assessment tool

The CAQ on Oct. 9, 2025, [released](#) an external auditor assessment tool for audit committees, designed to guide and enhance committees’ oversight of external auditors. The tool features a structured questionnaire related to four areas – audit team quality, firm-level resources, auditor communications, and independence and skepticism – and encourages committees to gather input from internal stakeholders, benchmark practices, and promote open dialogue with auditors. In combining practical sample questions with references to applicable U.S. auditing and disclosure standards, the publication seeks to help audit committees make informed evaluations and strengthen audit quality.

From the GASB

Final standards

On Dec. 17, 2025, the GASB issued Statement No. 105, “Subsequent Events,” to enhance consistency in the application of guidance related to subsequent events. This 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 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.
- Approvals necessary for issuance have been obtained.

The statement clarifies the distinction between recognized events – those that provide evidence about conditions existing at the financial statement date – and nonrecognized events, which do not affect amounts reported as of that date but might require disclosure. Nonrecognized events include those that result in a significant effect in the reporting period they occur and meet one of the following criteria:

- Debt-related transactions (other than routine debt service)
- Government combinations or disposals of government operations
- Changes to the legally separate entities that compose the financial reporting entity
- Other significant events for which disclosure is essential to a user’s analysis or assessment of accountability

In addition, the statement also requires disclosure of the date through which subsequent events have been evaluated and specifies the disclosures to be included for nonrecognized events.

Effective date

The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

Proposals

The GASB issued no new proposals during the fourth quarter of 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>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>	Permitted
<p>Amendments to SEC Paragraphs Pursuant to SAB 122 (ASU 2025-02)</p> <p>Removes text of SEC Staff Accounting Bulletin (SAB) Topic 5.FF, “Accounting for Obligations To Safeguard Crypto-Assets an Entity Holds for Its Platform Users,” from Accounting Standards Codification 405-10-S99-1 as SAB 122 rescinded this topic.</p>	<p>March 18, 2025 (upon issuance)</p>	Not applicable
<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>	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
Crypto Assets (ASU 2023-08) 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.	March 31, 2025	Permitted, including in an interim period
Scope Application of Profits Interest Awards (ASU 2024-01) Provides an illustrative example compromised 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.	March 31, 2025	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.
Amendments to Remove References to the Concepts Statements (ASU 2024-02) 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.	March 31, 2025	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.

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBES	Early adoption
Improvements to Income Tax Disclosures (ASU 2023-09) 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.	Dec. 31, 2025	Permitted
Induced Conversions of Convertible Debt Instruments (ASU 2024-04) 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.	March 31, 2026	Permitted
Measurement of Credit Losses (ASU 2025-05) 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.	March 31, 2026	Permitted, including in an interim period
Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity (ASU 2025-03) 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.	March 31, 2027	Permitted, including in an interim period
Clarifications to Share-Based Consideration Payable to a Customer (ASU 2025-04) 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.	March 31, 2027	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
Derivative Accounting and Customer Share-Based Noncash Consideration (ASU 2025-07) <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>	March 31, 2027	Permitted, including in an interim period
Credit Losses – Purchased Loans (ASU 2025-08) <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>	March 31, 2027	Permitted, including in an interim period
Hedge Accounting Improvements (ASU 2025-09) <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>	March 31, 2027	Permitted
Codification Improvements (ASU 2025-12) <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>	March 31, 2027	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBES	Early adoption
<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>Clarifying standard:</p> <p>ASU 2025-01 – Clarifies the effective date.</p>	Dec. 31, 2027	Permitted
<p>Modernizing Internal-Use Software Accounting (ASU 2025-06)</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>	March 31, 2028	Permitted, including in an interim period
<p>Interim disclosures (ASU 2025-11)</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>	March 31, 2028	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
Accounting for Government Grants (ASU 2025-10) 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.	March 31, 2029	Permitted, including in an interim period
Disclosure Improvements (ASU 2023-06) 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."	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	Prohibited

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>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>	Dec. 31, 2025	Permitted
<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. Requires additional disclosures about the restriction, including the nature and remaining duration of the restriction.</p>	Dec. 31, 2025	Permitted, including in an interim period
<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>	Dec. 31, 2025	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.

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Joint Venture Formations (ASU 2023-05) 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.	Dec. 31, 2025	Permitted, including in an interim period
Crypto Assets (ASU 2023-08) 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.	Dec. 31, 2025	Permitted, including in an interim period
Improvements to Income Tax Disclosures (ASU 2023-09) 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.	Dec. 31, 2026	Permitted
Scope Application of Profits Interest Awards (ASU 2024-01) Provides an illustrative example compromised 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.	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.

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Amendments to Remove References to the Concepts Statements (ASU 2024-02) 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.	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.
Induced Conversions of Convertible Debt Instruments (ASU 2024-04) 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.	Dec. 31, 2026	Permitted
Measurement of Credit Losses (ASU 2025-05) 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.	Dec. 31, 2026	Permitted, including in an interim period
Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity (ASU 2025-03) 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.	Dec. 31, 2027	Permitted, including in an interim period
Clarifications to Share-Based Consideration Payable to a Customer (ASU 2025-04) 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.	Dec. 31, 2027	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Derivative Accounting and Customer Share-Based Noncash Consideration (ASU 2025-07) 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.	Dec. 31, 2027	Permitted
Credit Losses – Purchased Loans (ASU 2025-08) 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.	Dec. 31, 2027	Permitted, including in an interim period
Codification Improvements (ASU 2025-12) 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.	Dec. 31, 2027	Permitted, including in an interim period
Modernizing Internal-Use Software Accounting (ASU 2025-06) 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.	Dec. 31, 2028	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Hedge Accounting Improvements (ASU 2025-09) 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.	Dec. 31, 2028	Permitted
Interim Disclosures (ASU 2025-11) 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.	March 31, 2029	Permitted, including in an interim period
Accounting for Government Grants (ASU 2025-10) 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.	Dec. 31, 2030	Permitted, including in an interim period
Disclosure Improvements (ASU 2023-06) 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.”	Two years after removal of the related disclosure from Regulation S-X or Regulation S-K are proposed and become effective	Prohibited

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
Compensated Absences (GASB Statement 101) <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>	Dec. 15, 2023	Permitted
Certain Risk Disclosures (GASB Statement 102) <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

GASB statement	Effective dates – reporting periods beginning after	Early adoption
Financial Reporting Model Improvements (GASB Statement 103) 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.	June 15, 2025	Permitted
Disclosure of Certain Capital Assets (GASB Statement 104) 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.	June 15, 2025	Permitted
Subsequent Events (GASB Statement 105) 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.	June 15, 2026	Permitted



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