



2024 WICPA ACCOUNTING & AUDITING CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



ACCOUNTING & AUDITING UPDATE

Hear about the latest relevant current and upcoming changes in GAAP and GAAS as well as real-world practical examples and tips



NEW FEDERAL REQUIREMENT FOR BUSINESSES: BENEFICIAL OWNERSHIP REPORTING 101

Hear directly from a FinCEN representative about information on beneficial ownership reporting and how to comply with the law, including a walkthrough of how to fill out the form, as well as a period for questions



ECONOMIC & FINANCIAL MARKET OUTLOOK: POST-ELECTION PROSPECTS

Find out what the most reliable indicators point to about the economic and financial market outlook, and what that means for us all in 2025-2028

THURSDAY, NOV. 21 | WICPA OFFICE & WICPA CPE LIVESTREAM

2024 WICPA ACCOUNTING & AUDITING CONFERENCE

MATERIALS AT A GLANCE

The following materials are from the morning sessions of the 2024 WICPA Accounting & Auditing Conference held on Thursday, Nov. 21, including:

- Economic & Financial Market Outlook:
Post-Election Prospects
- Balancing the Ledger: Recruitment Strategies
in the Hybrid Work Era
- Financial Accounting Update

**VIEW THOUSANDS OF ADDITIONAL IN-PERSON AND
ONLINE CPE OPPORTUNITIES AT [WICPA.ORG/CPECATALOG](https://www.wicpa.org/cpecatalog)**



Commercial Bankers, Joel Benz and Avelina Poppoert, at the Wisconsin Institute of CPA's Conference.

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- Private Banking and Wealth Management Services
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TOGETHER,

we have the power to make a difference.

Contributions to the WICPA Political Action Committee (CPAC) and Legislative Involvement Fund (LIF) allows the WICPA to:



Educate lawmakers about the issues impacting Wisconsin CPAs.



Ensure a healthy business climate for CPAs and the clients you serve.



Strengthen the voice and visibility of the WICPA and its members.



Support the election campaigns of candidates who support our issues.

Learn more and make a contribution at wicpa.org/cpaclif.

Meeting Space & Training Center Rentals Available

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- ▶ Free parking
- ▶ Located in Waukesha, just off I-94
- ▶ Coordinated catering and refreshments

Training Center



Executive Boardroom



For more information, visit wicpa.org/MeetingSpaces, or to schedule a tour or reserve space, contact Rachella Fortier at rachella@wicpa.org or 262-785-0445 ext. 4505.



WICPA
Educational
FOUNDATION



YOU have the opportunity to impact thousands of students and educators in Wisconsin.

Through your contribution to the WICPA Educational Foundation, you can help us reach students and educators in high school and college to create awareness about the accounting profession.

As the end of 2024 draws near and you are thinking about tax planning, consider donating to the WICPA Educational Foundation.

Questions? Contact Tammy J. Hofstede, WICPA President and CEO at tammy@wicpa.org.

To contribute, visit wicpa.org/EF.

INSPIRE FUTURE ACCOUNTANTS

PROMOTE ACCOUNTING & YOUR ORGANIZATION!

Step up and shape tomorrow's accounting professionals by hosting high school students at your organization. The WICPA Educational Foundation's Accounting Awareness Grants provide funding for high school educators to bring students to you for a presentation or activity to learn more about accounting. By volunteering to host a class, your organization will:



Spark interest in the accounting profession



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Don't miss the chance to inspire and recruit the next generation of accountants. Get noticed by high school educators now!
Learn more at wicpa.org/HighSchoolActivityHost.



SAVE THE DATE!

UPCOMING WICPA CONFERENCES & SPECIAL EVENTS



CONFERENCES

WICPA conferences are your source for key updates and insights on timely issues. As a WICPA member, you can save up to \$150 on registration!

Accounting Technology Conference

Tuesday, Dec. 10

WICPA Office & WICPA CPE Livestream

Business & Industry Spring Conference

Thursday, March 20, 2025

Brookfield Conference Center & WICPA CPE Livestream

Financial Institutions Conference

Tuesday, May 13, 2025

WICPA Office & WICPA CPE Livestream

School District Audit Conference

Wednesday, May 21, 2025

WICPA Office & WICPA CPE Livestream

Business & Industry Fall Conference

Tuesday, Sept. 9, 2025

Brookfield Conference Center & WICPA CPE Livestream

Not-for-Profit Accounting Conference

Tuesday, Sept. 16, 2025

WICPA Office & WICPA CPE Livestream

Tax Conference

Monday, Nov. 3 - Tuesday, Nov. 4, 2025

Brookfield Conference Center & WICPA CPE Livestream

Accounting & Auditing Conference

Thursday, Nov. 20, 2025

WICPA Office & WICPA CPE Livestream

Technology Conference

Thursday, Dec. 4, 2025

WICPA Office & WICPA CPE Livestream

SPECIAL EVENTS

WICPA special events are unique opportunities to connect with fellow members and provide a great way to socialize and have fun!

Bowling Night

Thursday, April 24, 2025

New Berlin Ale House

Member Recognition Banquet & Annual Business Meeting

Friday, May 9, 2025

Brookfield Conference Center

New CPA Banquet

Friday, June 13, 2025

Brookfield Conference Center

Golf Outing

Friday, Sept. 19, 2025

Ironwood Golf Course

Virtual Member Orientation

Thursday, Dec. 12, 2024 | Open 8 a.m.

Tuesday, March 11, 2025 | Open 8 a.m.

Learn more and register at
wicpa.org/orientation.

Registration opens approximately eight weeks prior. For more details about each and to register, visit wicpa.org/conferences and wicpa.org/events.

2025
WICPA

Excellence

★ ★ ★

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NOMINATE SOMEONE YOU KNOW FOR AN EXCELLENCE AWARD!

- ★ Accounting Educator
- ★ Accounting Student
- ★ Business & Management
- ★ CPA in Public Practice
- ★ Community Service
- ★ Distinguished Career
- ★ Diversity & Inclusion
- ★ Woman to Watch
- ★ Young Professional

Submit your nomination at wicpa.org/awards by Nov. 22, 2024.

Recipients will be announced in January and honored at the Member Recognition Banquet & Annual Business Meeting on May 9, 2025.

The individual nominated must be a WICPA member.

8:10 – 9:10 a.m.

Economic & Financial Market Outlook: Post-Election Prospects

Clare Zempel, CFA, CBE, *Principal, Zempel Strategic*



WICPA Accounting & Auditing Conference

The Economic and Market Outlook 2024 – 2028

“Soft Landing” Still Most Probable Outcome

Imminent Fed Easing Will Support Economic Rebound

Political Uncertainties Could Weaken Upturn

Clare Zempel, CFA, CBE
Economist and Investment Strategist

WICPA Headquarters
November 21, 2024

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WICPA Accounting & Auditing Conference

The Economic and Market Outlook 2023 – 2028

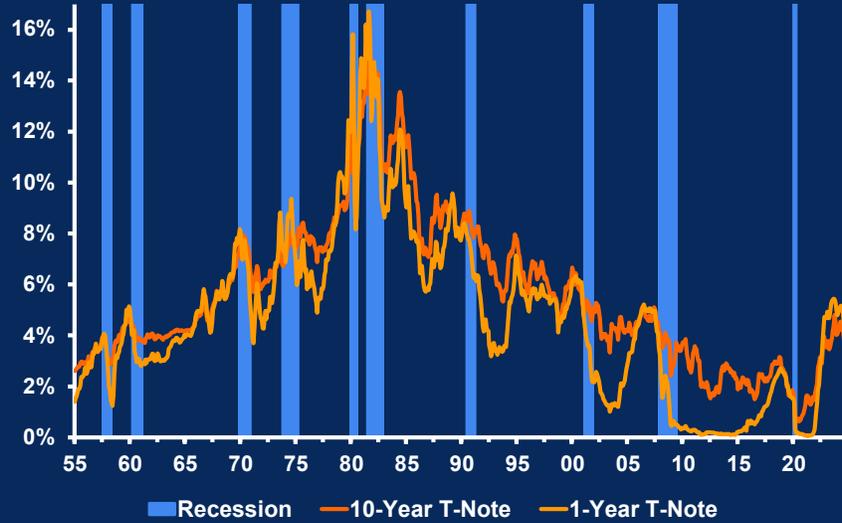
What Do “Best Cyclical Indicators” Tell Us?

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Interest Rates and Recessions

(Inversion = 1-Year > 10-Year)

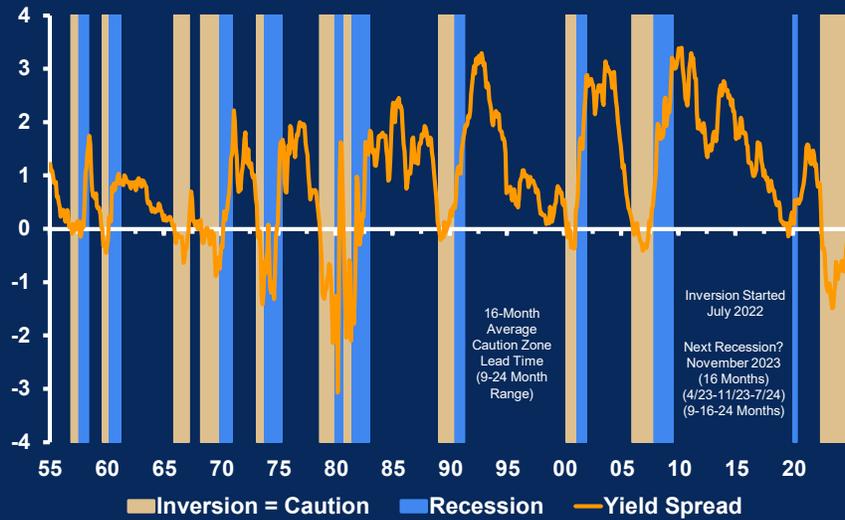
10 Recessions
Since 1955

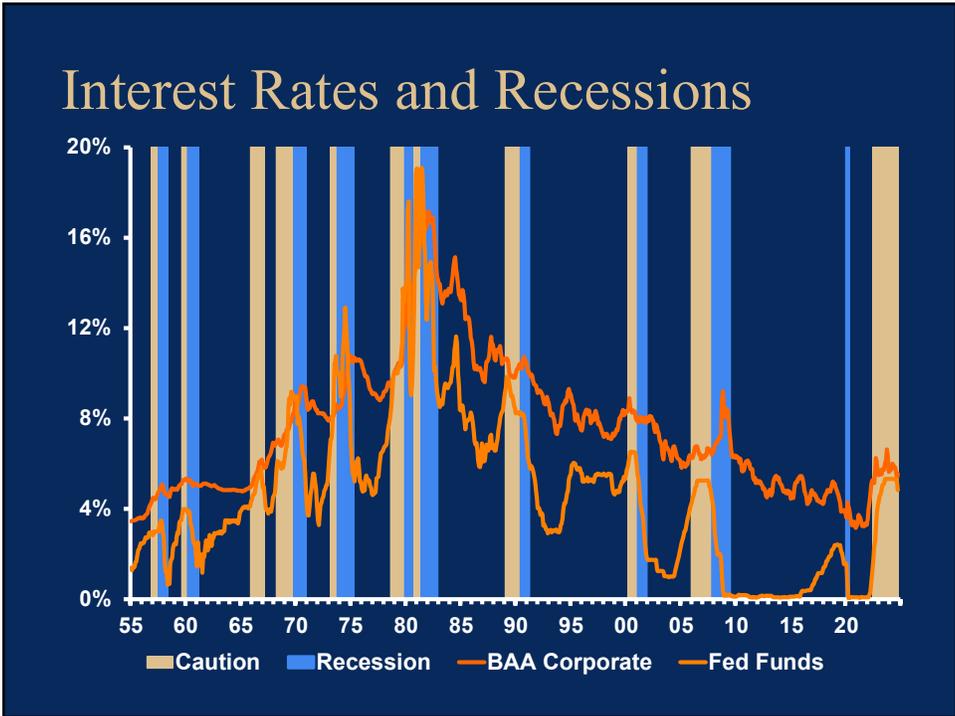
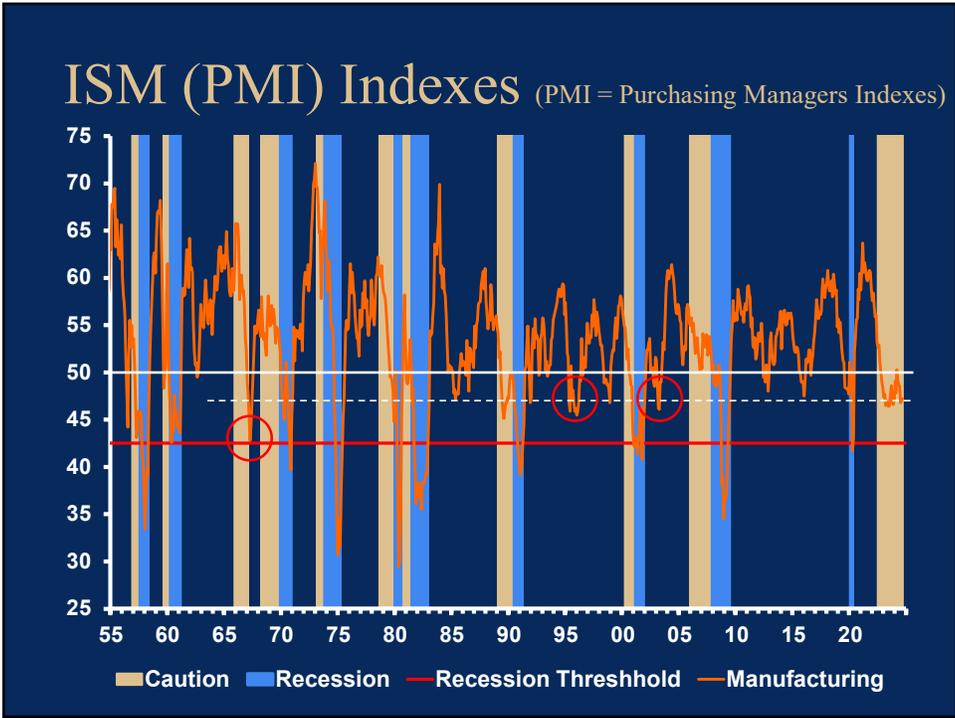


