Board of Trustees
Financial Accounting Foundation

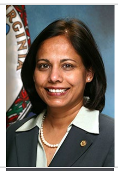
Standard-Setting Process Oversight Committee

May 21, 2024

Expected Participants

Committee Members

Timothy F. Ryan
Committee Co-Chair



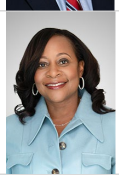
Manju S. Ganeriwala
Committee Co-Chair

Marion M. Gee
FAF Trustee

W. Bryan Lewis
FAF Trustee

Richard N. Reisig
FAF Trustee

Diane C. Nordin
FAF Trustee



Robin L. Washington
FAF Trustee

Participating Trustees

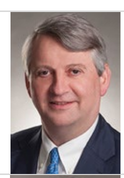
Edward C. Bernard
FAF Chair

Edward (Ted) J. Goldthorpe
FAF Trustee

FASB, GASB, & FAF Representatives

Richard Jones
FASB Chair

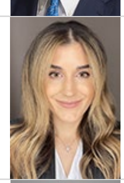
Joel Black
GASB Chair



John W. Auchincloss
FAF Executive Director

Hillary Salo
FASB Technical Director

Alan Skelton
GASB Director of Research & Technical Activities



Stephanie D. Ennaco
FAF Vice President, Board Operations & Governance

Susan M. Cosper
FASB Board Member & FASB Liaison to the PCC

Tammy Waymire
GASB Senior Research Manager

Steven A. Hobbs
FAF Vice President & General Counsel

Jackson Day
Incoming FASB Technical Director

Katelynn L. Rosson
FAF Board Operations & Governance Manager

Oversight Committee Meeting – Public Topics

GASB REPORT

1st Quarter 2024

Joel Black, GASB Chair
Alan Skelton, GASB Director of Research & Technical Activities

May 21, 2024

The views expressed in this presentation are those of Mr. Black and Mr. Skelton.
Official positions of the GASB are reached only after extensive due process and deliberations.

FINANCIAL ACCOUNTING FOUNDATION FINANCIAL ACCOUNTING STANDARDS BOARD GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Contents for 1st Quarter Report

- **Focus Areas for the Oversight Committee**
  - ✓ Highlights
  - ✓ Technical Agenda and Pre-Agenda Research Activities
  - ✓ Post-Implementation Review (PIR) activities

- **Exhibit: GASB Chair’s Report 1st Quarter 2024**

Highlights for 1st Quarter

- **During the 1st quarter, we made good progress on all agenda projects**

- **Continued Monitoring Activities**
  - ✓ Electronic Financial Reporting (including FDTA)
  - ✓ Added new Taxonomy Supervising Project Manager

- **GASAC prioritization - April 2024**
  - ✓ Top priorities
    - Electronic financial reporting
    - Cybersecurity risk

- **Launched completely redesigned website – www.gasb.org**

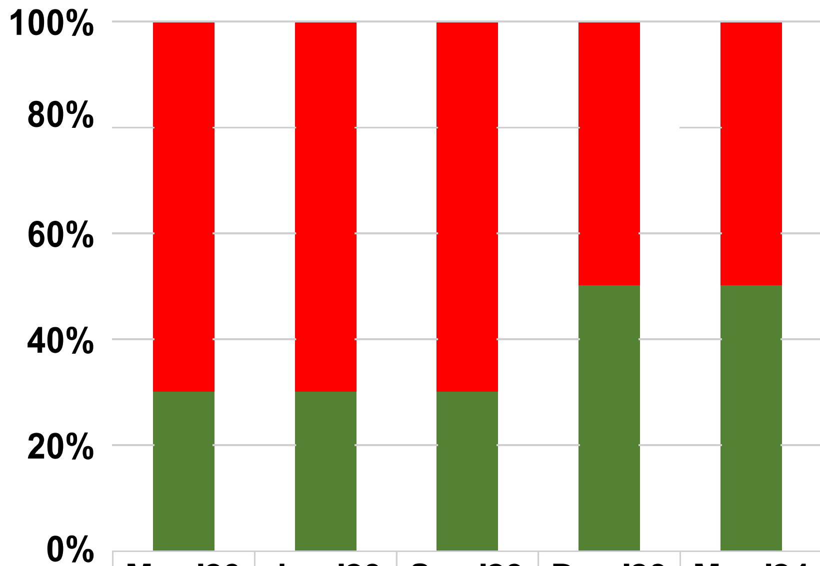
Technical Agenda and Research Activities

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Agenda Overview 1st Quarter of 2024

Number of Projects/Research Activities/Post-Implementation Reviews (PIRs)						
	As of Dec 31 '23	Added	Removed	Final Pronouncements Issued	As of Mar 31 '24	Due Process Documents Issued
Conceptual Framework	–	–	–	–	–	–
Comprehensive Projects	2	–	–	–	2	–
Major Projects	2	–	–	–	2	–
Practice-Issue Projects	3	–	–	–	3	–
Pre-Agenda Research	1	–	–		1	
Other Research	1	–	–		1	
Post-Implementation Reviews	6	–	–		6	
Total	**15**	**–**	**–**	**–**	**15**	**–**

Concepts / Comprehensive Projects



	Mar '23	Jun '23	Sep '23	Dec '23	Mar '24
Out of Range	2*	2	1	1	1
At Risk	0	0	0	0	0
In Range	1	1	1	1	1

- **Financial Reporting Model (FRM) Reexamination**
- **Revenue and Expense Recognition (RER)**

(Benchmark Range 7–9 years)

- **Recognition concepts project removed from the technical plan in August 2023.**

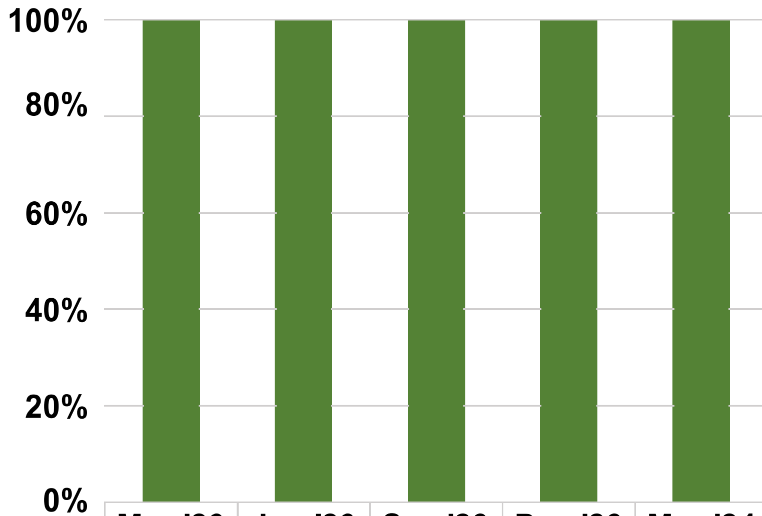
Comprehensive Projects

- **For the Financial Reporting Model project:**
  - The Board reviewed a pre-ballot draft of the entire final standard, including basis for conclusions, comprehensive illustration, and codification instructions.
  - A vote on a final ballot draft is scheduled for April 2024.

Comprehensive Projects

- **In the Revenue and Expense Recognition project:**
  - ✓ The Board has largely completed deliberations on recognition attributes and criteria for Category B transactions (those without performance obligations). Work this quarter focused on property taxes and derived transactions.
  - ✓ Attention to soon shift to Category A transaction (those with performance obligations).

Major Projects



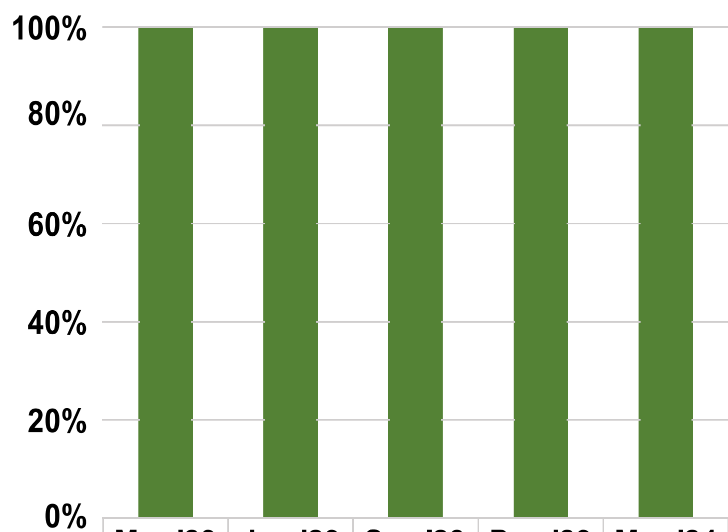
	Mar '23	Jun '23	Sep '23	Dec '23	Mar '24
Out of Range	0	0	0	0	0
At Risk	0	0	0	0	0
In Range	1	2	2	2	2

(Benchmark Range 4–6 years)

- **Going Concern Uncertainties and Severe Financial Stress**
  - ✓ Deliberation continued
  - ✓ Number of disclosure items were approved for user outreach to assist the Board in determining essentiality of the potential disclosures
  - ✓ Preliminary Views Q4 2024

- **Infrastructure Assets**
  - ✓ Deliberation continued
  - ✓ Required Supplementary Information considered including potential new requirement related to maintenance
  - ✓ Preliminary Views Q3 2024

Practice Issue Projects



	Mar '23	Jun '23	Sep '23	Dec '23	Mar '24
Out of Range	0	0	0	0	0
At Risk	0	0	0	0	0
In Range	3	3	4	4	3

(Benchmark Range 0–3 years)

- **Classification of Nonfinancial Assets**
  - Comment period on ED spanned Q4 – ended January 5th
  - 27 comment letters received
  - Began redeliberation based on feedback received

- **Subsequent Events**
  - Deliberation continued
  - Exposure Draft Q4 2024

- **Implementation Guide Update**
  - No update for 2024, starting process for an update for 2025

Pre-Agenda and Other Research Activities

➢ GAAP Structure

- ✓ Conducted interviews with stakeholders on how they interact with the GASB's literature
- ✓ New survey tool and methodology utilized – increased response rate

➢ GAAP Utilization

- ✓ Reviewed state statutes and other requirements dictating financial reporting for states and local governments
- ✓ Extracted GAAP utilization information for governments filing with the Federal Audit Clearinghouse

PIR Activities

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

PIR Status

Pronouncement	Completed			To be Completed			Current Quarter Activity
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Pensions	1Q 2019	4Q 2022				2Q 2024	• Stage 3 complete. • Final report to Trustees in Q2 2024.
Fair Value	3Q 2020				3Q 2024	4Q 2024	• Preparing for stakeholder roundtables. Roundtables to be conducted in Q2 2024. • Develop preparer, auditor, and user surveys. Surveys to be administered in Q3 2024.
OPEB	4Q 2021				4Q 2025	4Q 2026	• Analyzing roundtable results. • Prepare summary report of roundtable results. • Continue collecting archival data points for the 5th year of implementation.
Fiduciary				4Q 2024	2Q 2028	2Q 2029	• Analyze archival data. • Analyze costs survey results.
Leases				2Q2025	2Q 2029	2Q 2030	• Conduct cost surveys • Conduct archival analysis • Analyze survey data

Oversight Committee Meeting – Public Topics

FASB REPORT

1st Quarter 2024

Rich Jones, FASB Chair
Hillary Salo, FASB Technical Director

May 21, 2024

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

FASB FINANCIAL ACCOUNTING STANDARDS BOARD GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD FAF FINANCIAL ACCOUNTING FOUNDATION

Content for 1Q

- Technical Agenda Overview – 1Q 2024
- Technical Agenda – Due Process Overview
  - Final ASUs Issued
  - Other Significant Standard-Setting Activities
- Technical Agenda – Comprehensive Overview
- Other Projects Overview – 1Q 2024
- Conceptual Framework Progress
- Other Projects – Comprehensive Overview
- Progress on Investor Top Priorities
- PIR Activities – 1Q 2024
- Other Significant Activities
- Focus Areas
- Private Company Activities

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Technical Agenda Overview: 1Q 2024

	Number of Projects				
	As of Dec 31	Added (removed)	Projects Completed	As of Mar 31	# EDs Issued
Recognition and measurement	9		(2)[A]	7	
Presentation and disclosure	3			3	
Emerging Issues Task Force	1			1	
Private Company Council	0			0	
Total	13	0	(2)	11	0

