

## Quarterly Perspectives: FASB 1Q 2024

This paper provides an overview of FASB standard-setting activity in the first quarter of 2024, along with updates on outstanding exposure drafts and ongoing projects. The developments included in this update are intended to be a reminder of recently issued accounting guidance that may affect you. This quarterly update is intended as general information and should not be relied upon as being definitive or all-inclusive.

### Highlights

After a tidal wave of year-end activity, FASB standard setting slowed to a trickle in the first quarter with only two Accounting Standards Updates (ASUs), a narrowly focused clarification on profits interests and a set of codification improvements. FASB continued deliberations on its hedge project and acknowledged its 2019 proposal fell short of the board’s intended goals. The board is now considering an alternative approach to allow hedge accounting for spot nonfinancial transactions. FASB plans to kick off an agenda consultation in the second half of 2024, which will solicit feedback on future standard setting. FASB also is planning to update the Emerging Issues Task Force’s process to allow it to be more effective and efficient in addressing technical accounting issues as they arise.

ASU effective dates are summarized for public business entities (PBEs) in [Appendix A](#) and for all other entities in [Appendix B](#). [Appendix C](#) has additional information on each ASU (sorted chronologically by effective date), as well as links to related articles.

### Final ASUs Issued in 1Q 2024

Topic & Title	Description	Effective Dates	
		PBEs	All Other Entities
<p><b>ASU 2024-01</b> <b>Compensation—</b> <b>Stock</b> <b>Compensation</b> <b>(Topic 718)</b></p> <p><i>Scope Application of Profits Interest and Similar Awards</i></p> <p><b>Issued:</b> March 21, 2024</p> <p><b>Resource:</b> <a href="#">FASB Clarifies Profits</a></p>	<p>The ASU adds an illustrative example (with four fact patterns) on how an entity would apply Accounting Standards Codification (ASC) 718 scope guidance.</p>	<p>Annual and interim periods after December 15, 2024</p>	<p>Annual and interim periods beginning after December 15, 2025</p>

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<a href="#">Interest Accounting</a>			
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Topic & Title	Description	Effective Dates	
		PBEs	All Other Entities
<b>ASU 2024-02</b> <b>Codification Improvements</b>  <i>Amendments to Remove References to Concepts Statements</i>  <b>Issued:</b> March 29, 2024	The ASU removes references to various Concepts Statements. In most instances, the references are extraneous and not required to understand or apply the guidance. In other instances, the references are a substitute for actual wording from a Concepts Statement. In most cases, the ASU is not intended to result in significant accounting changes for most entities.	Annual and interim periods after December 15, 2024	Annual and interim periods beginning after December 15, 2025

## Outstanding Proposals

The following chart includes proposed updates where FASB has not issued a final pronouncement as of this publication's date. FASB will determine the effective dates of the proposed amendments—if issued as a final ASU—after it considers feedback on the amendments. Unless otherwise noted, comment periods are closed. First-quarter updates are **bolded**.

Topic & Title	Description	Status
Proposed ASUs		
<p><b>Conceptual Framework for Financial Reporting – Chapter 6 – Measurement</b></p> <p><b>Issued: December 21, 2023</b></p>	<p>The proposal provides concepts for FASB to consider when choosing a measurement system for an asset or a liability recognized in general purpose financial statements. It describes:</p> <ul style="list-style-type: none"> <li>a. Two relevant and representationally faithful measurement systems: the entry price system and the exit price system.</li> <li>b. Considerations when selecting a measurement system.</li> </ul> <p><b><i>The 21 responses were mostly supportive; several asked for additional granularity on the exit price concept and interaction with ASC 820, Fair Value.</i></b></p>	<p>Comments were due March 20, 2024.</p> <p>A final Concepts Statement is expected in 2Q.</p>
<p><b>Debt—Debt with Conversion and Other Options (Subtopic 470-20)</b></p> <p><b><i>Induced Conversions of Convertible Debt Instruments</i></b></p> <p><b>Issued: December 19, 2023</b></p> <p><b>Resource: <a href="#">FASB Considers Additional Clarity for Induced Conversions</a></b></p>	<p>Clarifications include:</p> <ul style="list-style-type: none"> <li>a. Requirements for determining whether certain settlements of convertible debt should be accounted for as an induced conversion.</li> <li>b. When induced conversion guidance can be applied to a convertible debt instrument that is not currently convertible.</li> </ul> <p><b><i>The 12 responses generally supported the changes and contained certain areas for clarification/improvements.</i></b></p>	<p>Comments were due March 18, 2024.</p> <p>A final ASU is expected in 3Q.</p>