Yield Spread and Caution Zones ©

(10-Year T-Note Yield Minus 1-Year T-Note Yield) (Percentage Points)

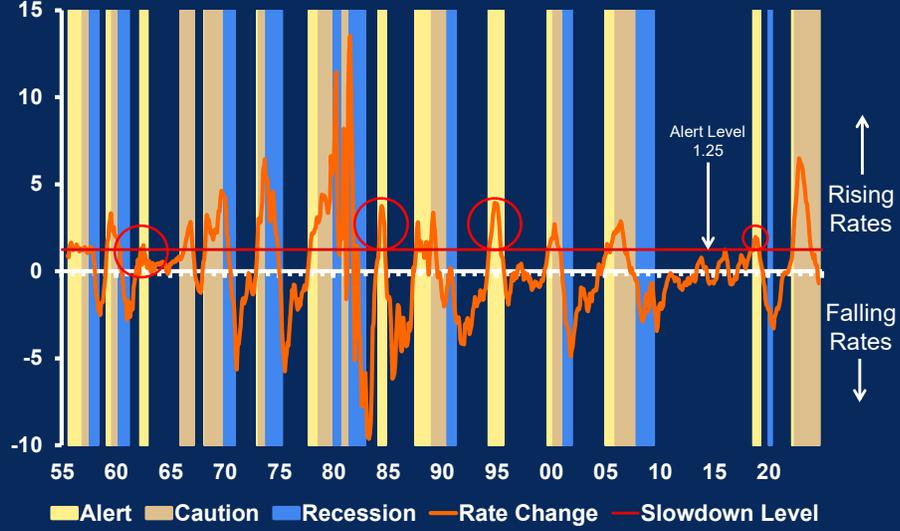
(Inversion = Caution Zone When Fed Funds Rate Is Rising)





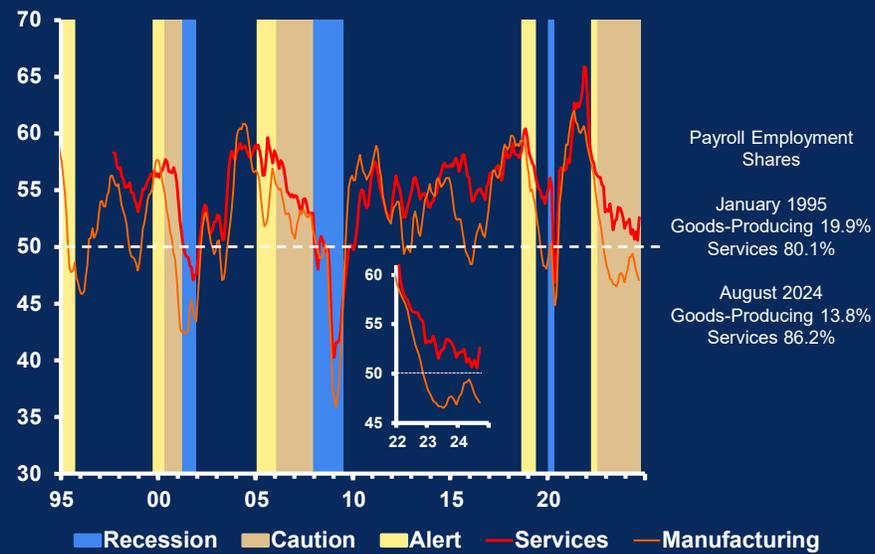
Rate Changes and Zempel Zones ©

(BAA and Fed Funds) (Total 12-Month Change in Percentage Points)
 (Alert Zone = When Rates Rise 1.25 Percentage Points)



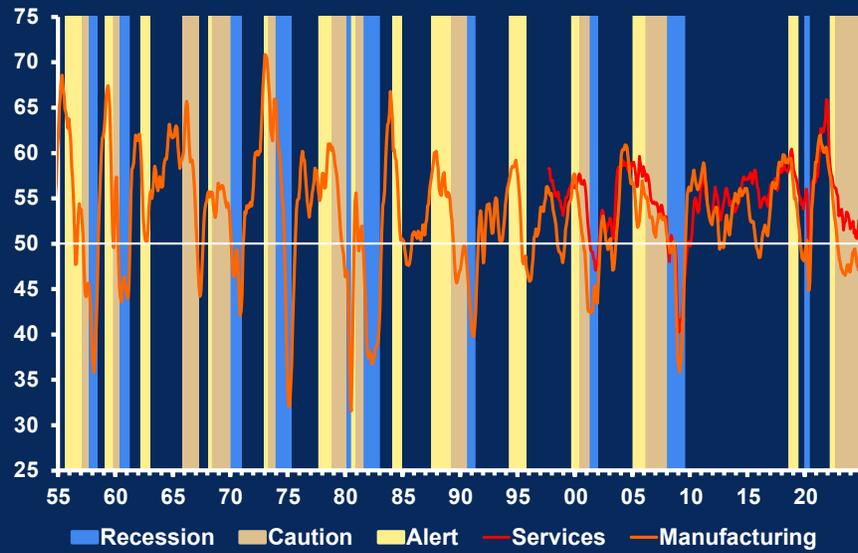
ISM (PMI) Indexes

(PMI = Purchasing Managers Indexes) (Smoothed)

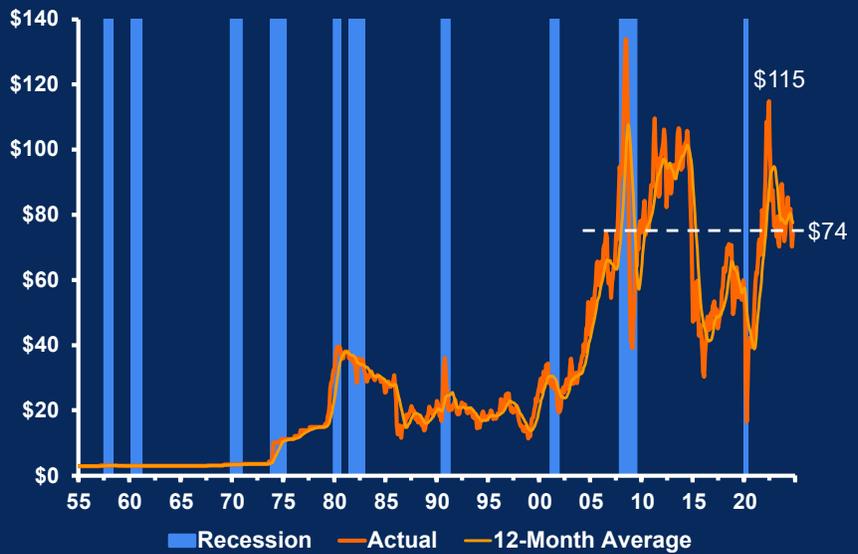


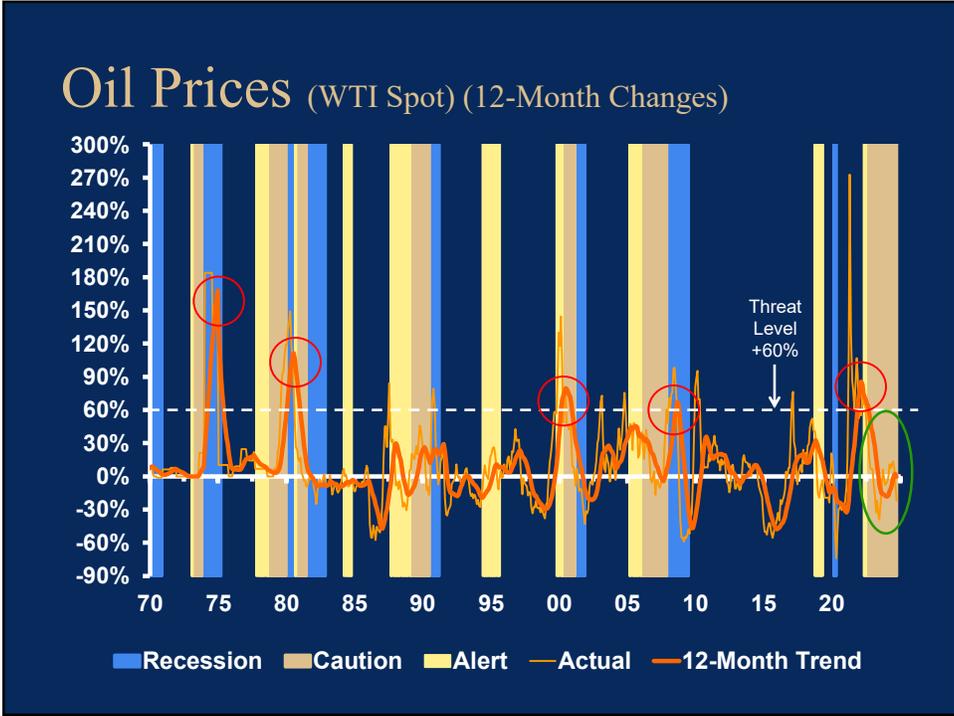
ISM (PMI) Indexes

(PMI = Purchasing Managers Indexes) (Smoothed)



Oil Prices (WTI Spot)







WICPA Accounting & Auditing Conference

The Economic and Market Outlook 2024 – 2028

What Do “Best Cyclical Indicators” Tell Us?

Yield Spread Still Inverted = Recession Risk Not Zero
But Lower Energy-Prices Support Expansion
And Fed Easing Is Imminent
So “Soft Landing” Remains Most Probable Outcome

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WICPA Accounting & Auditing Conference

What Do “Best Cyclical Indicators” Tell Us?

Alert Zone (Rising Rates) = Growth Peaking
Warrants Tempering Optimism

Caution Zone (Yield Inversion) = Slowdown Developing
Implies Recession Risk
Warrants Making Recession Plans
Do Not Act Unless Jobless Claims Spike

No Zones Indicated
Implies Sustained Economic Growth
Warrants Business Expansion

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WICPA Accounting & Auditing Conference

The Economic and Market Outlook
2024 – 2028

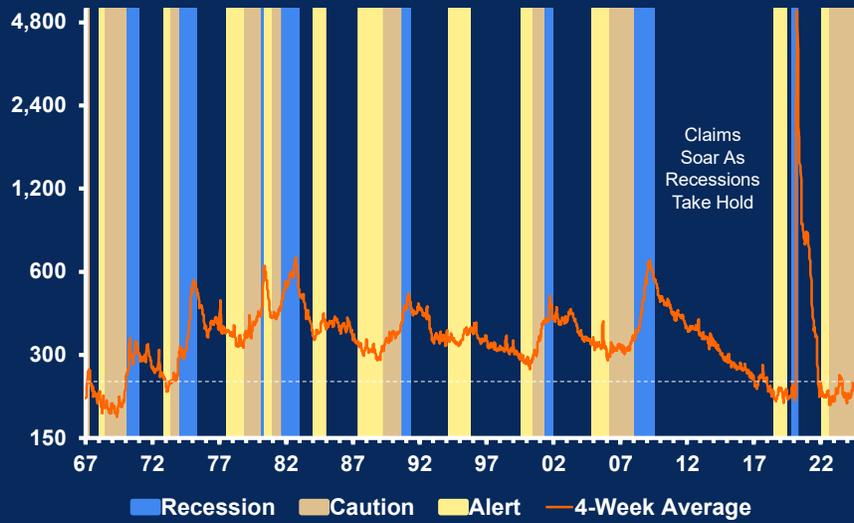
Has Recession Started? No

Why Not? Inflation Fell Much Faster Than Normal

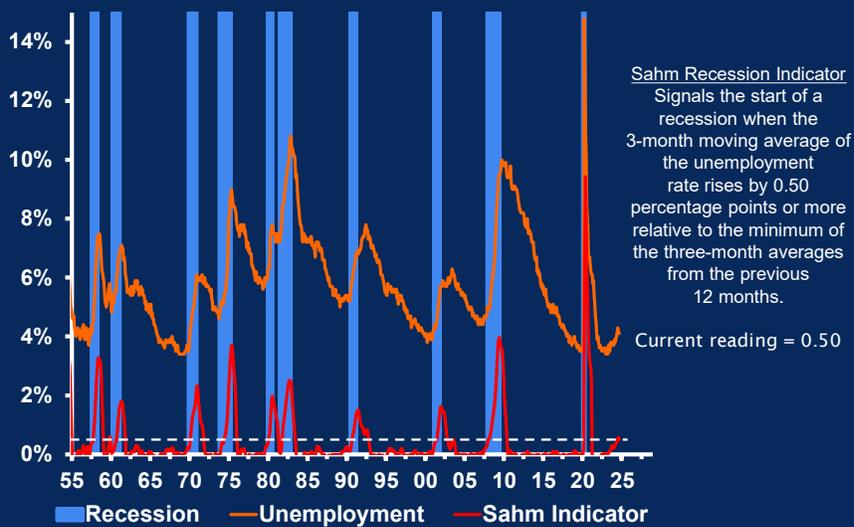
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Jobless Claims and Zempel Zones ©