[A] Accounting Standards Update 2024-01: Scope Application of Profits Interests Awards: Compensation–Stock Compensation (Topic 718)
Accounting Standards Update 2024-02: Codification Improvements–Amendments to Remove References to the Concepts Statements

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Technical Agenda – Due Process Overview

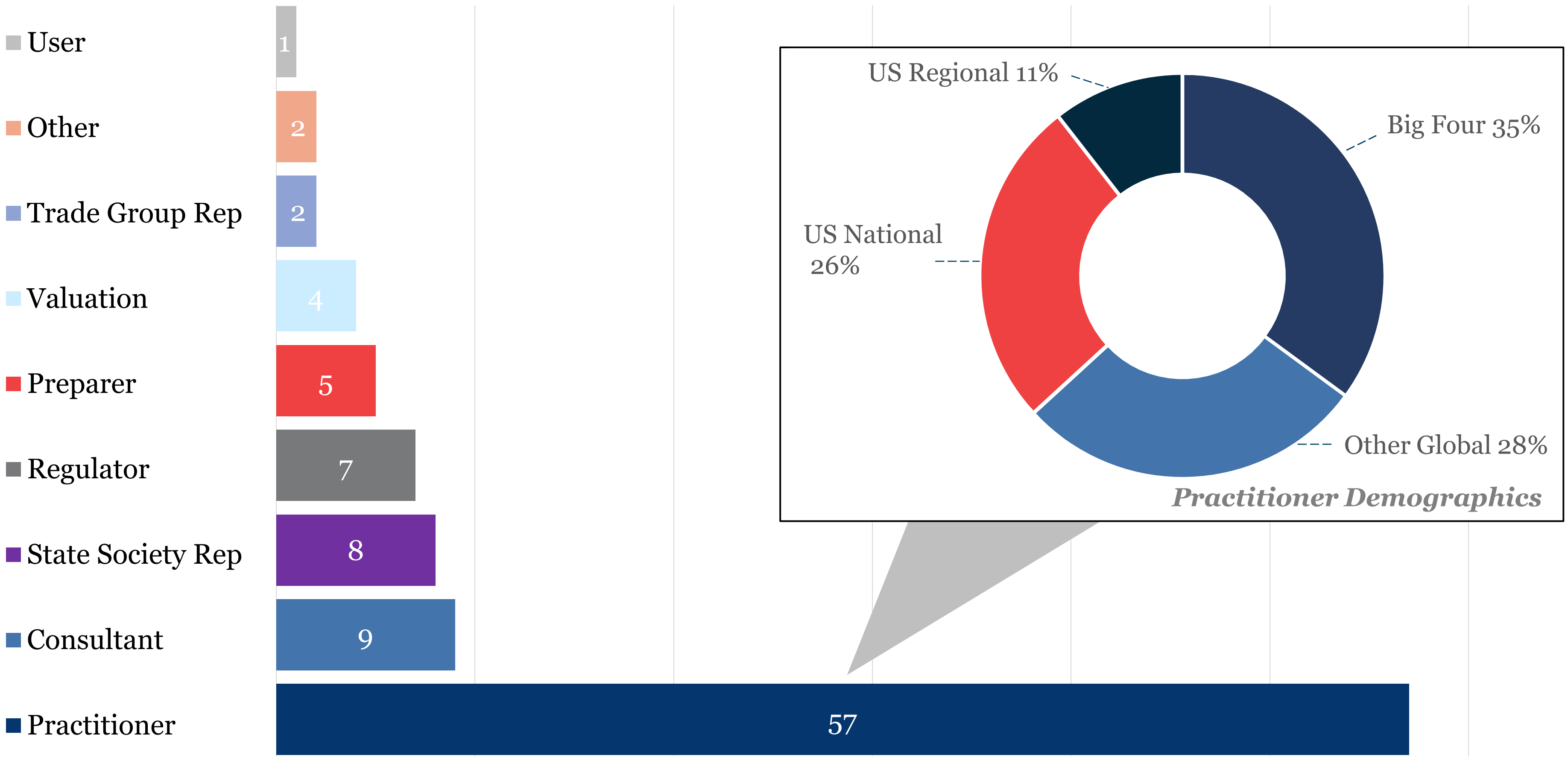
➢Accounting Standard Updates issued

- Scope Application of Profits Interest Awards: Compensation–Stock Compensation (Topic 718)
- Codification Improvements–Amendments to Remove References to the Concepts Statements

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Scope Application of Profits Interest and Similar Awards (ASU 2024-01): Due Process Summary

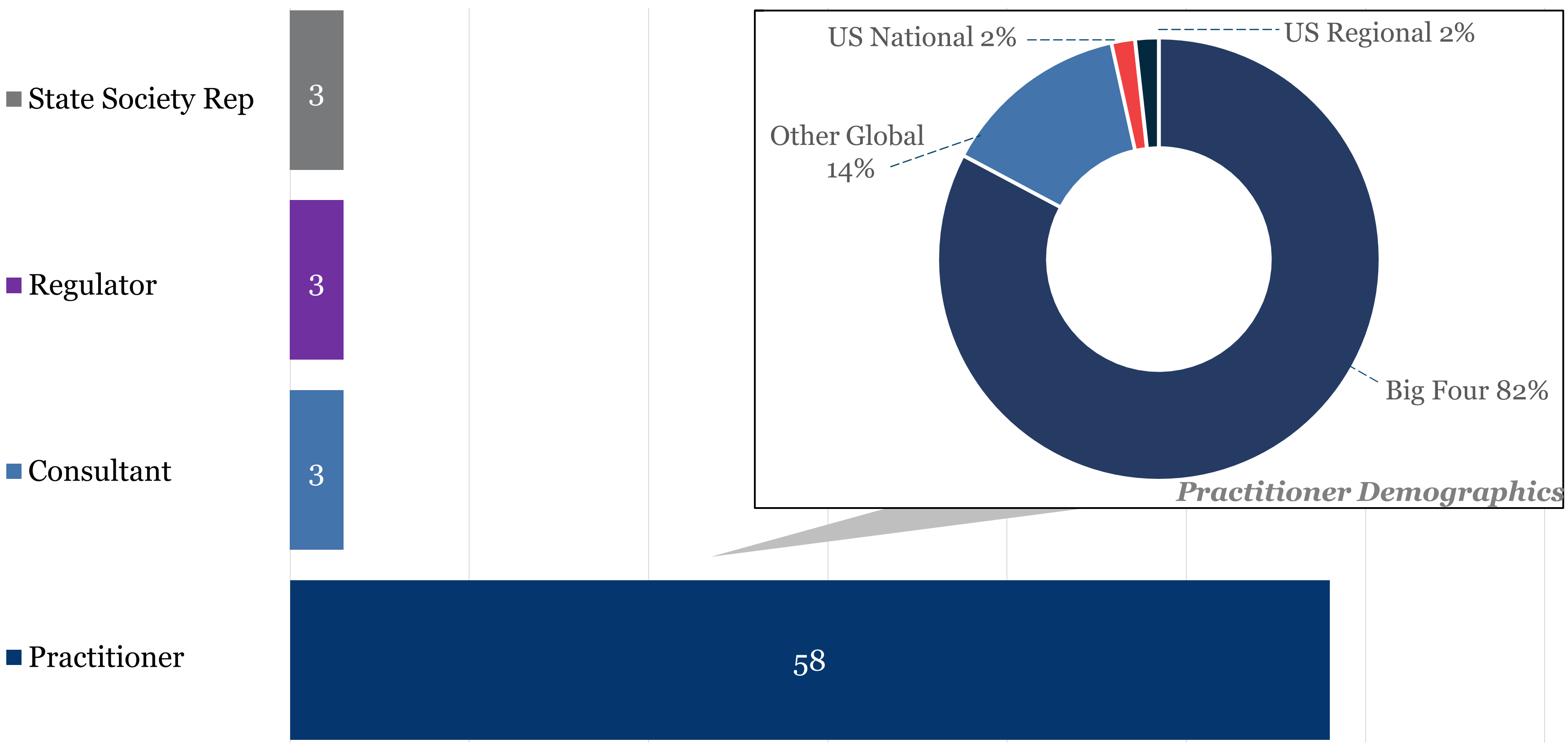
- 76 outreach instances with 95 stakeholders since PCC working group was formed in 2020
- 12 PCC Meetings to educate and solicit feedback since 2021
- 21 comment letters were received from a variety of stakeholders, including 12 practitioners and 4 state CPA societies



FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Codification Improvements—Amendments to Remove References to the Conceptual Framework (ASU 2024-02): Due Process Summary

- 48 outreach instances with 67 stakeholders since the start of the project in 2018
- 10 comment letters were received from a variety of stakeholders, including 8 practitioners and 2 state CPA societies



Technical Agenda – Other Significant Standard-Setting Activities

- Projects currently in redeliberations phase
  - Disaggregation–Income Statement Expenses
  - Purchased Financial Assets
  - Induced Conversions of Convertible Debt Instruments
- Projects where initial deliberations were completed and the Board directed the staff to draft a proposed ASU
  - Topic 815—Derivatives Scope Refinements
  - Interim Reporting—Narrow-Scope Improvements
- Other projects
  - Accounting for and Disclosure of Software Costs
  - Accounting for Environmental Credit Programs
  - Accounting for Government Grants
  - Topic 815—Hedge Accounting Improvements

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Technical Agenda: Comprehensive Overview

RECOGNITION & MEASUREMENT PROJECTS	Next Milestone	Expected Date
Accounting for and Disclosure of Software Costs	Board deliberations	Ongoing
Accounting for Environmental Credit Programs	Board deliberations	Ongoing
Accounting for Government Grants	Board deliberations	Ongoing
Codification Improvements (next phase)	Board deliberations	Ongoing
Financial Instruments–Credit Losses (Topic 326)–Purchased Financial Assets	Board redeliberations	Ongoing
Induced Conversions of Convertible Debt Instruments (EITF Issue No. 23-A)	Final ASU	3Q 2024
Topic 815–Derivatives Scope Refinements	Exposure Draft	3Q 2024
Topic 815–Hedge Accounting Improvements	Exposure Draft	3Q 2024

PRESENTATION & DISCLOSURE PROJECTS	Next Milestone	Expected Date
Disaggregation–Income Statement Expenses	Board redeliberations	Ongoing
Interim Reporting—Narrow-Scope Improvements	Exposure Draft	3Q 2024
Statement of Cash Flows–Targeted Improvements	Board deliberations	Ongoing

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Other Projects Overview: 1Q 2024

	Number of Projects				
	As of Dec 31	Added (removed)	Final Documents Issued	As of Mar 31	# EDs Issued
Framework Projects	1			1	
Research Projects	6			6	
Post-Implementation Review Projects	3			3	
Total	10	0	0	10	0

During 2Q 2024, the FASB expects to finalize a new chapter of its Conceptual Framework on measurement. The new chapter will become Chapter 6 of FASB Concepts Statement No. 8 *Conceptual Framework for Financial Reporting* and completes the FASB's conceptual framework project.

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Conceptual Framework Progress

Chapter	Title	Status
1	The Objective of General Purpose Financial Reporting	Completed: Issued 09/2010
2	The Reporting Entity	Completed: Issued 06/2023
3	Qualitative Characteristics of Useful Financial Information	Completed: Issued 09/2010
4	Elements of Financial Statements	Completed: Issued 12/2021
5	Recognition and Derecognition	Completed: Issued 08/2023
6	**Measurement**	**Final Concepts Statement Expected 2Q 2024**
7	Presentation	Completed: Issued 12/2021
8	Notes to Financial Statements	Completed: Issued 08/2018

Other Projects: Comprehensive Overview

FRAMEWORK PROJECTS	Next Milestone	Expected Date
Conceptual Framework: Measurement	Final Concepts Statement	2Q 2024

RESEARCH PROJECTS
Accounting for and Disclosure of Intangibles
Accounting for Commodities
Consolidation for Business Entities
Definition of a Derivative
Financial Key Performance Indicators for Business Entities
Statement of Cash Flows

POST-IMPLEMENTATION REVIEW PROJECTS
Credit Losses
Leases
Revenue Recognition

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Progress on Investor Top Priorities Since July 2022

- The top priority topics identified by investors in the 2021 Agenda Consultation were:

Document Issued in 2023 or Expected to be Issued in 2024

On Technical Agenda and/or Research Agenda

- Digital Assets
- Income Tax Disclosures
- Disaggregation of Financial Reporting Information
- ESG-Related Transactions or Disclosures
- Intangible Assets, including Software
- Statement of Cash Flows
- Financial KPIs or Non-GAAP Metrics

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

PIR Activities – 1Q 2024

Credit Losses

- Continued to monitor implementation of CECL and engage with stakeholders on various implementation issues through technical inquiries, advisory group meetings, and speeches.
- Performed outreach with individual stakeholders in connection with proposed ASU *Financial Instruments—Credit Losses (Topic 326): Purchased Financial Assets*.

