

2026 Kansas Society of CPAs



FASB Update

June 2, 2026

The views expressed in this presentation are those of the presenter.
Official positions of the FASB are reached only after extensive due process and deliberations.

What We'll Discuss Today

Overview of the FASB's Current Agenda and Agenda Consultation

Recent and Pending ASUs; Implementation Matters

Current Projects and Research Efforts

Q&A

Overview of the FASB's Current Agenda and Agenda Consultation

Overview of FASB's Current Agenda*

Technical Agenda –
14 projects

Research Agenda –
8 projects

EITF – 3 projects

Post-Implementation Review
– 1 project

* As of May 26, 2026

FASB Technical Agenda (as of May 26, 2026)

PROJECTS	Next Milestone	Expected Date
Accounting for Commodities	Board deliberations	Ongoing
Accounting for Debt Exchanges	Final ASU	Ongoing
Accounting for Transfers of Crypto Assets	Board deliberations	Ongoing
Application of Topic 715 to Market-Return Cash Balance Plans	Exposure Draft	2Q 2026
Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets	Exposure Draft	3Q 2026
Codification Improvements (Evergreen)	Exposure Draft	3Q 2026
Definition of Common Control	Board deliberations	Ongoing
Equity Method of Accounting: Targeted Improvements	Board deliberations	Ongoing

Projects in green were added by the Board after considering feedback received from the 2025 Agenda Consultation.

FASB Technical Agenda (as of May 26, 2026) - continued

PROJECTS	Next Milestone	Expected Date
Fair Value Hedging—Portfolio Layer for Liabilities	Board deliberations	Ongoing
Indexation—Debt and Equity	Board deliberations	Ongoing
Targeted Improvements to Accounting for Interest Rate Risk Hedging and Net Investment Hedging	Exposure Draft	3Q 2026
Accounting for Nonrefundable Transferable Tax Credits	Initial Deliberations	Ongoing
Investment Companies –Contractual Sale Restrictions	Initial Deliberations	Ongoing
Private Credit Disclosures	Initial Deliberations	Ongoing

Projects in green were added by the Board after considering feedback received from the 2025 Agenda Consultation.

Research Agenda (as of May 26, 2026)



Accounting for and Disclosure of Intangibles



Current Trends and Emerging Issues



Accounting for Derivatives



Financial Key Performance Indicators for Business Entities



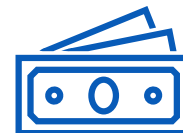
Agenda Consultation



Hedge Accounting



Consolidation for Business Entities



Statement of Cash Flows

Other Agenda Initiatives

EITF

Application of Topic 815 Normal Purchases and Normal Sales Scope Exception to Electricity Contracts

Consideration Payable to a Customer

Mortgage Servicing Rights—Recapture

Post-Implementation Review

Credit Losses

Agenda Consultation—Background

In the second half of 2024, the staff conducted outreach with a cross-section of over 200 stakeholders including investors, practitioners, preparers, and academics.