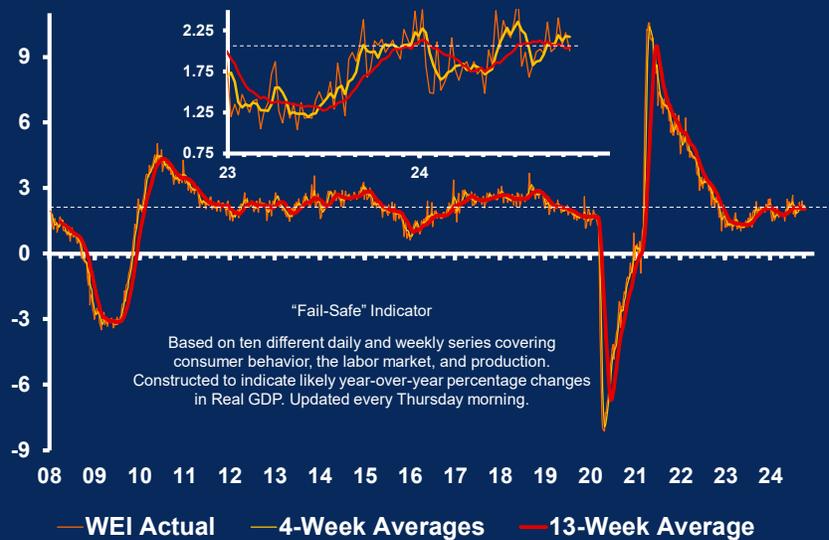
(Initial Unemployment Insurance Claims) (Log Scale) (Weekly) (Thousands)



Unemployment Rate and Sahm Rule (Months)

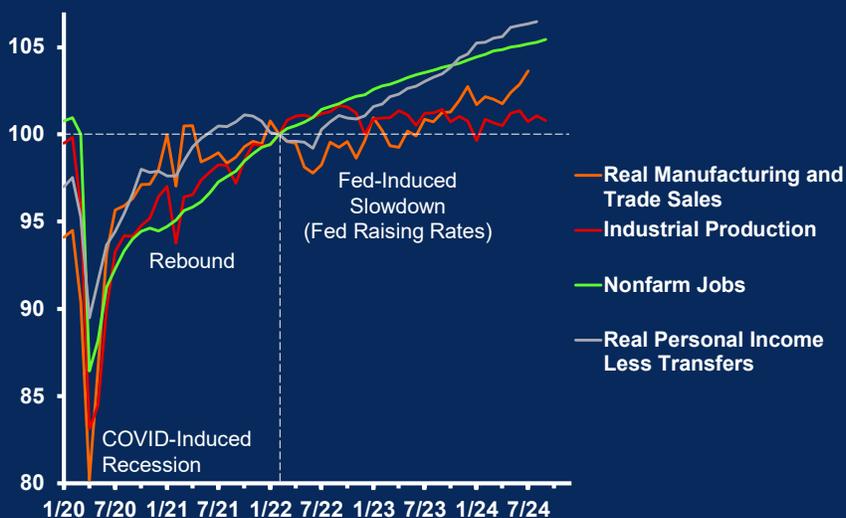


Dallas Fed's Weekly Economic Index

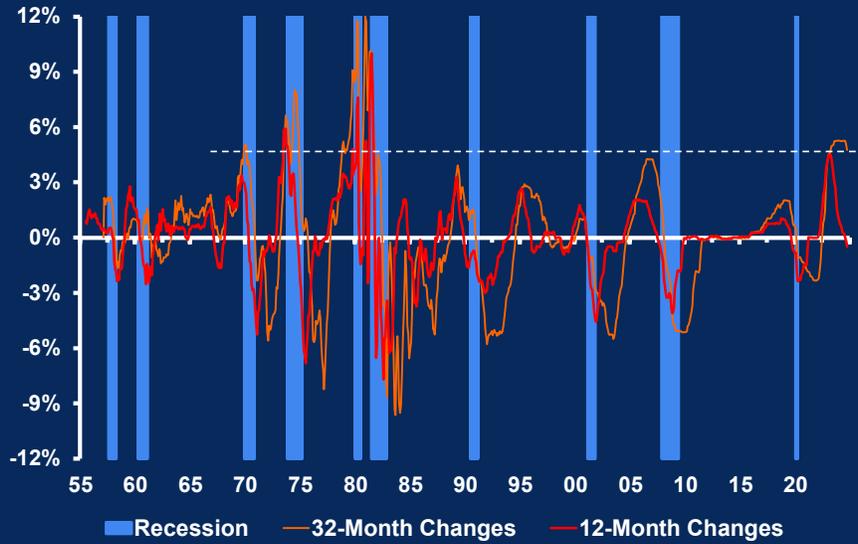


NBER Recession Watch – Four Key Numbers

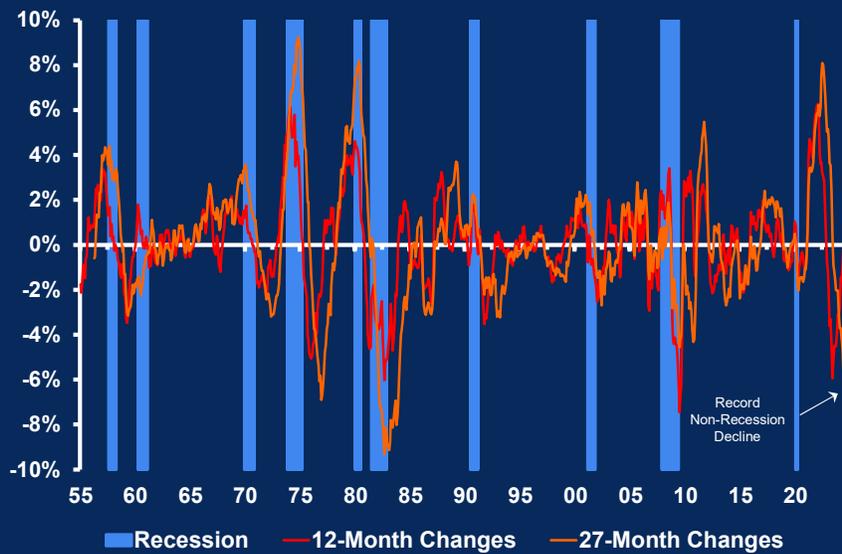
(NBER = National Bureau of Economic Research) (February 2022 = 100)



Fed Funds Changes (Percentage Points)

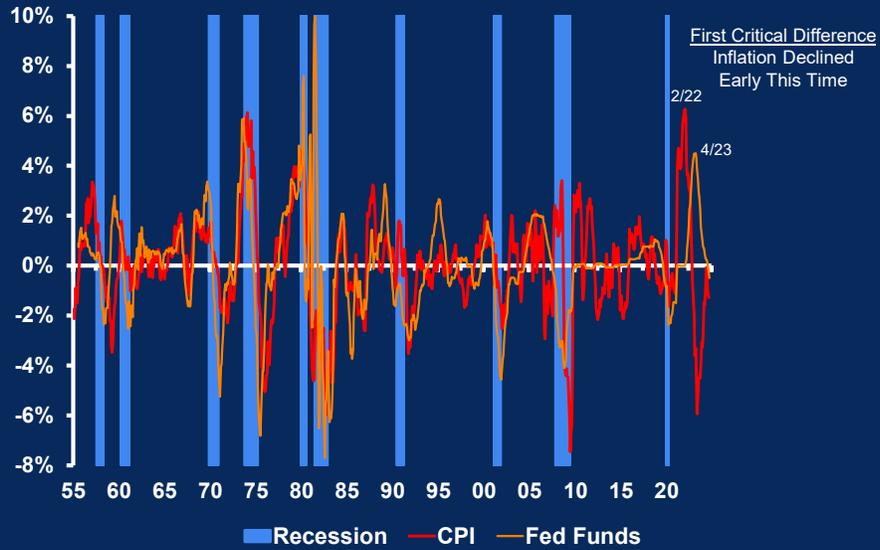


CPI Inflation Rate Changes (Percentage Points)

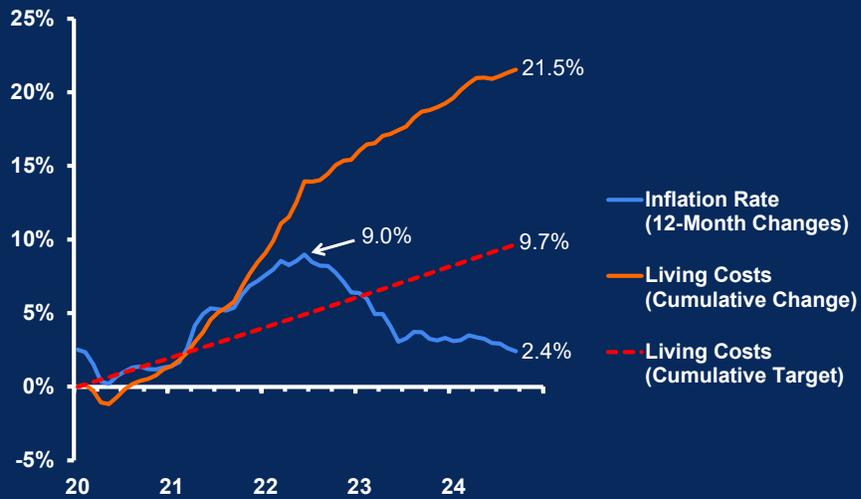


Fed Funds and CPI Changes

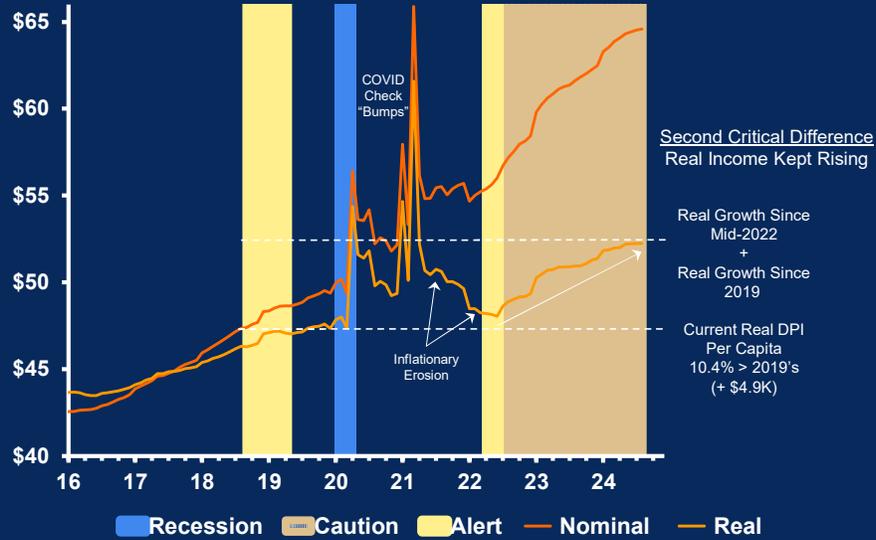
(12-Month Changes) (Percentage Points)



Consumer Price Index (Monthly)



Disposable Personal Income and Zempel Zones © (Per Capita) (Thousand Dollars)



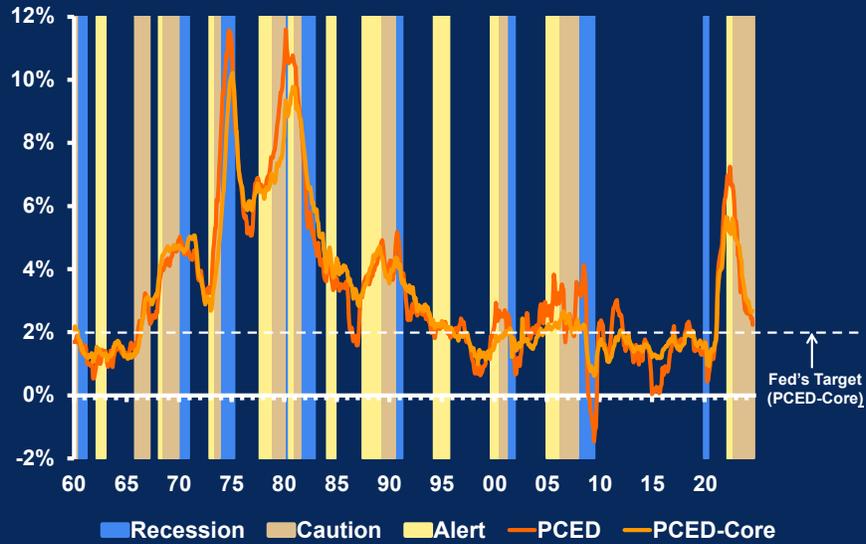
WICPA Accounting & Auditing Conference

The Economic and Market Outlook 2024 – 2028

- What Causes Inflation?
- Why Did Inflation Peak Early?
- Should Federal Reserve Policy Ease?