Topic & Title	Description	Status
Proposed ASUs		
<p><b>Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)</b></p>	<p>The amendments would require PBEs to provide additional detailed information—on an annual and interim basis—about the types of expenses (including inventory and manufacturing, employee compensation, depreciation, and amortization) included within commonly presented expense line items: cost of sales; selling, general, and administrative; and research and development.</p>	<p>Ongoing deliberations</p>

Topic & Title	Description	Status
Proposed ASUs		
<p><b>Disaggregation of Income Statement Expenses</b></p> <p>Issued: July 31, 2023</p> <p>Resource: <a href="#">New Expense Details Coming for Public Companies?</a></p>	<p><i>FASB met on January 31, 2024 to deliberate issues raised at the roundtable and in comment letters. Staff will perform research on potential clarifications on inventory and manufacturing expense disclosure. FASB wants to avoid specialized guidance or industry carve-outs but will address issues raised by the gas, aerospace, and insurance industry groups and preparers.</i></p> <p><i>On March 27, 2024, FASB agreed on expense captions subject to disaggregation, required expense categories, selling expenses, and integration of existing disclosures without mapping requirements.</i></p>	
<p><b>Financial Instruments—Credit Losses (Topic 326)</b></p> <p><b>Purchased Financial Assets</b></p> <p>Issued: June 27, 2023</p> <p>Resource: <a href="#">Changes Coming for Acquired Financial Assets Accounting?</a></p>	<p>The project will consider expanding the scope of the purchased credit deteriorated (PCD) accounting model to all loans acquired in a business combination.</p> <p><i>Thirty-four comment letters were received, and feedback was mixed, similar to the original CECL deliberations.</i></p> <p><b>FASB met on February 28, 2024 and decided to pursue a gross-up approach to all purchased financial assets.</b></p>	Ongoing deliberations
<p><b>Interim Reporting (Topic 270)</b></p> <p><b>Narrow Scope Improvements</b></p> <p>Issued: November 1, 2021</p> <p>Resource: <a href="#">FASB Rethinks Interim Reporting – Second Proposal Coming</a></p>	<p>The proposal incorporates into GAAP SEC Regulation S-X guidance that requires disclosure at interim periods when a significant event or transaction has occurred since the prior year-end that has a material effect on an entity.</p> <p><i>FASB met on November 15, 2023 to review research that the initial list of interim requirements was incomplete and agreed to a methodology to ensure completeness. Due to this change, a second exposure draft is planned.</i></p>	A revised exposure draft is planned for 2Q 2024.
<p><b>Derivatives and Hedging (Topic 815)</b></p>	<p>Additional clarifications on the following issues:</p> <p>Change in hedged risk in a cash flow hedge</p>	<b>Due to changes in approach, another</b>

Topic & Title	Description	Status
<b>Proposed ASUs</b>		
<p><b><i>Hedge Accounting Improvements</i></b></p> <p><b>Issued:</b> November 12, 2019</p>	<p>Contractually specified components in cash flow hedges of nonfinancial forecasted transactions</p> <p>Foreign currency-denominated debt instruments as hedging instrument and hedged item (dual hedge)</p> <p>“Prepayable” definition in the shortcut method</p> <p><i>Shared risk assessment in cash flow hedges of loan portfolios</i></p> <p><i>Written options as hedges</i></p> <p><i>At an October 2023 meeting, FASB affirmed proposed changes on dual hedges, dropped changes to “prepayable,” and agreed to update the guidance for a compound derivative made up of a written option and a non-option derivative.</i></p> <p><b><i>FASB met on February 7, 2024 and acknowledged this proposal fell short of the board’s intended goals. The board will now consider a new approach to allow hedging for spot transactions, by developing a principle leveraging the normal purchase/sale derivative scope exception.</i></b></p>	<p><b><i>exposure draft is likely.</i></b></p>

## Ongoing Projects

In addition to proposed ASUs, FASB’s technical plan includes the following active projects not discussed in the earlier sections and excludes technical corrections or codification improvements and taxonomy updates. Recent updates are **bolded**.