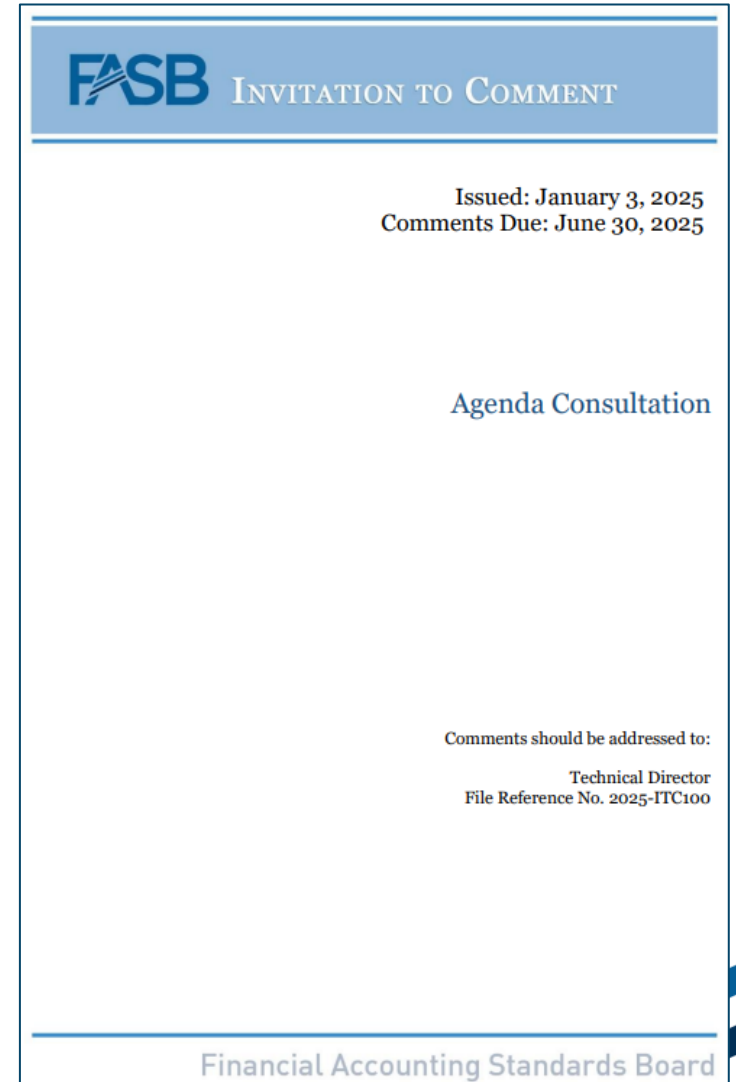
In January 2025, the FASB issued an Invitation to Comment (ITC), Agenda Consultation, to understand the next priority areas that the Board should address.



Feedback was received from over 120 respondents, which included comment letters and outreach discussions.



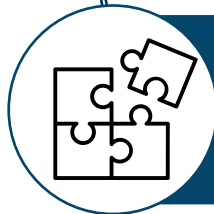
Board is analyzing ITC feedback and making changes to the technical and research agendas based on all feedback received and the Board's agenda criteria.



FASB's Agenda Criteria



Is there an identifiable and sufficiently pervasive need to improve GAAP?



Are there technically feasible solutions, and are the expected benefits of those solutions likely to justify the expected costs of change?



Does this issue have an identifiable scope?

Decisions about whether a project meets these criteria is a matter of Board members' professional judgment that is informed by research and analysis performed by the FASB staff.

Board Decisions on Agenda Consultation Topics

- Through the May 13, 2026, Board Meeting, the following topics were added to the technical agenda, research agenda, or the Board requested further research:

● Accounting for Transfers of Crypto Assets	● Distinguishing Liabilities from Equity
● Accounting for Nonrefundable Transferable Tax Credits	● Equity Method of Accounting
● Commodities	● Financial Key Performance Indicators
● Consolidation for Business Entities	● Goodwill
● Definition of Cash Equivalents	● Intangibles
● Definition of Common Control	● Risk Management & Hedge Accounting
● Definition of a Public Business Entity	

- Board added to the technical agenda
- On research agenda or Board requested further research
- Board added to the technical agenda and directed staff to draft a proposed Accounting Standards Update

Board Decisions on Agenda Consultation Topics

- The following topics were not added or were removed from the technical agenda:

Alternative Funding Arrangements	Payments Received from a Vendor in the Airline Industry
Asset Retirement Obligations	Personal Financial Statements
Credit Losses on Receivables from Contracts with Customers	Renewable Energy Partnerships
Derecognition of Nonfinancial Assets	Sale and Leaseback Transactions*
Multi-Element Software Arrangements	Statement of Cash Flows for Financial Institutions
Partnership Accounting	

 Board decided not to add to technical agenda or research agenda

 Board removed from technical agenda but requested further research as part of the existing broader research project

* Part of Interaction of Consolidation Guidance and Other Transactions topic in the ITC.