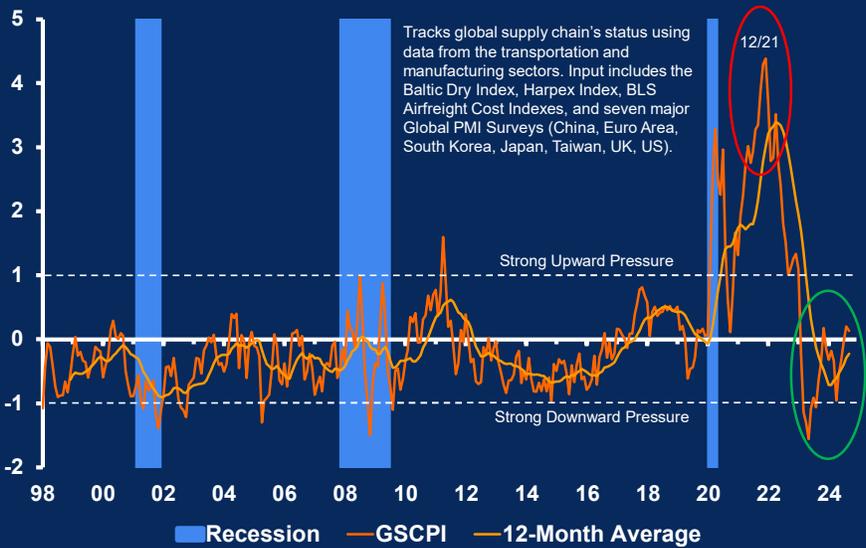
PCED Inflation and Zempel Zones ©

(PCED = Personal Consumption Expenditure Deflator) (12-Month Changes)



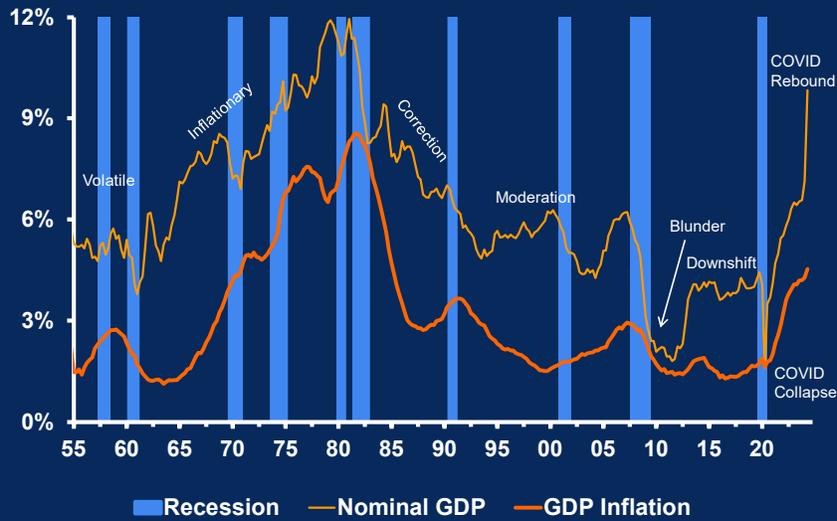
Global Supply Chain Pressure Index

(GSCPI) (Monthly) (New York Fed)

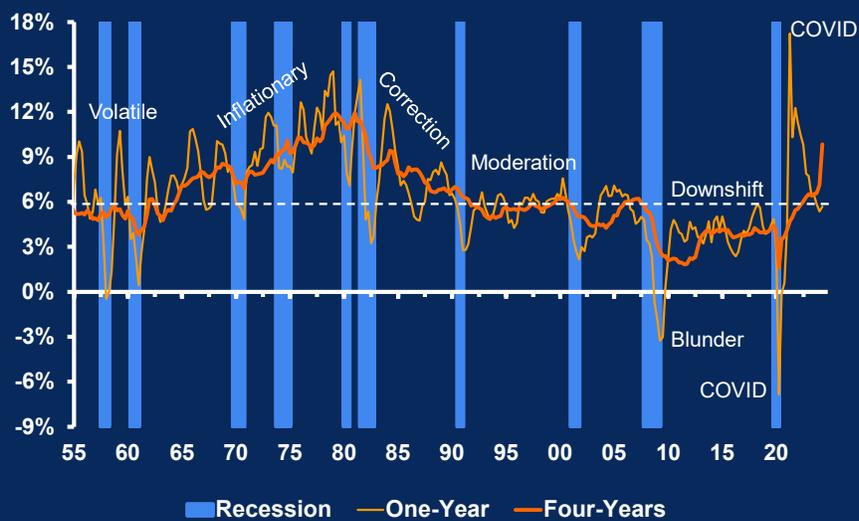


Nominal GDP Growth and Inflation

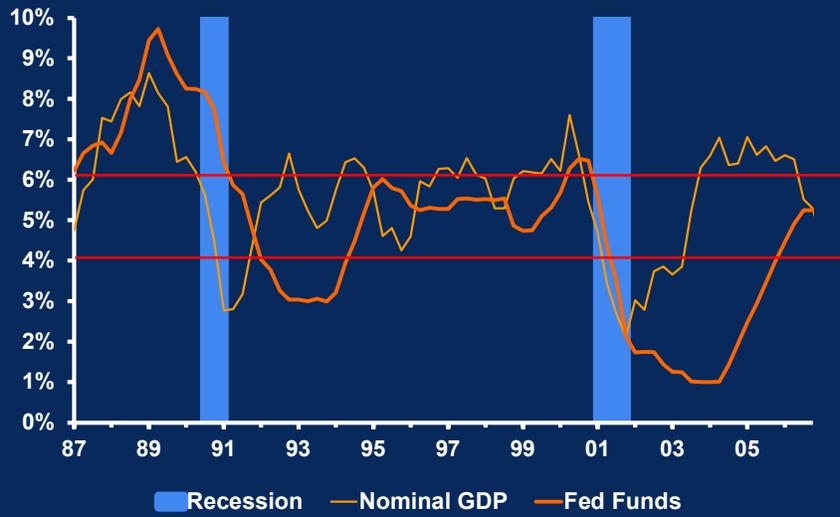
(Four-Year Growth Rates)



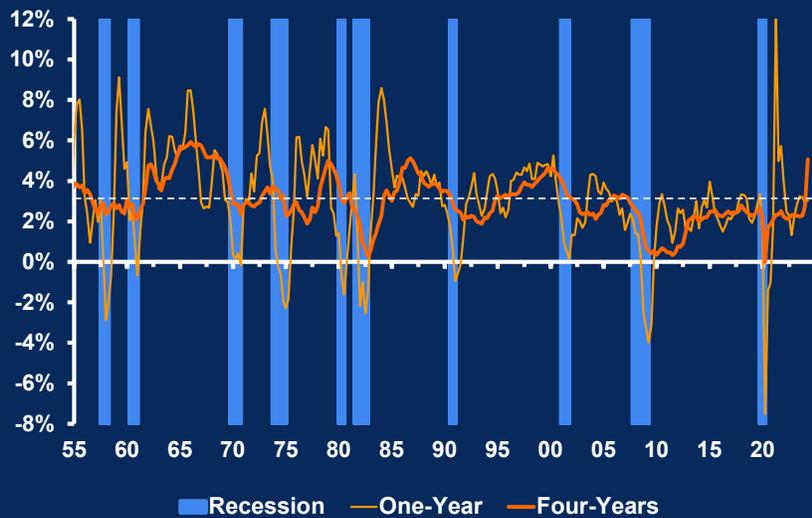
Nominal GDP Growth Rates



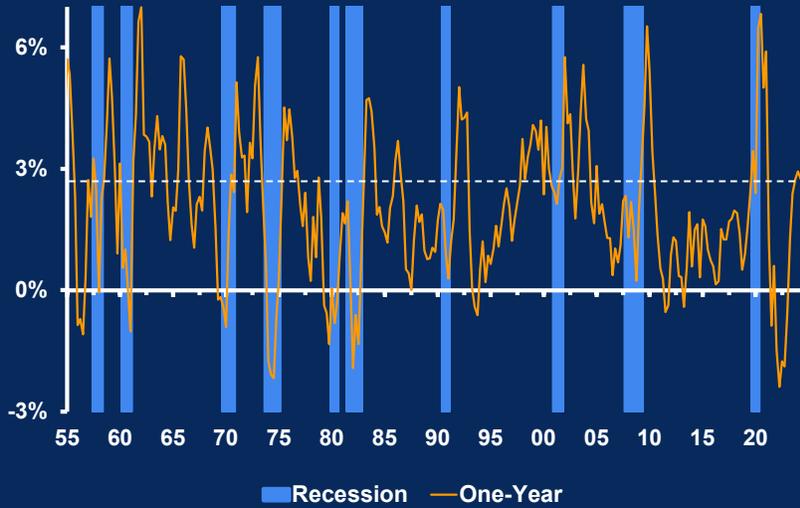
Nominal GDP Growth (Greenspan Era)



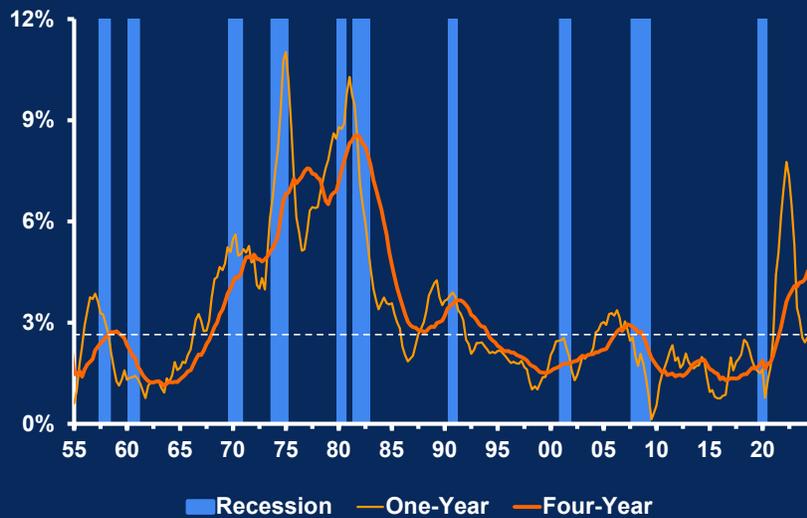
Real GDP Growth Rates



Non-Farm Productivity Growth

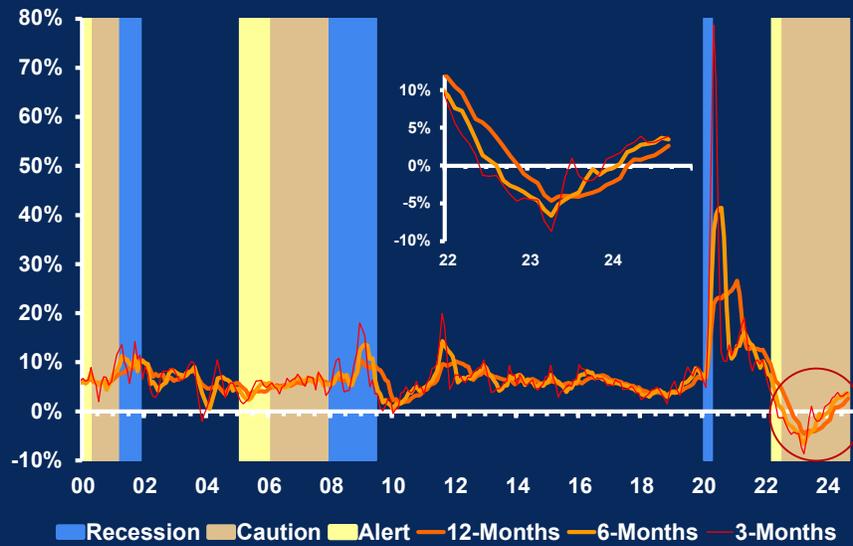


GDP Inflation Rates



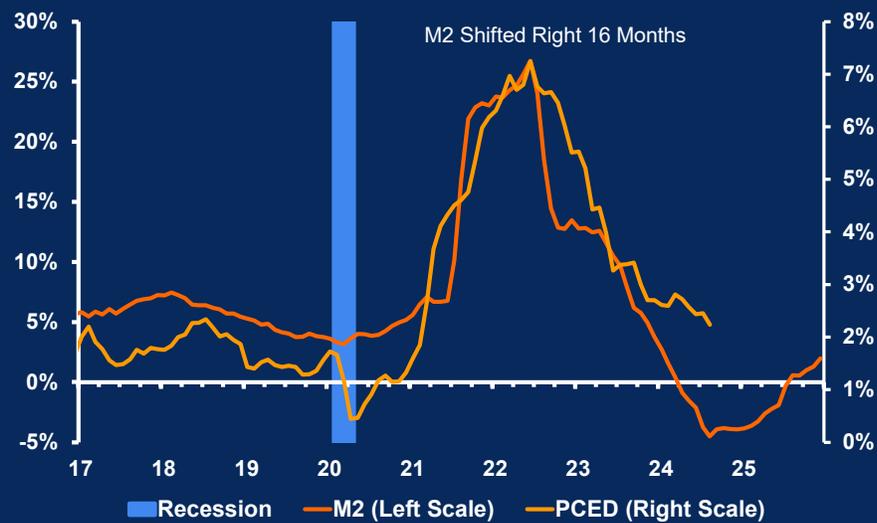
M2 Growth and Zempel Zones ©

(M2 Money Stock) (Monthly)