<b>Recognition &amp; Measurement Projects</b>	
<p><b>Accounting for Environmental Credit Programs</b></p> <p>Initial deliberations</p>	<p>This project will address the recognition, measurement, presentation, and disclosure requirements for participants in compliance and voluntary programs that result in the creation of environmental credits and for the nongovernmental creators of environmental credits.</p> <p><b><i>FASB met on October 11, 2023, and agreed on scope.</i></b></p>

<p>Added to agenda May 2022</p>	<p><b><i>On January 31, 2024, FASB discussed the staff’s research and outreach performed related to liability recognition, measurement, and other matters.</i></b></p> <p><b><i>On March 27, 2024, FASB discussed accounting for noncompliance environmental credits and environmental credits acquired in a business combination.</i></b></p>
<p><b>Accounting for and Disclosure of Software Costs</b></p> <p>Initial deliberations</p> <p>Added to agenda June 2022</p> <p><b>Resource: <a href="#">Updates on FASB’s Software Cost Proposal</a></b></p>	<p>The project’s goal is to modernize the accounting for software costs and enhance the transparency about an entity’s software costs.</p> <p>On September 20, 2023, FASB met to provide direction on a potential path forward on the capitalization threshold, unit of account, and subsequent measurement issues. FASB decided on a parallel path forward:</p> <ul style="list-style-type: none"> <li>• Single model</li> <li>• Targeted improvements to existing guidance in ASC 350 to better accommodate agile development</li> </ul> <p><b><i>On March 20, 2024, FASB met to review additional research and project direction. Instead of pursuing a single model, FASB will instead make targeted changes to ASC 350 to address agile development and new disclosures.</i></b></p>
<p><b>Government Grants</b></p> <p>Initial deliberations</p> <p>Added to agenda November 2023</p>	<p>The project will develop accounting guidance for recognizing and reporting government grants.</p> <p><i>Preliminary decision reached on November 1, 2023:</i></p> <ul style="list-style-type: none"> <li>• <i>Scope will include transfers of monetary and tangible nonmonetary assets from a government to a business entity.</i></li> <li>• <i>A grant should be recognized when it is probable that the entity will comply with the grant’s conditions and the grant will be received.</i></li> <li>• <i>A grant related to income should be recognized in the income statement in the periods in which the entity incurs the grant-related costs.</i></li> <li>• <i>The grant should be presented on the balance sheet as deferred income and on the income statement, separately, as a credit balance in the related income statement category.</i></li> <li>• <i>A grant related to assets should be recognized as part of the asset’s cost.</i></li> <li>• <i>Cash flows from government grants should follow ASC 230.</i></li> <li>• <i>In-scope grants should apply disclosures in ASC 832.</i></li> </ul>

**Presentation & Disclosure Projects**

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<p><b>Cash Flow Statement Targeted Improvements</b></p> <p>Initial deliberations</p> <p>Added to agenda November 2023</p>	<p>The project’s goal is to reorganize and disaggregate the statement of cash flows for financial institutions to improve the decision usefulness of that statement and develop a disclosure about an entity’s cash interest received.</p>
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## Research Projects