Agenda Consultation Topics Discussed at March 2026 NAC Meeting

Public entity definitions
in GAAP

Below-market and
interest-free loans

Navigability of NFP
consolidation, M&A
guidance

NFP operating measures

NFP disclosures:
liquidity and financial
asset availability

Recent ASUs and Implementation Matters

ASUs Issued in 2026 and 2025

Update	Title
Update 2026-02	Environmental Credits and Environmental Credit Obligations (Topic 818)
Update 2026-01	Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock
Update 2025-12	Codification Improvements
Update 2025-11	Interim Reporting (Topic 270): Narrow-Scope Improvements
Update 2025-10	Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities
Update 2025-09	Derivatives and Hedging (Topic 815): Hedge Accounting Improvements
Update 2025-08	Financial Instruments—Credit Losses (Topic 326): Purchased Loans
Update 2025-07	Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract
Update 2025-06	Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software
Update 2025-05	Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

ASUs Issued in 2025, cont'd

Update	Title
Update 2025-04	Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer
Update 2025-03	Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity
Update 2025-02	Liabilities (405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122
Update 2025-01	Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date

ASU 2025-06: Targeted Improvements to the Accounting for Internal-Use Software

Background

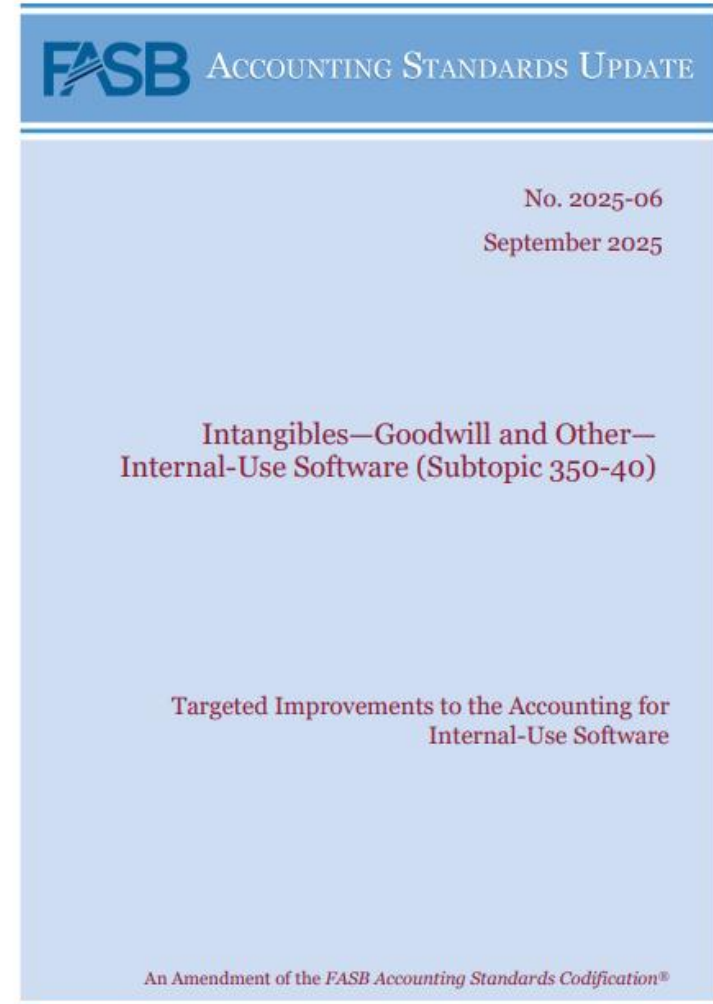
- Originated from the 2021 FASB Invitation to Comment, *Agenda Consultation*