Leases

- Continued to monitor ongoing application and engage with stakeholders on various implementation issues, including discussion at advisory group meetings.
- Engaged in discussions with stakeholders on potential agenda requests, including the accounting for lease costs incurred during a construction period.

Revenue Recognition

- Continued to monitor implementation of Topic 606, *Revenue from Contracts with Customers*.
- Continued to monitor the IASB's (a) Post-Implementation Review of IFRS 15, *Revenue from Contracts with Customers*, and (b) comprehensive review of IFRS 15 under *IFRS for Small and Medium-Sized Entities*.

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Other Significant Activities

- Emerging Issues Task Force (EITF)
  - Announced members of newly reconstituted EITF and updated operating procedures
  - Agenda Committee met in April and added issue to EITF agenda
    - Determining the Accounting Acquirer
  - EITF will hold public meeting on June 14th

- New Website
  - Launched new website
    - More prominent placement of the most important information that stakeholders are looking for
    - Streamlined navigation, simpler menu structure, and more robust search algorithm

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Focus Areas

- Mission focused
- Communication
  - Agenda
  - Outreach
  - Results
- Timeliness
- Culture
- Embrace all stakeholders

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Oversight Committee Meeting – Public Topics

FASB LIAISON TO THE PCC REPORT

1st Quarter 2024

Susan M. Cosper, FASB Member & FASB Liaison to the PCC

This presentation includes the first PCC quarterly meeting of 2024, which was held in April.

May 21, 2024

Private Company Activities 1Q 2024

- PCC Meeting (April 18)
- Institute of Management Accountants Small Business Committee—Liaison Meeting (held March 19)
- Scheduled 2Q 2024 Private Company Activities:
  - Liaison meeting with the AICPA's Technical Issues Committee (May 16)
  - PCC Forum—AICPA ENGAGE Conference (June 6)
  - IN FOCUS: FASB Update for Private Companies and Not-for-Profit Organizations webcast (June 10)
  - PCC meeting (June 24)
  - PCC joint meeting with the FASB's Small Business Advisory Committee (June 25)

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Private Company Activities 1Q 2024

PCC Agenda Prioritization

Project	Discussion	FASB Next Steps
PCC Agenda Prioritization	Discussed agenda priorities and factors that should be considered in determining their current highest priorities. Preliminarily supported researching several areas.	*FASB staff will prepare workplans on those areas for PCC's consideration at June 2024 meeting.*

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Private Company Activities 1Q 2024

PCC Research Project

Project	Discussion	FASB Next Steps
Stock Compensation Disclosures	Voted not to add a project to PCC's technical agenda, on the basis that there are higher priority private company issues to address and there was not a strong case for improvements to be made.	*N/A*

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

Private Company Activities 1Q 2024

FASB Technical Agenda Projects

Project	Discussion	FASB Next Steps
Scope Application of Profits Interest and Similar Awards	Expressed support for final update that was issued Q1 2024.	*Monitor private company implementation.*
Accounting for Government Grants	Generally expressed support for recent Board decisions made. Asked clarifying questions about scope, recognition and measurement.	*FASB will consider the feedback in their analysis. To be discussed at a future Board meeting.*
Accounting for and Disclosure of Software Costs	Provided feedback on the auditability and operability of tentative targeted improvements amendments.	*FASB will consider the feedback in their analysis. To be discussed at a future Board meeting.*

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

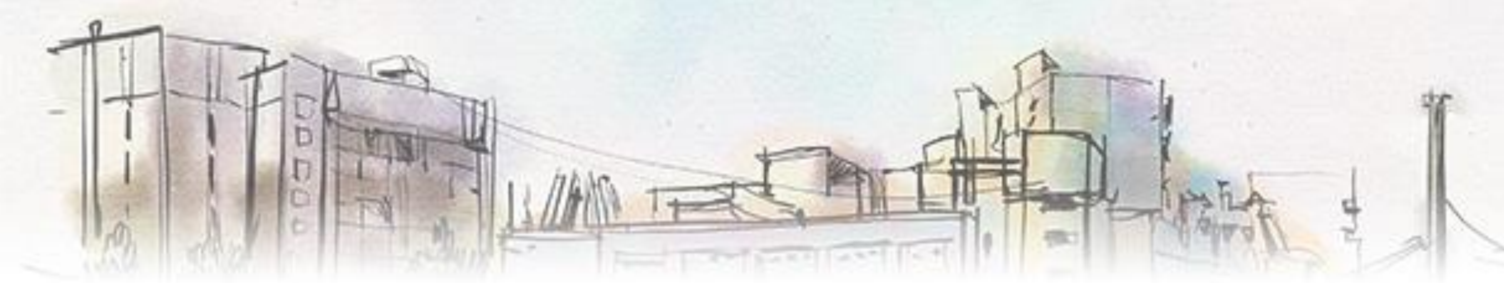
GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

STANDARDS THAT WORK

FROM MAIN STREET TO WALL STREET

GASB Chair Report

January 1, 2024—March 31, 2024



ITEM 1: SUMMARY OF THE QUARTER

During the first quarter of 2024, the Board continued deliberations and progress on our two comprehensive projects—the Financial Reporting Model and Revenue and Expense Recognition—and made progress on both. We are excited to have a review of a final ballot draft for the Financial Reporting Model project with a possible vote for issuance of a new standard scheduled for our April Board meeting.

In addition to the important progress on our two comprehensive projects, we also made progress in our deliberations on each of our other projects, including Going Concern Uncertainties and Severe Financial Stress, Infrastructure Assets, and Subsequent Events. The comment period for our Exposure Draft of a proposed Statement, *Disclosure and Classification of Certain Capital Assets*, ended in early January and our consideration of the important feedback received began late in the quarter.

We continued the monitoring of electronic financial reporting as we investigate the evolution of governmental financial reporting and how technology is changing the way users consume that information. This focus was elevated with the passage of the Financial Data Transparency Act (FDTA) in December 2022. The decision about how the FDTA is implemented rests with the Securities and Exchange Commission (SEC). As the Board responsible for establishing and maintaining GAAP for state and local governments in the United States, we are prepared to play a constructive role in the transition of the FDTA's requirements into practice and have been engaging with the SEC as well as municipal market participants. As part of our activity considering electronic financial reporting, during the first quarter of the year we continued to work on a financial statement taxonomy and added a new member to our electronic financial reporting team with the hiring of a taxonomy supervising project manager. The construction of a financial statement taxonomy is important work for the GASB.

In February, we were very excited to launch a completely redesigned website at www.gasb.org. The new website features streamlined navigation, a more robust search algorithm, and more prominent placement of the most important information our stakeholders are looking for.

ITEM 2: CURRENT TECHNICAL AGENDA AND RELATED ACTIVITIES

The GASB establishes and improves standards of governmental accounting and financial reporting for the purpose of providing information to municipal bond analysts and others in the government investment community, legislators, the citizenry, and other users that is important for making decisions and assessing accountability. Standard-setting projects on the GASB's current technical agenda are identified based on established criteria related to significance, pervasiveness, feasibility, and cost-benefit considerations. The GASB is advised in its agenda setting by the Governmental Accounting Standards Advisory Council (GASAC), which provides input on technical plan priorities and feedback on individual potential standard-setting topics throughout the year.

The following table summarizes the Board's standard-setting activities for the first quarter of 2024:

Number of Projects/Research Activities/Post-Implementation Reviews (PIRs)						
	As of Dec 31 '23	Added	Removed	Final Pronouncements Issued	As of Mar 31 '24	Due Process Documents Issued
Conceptual Framework	–	–	–	–	–	–
Comprehensive Projects	2	–	–	–	2	–
Major Projects	2	–	–	–	2	–
Practice-Issue Projects	3	–	–	–	3	–
Pre-Agenda Research	1	–	–		1	
Other Research	1	–	–		1	
Post-Implementation Reviews	6	–	–		6	
Total	**15**	**–**	**–**	**–**	**15**	**–**

Current Technical Agenda

In the Revenue and Expense Recognition project, the Board continued deliberations based on stakeholder feedback and largely has completed its work on recognition attributes and criteria for category B transactions. During the first quarter, this included working through the requirements related to recognizing property taxes and derived transactions. The Board also settled on definitions for qualifying requirements and purpose restrictions. Attention in this project will now turn to the recognition requirements for Category A transactions.

During the quarter, as part of the Going Concern Uncertainties and Severe Financial Stress project, the Board made decisions about the timing and level of detail for a government's assessment of the severe financial stress condition. The proposed guidance in this project would require the assessment of severe financial stress as of the government's financial statement date and at the level of the primary government, including its blended component units.

As part of the Infrastructure Assets project, the Board tentatively decided upon items to continue to be included in required supplementary information for infrastructure assets reported using the modified approach. The Board also decided to propose additional required supplementary information related to maintenance costs for infrastructure assets reported using historical cost depreciation.

For both the Infrastructure Assets project and the Going Concern Uncertainties and Severe Financial Stress project, the Board added a number of items of potential disclosure, which will be subject to user outreach to assist the Board in determining their essentiality.

The comment period related to our Exposure Draft of a proposed Statement, *Disclosure and Classification of Certain Capital Assets*, ended in early January. We received specific feedback from 27 organizations or individuals. This feedback, along with input from the GASAC and financial statement users received during outreach that led to the Board's determination of the essentiality of the proposed disclosures, is being considered as redeliberations begin in March. Notably, the Board utilized feedback from one comment letter to improve the clarity of the proposed method in which capital assets held for sale would be incorporated into the disclosure.

In the Subsequent Events project, the Board made a tentative decision on the description of nonrecognized events as well as the disclosure to be proposed for subsequent events.

THE FOLLOWING ARE HIGHLIGHTS OF TENTATIVE DECISIONS MADE BY THE BOARD DURING THE QUARTER.

Project	Summary of Tentative Decisions and Milestones

Revenue and Expense Recognition	Category B Transactions Recognition Attributes:
	• Imposed Transactions
	  ○ Property Taxes
	    ▪ A government should recognize assets (that are receivables) at the imposition date. The imposition date is the date at which a governing body approves a local ordinance or similar legal action that specifies the property tax rate or total property tax amount that citizens are expected to provide for a specific fiscal period or periods.
	    ▪ A government should recognize a liability for resources received before a property tax receivable arises.
	    ▪ A government should recognize a deferred inflow of resources for circumstances in

	which the government has not yet complied with time requirements. ▪ A government should recognize revenue for circumstances in which the government has complied with time requirements, if applicable. • Derived Transactions ○ The description of derived revenue transactions should focus on two characteristics: (1) the imposition of a requirement to provide resources and (2) the occurrence of the underlying transaction (on which the imposition is made). ○ A government should recognize assets (that are receivables) when the underlying transaction on which the resource is imposed has occurred. ○ A government should recognize a liability for resources received before a receivable from a derived transaction arises. ○ A government should recognize a deferred inflow of resources for circumstances in which the government has not yet complied with time requirements. A government should recognize revenue for circumstances in which the government has complied with time requirements, if applicable. • Time requirements should be retained as a recognition attribute that establishes the recognition of deferred inflows and outflows of resources. ○ Time requirements should be limited to circumstances in which the government's counterparty or enabling legislation explicitly stipulates limitations about when resource usage may begin. ○ Modifications should not be made to identify either (1) payment schedules or (2) the timing of collection, as a time requirement that requires the recognition of a deferred inflow of resources. • Pledges that are not subject to qualifying requirements ○ Governments should recognize assets (that are receivables) when the government receives or becomes aware of a binding arrangement. ▪ Term endowments should be treated the same as permanent endowments.