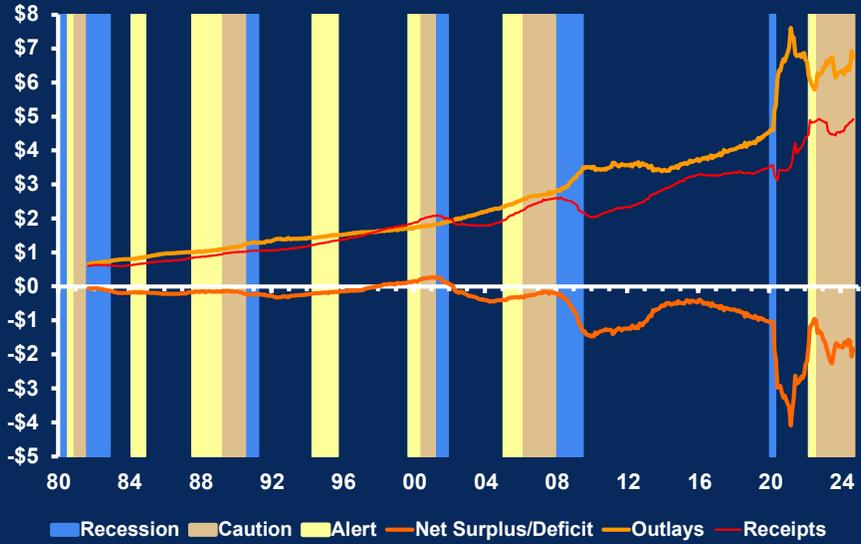
M2 Growth and PCED Inflation

(12-Month Changes)



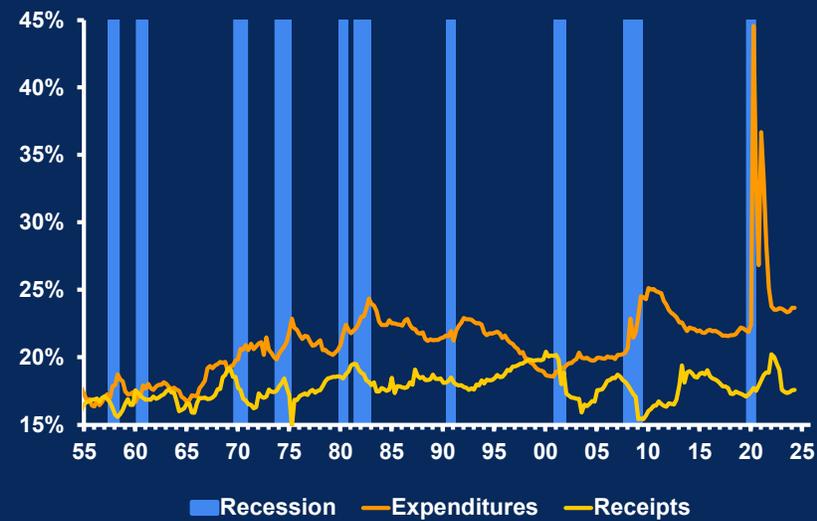
Federal Budget and Zempel Zones ©

(Trillions) (Monthly) (12-Month Totals)



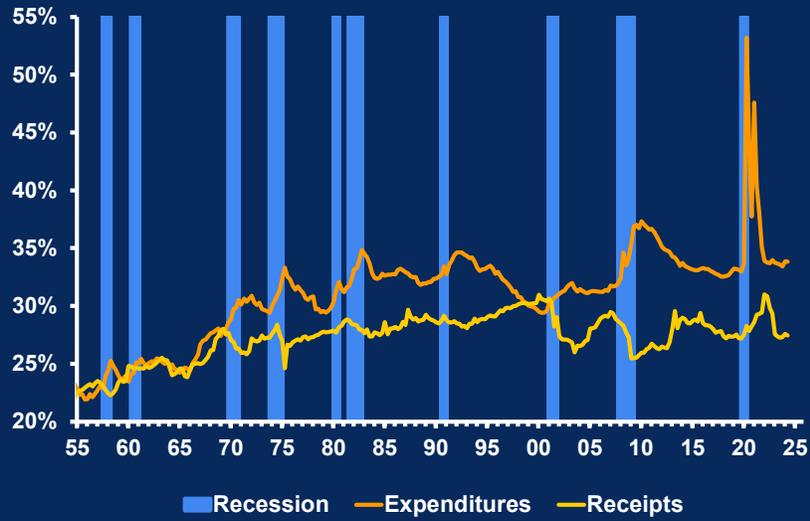
Federal Government Budget

(Percent of GDP)



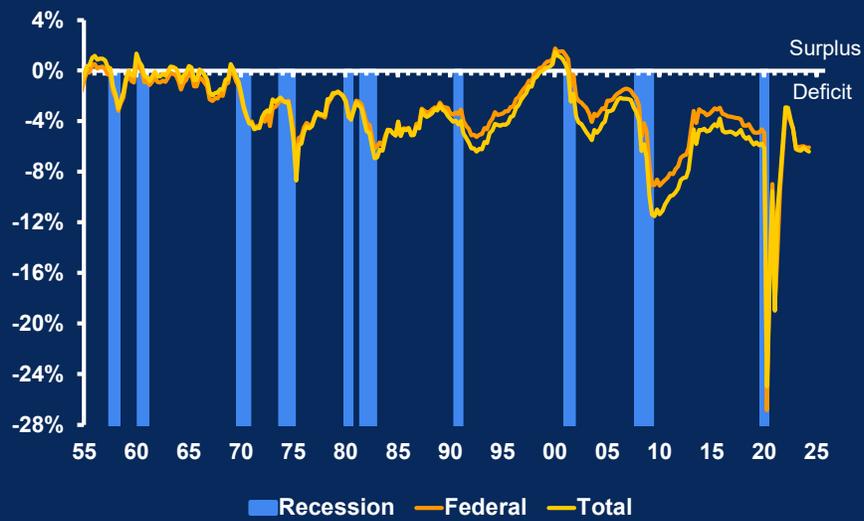
Total Government Budget

(Percent of GDP)

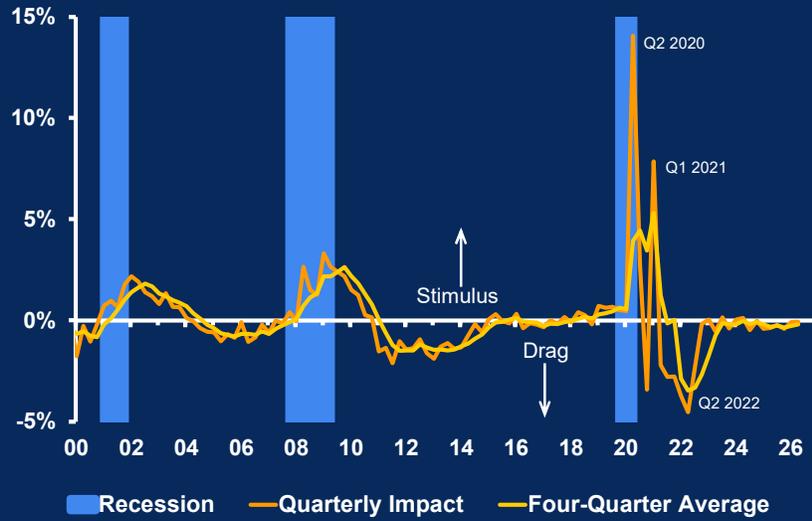


Government Budget Balances

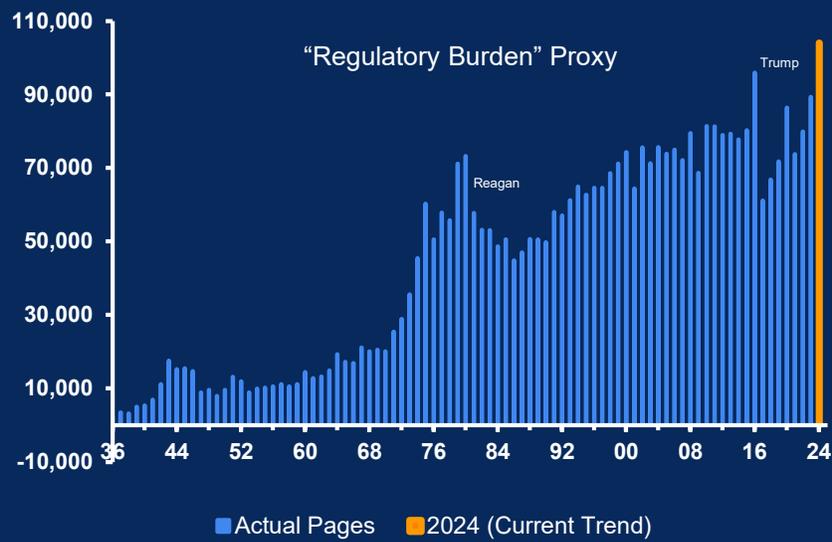
(Percent of GDP)



Hutchins Center Fiscal Impact Measure (GDP Growth Contributions)



Federal Register Page Count (Actual Annual Totals in 1936-2023)



Nominal GDP and Payroll Index Growth

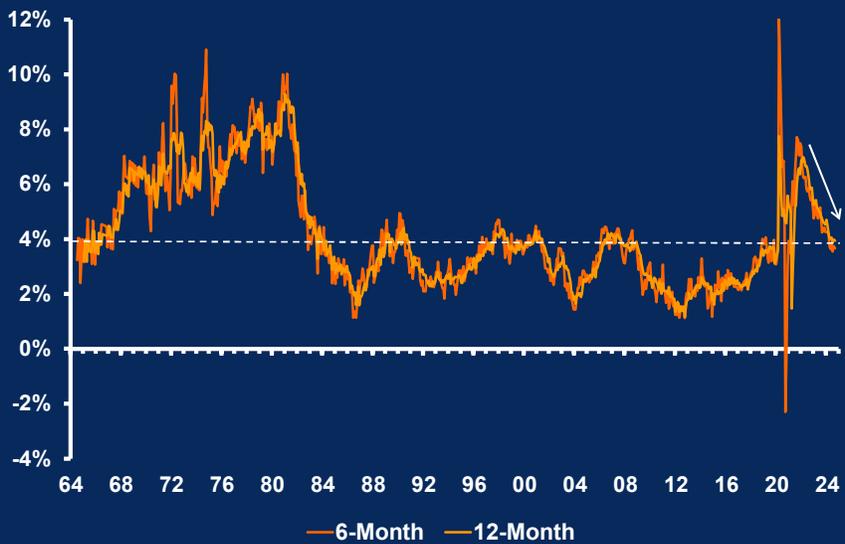
(Nominal GDP Growth = 4-Quarter Change)

(Payroll Index = Hours x Wages) (Payroll Index Growth = 12-Month Change)

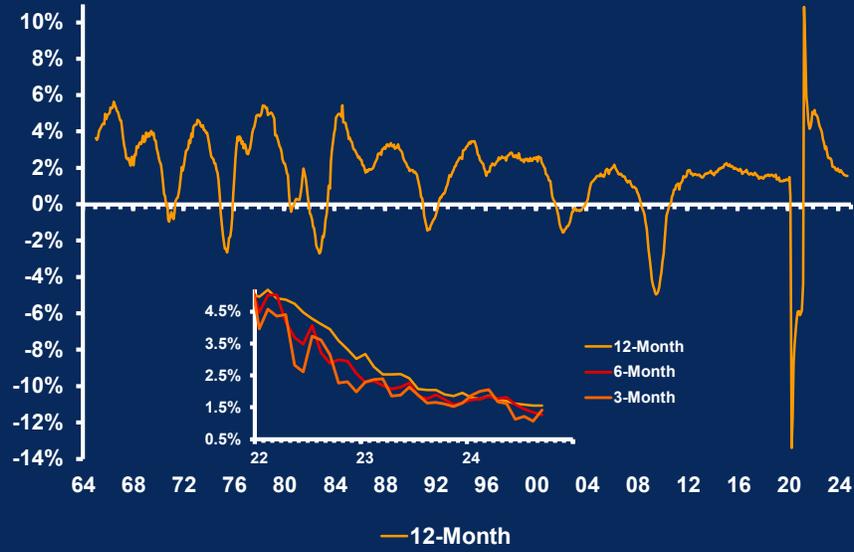


Average Hourly Earnings Growth

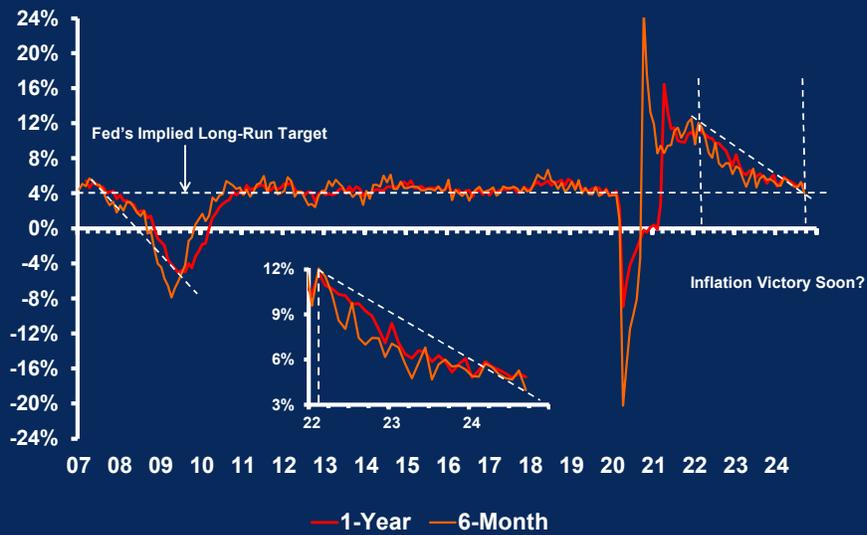
(Private Production and Nonsupervisory Employees)