Objectives

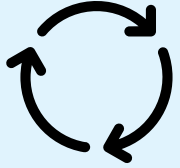
- To modernize the accounting for internal-use software costs
- Provides targeted improvements to increase the operability of the recognition guidance considering different methods of software development

Transition & Effective Date

- Effective for all entities for reporting periods after December 15, 2027
- Early adoption permitted
- The amendments permit an entity to apply the guidance on a prospective basis, by using a modified transition approach, or on a retrospective basis



ASU 2025-06: Targeted Improvements to the Accounting for Internal-Use Software



Remove all references to a prescriptive and sequential software development method



Evaluate significant development uncertainty in evaluating the probable-to-complete threshold

- Two factors of significant development uncertainty
 - Whether the software being developed has technological innovations or novel, unique, or unproven functions or features, and the uncertainty related to those technological innovations, functions, or features, if identified, has not been resolved through coding and testing.
 - Whether significant performance requirements have been identified and do not continue to be substantially revised.



Incorporate website-development guidance

- Remove Subtopic 350-50 and incorporate recognition requirements for website-specific costs into the internal-use software guidance.



Clarify starting capitalization threshold

- Entities will begin capitalizing when:
 - Management has authorized and committed to funding the software project
 - It is probable that the project will be completed and the software will be used to perform the function intended (the probable-to-complete threshold).



Retain existing presentation & disclosures

- PP&E, notes to financial statements, risks and uncertainties, and research and development disclosures will continue to apply with a clarification that the PP&E disclosures are required for all capitalized internal-use software costs, regardless of how those costs are presented in the financial statements
- Certain intangible asset disclosures in Subtopic 350-30 will be limited to the costs of software to be sold, leased, or marketed (Subtopic 985-20)
- No other changes to presentation and disclosures.

Post-Implementation Review (PIR)

Objectives

- Determine whether a standard is **accomplishing its stated purpose**
- Evaluate the selected standard's implementation and continuing compliance **costs and related benefits**
- Provide **feedback to improve** the standard-setting process

Stages

- **Stage 1:** Post-issuance date implementation monitoring
- **Stage 2:** Post-effective date evaluation of costs and benefits
- **Stage 3:** Summary of research and reporting

PIRs in Process

- Topic **326** (Financial Instruments-Credit Losses)

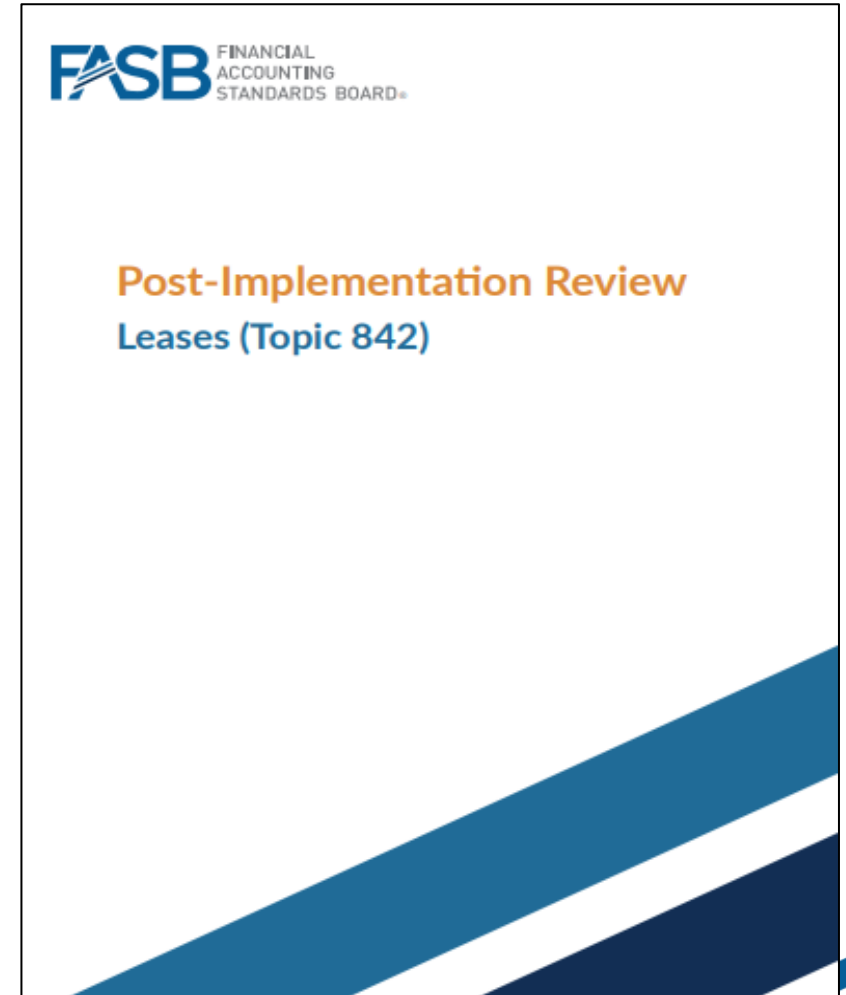
- Recently completed: Topic **842** (Leases)