	- A specific principle should not be crafted for endowments (permanent and term) that stipulates that not spending resources represents a time requirement and compliance with that time requirement begins when the collection of the resources occurs. o A government should recognize a liability for resources received before a receivable arises. o A government should recognize a deferred inflow of resources for circumstances in which the government has not yet complied with time requirements. o A government should recognize revenue for circumstances in which the government has complied with time requirements, as applicable. • Qualifying requirements are conditions either (a) externally imposed by grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation that are required to be satisfied by the recipient before said recipient is entitled to the resources. • Purpose restrictions are constraints either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation that limit the types of activities or programs for which resources can be deployed.
Going Concern Uncertainties and Severe Financial Stress	• Governments should be required to assess whether they meet the SFS condition as of the financial statement date. • Governments should not be required to assess whether they meet the SFS condition either during the reporting period or as of the date the financial statements are available to be issued. • The concepts of insolvency and the SFS condition should not apply to reporting units less than a legally separate entity, such as funds. • The assessment of the SFS condition should be made for only the primary government, including its blended component units.

	• The level of detail for the assessment of GCU should be required for the primary government and each blended component unit separately, each constituting a legally separate entity. • It is not necessary to explicitly require or prohibit the assessment of the SFS condition or the assessment of GCU for discretely presented component units in this project. • A number of disclosure items were included on a list of potential disclosures that will be subject to user outreach to assist the Board in determining their essentiality.
Nonfinancial Assets	• Note disclosures should include the ending balances of capital assets held for sale, with separate disclosure of historical cost and accumulated depreciation, by major class of asset. • Neither expected proceeds nor a description of the sales process should be additional required disclosures. • Lease assets and subscription assets should be disclosed separately in the note disclosures required by Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. • Intangible right-to-use assets recognized by governmental operators in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* should be disclosed separately in the note disclosures required by Statement 34 by major class of underlying asset. • Intangible capital assets should be required to be disclosed separately by major class in the note disclosures required by Statement 34. • Capital assets that represent a right to use an underlying asset, other than those recognized in accordance with Statements No. 87, *Leases;* No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements;* and No. 96, *Subscription-Based Information Technology Arrangements,* should not be reported in the same major class as owned capital assets. • Examples of capital assets that represent a right to use an underlying asset, other than those recognized in accordance with Statements 87, 94, and 96, should not be included in a final Statement.

Subsequent Events	• A nonrecognized event is a subsequent event that does not inform the measurement of accounting estimates as of the financial statement date but that instead has a significant effect (favorable or unfavorable) on the basic financial statements in the period in which the event occurs and is either:
	  ○ (1) one of the following: a debt-related transaction, a government combination or a disposal of government operations, a change to the legally separate entities that comprise the financial reporting entity, or the application of a new tax rate during the subsequent reporting period; or,
	  ○ (2) an event or transaction that is of such a nature to be essential to a user's analyses for making decisions or assessing accountability.
	• The following requirements should be proposed to be disclosed in the notes to financial statements with respect to subsequent events:
	  ○ A description of the nonrecognized transaction or event
	  ○ An estimate of the effect of that nonrecognized transaction or event on the basic financial statements, or the reason why an estimate cannot be made.

Infrastructure Assets	• The assessed condition for infrastructure assets reported using the modified approach should be presented as RSI. • The three most recent condition assessments should be presented in RSI for infrastructure assets reported using the modified approach. • The estimated annual amount calculated at the beginning of the fiscal year to maintain and preserve at (or above) the condition level established and disclosed by the government compared to the amounts actually expensed for infrastructure assets reported using the modified approach should be presented as RSI. • The number of periods to be required in reporting on the analysis of estimated and actual maintenance and preservation costs of infrastructure assets reported using the modified approach in RSI should be 10 years.

	• Factors that significantly affect trends in the information reported in the required schedules of infrastructure assets reported using the modified approach should be disclosed in notes to RSI. • Governments who report infrastructure assets using historical cost depreciation should be required to present in RSI the estimated annual amount calculated at the beginning of the fiscal year to maintain and preserve compared to the amounts actually expensed for infrastructure assets. • Encouragement for governments to provide the same disclosures in SI as governments are required to disclose in notes to RSI for infrastructure assets reported using the modified approach should not be provided. • A number of disclosure items were included on a list of potential disclosures that will be subject to user outreach to assist the Board in determining their essentiality.

Pre-Agenda Research

The GASB staff continued work on our pre-agenda research topics during the quarter. Significant activities during the first quarter were as follows:

Research Topic	Significant Activities
GAAP Structure	• Conducted interviews with stakeholders on how they interact with the GASB's literature, including which aspects they find valuable and which they find challenging with respect to the current GAAP structure.
GAAP Utilization	• Reviewed state statutes and other requirements dictating financial reporting requirements for state and local governments. • Extracted GAAP utilization information for governments filing with the Federal Audit Clearinghouse.

Post-Implementation Review

The GASB staff continued the post-implementation review (PIR) of six pronouncements during the quarter. (It should be noted that PIRs address related pronouncements—for example, the pensions PIR also covers Statements 71, 73, 78, and 82 and portions of Statement 85. PIRs also cover related implementation guidance; there are free-standing

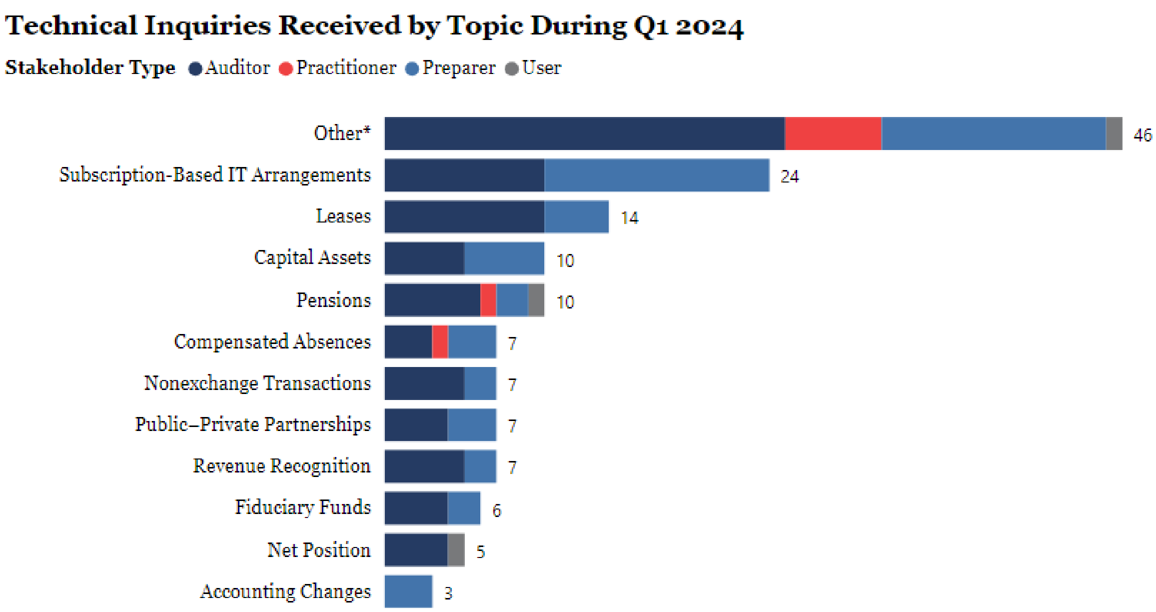
Implementation Guides for all Statements addressed by the PIRs except Statement 72.) Significant activities were as follows:

Topic/Pronouncement	Significant Activities
Pensions (Statements 67 and 68)	• A draft of the final report was discussed with the Board and will be presented to the FAF Standard-Setting Process Oversight Committee in May 2024.
Fair Value Measurement and Application (Statement 72)	• Prepared for stakeholder roundtables to be conducted in spring 2024. • Prepare to administer survey in summer 2024.
Other Postemployment Benefits (Statement 75)	• Continued analyzing roundtable results. • Continued collection of annual financial reports for archival analysis.
Fiduciary Activities (Statement 84)	• Continued collection of annual financial reports for archival analysis and analyzing results.
Leases (Statement 87)	• Continued collection of annual financial reports for archival analysis. • Continued to administer cost surveys for the post-implementation year.

Implementation Support

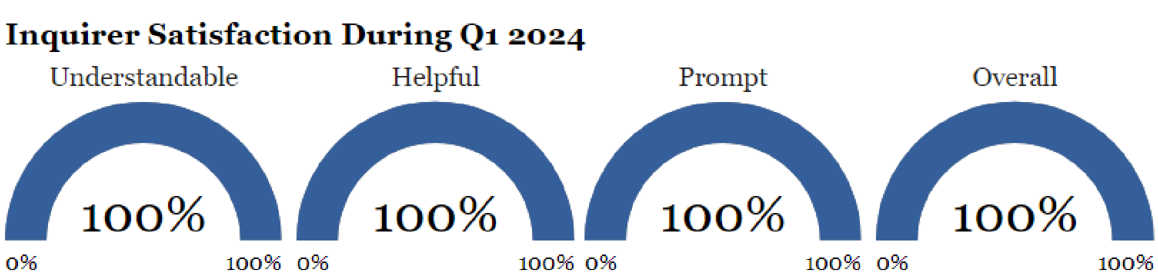
During the period between the issuance of a pronouncement and its effective date (and even after the effective date), the GASB is active in providing support to stakeholders in understanding and applying the standards. In addition to communication and educational activities (see the section later in this report), implementation support takes two primary forms—publishing implementation guidance and answering technical inquiries from stakeholders.

The GASB staff resolved 146 technical inquiries during the first quarter of 2024 in addition to answering numerous other informational inquiries. The following graphs illustrate the topics addressed in the technical inquiries closed during the quarter and the stakeholder types that submitted those technical inquiries.



* "Other" is defined as any topic about which less than 3 related inquiries were received during the quarter.

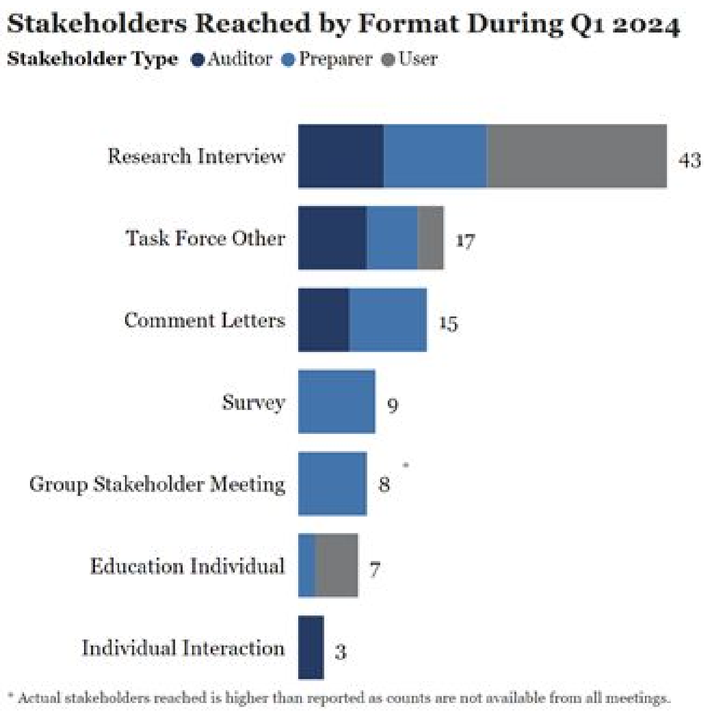
Stakeholders continued to rate the GASB staff's technical inquiry service very highly in the first quarter, well exceeding the GASB's performance goals:



The GASB's goal is 90% in each category.