- **Accounting for and Disclosure of Intangibles** – The research will consider potential ways to improve the accounting for and disclosure of intangibles, including internally developed intangibles and research and development. On June 22, 2022, FASB reviewed research performed to date. Board members provided suggestions on and observations about the focus and prioritization for continued research efforts.
- **Accounting for Commodities** – This research project will explore accounting for and disclosure of commodities.
- **Consolidation for Business Entities** – This research project will explore whether a single consolidation model could be developed for business entities. This research project does not include reconsideration of the consolidation guidance in Topic 958, *Not-for-Profit Entities*.
- **Definition of a Derivative** – This project will consider refinements to the scope of Topic 815, *Derivatives and Hedging*, including certain aspects of the definition of a derivative and derivative scope exceptions, and the application to certain arrangements (such as research and development funding arrangements and financial instruments with environmental, social, and governance-linked features).
- **Financial Key Performance Indicators for Business Entities** – This research project will explore standardizing the definitions of financial key performance indicators, following the progress of the Disaggregation Income Statement Expenses project, and considering interactions with the regulatory framework.
- **Statement of Cash Flows** – The project will make targeted improvements to provide investors with additional decision-useful information. Initial areas of focus will include disclosure on cash interest received and reorganizing the statement of cash flows for financial institutions with a required subtotal within the operating sections for net interest income-related adjustments.

## Conclusion

The assurance team at Forvis Mazars delivers extensive experience and skilled professionals to assist with your objectives. Our proactive approach includes candid and open communication to help address your financial reporting needs. At the end of the day, we know **how** important it is for you to be able to trust the numbers; our commitment to independence and objectivity helps provide the security and confidence you desire. Whether you are publicly traded or privately held, Forvis Mazars can help provide an independent and objective view into your financial reporting. We leverage some of the latest technologies and process automation tools to provide companies assurance on their financial statements to help meet stakeholders’ needs.