For projects not subject to a PIR, we also typically monitor implementation of other noteworthy ASUs, including through discussions at advisory group meetings. With the FASB's **Not-for-Profit Advisory Committee (NAC)**, this included **ASU 2016-14**, *Presentation of Financial Statements of Not-for-Profit Entities*, and **ASU 2018-08**, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

PIR Report Highlights – Topic 842, Leases

■ Overall Conclusions:

- Topic 842 accomplishes its primary objective
- Benefits are consistent with Board considerations and stakeholder expectations at time standard was issued.
- For lessees, costs of initial adoption were not consistent with what Board expected when standard was issued. Ongoing costs have been generally higher than what Board anticipated at time standard was issued.
- Board will monitor stakeholder feedback on costs of applying standard and will consider future opportunities to reduce ongoing costs where appropriate, including through activities of Private Company Council.



CECL PIR and Current Activities

PIR Stage 1: Post-Issuance Date Implementation Monitoring

PIR Stage 2: Post-Effective Date Evaluation

- ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*
- ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* (Issued July 2025)
- ASU 2025-08, *Financial Instruments – Credit Losses (Topic 326): Purchased Loans* (Issued November 2025)

PIR Stage 3: Summary of Research and Reporting

- Collect and summarize feedback
- Present PIR information to councils and advisory groups
- Release final PIR report

CECL PIR Roundtable held on May 12, 2026

Current Projects and Research Efforts

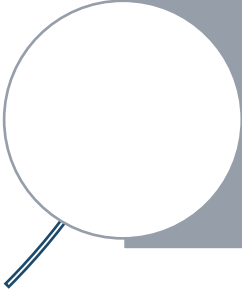
Equity Method of Accounting—Background



Equity investments that are not consolidated are generally accounted for in accordance with Topic 321, Investments—Equity Securities, or Topic 323, Investments—Equity Method and Joint Ventures



An entity that has the ability to influence the operating and financial policies of an investee is required to apply the equity method



The degree of influence that must be present differs on the basis of whether the investment is in a corporate-form entity or a partnership-form entity

Equity Method of Accounting—Key Challenges Identified by Stakeholders

Applying the equity method of accounting

Identifying which investments should be accounted for under the equity method

Allocating profits and losses in complex allocation structures

Equity Method of Accounting—Potential Paths Forward

Issue A—Scope of Topic 323

- Explore whether the scope of Topic 323 should be changed to establish a single threshold (significant influence) for applying the equity method, regardless of the type of legal entity.
- Explore whether the qualitative factors of significant influence in Subtopic 323-10 would be operational for investments in partnership-form entities.