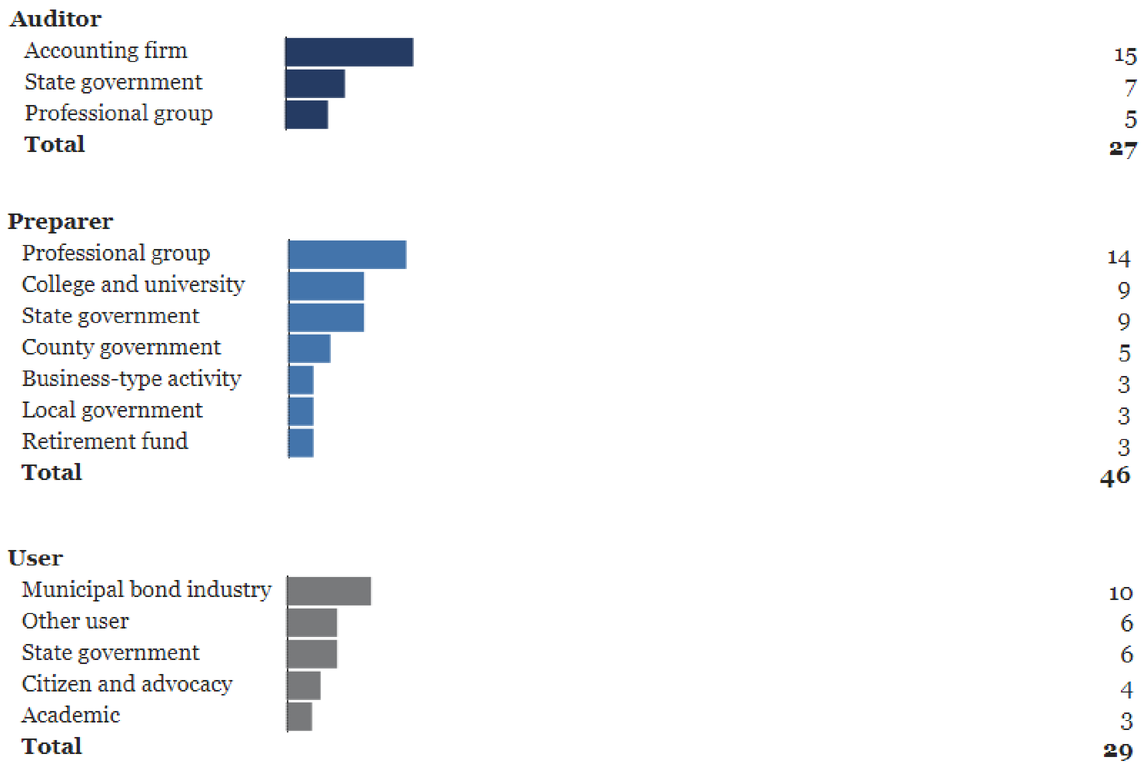
ITEM 3: STAKEHOLDER ENGAGEMENT

Throughout its pre-agenda research activities, current technical agenda projects, implementation support activities, and PIR activities, the GASB conducts extensive outreach to stakeholders to better understand the underlying issues; the technical challenges they present to governments and their auditors; and the costs and benefits associated with applying the standards, auditing the resulting financial reporting, and using the resulting information for making decisions and assessing accountability. The following graphs summarize who the GASB heard from as well as how we heard from the different stakeholder types during the first quarter of 2024:



During the quarter, the GASB adopted a new approach to surveys including utilizing a new tool. The survey responses received utilizing the new tool are not included in the chart above or below. An additional 790 survey responses were received (440 from preparers, 202 from auditors, and 148 from users) during the first quarter. Next quarter, survey interactions utilizing the new tool will be incorporated into the charts.

Stakeholders Reached by Designation During Q1 2024



All Types of Stakeholders

The GASB participated in liaison-type activities with the following organizations:

1. American Accounting Association
2. American Association of State Highway and Transportation Officials
3. American Public Power Association
4. Government Finance Officers Association
5. International City/County Management Association
6. Municipal Securities Rulemaking Board
7. National Council of State Housing Agencies
8. Securities and Exchange Commission—Enforcement Division
9. Securities and Exchange Commission—Office of Municipal Securities
10. Vanguard

The GASB chair or staff participated in project-specific outreach activities with the following groups:

1. American Institute of Certified Public Accountants Governmental and Not-for-Profit Planning Committee
2. Association of Government Accountants Professional Development Training Planning Committee
3. Federal Accounting Standards Advisory Board
4. Going Concern Uncertainties and Severe Financial Stress Task Force

ITEM 4: STAKEHOLDER EDUCATION AND COMMUNICATIONS

The GASB routinely communicates with stakeholders regarding its standard-setting and other activities and provides educational activities through stakeholder organizations and directly. The GASB offered the following educational opportunities in the first quarter of 2024:

Videos and Podcasts

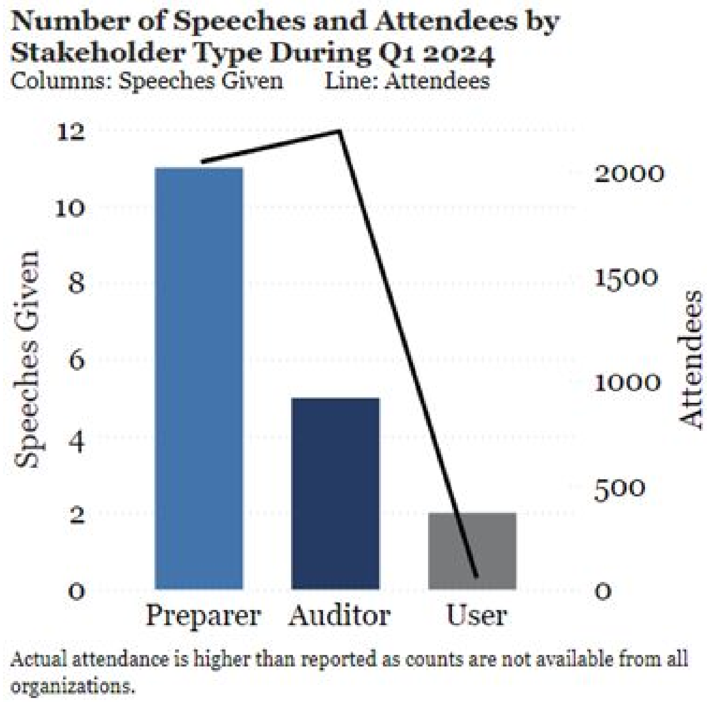
- 2024 GASB Look Ahead Video
- Statement 102, Certain Risk Disclosures Video
- GASB Hosting 2024 AAA-GNP Mid-Year Meeting in Norwalk, CT Video
- Bridging the GAAP Podcast—Episode on the Governmental Accounting Research System (GARS)

Speeches

Board or staff members delivered speeches to the following organizations or at the referenced event:

1. Alaska Government Finance Officers Association
2. American Accounting Association
3. American Public Power Association
4. Arizona Society of Certified Public Accountants
5. Association of Government Accountants
6. Association of Government Accountants—Nashville
7. Association of Government Accountants—Tallahassee
8. California Society of Municipal Finance Officers
9. Crowe LLP
10. Florida Court Clerks and Comptrollers Association
11. Maine Government Finance Officers Association
12. Maryland Government Finance Officers Association
13. National Association of Counties
14. National Association of State Comptrollers
15. New York Government Finance Officers Association
16. Oregon Government Finance Officers Association
17. Texas Association of School Business Officials
18. University of Kansas

The following graph summarizes the number of speeches given by the GASB and the attendees of those speeches during the first quarter of 2024:



Other Communications

The following GASB-related media advisories were issued:

- GASB Issues Guidance on Disclosure of Certain Risks
- Financial Accounting Foundation Trustees Name New Vice Chair and Two New Members to the Governmental Accounting Standards Advisory Council

The GASB chair and staff participated in numerous interviews with media.

ITEM 5: FAF/FASB/GASB INTERACTION

The GASB chair and staff routinely meet with the chair and staff of the FASB and the management and staff of the FAF to coordinate on joint activities and keep them apprised of the work of the Board and staff. In addition to sharing Board meeting minutes with the FASB technical director and GASAC meeting minutes with the FAF Vice President of Board Operations & Governance, the FASB and GASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest, and the FASB and GASB chairs and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest. The staff also met with the FAF Committee for Community Outreach and Activities; the FAF Diversity, Equity, and Inclusion Committee; and the Professional Development Committee. The GASB staff met with the FASB staff to discuss the FASB's taxonomy maintenance process and also the FASB's taxonomy modeling to identify possible components used in GASB taxonomy.

ITEM 6: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

During the first quarter of 2024, the Board and staff engaged in the following strategic, administrative, and procedural activities:

Strategic Matters

1. In February, the GASB launched a completely redesigned website at www.gasb.org. The new website features streamlined navigation, a simpler menu structure, a more attractive and intuitive design, a more robust search algorithm, and more prominent placement of the most important information our stakeholders are looking for.
2. The project pages on the GASB website were updated to include minutes and tentative Board decisions from the Board's meetings in January–March 2024.

Administrative Matters

1. The GASB staff met with students from the University of North Alabama, St. Thomas Aquinas, and the University of Bridgeport.
2. The GASB staff attended in-house (and remote) FAF-sponsored training courses.

GASB Technical Plan: Overview (as of 3/31/24)
Current Technical Agenda

		Issued		To Be Issued		
Status	**Project**	**ITC/PV**	**ED/RED**	**ITC/PV**	**ED**	**Final**
	Comprehensive Projects:					
	Financial Reporting Model	12/16; 9/18	6/20	–	–	2Q24
	Revenue and Expense Recognition	1/18; 6/20	–	–	1Q25	2Q27
	Major Projects:					
	Going Concern Uncertainties and Severe Financial Stress	–	–	4Q24	2Q26	2Q27
	Infrastructure Assets	–	–	3Q24	1Q26	2Q27
	Practice-Issue Projects:					
	Classification of Nonfinancial Assets	–	9/23	–	–	3Q24
	Implementation Guidance—Update	–	–	–	–	
	Subsequent Events	–	–	–	4Q24	4Q25

Within benchmark

May not be completed within current benchmark

Outside benchmark

GASB Technical Plan: Overview (As of 3/31/24)

Pre-Agenda Research

GAAP Structure

Other Research

GAAP Utilization

Post-Implementation Review

Statements 67 and 68—Pensions
Statement 72—Fair Value Measurement and Application
Statement 75—Other Postemployment Benefits
Statement 84—Fiduciary Activities
Statement 87—Leases

FASB FINANCIAL ACCOUNTING STANDARDS BOARD

FASB Chair Report

January 1, 2024 – March 31, 2024

STANDARDS THAT WORK

FROM MAIN STREET TO WALL STREET

LETTER FROM THE FASB CHAIR

The FASB entered the new year with positive momentum from a very successful 2023. During the first quarter of 2024, we continued to build on that momentum by making significant progress on our technical agenda projects, pressing forward with post-implementation reviews of major standards, welcoming new staff and advisory group members, and providing our stakeholders with a newly enhanced website.

Agenda Consultation Priorities and Other Key Technical Agenda Projects

We continued deliberations on the remaining priority projects to come out of our agenda consultation. Our discussions and deliberations brought us closer to completing decisions on our disaggregation of income statement expenses (DISE) project, and we expect to issue a final standard later this year. We also made progress in our discussions on accounting for and disclosure of software costs, environmental credit programs, and government grants, for which we expect to issue exposure documents in the coming months.

We issued a standard that responds to feedback received from the Private Company Council that improves GAAP by adding illustrative guidance to help entities determine whether profits interest and similar awards should be accounted for as share-based payment arrangements within the scope of Topic 718, Compensation—Stock Compensation.

Post-Implementation Reviews

During the first quarter, we continued our post-implementation reviews of the credit losses, leases, and revenue recognition standards to ensure their effectiveness and operability. We continued to work through what we heard during our recent revenue recognition roundtable and will update the Board on these activities during the next quarter. We also continued our deliberations on purchased financial assets related to our credit losses standard.

Other News

On the advisory front, we welcomed six new members of our Not-for-Profit Advisory Committee (NAC):

- **Jeanne Dee**, Partner, Anders CPAs + Advisors
- **Robert Dobbins**, Senior Director, S&P Global Ratings
- **Andy Gutierrez**, Chief Financial Officer, ProHealth Care, Inc.
- **Anat Kendal**, Chief Financial and Business Operations Officer, Pancreatic Cancer Action Network

- **Ellen Labita**, Partner, Baker Tilly US, LLP
- **Sheryl Madden**, Deputy CFO and Controller, The Kresge Foundation.

In January, the FASB welcomed over 45 leading academics to the annual Financial Reporting Issues Conference. We greatly appreciate the support of the academic community as we work to continuously improve accounting standards.

Finally, in March, we were pleased to announce the appointment of Jackson Day as FASB technical director. Jack will assume the role from Hillary Salo when she begins her first term on the Board in July. Jack joins us after a successful career with EY, where he rose through the ranks on a career path that took him to London, New York, and Munich serving as EY Global's director of capital markets, as well as EY's US chief accountant. He's also previously served on FASB advisory groups and is well acquainted with our organization and the standard-setting process.