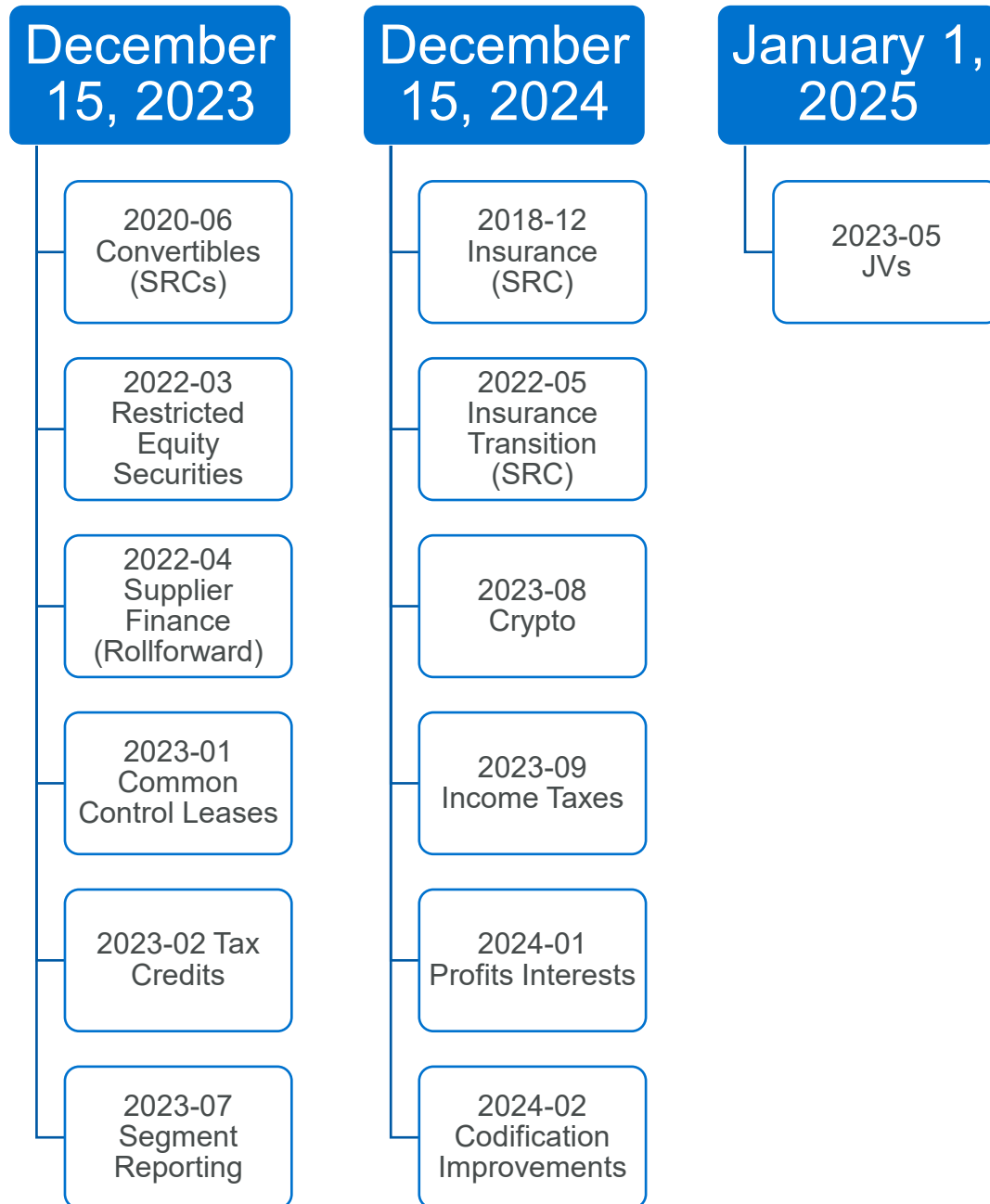
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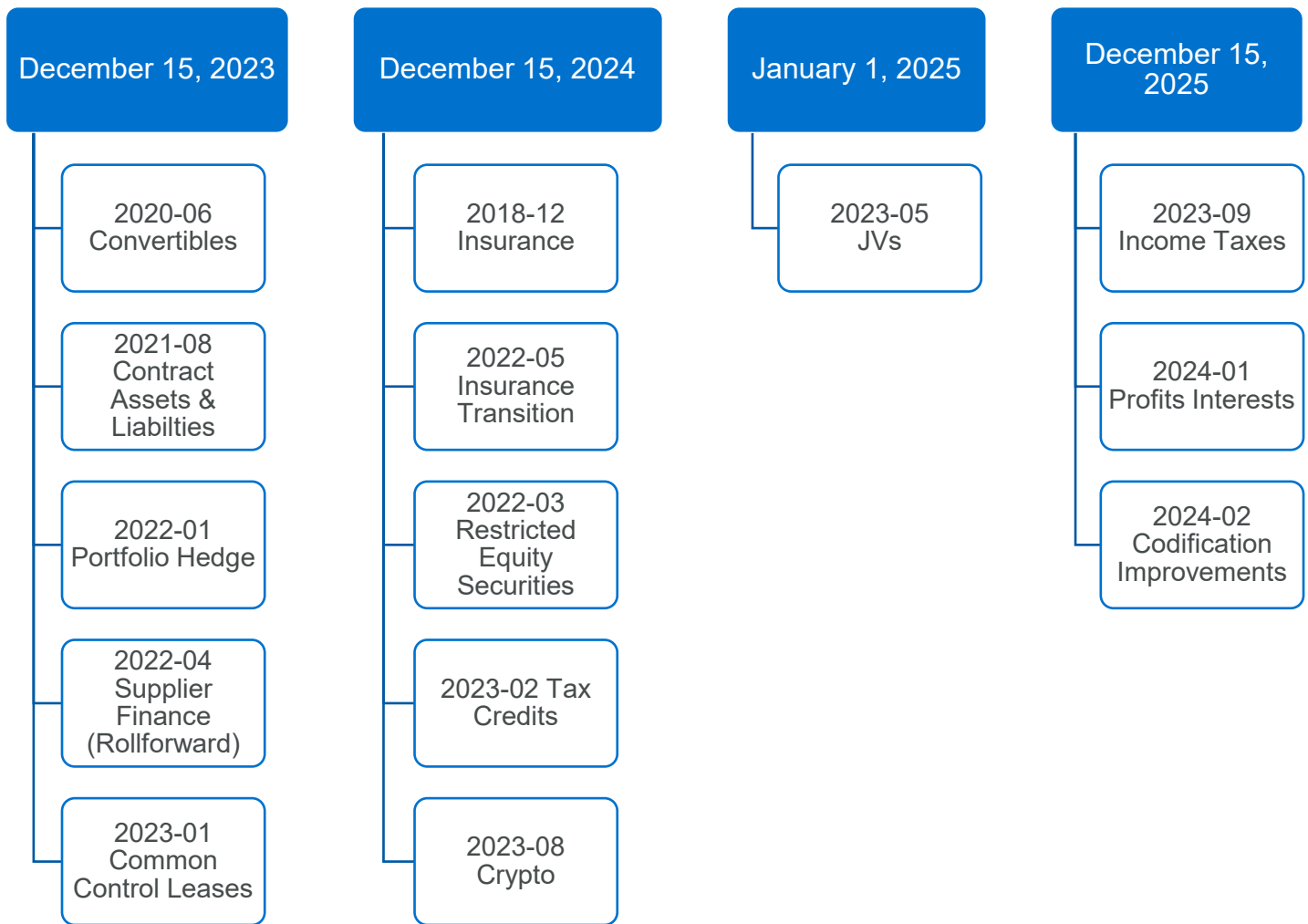
**Appendix A – Effective Dates for PBEs & Public Entities**  
**For fiscal years/annual periods beginning after:**