Issue B—Complex Allocation Structures

- Explore whether real estate industry specific accounting guidance for complex allocation structures could be moved to general equity method and joint venture guidance broadening its application to all entities regardless of industry.
- Explore targeted improvements to real estate industry accounting guidance on complex allocation structures to address key challenges in the accounting for those structures.
- Consider adding implementation guidance and illustrative examples on the allocation of equity in earnings in complex allocation structures.

Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets

Stablecoin Overview

- The term “stablecoin” is not defined but is generally described in practice as an emerging digital asset class whose value is pegged to another reference asset.



Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets—Project Background

- **Objective:** To clarify whether certain digital assets may be classified as cash equivalents and enhance disclosures of significant classes of cash equivalents.
- **Project Status:** The Board completed initial deliberations in April 2026.
- **Current Guidance:**
 - The Master Glossary defines cash equivalents as “short-term, highly liquid investments that have both of the following characteristics:
 - Readily convertible to known amounts of cash
 - So near their maturity that they present insignificant risk of changes in value because of changes in interest rates...”
 - Cash equivalents classification is elective and subject to policy disclosure.
- **Application in Practice:**
 - Some stakeholders have concluded that certain stablecoins qualify as:

Cash
Equivalents

Intangible
Assets

Financial
Assets

Derivatives

Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets—Tentative Board Decisions

Approach: Illustrative examples

The following concepts would be included in the examples:

- Interpretive explanations that link to the current cash equivalents definition
- The amount and composition of reserve assets
- The nature of qualifying on-demand contractual redemption rights directly with the issuer

New guidance would clarify that an entity should consider compliance with relevant laws and regulations when establishing a policy concerning which assets that satisfy the Master Glossary definition of the term *cash equivalents* are treated as cash equivalents.

All entities, regardless of whether they hold crypto assets, would be required to disclose the significant classes and related amounts of cash equivalents on an annual basis for each period that a statement of financial position is presented.

Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets—Illustrative Disclosure Example*

“Cash equivalents (at December 31, 2026 and 2025, respectively) includes money market funds (\$50 and not significant**), stablecoins (\$25 and \$20), and U.S. Treasury debt securities with original maturities of three months or less (\$55 and \$50).” *(in millions of USD)*

*** The format of this disclosure is not prescriptive. This example is included for discussion purposes only.**

**** The example illustrates a potential scenario where one of the significant classes of cash equivalents was not determined to be significant in the period.**

Cash Equivalents—Disclosure Enhancement and Classification of Certain Digital Assets—Transition and Early Adoption

Transition Method: Classification

Required on a modified prospective basis as of the beginning of the annual reporting period in the year of adoption.

Transition Method: Disclosure

Required on a prospective basis as of the date of the most recent statement of financial position presented in the period of adoption.

Preferability Assessment

An entity would be allowed to adopt the amendments to be illustrated in the examples related to the classification of certain digital assets as cash equivalents without the need to perform a preferability assessment.

Transition Disclosures

An entity would be required to disclose the nature of and reason for the change in accounting principle.

Early Adoption

Early adoption of the amendments would be permitted in both interim and annual reporting periods for which financial statements have not yet been issued (or made available for issuance).

Accounting for Transfers of Crypto Assets

Subtopic 350-60: Intangibles—Goodwill and Other, Crypto Assets

Initial Recognition & Initial Measurement

- Not addressed in Subtopic 350-60
- Rely on other areas of GAAP

Subsequent Measurement

- Measure at fair value
- Increases and decreases in net income

Derecognition

- Not addressed in Subtopic 350-60
- Rely on intangible asset guidance (Subtopic 350-10)

Accounting for Transfers of Crypto Assets— Stakeholder Feedback

- Many crypto transfer transactions involve assets, such as wrapped tokens and receipt tokens, that are not within the scope of Subtopic 350-60.
- Entities apply a variety of guidance and nonauthoritative sources to account for crypto transfer transactions, such as the following:

Topic 606, Revenue
from Contracts with
Customers

Subtopic 610-20,
Gains and Losses
from the
Derecognition of
Nonfinancial Assets

Topic 860, Transfers
and Servicing

AICPA Digital Assets Practice Aid

Consultations with subject
matter experts, including
auditors and regulators.