In closing, I want to convey my appreciation to you for your continued engagement in that process. By following our activities and sharing your views and expertise with us, you help us ensure our standards continue to provide decision-useful information to investors and other users of financial reports in the most cost-effective manner possible.

Richard R. Jones
Chair, Financial Accounting Standards Board

TECHNICAL AGENDA AND OTHER PROJECTS

Technical Agenda

The FASB (the Board) undertakes technical agenda projects to establish and improve financial accounting and reporting standards. The Board evaluates potential standard-setting projects against certain criteria to determine whether a project should be added to the technical agenda. The Emerging Issues Task Force (EITF) and the Private Company Council (PCC) work with the Board in identifying, deliberating, and voting on narrow-scope improvements and improvements to financial reporting by private companies, respectively, subject to endorsement by the Board.

The following table summarizes the changes in the Board's technical agenda during the first quarter of 2024:

	Number of Projects				
	As of December 31	Added (removed)	Projects Completed	As of March 31	# EDs Issued
Recognition and measurement	9		(2)	7	
Presentation or disclosure	3			3	
Emerging Issues Task Force	1			1	
Private Company Council	0			0	
Total	**13**	**0**	**(2)**	**11**	**0**

Two projects were completed through the issuance of a final Accounting Standards Update (ASU):

- *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*
- *Codification Improvements—Amendments to Remove References to the Concepts Statements*.

A detailed listing of the projects on the Board's technical agenda as of the end of the quarter is included in the appendix.

The Board discussed the following projects on the technical agenda during the quarter:

Project	Board Meeting(s)	Summary of Discussions
Disaggregation—Income Statement Expenses	January 31	• Discussed feedback received on the proposed ASU and began redeliberations. • Affirmed the following decisions: ○ Scope includes only public business entities ○ Overall disaggregation approach ○ Integration of existing disclosures with mapping requirements

		o Employee compensation, depreciation, and intangible asset amortization expense categories o Qualitative description of other expenses o Disclosure of total selling expenses, as defined by the entity. • Directed the staff to perform further work on (1) alternatives for the disclosure and further disaggregation of inventory and manufacturing expense, (2) potential implementation guidance for entities in certain industries, and (3) other targeted improvements or clarifications.
	March 27	• Continued redeliberations and made the following decisions: o Provided clarifications or additional guidance on (1) expense captions subject to the disaggregation requirements and (2) certain required expense categories o Provided additional guidance on the disclosure of total selling expenses, including changes in an entity's definition of selling expenses between reporting periods. • Affirmed the decision on integrating existing disclosures without mapping requirements and provided guidance on changes in the presentation of those amounts between reporting periods.
Accounting for Environmental Credit Programs	January 31	• Decided that an entity should recognize a liability when activities or events occurring on or before a balance sheet date indicate that an environmental credit obligation (ECO) exists. • Decided that an entity should measure an ECO liability at (1) the carrying amount of compliance environmental credits or (2) the fair value of the environmental credits necessary to settle the liability at the balance sheet date.
	March 27	• Decided that an entity should be permitted to elect an accounting policy to remeasure a class of eligible noncompliance environmental credit assets to fair value at each reporting period, with changes recognized in earnings. • Directed the staff to conduct additional research on which noncompliance environmental credits should be eligible for the fair value election. • Decided that an entity should be required to recognize acquired environmental credits and ECOs assumed in a business combination in accordance with Topic 805, Business Combinations. • Decided that an entity should measure acquired environmental credits in accordance with Topic 805 and assumed ECO liabilities consistent with the requirements developed in the ECP project.

Topic 815—Hedge Accounting Improvements	February 7	• Discussed feedback received on the cash flow hedges of nonfinancial forecasted transactions issue included in the 2019 proposed ASU and reached the following decisions: o Components of a forecasted nonfinancial transaction are eligible to be hedged if the risk component satisfies the clearly-and-closely-related criterion within the normal purchase and normal sale scope exception. o Entities are not precluded from hedging a variable risk component in a forward contract accounted for as a derivative if the associated forecasted transaction is probable of occurring.
Scope Application of Profits Interest Awards: Compensation—Stock Compensation (Topic 718)	February 28	• Discussed changes made to the illustrative example since the proposed ASU. • **Decided to proceed with issuing a final ASU.** (The ASU was issued on March 21.)
Financial Instruments—Credit Losses (Topic 326)—Purchased Financial Assets	February 28	• Discussed feedback on the proposed ASU and began redeliberations. • Affirmed that all financial assets (with certain exceptions) would be required to be accounted for using the gross-up approach when acquired through business combinations and asset acquisitions. • Directed the staff to perform additional research and analysis on feedback received on the proposed ASU.
Accounting for and Disclosure of Software Costs	March 20	• Decided to pursue targeted improvements to Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software. • Directed the staff to explore disclosures and whether incremental improvements could be made to further enhance transparency about an entity's software costs.

Other Projects

In addition to projects on its technical agenda, the Board also has:

- Framework Projects: These nonauthoritative projects are aimed at making improvements to the Conceptual Framework, which serves as a tool for the Board to use in its standard-setting activities.
- Research Projects: Projects on the Board's research agenda are those that may be considered for the technical agenda at a future date as issues and potential alternative solutions are identified.
- Post-Implementation Review (PIR) Projects: These projects are aimed at evaluating whether standards that have been issued are achieving their objectives and whether there are areas of improvement that the Board should address.

The following table summarizes the changes in these projects during the first quarter of 2024:

	Number of Projects				
	As of December 31	Added (removed)	Final Documents Issued	As of March 31	# of Exposure Drafts
Framework Projects	1			1	
Research Projects	6			6	
Post-Implementation Review Projects	3			3	
Total	**10**	**0**	**0**	**10**	**0**

Framework Projects: During the quarter, the Board monitored feedback received from comment letters related to the following Exposure Draft:

- Proposed Statement of Financial Accounting Concepts No. 8—*Conceptual Framework for Financial Reporting—Chapter 6: Measurement*.

Research Projects: During the quarter, the Board continued to move forward on its research projects. Current research projects as of the end of the quarter are listed in the appendix.

PIR Projects: The PIR process is an evaluation of whether a standard is achieving its objective by providing investors and other allocators of capital with relevant information in ways that justify the cost of providing it. It is an important quality-control mechanism built into the standard-setting process that begins after the issuance of select standards. During the PIR process, the Board solicits and considers diverse stakeholder input and other research to evaluate the standards that are issued and whether there are areas of improvement that the Board should address.

The FASB reports on the progress of PIR projects during its public meetings and reports regularly to the Standard-Setting Process Oversight Committee (SSPOC) of the FAF Board of Trustees. The final PIR reports are reviewed by the SSPOC and available on the FAF website.

Currently, the FASB is reviewing the following:

- Credit losses
- Leases
- Revenue recognition.

For all three PIR projects, the staff is actively monitoring implementation efforts and ongoing application as well as performing outreach with investors, preparers, auditors, and regulators.

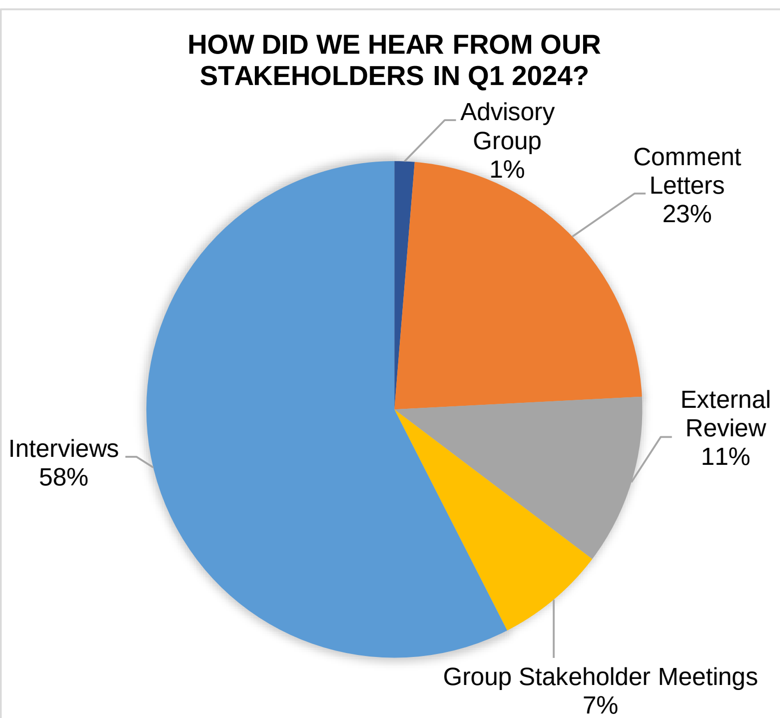
The following table lists activities connected with the individual projects:

Project	Activities
Credit Losses	• Continued to monitor implementation of CECL and engage with stakeholders on various implementation issues through technical inquiries, advisory group meetings, and various speeches. • Performed outreach with individual stakeholders in connection with inquiries related to adoption of Topic 326 and proposed ASU, *Financial Instruments—Credit Losses (Topic 326): Purchased Financial Assets.*
Leases	• Continued to monitor implementation efforts and engage with stakeholders on various implementation issues. • Performed outreach and initial analysis on an agenda request for the Board to reconsider the accounting for lease costs incurred during a construction period.
Revenue Recognition	• Continued to monitor implementation of Topic 606, Revenue from Contracts with Customers. • Continued to monitor the IASB's (a) Post-Implementation Review of IFRS 15, *Revenue from Contracts with Customers*, and (b) comprehensive review of IFRS 15 under *IFRS for Small and Medium-Sized Entities*.

ADVISORY COMMITTEE AND OTHER STAKEHOLDER ENGAGEMENT

Throughout its technical agenda and other projects, the Board and staff conduct extensive research and outreach to help understand the impact of issues and potential solutions on diverse stakeholder groups.

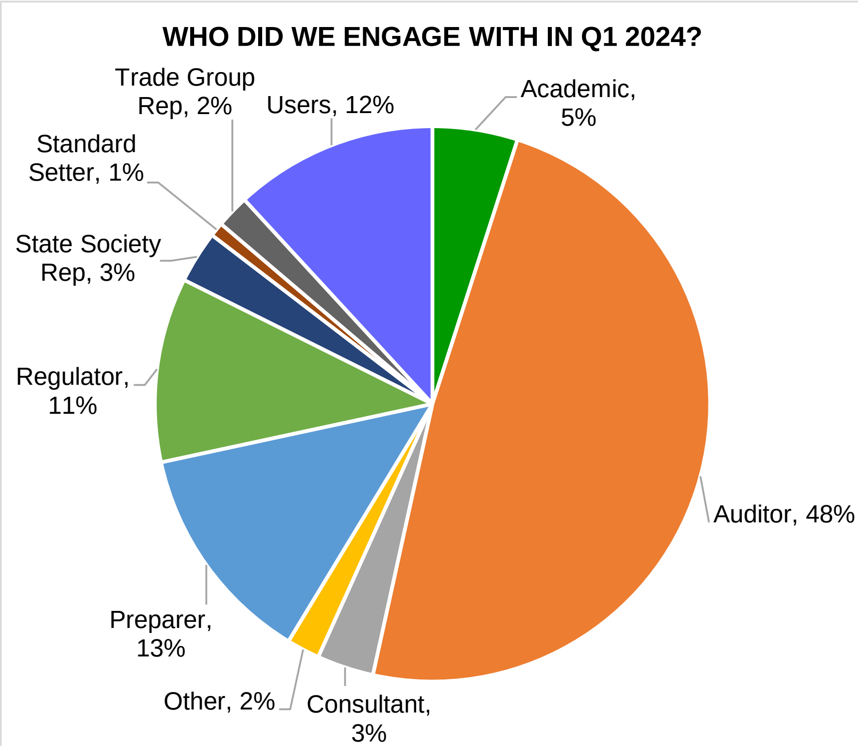
The following graphs and charts summarize how the Board and staff heard from stakeholders and who they heard from.