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Do not forget about 2023-06 SEC disclosures moving into GAAP, which is effective for SEC filers upon future SEC rulemaking.

**Appendix B – Effective Dates for Non-PBEs**  
**For fiscal years/annual periods beginning after:**



Do not forget about 2023-06 SEC disclosures moving into GAAP, which will be effective for entities that are not SEC filers two years after future SEC rulemaking.

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## Appendix C

### Effective Date – TBA

Topic & Title	Description	Effective Dates	
		SEC Filers	Other Entities
<p><b>ASU 2023-06</b></p> <p><b>Disclosures (Various Topics)</b></p> <p><i>Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative</i></p> <p><b>Resource: <a href="#">FASB Adds Certain SEC Disclosures to GAAP</a></b></p>	<p>Additions to GAAP that were previously included in SEC guidance include changes to interim reporting, earnings per share, debt, consolidation, derivative and repo disclosures, foreign exchange, real estate investment trusts, and oil and gas industry-specific disclosures.</p>	<p>For SEC filers, the effective date for each amendment will be the effective date when the SEC removes the related disclosure from Regulation S-X or Regulation S-K. For all other entities, the ASU is effective two years later.</p>	<p>Forvis Mazars will continue to provide updates on timing.</p>

Effective for 2024 Calendar Year-Ends

Topic & Title	Description	Effective Date	
		PBEs (Not SRCs)	Other Entities
<p><b>ASU 2020-06</b></p> <p><b>Debt (Topic 470) and Derivatives and Hedging (Topic 815)</b></p> <p><i>Accounting for Convertible Instruments and Contracts in an Entity's Own Equity</i></p> <p><b>Resource:</b> <a href="#">Accounting for Convertible Instruments – Refresher for Private Companies</a></p>	<p>The ASU reduces the number of accounting models available for convertible debt securities, resulting in fewer embedded conversion features being separately recognized from the host contract. The ASU also amends guidance for the derivatives scope exception for contracts in an entity's own equity. It removes three conditions required to qualify for the settlement guidance related to settlement in unregistered shares, collateral requirements, and shareholder rights.</p>	<p>Already effective</p>	<p>Annual and interim reporting periods beginning after December 15, 2023</p>

Topic & Title	Description	Effective Date	
		PBEs	All Other Entities
<p><b>ASU 2021-08</b></p> <p><b>Business Combinations (Topic 805)</b></p> <p><i>Accounting for Contract Assets and Contract Liabilities from Contracts with Customers</i></p> <p><b>Resource:</b> <a href="#">Refresher on Contract Assets &amp; Liabilities in a Business Combination</a></p>	<p>The ASU requires an acquirer to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606.</p>	<p>Already effective</p>	<p>Interim and annual fiscal years beginning after December 15, 2023</p>