Nonfarm Employment Growth

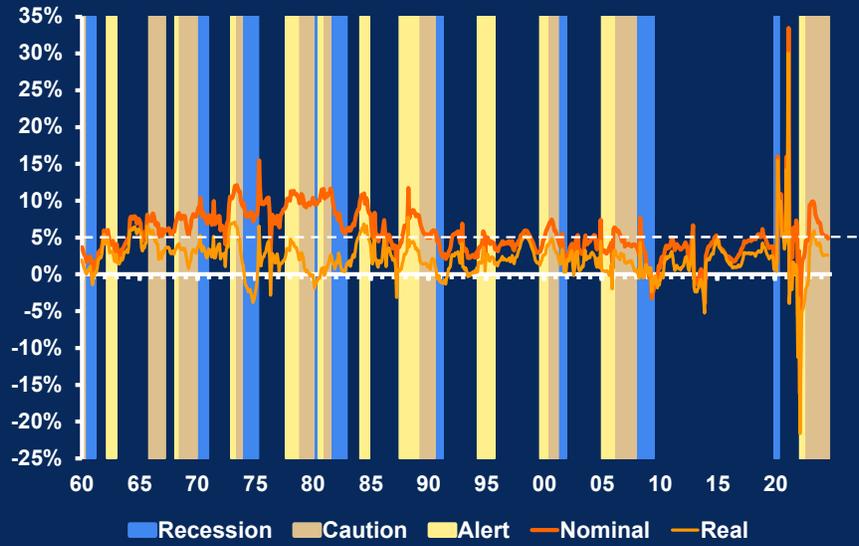


Payroll Index Growth (Payroll Index = Hours x Wages)



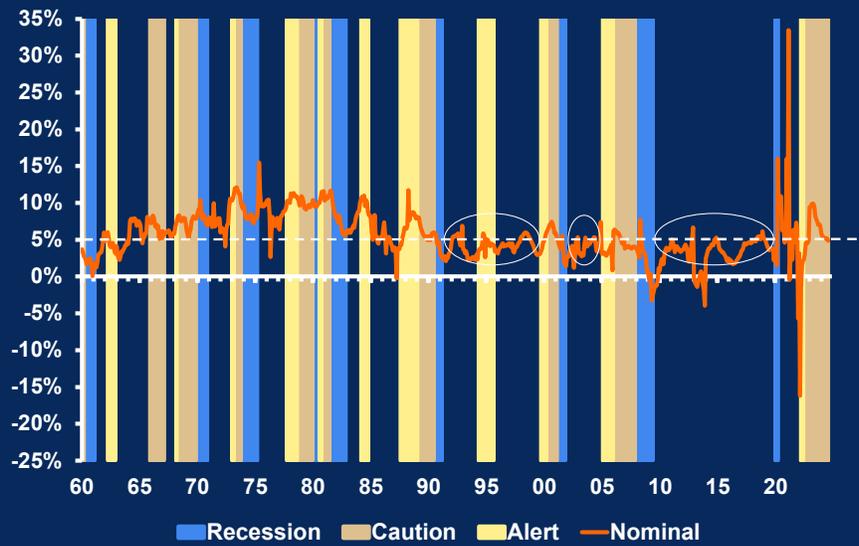
Disposable Personal Income Per Capita

(12-Month Changes)

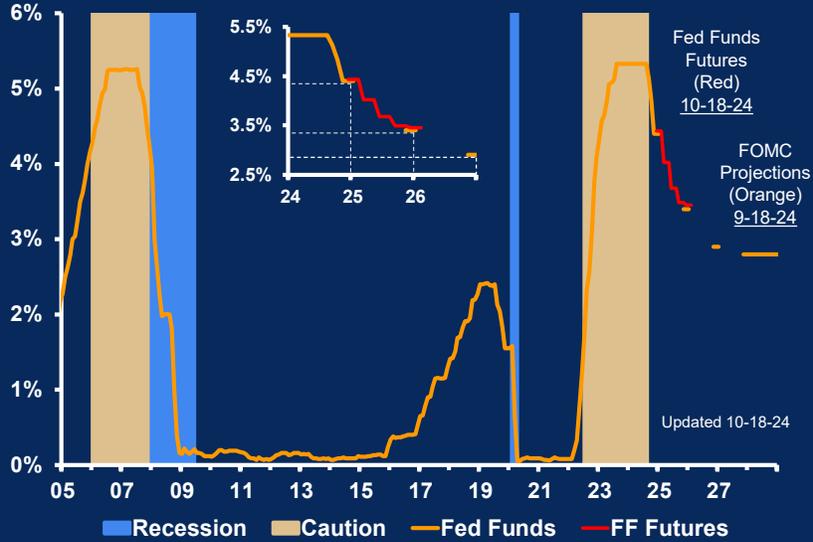


Disposable Personal Income Per Capita

(12-Month Changes)



Interest Rate Prospects



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The Economic and Market Outlook 2024 – 2028

Inflation Has Peaked – Fed’s Target Achievable Soon
 Monetary Policy Still Restrictive But Ease Is Imminent
 Fiscal Policy Remains Neutral
 Moderate Rebound Probable
 Stronger Rebound Possible If AI’s Potential Is Realized
 Weaker Rebound Possible If Taxes Hiked Sharply

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WICPA Accounting & Auditing Conference

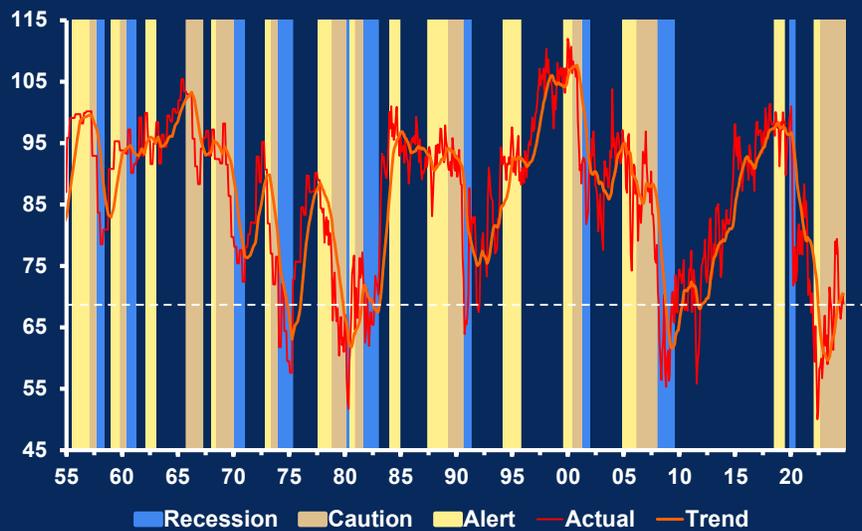
The Economic and Market Outlook 2024 – 2028

Economic Sector Prospects – Positive But Not Robust

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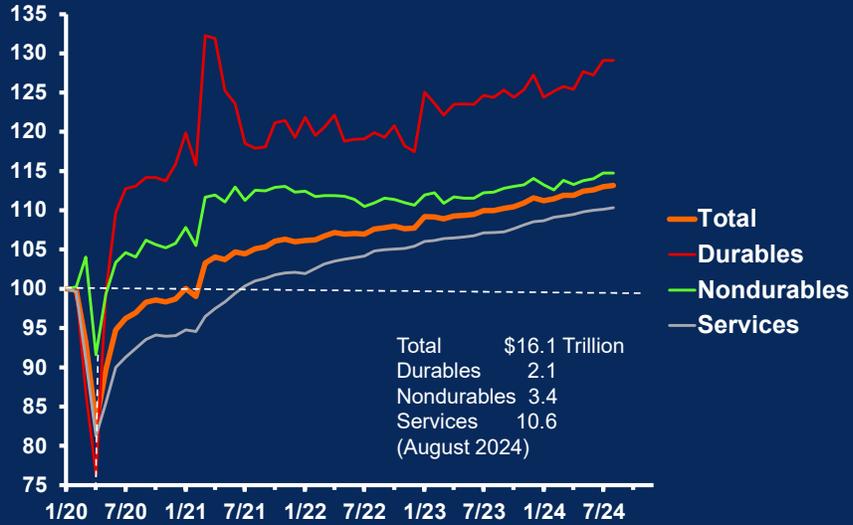
Consumer Sentiment and Zempel Zones ©

(Consumer Sentiment Index) (University of Michigan) (Monthly)



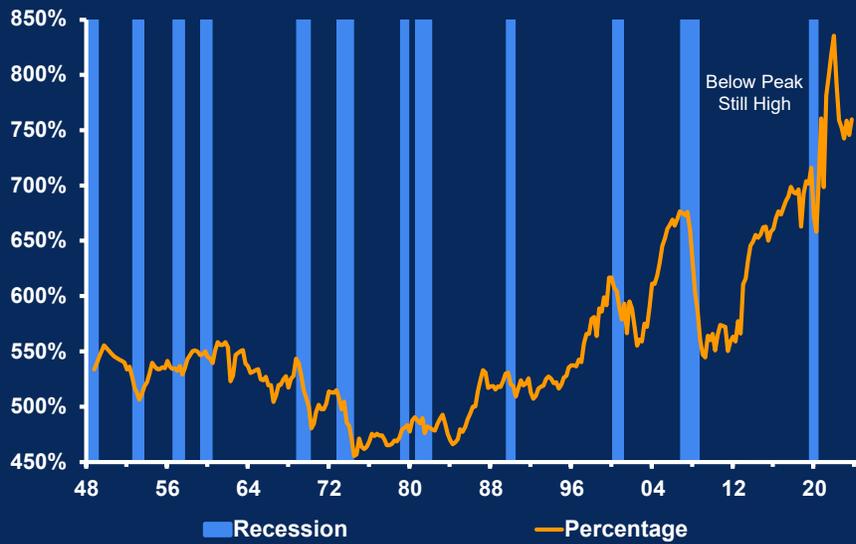
Real Personal Consumption Indexes

(January 2020 = 100)



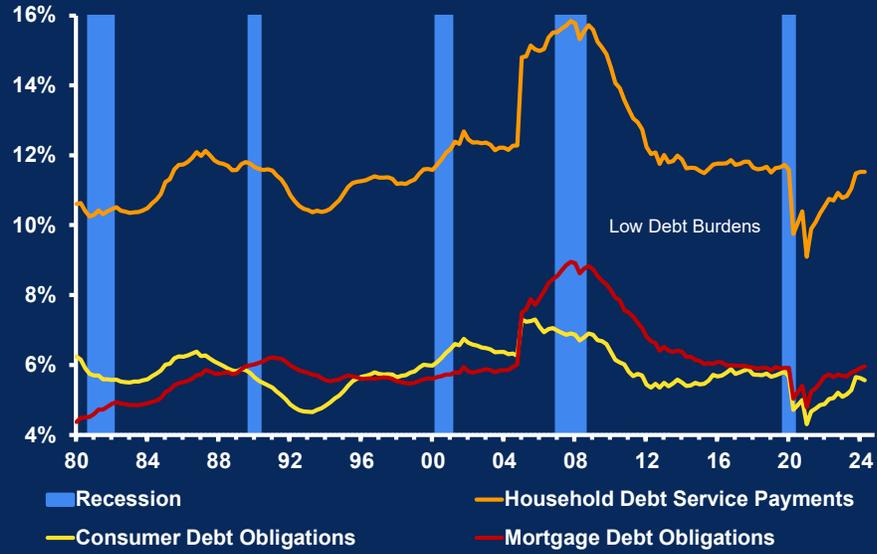
Net Worth (Percentage of DPI)

(Households and Nonprofit Organizations)