Q1 Summary Statistics	
# of Interviews	88
# of Comment Letters	35
# of External Review Responses	17
# of Group Stakeholder Meetings	11
# of Advisory Group Meetings*	2

Notes:

**Advisory group meetings include one meeting each with FASAC and NAC.*



Types of Stakeholders	
Preparers	
Public Entities	89%
Not-for-Profit Entities	11%
Auditors	
Big 4 Firms	69%
Other Global	22%
U.S. National	5%
U.S. Regional & Local	4%
Investors and Other Users	
Buy-side	41%
Sell-side	38%
Credit Rating Agencies, Private Equity, Lender, and Other Users	21%

The following table summarizes the main topics discussed in meetings with the FASB's advisory groups:

Group	Meeting Date(s)	Meeting Type	Topics
FASAC	March 5, 2024	Public	• Accounting Alternatives and Changes in Accounting Principles • Disaggregation—Income Statement Expenses • Accounting for Environmental Credit Programs
NAC	March 26, 2024	Public	• Revenue from Contracts with Customers (Topic 606) • Leases • Credit Losses • Accounting for and Disclosure of Software Costs • Accounting for Environmental Credit Programs • Derivatives Scope Refinements • Recent Trends, Concerns, and Observations—Financial Reporting Implications

Members appointed to advisory groups in the quarter were:

- Not-for-Profit Advisory Committee (NAC): Jeanne Dee, Robert Dobbins, Andy Gutierrez, Anat Kendal, Ellen Labita, Sheryl Madden.

INTERNATIONAL ACTIVITIES

The FASB collaborates with other national standard setters and the IASB to help improve and align, where appropriate, standards across the globe. The groups monitor each other's decisions and share research and findings on projects of mutual interest. The following table details these activities during the quarter:

Activity	Meeting Date(s)
IASB/FASB Info Exchanges*	
IFRS Accounting Standards Advisory Forum (ASAF) Meeting	January 29, March 25-26
FASB-IASB Chair Meetings	February 8, March 18
* Ongoing monitoring of implementation activities through biweekly meetings between the FASB technical director and the IASB technical director.	

LEGISLATIVE/REGULATORY OUTREACH

FASB members and staff participate in ongoing dialogue with members of Congress, regulators, and other Washington, DC stakeholders to understand and explain standard-setting matters that affect their constituents. The FASB chair and the FASB technical director also continue to meet regularly with the U.S. Securities and Exchange Commission's (SEC) chief accountant and other senior staff of the SEC.

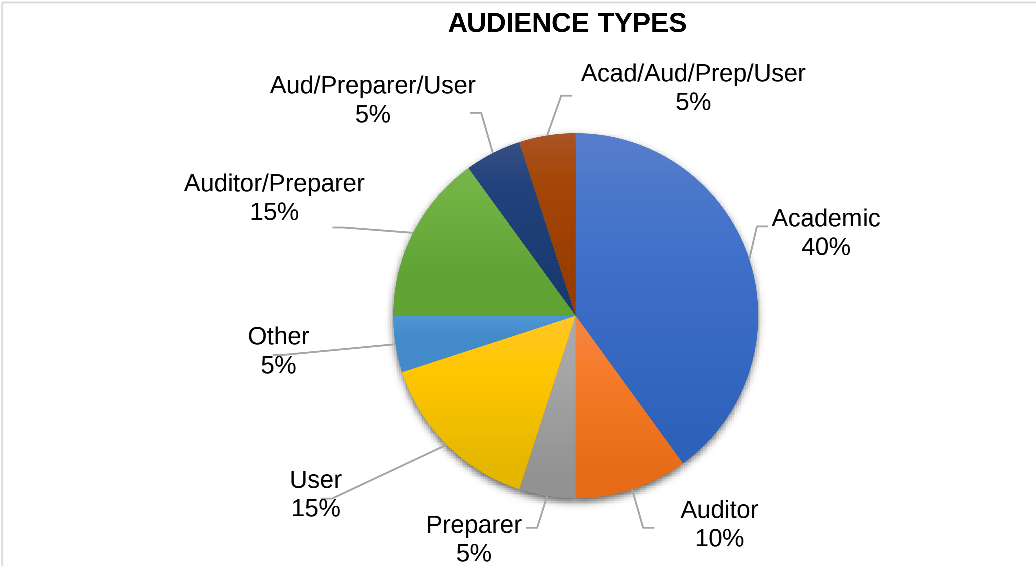
OTHER KEY COMMUNICATION ACTIVITIES

The FASB also continually communicates with a broad range of stakeholders through speaking engagements, media announcements, interviews, videos, and social media. The following tables and graphs detail the educational webinars and videos provided and summarize the speeches delivered during the quarter.

Communication Method	Event Name	Date
Webinar	2025 Emerging Financial Reporting Issues Research Symposium: Accounting for and Disclosure of Cash Flow Information	March 1, 2024

Speech Activity			
Speaker	2022 1Q	2023 1Q	2024 1Q
FASB members	9	7	7
FASB staff	13	13	17
PCC members	0	0	0
Total	**22**	**20**	**24**

- *A total of 24 FASB speakers presented at 20 events. 29% of speakers were FASB members and 71% were FASB staff.*
- *Staff speeches primarily relate to newly issued or broadly applicable recent guidance and periodic updates about FASB project developments.*



<u>Press Releases, Media Advisories, and Social Media</u>

- The FASB issued 8 press releases, media advisories, meeting recaps, and stakeholder emails on a variety of topics with accompanying social media.

<u>Other Communications Activities and Education</u>

- On January 5-6, the FASB welcomed over 45 leading academics to the annual Financial Reporting Issues Conference. Participants discussed consolidation for business entities and measurement of items with uncertain outcomes.
- On January 23, the FASB launched its new website featuring streamlined navigation, a simpler menu structure, more attractive and intuitive design, a more robust search algorithm, and more prominent placement of the most important information stakeholders are looking for.
- On January 25, the FASB and the Chookaszian Accounting Research Center (CARC) of the University of Chicago Booth School of Business announced a call for papers on cash flow information for the 2025 Emerging Financial Reporting Issues Research Symposium taking place in Norwalk on April 4, 2025.
- On February 29, the FAF issued its request for public comment as part of its effectiveness review of the PCC.

XBRL ACTIVITIES

At the request of the SEC, the FASB develops and maintains the GAAP Financial Reporting Taxonomy (GRT) and the SEC Reporting Taxonomy (SRT) applicable to public issuers registered with the SEC. In addition, the FASB staff maintains and publishes annually the Data Quality Committee Rules Taxonomy (DQCRT).

Technical Activities

- On March 19, 2024, the SEC accepted the 2024 GRT and the 2024 SRT. In addition, the FASB finalized the 2024 DQCRT.
- The FASB staff:
    - Published as final (pending annual update) taxonomy improvements for:
        - ASU 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards.*
    - Published the following final GAAP Taxonomy Implementation Guides for the 2024 Taxonomy:
        - *Accounting Changes*
        - *Reorganizations*
        - *Dimensional Modeling for Disclosures of Consolidated and Nonconsolidated Entities.*
    - Published an update to the GAAP Frequently Asked Questions to include new guidance (Question 2.22) for the use of elements with Taxonomy Implementation Notes related to *Disclosure Improvements—Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* (Accounting Standards Update 2023-06).
    - Issued for comment proposed GAAP Taxonomy Implementation Guides for the 2024 Taxonomy:
        - *Leases under Topic 842*
        - *Financial Services—Investment Companies (including SEC S-X Schedules for Business Development Companies).*
    - Published an update to its Extensible Enumerations 2.0 paper.

Outreach Activities Supporting Board Initiatives

The Taxonomy staff performed outreach in support of Board initiatives in this quarter, which included the following:

- Hosted and participated in meetings of the FASB Taxonomy Advisory Group, Taxonomy Insurance Industry Resource Group, XBRL US Data Quality Committee, XBRL US Academic Subcommittee, various XBRL International technical working groups (including Taxonomy staff chairing the Entity Specific Disclosure Task Force), the IASB IFRS Taxonomy Consultative Group, the UK Financial Reporting Council (FRC), and the SEC Division of Economic and Risk Analysis (DERA) staff.

FASB/GASB INTERACTION

The FASB and the GASB regularly share knowledge and research, including meeting minutes and draft proposed and final standards, to support each other's work on similar standard-setting issues. The FASB and GASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest, and the FASB and GASB chairs and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest.

Appendix—Technical Agenda and Other Projects

Revised April 9, 2024

RECOGNITION & MEASUREMENT PROJECTS	Next Milestone	Expected Date
Accounting for and Disclosure of Software Costs	Board deliberations	Ongoing
Accounting for Environmental Credit Programs	Board deliberations	Ongoing
Accounting for Government Grants	Board deliberations	Ongoing
Codification Improvements (next phase)	Board deliberations	Ongoing
Financial Instruments—Credit Losses (Topic 326)—Purchased Financial Assets	Board redeliberations	Ongoing
Induced Conversions of Convertible Debt Instruments (EITF Issue No. 23-A)	Final ASU	3Q 2024
Topic 815—Derivatives Scope Refinements	Board deliberations	Ongoing
Topic 815—Hedge Accounting Improvements	Board deliberations	Ongoing

PRESENTATION & DISCLOSURE PROJECTS	Next Milestone	Expected Date
Disaggregation—Income Statement Expenses	Board redeliberations	Ongoing
Interim Reporting—Narrow-Scope Improvements	Exposure Draft	3Q 2024
Statement of Cash Flows Targeted Improvements	Board deliberations	Ongoing

FRAMEWORK PROJECTS	Next Milestone	Expected Date
Conceptual Framework: Measurement	Final Concepts Statement	2Q 2024

RESEARCH PROJECTS
Accounting for and Disclosure of Intangibles
Accounting for Commodities
Consolidation for Business Entities
Definition of a Derivative
Financial Key Performance Indicators for Business Entities
Statement of Cash Flows

POST-IMPLEMENTATION PROJECTS
Credit Losses
Leases
Revenue Recognition

Private Company Council Meeting
April 18, 2024

Recording Link

PUBLIC MEETING AGENDA Thursday, April 18, 2024 *FASB Liaison: Sue Cosper, Board Member*	
1:00 p.m. – 1:05 p.m.	1. Opening Remarks *(Jere Shawver)*
1:05 p.m. – 1:25 p.m.	2. Town Hall/Liaison Meeting Update *(Jenifer Wyss, Adriana Yepes)*
1:25 p.m. – 2:05 p.m.	3. Accounting for and Disclosure of Software Costs *(Aarika Friend, Ashley Tisckos, Katy Rossino, Sonja Kuranz, Amanda Wilson, Alicia Manders)*
2:05 p.m. – 3:20 p.m.	4. PCC Agenda Priorities *(led by PCC members)*
3:20 p.m. – 3:35 p.m.	5. Break
3:35 p.m. – 4:15 p.m.	6. Accounting for Government Grants *(Liz Gagnon, Jennifer Kimmel, Adam Thurman, Sam Yang, Anna Thomas, Alex Casas)*
4:15 p.m. – 4:55 p.m.	7. Stock Compensation Disclosures *(Jenifer Wyss, Adriana Yepes, Jack Krause, Sonja Kuranz)*
4:55 p.m. – 5:10 p.m.	8. Credit Losses – Post-Implementation Review *(led by PCC members, with input from FASB staff: Dan Stuhlemmer, Erin Cahill, Chase Hodges, Nathan Clark, Andrew Leonard, Alex Casas)*
5:10 p.m. – 5:20 p.m.	9. Scope Application of Profits Interest Awards *(Elizabeth Gagnon, Jennifer Kimmel, Maddie Stolper)*
5:20 p.m. – 5:30 p.m.	10. Other Business *(led by PCC members)*
5:30 p.m.	11. Adjournment

PCC PRIVATE COMPANY COUNCIL

MEETING RECAP

April 18, 2024

The Private Company Council (PCC) met on Thursday, April 18, 2024. Below is a summary of topics discussed by PCC and FASB members at the meeting:

- **PCC Agenda Priorities:** PCC members discussed their agenda priorities and the factors that should be considered in their determination. PCC members supported conducting preliminary research on the following areas: debt modifications and extinguishments, credit losses—short-term trade accounts receivable and contract assets, lease accounting simplifications such as practical expedients or accounting alternatives for private companies, and the presentation of conditional retainage and overbillings as contract assets and liabilities.
- **Stock Compensation Disclosures (PCC Research Project):** PCC members decided not to add a project to the PCC agenda to consider stock compensation disclosures in Topic 718, Compensation—Stock Compensation. PCC members noted that there are more pervasive and pressing issues for the PCC to address such as those discussed under PCC Agenda Priorities.
- **Accounting for and Disclosures of Software Costs:** FASB staff provided PCC members with an update on the project, including the Board's recent decision to pursue targeted improvements to Subtopic 350-40, Intangibles—Goodwill and Other—Internal-Use Software. PCC members provided feedback on whether the tentative amendments to Subtopic 350-40 under this approach would be auditable and operable. PCC members suggested that further clarification on unit of account and maintenance and enhancements guidance would improve the operability of the approach. Some PCC members observed that many software projects involve aspects of both linear and nonlinear development (commonly referred to as waterfall and agile development, respectively) and applying the tentative decisions for nonlinear development to all software costs within the Subtopic could reduce complexity. Additionally, PCC members observed that some of the new terminology included in the targeted improvements would introduce new judgments into the guidance. User PCC members indicated that they would like to be able to differentiate between recurring and one-time software costs and to have more insight into management's judgments. PCC members also discussed whether a recognition and measurement exception is warranted for private companies.
- **Accounting for Government Grants:** The PCC discussed the Board's recent decisions on this project, including its decisions to (1) leverage the accounting framework within IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, for government grants and (2) make targeted improvements to the IAS 20 guidance and provide implementation guidance. PCC members generally agreed with the Board's decisions and specifically expressed their support for including implementation guidance. Preparer PCC members asked about wording differences related to the recognition threshold between IAS 20 and the proposed wording in the Codification. Preparer PCC members also asked clarifying questions about the type of transactions that would be included in the proposed guidance based on the revised scope. User PCC members noted that the required disclosures in Topic 832, Government Assistance, are important to help users understand the accounting for government grants received by the private companies that they work with.
- **Credit Losses Implementation:** PCC members discussed recent observations on private company implementation of Topic 326, Financial Instruments—Credit Losses (CECL). PCC user members noted that they have not observed a significant effect on private company financial statements from applying CECL to trade accounts receivable and contract assets. Several PCC members commented on the application of CECL to contract assets and the interaction between credit risk and revenue recognition under Topic 606, Revenue from Contracts with Customers.
- **Scope Application of Profits Interest Awards:** PCC members supported the amendments in Accounting Standards Update No. 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*. Several practitioner PCC members noted that the amendments will help private company stakeholders apply the guidance. PCC members discussed various ways to educate stakeholders on this Accounting Standards Update.
- **Town Hall/Liaison Meeting Update:** PCC members and FASB staff discussed feedback received during the March 2024 liaison meeting with the Institute of Management Accountants (IMA) Small Business Committee (SBC). FASB staff also noted that the PCC will hold a liaison meeting with AICPA Private Companies Practice Section (PCPS) Technical Issues Committee (TIC) in May 2024, and a town-hall style forum at the AICPA ENGAGE Conference in June 2024. FASB staff also noted that the FASB will present its semiannual webcast, *IN FOCUS: FASB Update for Private Companies and Not-for-Profit Organizations*, on June 10, 2024.
- **Other Business:** FASB staff summarized the PCC's closed meeting discussion of the interest rate environment and its effects on financial reporting, as well as other topics.

The next PCC meeting is scheduled for Monday, June 24, 2024, and a joint meeting between the PCC and the FASB's Small Business Advisory Committee (SBAC) is scheduled for Tuesday, June 25, 2024.

Recaps: FASB/GASB Advisory Meetings

February 17, 2024 through May 7, 2024

Meetings Held in Q1 2024

a.	Financial Accounting Standards Advisory Council:	March 5, 2024
b.	Not-for-Profit Advisory Committee:	March 26, 2024
c.	Governmental Accounting Standards Advisory Council	April 15-16, 2024

FASAC FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL

MEETING RECAP

March 5, 2024

The Financial Accounting Standards Advisory Council (FASAC) held its quarterly meeting on Tuesday, March 5, 2024. The FASB chair provided highlights on FASB activities, and the SEC, PCAOB, and AICPA staff members commented on current issues and activities. Council members discussed the following topics.

Accounting Alternatives and Changes in Accounting Principles: Council members discussed the circumstances and factors the Board should consider when determining whether to provide accounting alternatives, including options and practical expedients in GAAP. Council members also provided input about the application of the guidance on changes in accounting principles.

Overall, Council members were supportive of the Board's judicious consideration of accounting alternatives that better represent the underlying economics of a transaction or how management runs its business. Some Council members suggested that the Board (a) develop a roadmap for determining when accounting alternatives (including accounting policy elections and practical expedients) are warranted; (b) provide more transparency about why an accounting alternative is provided in GAAP (e.g., benefits and costs, system constraints, a better representation of the underlying economics, sector specific needs); (c) clarify what constitutes a practical expedient and provide more transparency about where, why, and how entities elect practical expedients; and (d) consider eliminating or reducing the number of accounting alternatives when the financial reporting is not a better representation of the underlying economics.

Most investors indicated a preference for limiting accounting alternatives in GAAP to increase comparability and consistency within industry sectors and among public and private companies, particularly when those alternatives affect key financial metrics, such as EBITDA and cash from operations. However, those investors acknowledged that accounting alternatives may be warranted in certain circumstances. Many investors observed that practical expedients are intended to reduce costs for preparers and generally do not result in less decision-useful information.

Preparers reinforced that the Board should be thoughtful when adding practical expedients into GAAP, specifically for recognition and measurement, and noted challenges with assessing the ongoing materiality of certain practical expedients and the benefits when entities within an industry consistently apply (or do not apply) certain practical expedients. Preparers observed that there are many accounting conventions that are applied in practice that do not need to be codified in GAAP as practical expedients. Preparers were generally supportive of practical expedients that facilitate transition for the initial adoption of new accounting requirements because of the limited effect of those expedients on future reporting results.

Regarding the guidance on changes in accounting principles, investors noted the importance of transparent disclosures to better understand entities' accounting policy elections and any related changes. Some investors suggested that the Board consider disclosures that would require an entity to provide (a) its reasons for making a specific accounting policy election and (b) a tabular summary of its accounting policy elections. Preparers and practitioners noted some inconsistencies in practice in how entities apply the guidance on changes in accounting principles and assess whether changes in accounting principles are preferable. Some Council members noted that it may be helpful to further evaluate whether changes to the guidance on changes in accounting principles are necessary to address areas of diversity in practice (for example, whether changes in presentation should be assessed under the preferability guidance). Council members stated that practical expedients generally are viewed as less preferable accounting principles and suggested that if an entity wanted to no longer apply a practical expedient that change in accounting principle should be presumed to be preferable.

Disaggregation—Income Statement Expenses: Council members received a summary of the comment letters and other stakeholders' feedback on the July 2023 proposed Accounting Standards Update and an update on the January 31, 2024 Board meeting decisions. In discussing the operability and auditability of the proposed Update, preparer Council members noted that (a) data collection and system readiness remain key concerns, particularly for the proposed disclosures of inventory and manufacturing expenses and (b) the difficulty of implementing a final standard will vary among entities and across different industries. Additionally, Council members discussed the Board's decision to exclude private companies from the scope of the project.

Accounting for Environmental Credit Programs: Council members received an update on the January 31, 2024 Board meeting decisions and provided input on the project. Council members inquired about the accounting for certain transactions involving environmental credits, such as business combinations and sales of environmental credits previously expensed because they were used for purposes other than selling or settling environmental credit obligations. Additionally, some Council members asked about disclosures that would be required as part of the project.

FASAC meeting recaps are provided for those interested in following the activities of the FASAC. More details on the FASAC's input on the FASB's projects can be found at fasb.org.

NOT-FOR-PROFIT ADVISORY COMMITTEE

MEETING RECAP

March 26, 2024

The FASB Not-for-Profit Advisory Committee (the Committee) held its semiannual meeting on Tuesday, March 26, 2024. Topics discussed included the following:

Implementation of Recent Standards—FASB staff provided an update on the implementation of recent standards since the September 2023 Committee meeting. Committee members provided feedback on the following Topics:

1. Topic 606, Revenue from Contracts with Customers
2. Topic 842, Leases
3. Topic 326, Financial Instruments—Credit Losses.

Committee members received an update on the feedback received from the November 2023 public roundtable held as part of the post-implementation review of Topic 606. Two Committee members observed diversity in practice in accounting for contract liabilities and receivables related to tuition in independent schools (NFP subsector). FASB staff referred the Committee members to "Example 38—Contract Liability and Receivable," in Topic 606 (beginning in paragraph 606-10-55-284). One Committee member questioned whether additional guidance should be provided to clarify whether renewal options existing in sale-and-leaseback transactions should be considered in the same manner as repurchase options. A user member stated that diversity exists in the presentation of right-of-use assets on the balance sheet. That user member also noted that the financial reporting information resulting from the application of the guidance in Topic 842 provides enhanced transparency about lease transactions. An observer from the American Institute of Certified Public Accountants (AICPA) provided the Committee with a status update on amending Chapter 8, "Programmatic Investments," of its Audit and Accounting Guide, *Not-for-Profit Entities*, to conform to the credit loss guidance in Topic 326. That observer noted that the project is in the final stages and approaching completion. Committee members discussed their experiences in implementing Topic 326, which became effective for NFPs for fiscal years beginning after December 15, 2022. Several Committee members noted challenges in applying Topic 326 to trade accounts receivable and similar financial assets that mature in less than one year. Those members recommended a practical expedient or alternative for measuring credit losses on short-term financial assets. Committee members also noted that additional implementation guidance and illustrative examples on methodologies that should be applied to trade accounts receivable would be helpful. Finally, a couple of members discussed their observations about practice that is developing around estimating credit losses under Topic 326 for (1) assets with a remote risk of loss and (2) off-balance-sheet financial guarantees.

Select FASB Projects—Updates on and Solicit Feedback—FASB staff provided an update and solicited feedback on the Accounting for and Disclosure of Software Costs project, the Accounting for Environmental Credit Programs project, and the Topic 815—Derivatives Scope Refinements project. On the project related to software costs, one Committee member inquired whether there would continue to be challenges in determining which of the two current models (that is, internal-use software or external-use software) to apply because of the Board's recent decisions to pursue a targeted improvements approach that would retain the scope of those two models. On the Accounting for Environmental Credit Programs (ECP) project, one Committee member commented on the trends in higher education institutions, noting that some, perhaps many, institutions already have voluntary carbon reduction commitments ("net zero") and may consider acquiring environmental credits to meet those commitments. In contrast, another Committee member observed only limited involvement by the health care industry with the environmental credit programs that are included in the scope of the ECP project. One Committee member asked whether environmental credits in the scope of the ECP project would be subject to the credit losses guidance in Topic 326. FASB staff noted that environmental credits are not financial assets and, therefore, are not within the scope of Topic 326. Regarding the Derivatives Scope Refinements project, a couple of Committee members noted that environmental, social, and governance (ESG)-linked financial instruments are not currently prevalent in the NFP sector, including the health care and higher education subsectors. Likewise, Committee members indicated that there appear to be few, if any, research and development funding arrangements or litigation funding arrangements in the NFP sector. One Committee member indicated, however, that certain risk-based revenue arrangements in the health care industry could potentially contain embedded derivatives that might fall within the scope of the project.

Recent Trends, Concerns, and Observations of Committee Members—Committee members discussed recent trends, concerns, and observations in the NFP sector, including a range of business pressures that NFPs face and the associated consequences of those pressures on an NFP's operations and financial reporting. Building upon the discussion that occurred during the September 2023 NAC meeting, members discussed continuing inflationary, wage, and interest rate pressures; fundraising challenges; staffing shortages; and the status of COVID-19 financial assistance. Members noted that ongoing staffing shortages have affected the ability of some NFPs to fulfill contracts and provide timely financial statements. Members also discussed the delayed receipt of certain COVID-19 financial assistance (worsening in recent months) and the effect on NFPs' operations and liquidity. As they did in the September 2023 NAC meeting discussion, members highlighted the need for increased transparency in the financial statements (for example, robust concentration-of-risk disclosures) and the potential need for voluntary disclosures outside of the financial statements, such as in a management's discussion and analysis. Members also discussed some fundraising challenges triggered in part from recent global events and emphasized the guidance on how to account for reversals of and allowances associated with contributions and grants receivable. Finally, some Committee members provided their perspectives on the opportunities and risks involved with the use of artificial intelligence in an NFP and its effect on the financial statements.

FASB Not-for-Profit Advisory Committee Meeting Recaps are provided for those interested in following the activities of the Not-for-Profit Advisory Committee. More details on the NAC's input on the FASB's projects can be found within the meeting minutes, which will be published on the FASB website in the coming weeks.