Topic & Title	Description	Effective Date	
		PBEs	All Other Entities
<p><b>ASU 2022-01</b></p> <p><b>Derivatives and Hedging (Topic 815)</b></p> <p><i>Fair Value Hedging—Portfolio Layer Method</i></p> <p><b>Resource:</b> <a href="#">Updates on Hedge Accounting for Private Companies</a></p>	<p>The ASU expands the current single-layer model to allow multiple-layer hedges of a single closed portfolio of financial assets or one or more beneficial interests secured by a portfolio of financial instruments. This allows an entity to achieve hedge accounting for a great proportion of the interest rate risk for assets in a closed portfolio.</p>	<p>Already effective</p>	<p>Fiscal years beginning after December 15, 2023, including interim periods</p>
<p><b>ASU 2022-03</b></p> <p><b>Fair Value Measurement (Topic 820)</b></p> <p><i>Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i></p> <p><b>Resource:</b> <a href="#">Prepared for New Fair Value Guidance for Restricted Equity Securities?</a></p>	<p>The ASU clarifies that a contractual restriction on the sale of an equity security is not considered part of the security's unit of account and should not be considered in measuring fair value. Entities also are now prohibited from recognizing and measuring the contractual sales restriction as a separate unit of account, e.g., as a liability or contra-asset.</p>	<p>Annual and interim reporting periods beginning after December 15, 2023</p>	<p>Annual and interim reporting periods beginning after December 15, 2024</p>
<p><b>ASU 2022-04</b></p> <p><b>Liabilities—Supplier Finance Programs (Subtopic 405-50)</b></p> <p><i>Disclosure of Supplier Finance Program Obligations</i></p> <p><b>Resource:</b> <a href="#">New Disclosures for Supply Finance Arrangements</a></p>	<p>The ASU requires the buyer in a supplier finance program to disclose qualitative and quantitative information about the program to allow an investor to understand the program's nature, activity during the period, changes from period to period, and potential magnitude.</p>	<p><b>Rollforward</b></p> <p>Fiscal years ending after December 15, 2023</p>	

Topic & Title	Description	Effective Date	
		PBEs	Other Entities
<p><b>ASU 2023-01</b>  <b>Leases (Topic 842)</b>  <i>Common Control Arrangements</i></p> <p><b>Resource:</b> <a href="#">FASB Finalizes Common Control Lease Relief</a></p>	<p>The ASU addresses the following issues:</p> <p>A. Terms and conditions to be considered for arrangements between entities under common control in determining whether a lease exists, and if so, the classification and accounting.</p> <p>B. The accounting for leasehold improvements under ASC 842 when the lease term in a common control lease is shorter than the economic life of the leasehold improvements.</p>	<p>Fiscal years beginning after December 15, 2023.</p> <p>Early adoption permitted for interim and annual financial statements that have not yet been made available for issuance</p>	
<p><b>ASU 2023-02</b>  <b>Investments—Equity Method and Joint Ventures (Topic 323)</b>  <i>Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method</i></p> <p><b>Resource:</b> <a href="#">Proportional Amortization Option for More Tax Credit Programs &amp; LIHTC Accounting Changes</a></p>	<p>The ASU expands the proportional amortization method accounting election—under certain conditions—to other existing programs, such as the New Markets Tax Credit (NMTC), Historic Rehabilitation Tax Credit (HTC), and Renewable Energy Tax Credit (RETC). Additional disclosures also would be required. Certain existing specialized guidance for Low-Income Housing Tax Credit (LIHTC) investments has been removed to provide more comparable accounting for all tax programs.</p> <p>FASB acknowledged that some NMTCs may not be able to take advantage of this election.</p>	<p>Fiscal years beginning after December 15, 2023, including interim periods</p>	<p>Fiscal years beginning after December 15, 2024, including interim periods</p>
Public Entities			
<p><b>ASU 2023-07</b>  <b>Segment Reporting (Topic 280)</b>  <i>Improvements to Reportable Segment Disclosures</i></p>	<p>- For annual and interim reporting, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit/loss and an amount for other</p>	<p>Fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted.</p>	

Topic & Title	Description	Effective Date	
		PBEs	Other Entities
<b>Resource:</b> <a href="#">FASB Mandates New Segment Details for Public Companies in 2024</a>	segment items by reportable segment with a description of its composition. - All annual disclosures about a reportable segment's profit/loss would now be required in interim periods. - Guidance for multiple measures of a segment's profit or loss. - Title and position of the individual/committee identified as the CODM. - A public entity with a single reportable segment would be required to provide all the new disclosures and all existing segment disclosures in ASC 280.		