Accounting for Transfers of Crypto Assets—Tentative Board Decisions: Scope and Related Disclosures

Expand the scope by revising paragraph 350-60-15-1(b) to address crypto assets that provide the holder with a right to receive another crypto asset that would be within the scope of Subtopic 350-60.

The Board expects that wrapped tokens and some receipt tokens, depending on the underlying assets and rights conveyed, will be included in Subtopic 350-60 under this proposed approach.

Clarify current Subtopic 350-60 disclosures by providing an example tabular disclosure illustrating that additional crypto assets, such as wrapped tokens, if significant, would be disclosed separately from other significant crypto asset holdings.

Accounting for Transfers of Crypto Assets— Derecognition Considerations

Current Guidance:

Subtopic 350-60 does not specifically address derecognition of crypto assets, but refers to the derecognition guidance for intangible assets in Subtopic 350-10 (which applies the guidance in Subtopic 610-20 and Topic 606).

Potential Improvement:

Clarify the derecognition guidance for crypto transfer arrangements to assess whether the control of a crypto asset in the scope of Subtopic 350-60 has been transferred.

Definition of Common Control—Project Background

Added to technical agenda
in **January 2026**

Objective: Clarify existing
GAAP by providing a
definition for the term
common control

Scope: Provide a definition
of the term *common control*
based on existing practice
for areas of the Codification
that do not have a clear
existing definition

Next Steps: Research and
outreach, followed by Board
meeting

Definition of Common Control—Why Common Control is Challenging in Practice

***Common control* is used in many areas throughout GAAP**

- No GAAP definition of the term *common control*
- Paragraph 805-50-15-6 provides examples of common control transactions (practice does not view this list to be exhaustive)

Practice relies heavily on:

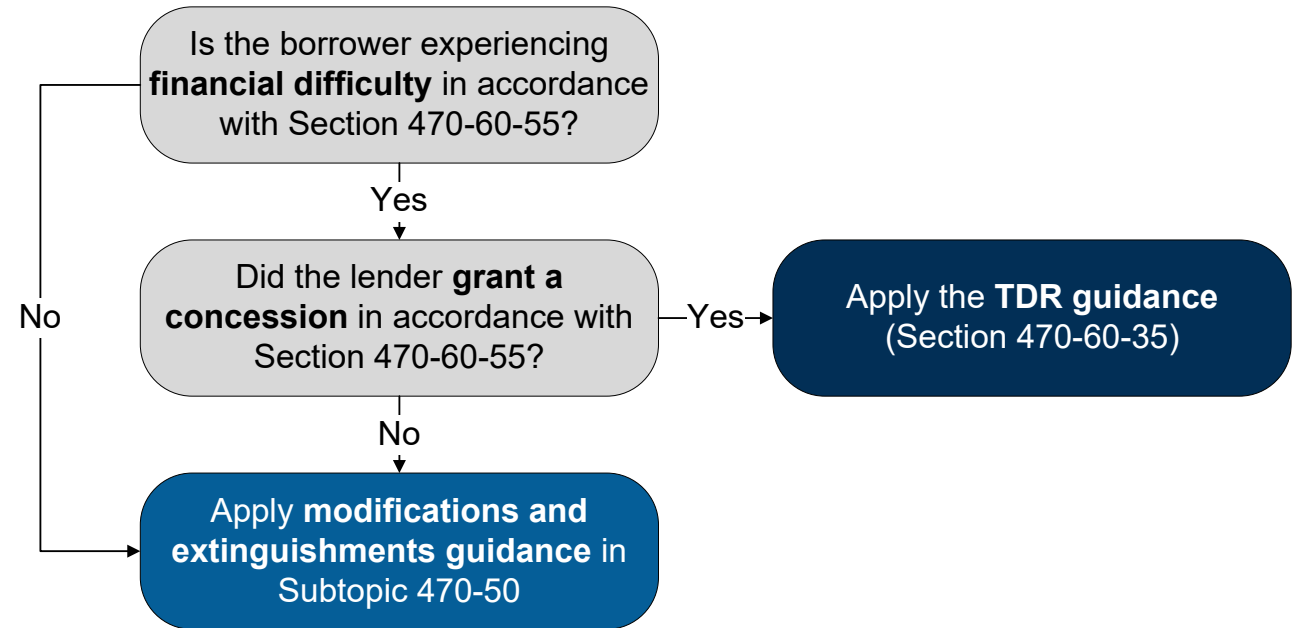
- SEC staff remarks and EITF Issue 02-5, “Definition of ‘Common’ Control in Relation to FASB Statement No. 141, *Business Combinations*”
- Judgment, particularly for family-owned and private companies
- Nonauthoritative firm publications