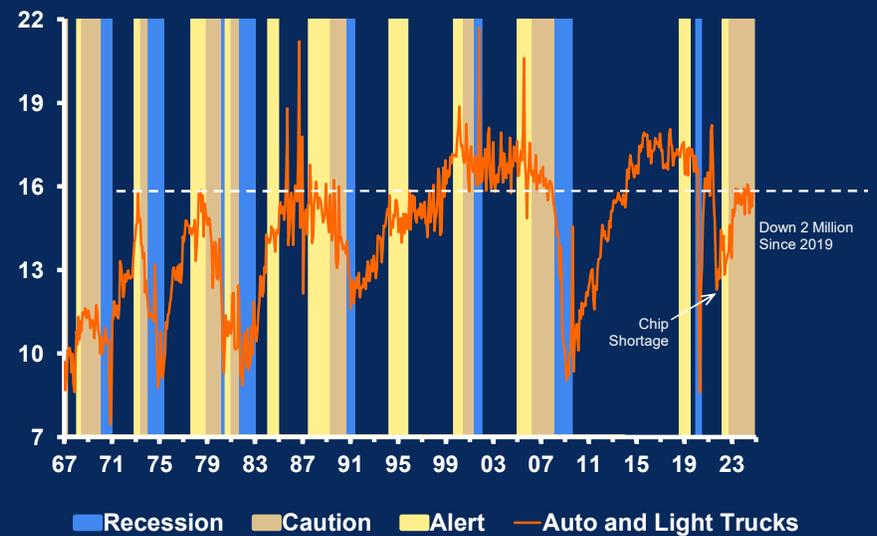


Household Debt Obligations

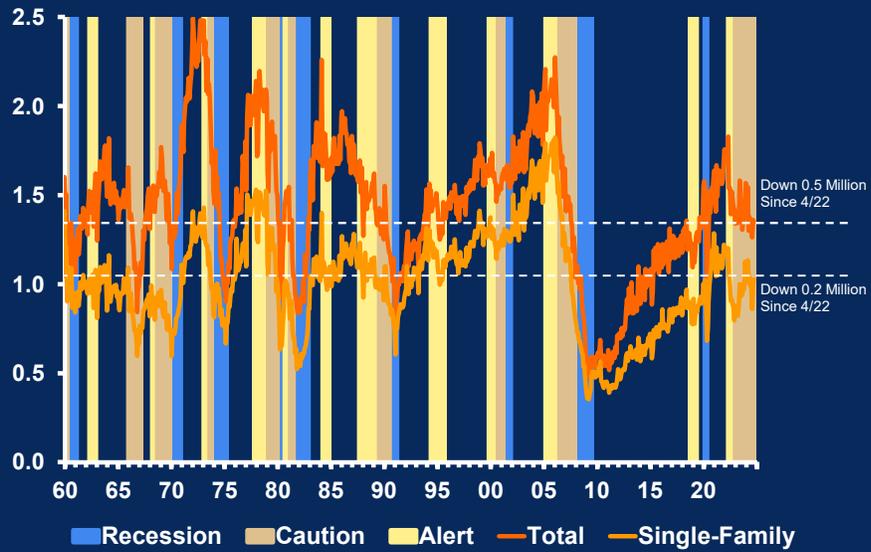
(Percent of Disposable Personal Income)



Auto and Light Truck Sales (Million Units)



Housing Starts (Million Units)



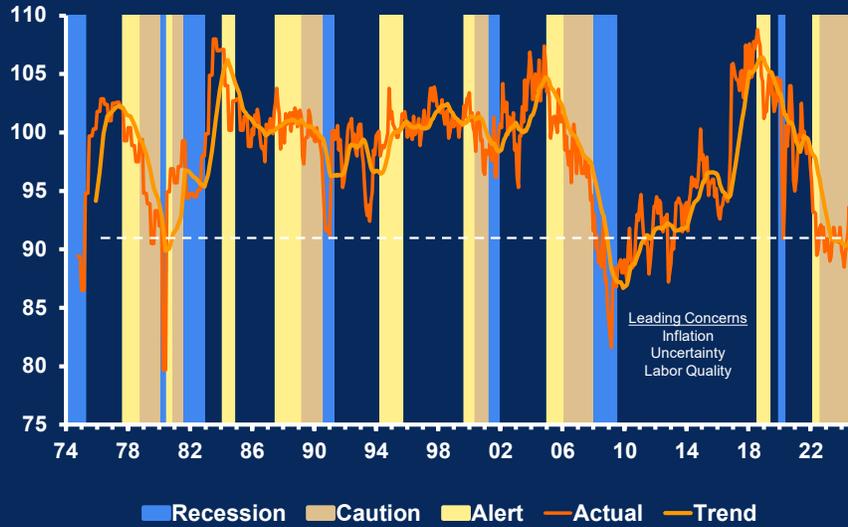
Mortgage Rate and Affordability

(National Fixed-Rate Average) (Fixed-Rate Affordability Index)



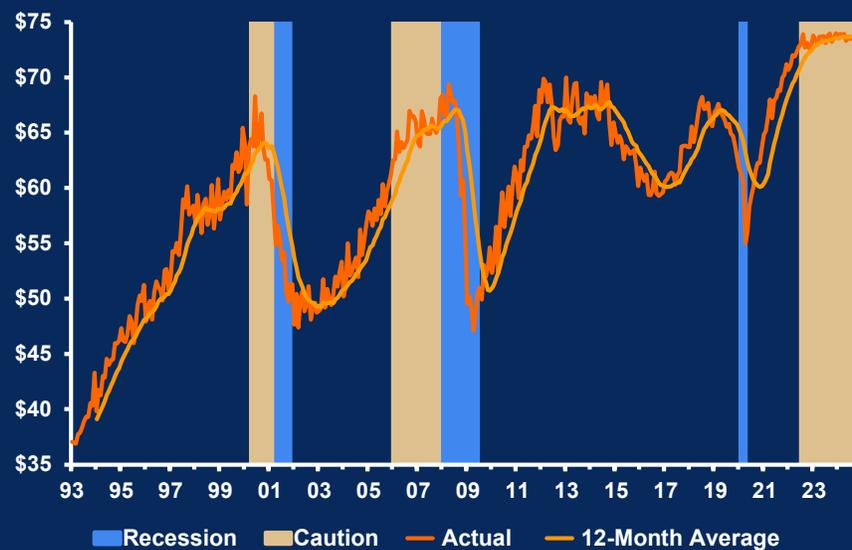
NFIB Optimism and Zempel Zones ©

(Small Business Optimism Index) (Monthly Since 1986)



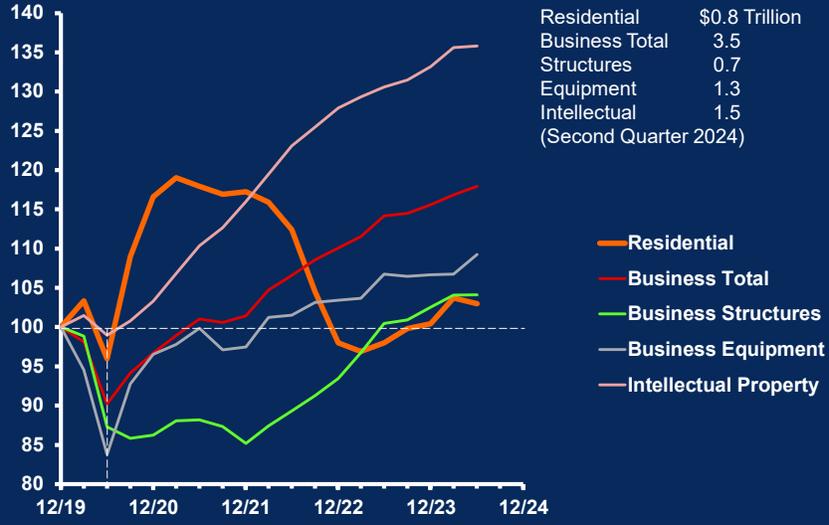
New Non-Defense Capital Goods Orders

Excluding Aircraft (Monthly) (Current Dollars) (Billions)



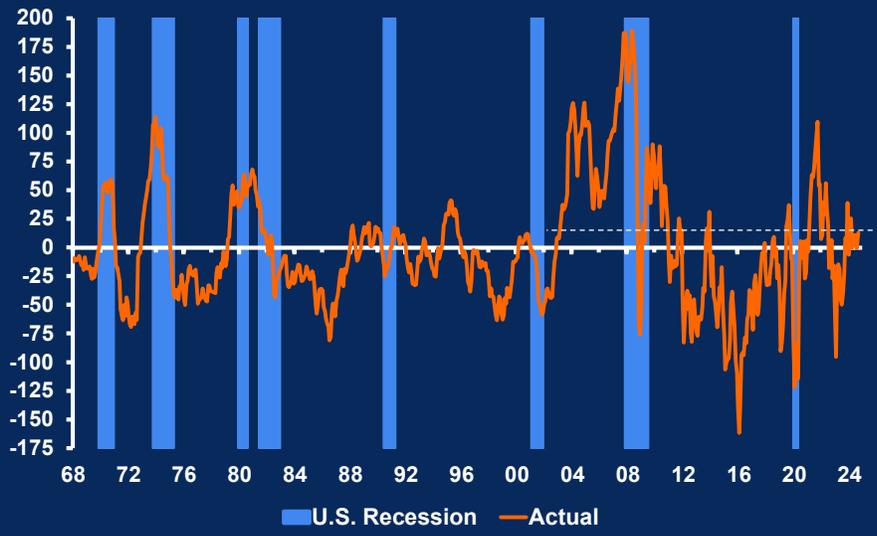
Real Investment Indexes

(Quarterly) (December 2019 = 100)



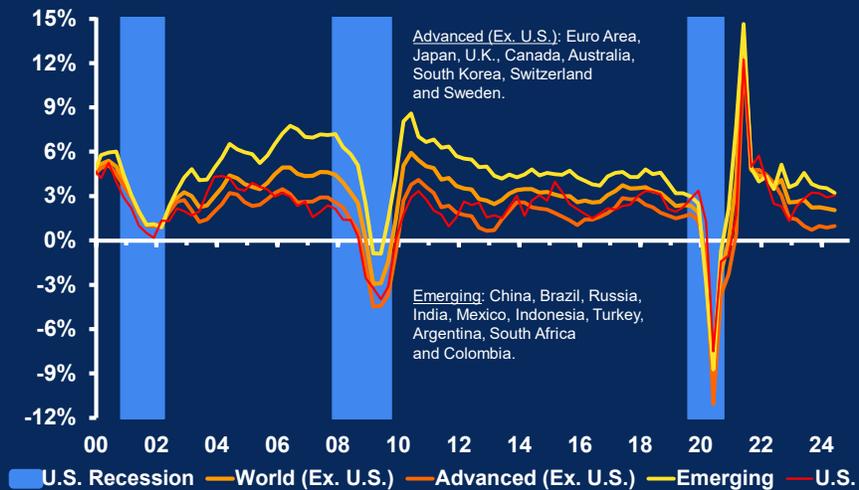
Global Real Activity and Recessions

(Global Industrial Commodity Market Shipping Volume Proxy) (Deviations from Trend)
 (Dallas Fed's Globalization & Monetary Policy Institute)