**Effective for 2025 Calendar Year-Ends**

Topic & Title	Description	Effective Date	
		PBEs (Not SRCs)	Other Entities
<b>ASU 2018-12 &amp; ASU 2020-11</b> <b>Financial Services—Insurance (Topic 944)</b> <i>Targeted Improvements to the Accounting for Long-Duration Contracts</i> <i>Effective Date and Early Application</i>  <b>Resource:</b> <a href="#">What You Need to Know: Long-Duration Insurance Contracts</a>	The new guidance: <ul style="list-style-type: none"> <li>• Requires annual assumptions update for liability measurement</li> <li>• Standardizes liability discount rate</li> <li>• Improves measurement of market risk benefits</li> <li>• Simplifies amortization of deferred acquisition costs on a more level basis</li> <li>• Requires significant new disclosures</li> </ul>	Already effective	Fiscal years beginning after December 15, 2024 and interim periods beginning after December 15, 2025



Topic & Title	Description	Effective Date	
		PBEs (Not SRCs)	Other Entities
<p><b>ASU 2022-05</b></p> <p><b>Financial Services—Insurance (Topic 944)</b></p> <p><i>Transition for Sold Contracts</i></p> <p><b>Resource:</b> <a href="#">Relief on Long-Duration Insurance Transition</a></p>	<p>The ASU creates an accounting policy election on a transaction-by-transaction basis whereby an insurer could opt out of applying ASU 2018-12 to certain contracts or legal entities sold or disposed before the effective date. The relief would be limited to contracts or legal entities in which the insurer does not have continuing involvement.</p>	<p>Already effective</p>	<p>Fiscal years beginning after December 15, 2024 and interim periods beginning after December 15, 2025</p>

Topic & Title	Description	Effective Dates	
		PBEs	Other Entities
<p><b>ASU 2023-05</b></p> <p><b>Business Combinations—Joint Venture Formations (Subtopic 805-60)</b></p> <p><i>Recognition and Initial Measurement</i></p> <p><b>Resource:</b> <a href="#">New JV Accounting Rules – Fair Value Required</a></p>	<p>The ASU provides—for the first time—recognition and initial measurement for joint ventures (JVs). To reduce diversity in practice and provide decision-useful information to investors, a JV would be required to apply a new basis of accounting. At formation, a newly formed JV would initially generally measure its assets and liabilities at fair value.</p>	<p>For JV formations on or after January 1, 2025</p>	
		All Entities	
<p><b>ASU 2023-08</b></p> <p><b>Intangibles-Goodwill and Other – Crypto Assets (Subtopic 350-60)</b></p> <p><i>Accounting for and Disclosure of Crypto Assets</i></p> <p><b>Resource:</b> <a href="#">Details on FASB’s New Crypto Guidance</a></p>	<p>Fair value accounting requires increased disclosures for entities holding certain crypto assets.</p>	<p>Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years</p>	

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Topic & Title	Description	Effective Dates	
		PBEs	Other Entities
		PBEs	All Others
<b>ASU 2023-09</b> <b>Income Taxes (Topic 740)</b> <i>Improvements to Income Tax Disclosures</i>  <b>Resource: <a href="#">FASB Finalizes New Income Tax Disclosures</a></b>	New annual tabular income tax reconciliation for PBEs. All entities would be required to break out federal, state, and foreign taxes with a disaggregation for jurisdictions that exceed 5% of income taxes paid.	Annual periods beginning after December 15, 2024	Annual periods beginning after December 15, 2025