Some stakeholder feedback indicates diversity in application

Debt Modifications, Extinguishments, and Troubled Debt Restructurings—Current Accounting Model (Overview)

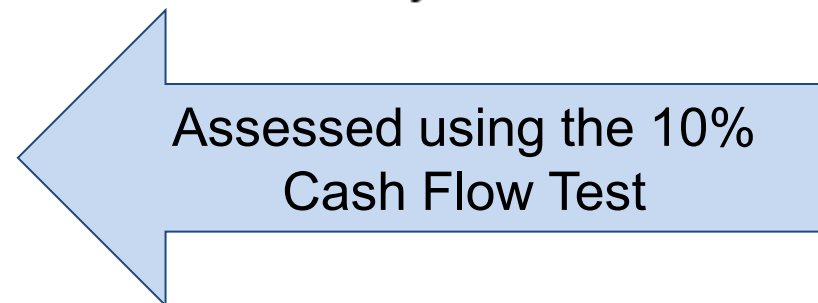
- Step 1: Is the modification or exchange a troubled debt restructuring (TDR) for the borrower?

- If yes, Apply Subtopic 470-60, *Debt—Troubled Debt Restructurings by Debtors*
- If no, Apply Subtopic 470-50, *Debt—Modifications and Extinguishments*



- Step 2: Is the modified or exchanged debt substantially different?

- Yes, Extinguishment Accounting
- No, Modification Accounting



Debt Modifications, Extinguishments, and Troubled Debt Restructurings—Feedback and Suggested Changes

Outreach conducted

- 2021 and 2025 Agenda Consultation Outreach
- PCC Meetings and PCC Working Group Discussions
- March 2026 NAC Meeting
- Targeted Outreach with Users, Practitioners, and Preparers
- TIC Discussions

Changes Suggested for TDRs (*Comment Letters and Past Outreach*)

- Eliminate the TDR guidance
- Simplify the determination of whether a transaction is a TDR (e.g., whether a borrower is experiencing financial difficulty)
- Change the accounting model for a TDR (which can result in zero interest expense recognized after restructuring).

Changes Suggested for Debt Modifications and Extinguishments (*Comment Letters and Past Outreach*)

- Eliminate the 10 percent cash flow test (with a model based on modification accounting or extinguishment accounting)
- Other targeted improvements.

Debt Modifications, Extinguishments, and Troubled Debt Restructurings—Additional Research

Areas for Additional Staff Research

- Whether to revisit the TDR guidance and/or the 10% cash flow test
- Potential simplifications to the guidance on measuring the fair value of new debt instruments following the application of extinguishment accounting
- User views on different accounting models for debt modifications and extinguishments
- Potential targeted changes

Next Steps:

- Conduct additional research, including outreach, to understand views on the potential paths forward
- Plan to discuss this topic (including the agenda consultation feedback) at an upcoming Board meeting.

Questions?

Thank You