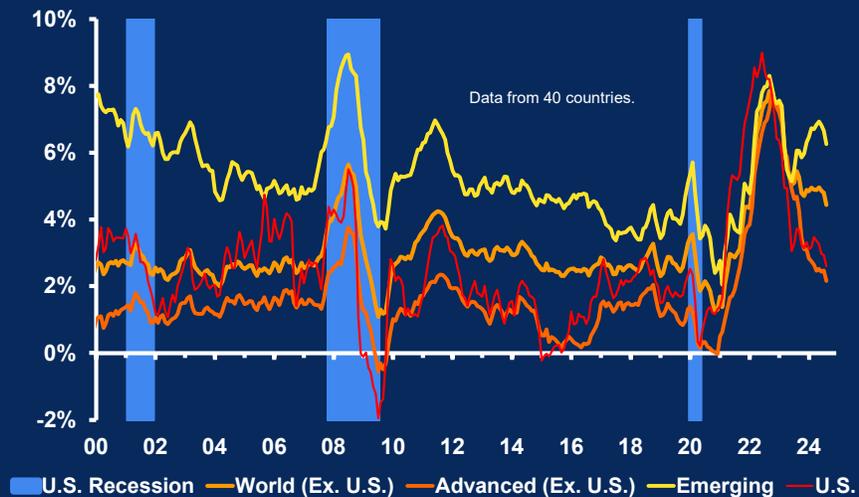
World Real GDP Growth Rates

Dallas Fed's Globalization & Monetary Policy Institute



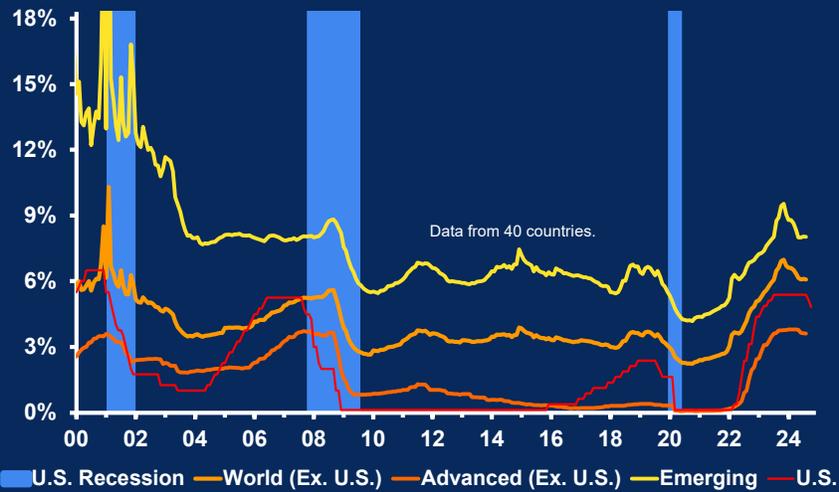
World Headline CPI Inflation Rates

Dallas Fed's Globalization & Monetary Policy Institute



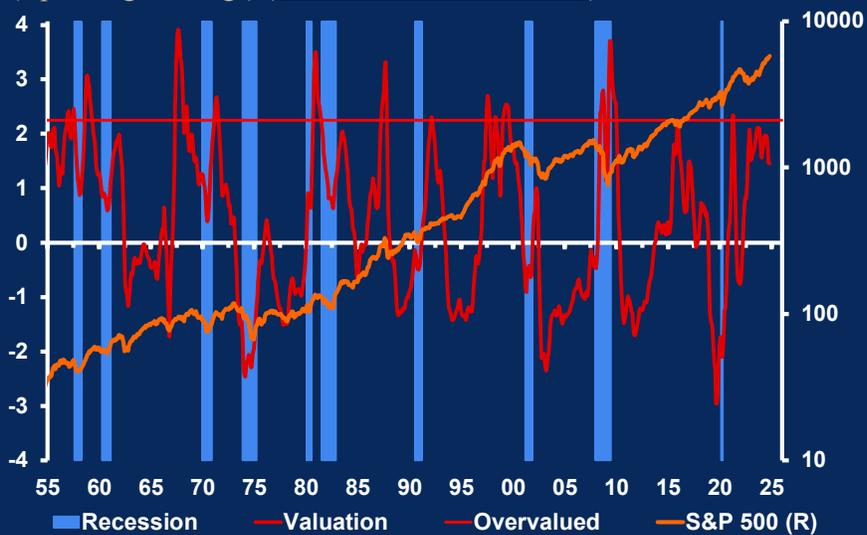
World Policy Short-Term Interest Rates

Dallas Fed's Globalization & Monetary Policy Institute

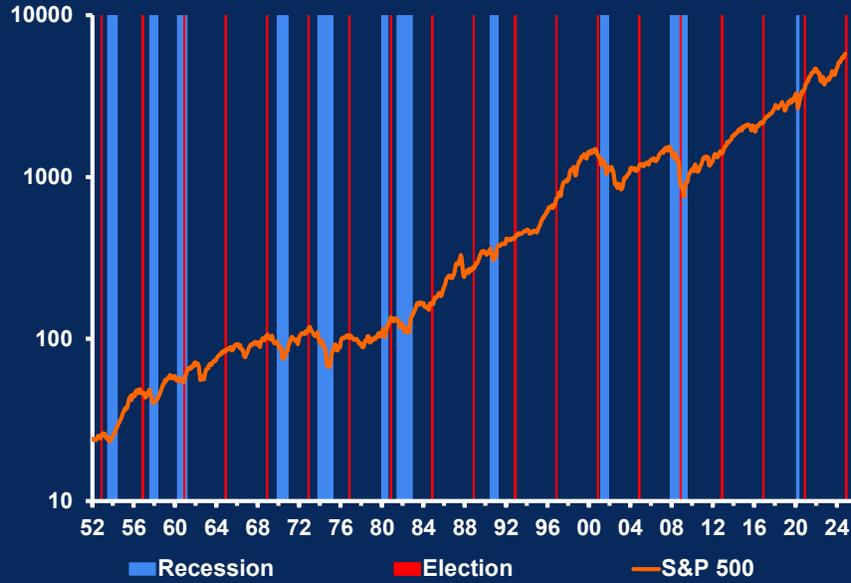


S&P 500 Valuation Index

(Operating Earnings) (Smoothed Valuation Index)

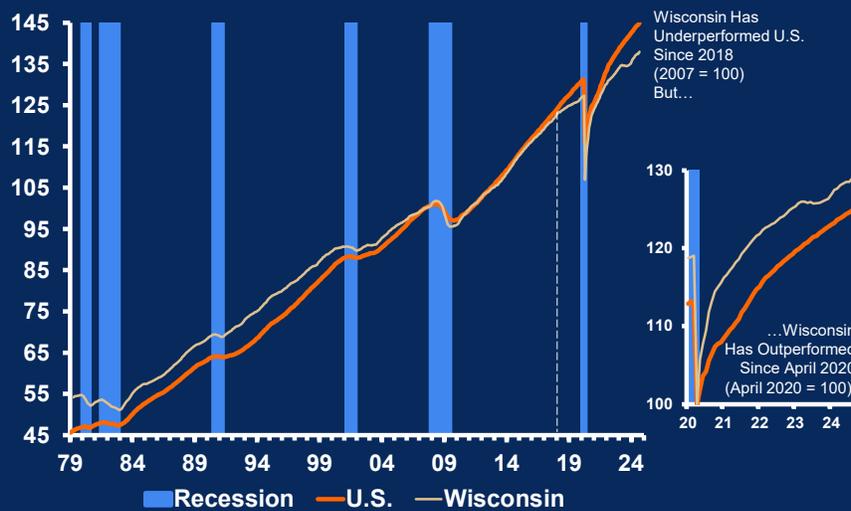


S&P 500 and Presidential Elections



Coincident Economic Indexes

(Coincident Economic Activity Index) (Philadelphia Fed)





WICPA Accounting & Auditing Conference

The Economic and Market Outlook 2024 – 2028

Has Recession Started? No
What Do “Best Indicators” Say? Slowdown + Recession Risk
Can Recession Be Averted? Or Downside Limited? Yes
Best Case? Inflation Slows Further + Fed Eases Soon
How Would Sectors Perform Then? Moderate Rebound
Worst Case? Major Tax Hikes + International Risk Spike

What to do depends on sensitivity to economic slowdowns.

“Alert Zone” means temper optimism.

“Caution Zone” means plan for recession.

But delay implementation until jobless claims soar or own orders drop.

Remain cautious now but make some tentative “bullish” plans for the rebound.

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Questions...

Clare W. Zempel, CFA, CBE

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Applied Economics and Financial Market Analysis

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9:25 – 10:15 a.m.

Balancing the Ledger: Recruitment Strategies in the Hybrid Work Era

Christine Thome, *Senior Recruiter, Truity Partners*



Balancing the Ledger: Recruitment Strategies in the Hybrid Work Era

Christine Thome

Senior Recruiter
Truity Partners, LLC



Truity Partners, LLC



- How the shift to hybrid work is transforming recruitment in finance & accounting
- Strategies to attract and retain top talent
- Challenges of managing hybrid teams
- How hybrid work trends are expected to shape the future of recruitment and employee satisfaction



How the shift to hybrid work is transforming recruitment in finance & accounting

Truity Partners, LLC

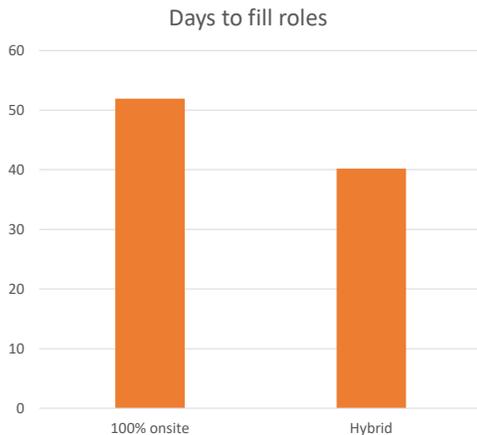
In 2024 Truity recruited on 479 roles in Wisconsin

- 13 – 100% remote
- 244 – hybrid
- 222 – 100% onsite

Work Type	Count
100% Remote	13
Hybrid	244
100% On-Site	222

■ 100% Remote ■ Hybrid ■ 100% On-Site

Average time to fill roles



- 100% onsite – 51.9 days
- Hybrid – 40.2 days

According to a LinkedIn survey, 60% of candidate will drop out of the process if it takes too long

What are accounting professionals looking for?



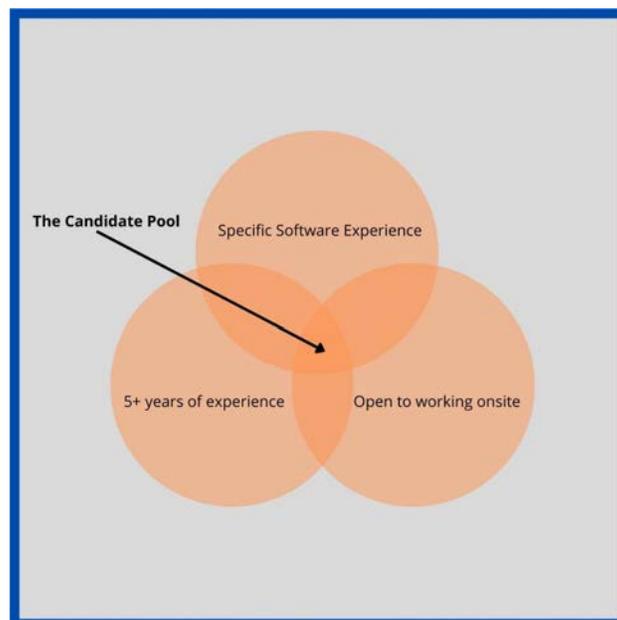
- Of 8,000 candidates surveyed by Flexjobs, 60% have left or considered leaving a job due to lack of flexibility
- Flexible work arrangements 3rd most important factor when seeking new jobs after salary and work-life balance
- BDO found that 79% of their staff wanted to be able to work from home or have a hybrid model post pandemic



But what does this look like in practice?



- Companies with remote or hybrid policies hire people at twice the rate of employers that are fully in office. This trend stayed even when tech companies were not included in the data
 - 100% remote grew headcount 5.6%
 - Hybrid 4.1%
 - In Office 2.6%
- Offering hybrid work arrangements reduce quit rates by 1/3 - this was modeled after 2 days WFH , 3 days in office





Strategies to attract and retain top talent

In 2024 these factors were most important to job seeker:

- Compensation
- Flexible work arrangements / work life balance
- Job security



In 2024 these factors were most important to job seeker:



Compensation

- Candidates want to see compensation ranges
 - SHRM research indicates more than 80% of U.S. Workers are more likely to consider applying for a position if they pay range is listed in the posting
- 70% of surveyed organizations shared that posting the pay range led to more applications
 - 66% saying the quality of applicants increased
- Remember to include total comp – 401k match, spell out insurance benefits, etc.

In 2024 these factors were most important to job seeker:



Flexible work arrangements / work life balance

- If you don't have a defined hybrid work arrangement, share how your team defines flexibility and work life balance
 - Does everyone have laptops and can employees work from home in the case of inclement weather, if they're sick, or have an appointment?
 - Share what the average number of hours look like for the team
 - Can people flex their start and end time to accommodate family commitments?

In 2024 these factors were most important to job seeker:



Job Security

- **Be transparent** – share current challenges and how they are being addressed
- **Highlight stability indicators** – growth, revenue, history of minimal layoffs
- **Emphasize career development**
- **Use specific examples** – concrete details of projects, initiatives, plans for expansion



Challenges of managing hybrid teams



Important factors for managing hybrid teams



- Define roles clearly
- Set Expectations
- Promote communication
- Build trust
- Monitor performance



Important factors for managing hybrid teams



Define Roles Clearly

- Clear job descriptions
- Define accountability
- Regular check-ins and reviews
- Clarify hybrid expectations
- Standardize processes

Important factors for managing hybrid teams

Set Expectations

- During the interview process be clear about expectations, reinforce during onboarding, and consistently with the entire team
- Have a clear policy for hybrid work – including working hours and availability
- Clarify if there are responsibilities that will be done in person vs remote



Important factors for managing hybrid teams



Promote Communication

- When in doubt – overcommunicate!
- Communicate expectations for "core hours"
- Have norms for response times, keeping calendars updated etc.
- Establish clear channels for communication: email, Teams, calls etc.

Important factors for managing hybrid teams

Build Trust

- Transparent + consistent communication and feedback
- Promoting accountability
- Empower autonomy
- Develop connections with regular check-ins
- Ask for feedback and be adaptable



Important factors for managing hybrid teams



Monitor Performance

- Have clear KPI's outlined
- Do not wait to have conversations if there are performance issues



How hybrid trends are expected to shape the future of recruitment and employee satisfaction

Hybrid poised to be dominant model

- McKinsey reported 87% of workers would work hybrid model if offered
- Studies show that hybrid work can lead to higher job satisfaction, productivity, and retention

A photograph of a woman with her hair in a bun, sitting at a desk in a home office. She is looking at a computer monitor. The desk has a lamp, a calendar showing the number 52, and some papers. On the wall behind her are three framed pictures of landscapes. A potted plant is on the right side of the desk.

Factors that influence the future of hybrid



- Loss of company culture
- Proximity bias
- Management challenges
- Technology and security issues
- Employee burnout / work-life imbalance

Conclusion



- Hybrid positions account for **50%** of the positions Truity Partners has recruited on in 2024
- Hybrid work is one of the **most important factors** for job seekers
- Managing hybrid teams requires **intentional communication and clear expectations**
- Hybrid work is poised to be the **dominant model** for the foreseeable future

Questions?



Christine Thome
Senior Recruiter



10:30 – 11:20 a.m.

Financial Accounting Update

Joann Noe Cross, PhD, CPA, CMA, CGMA, *Emerita Professor
of Accounting, UW-Oshkosh*

Wisconsin Institute of CPAs Accounting and Auditing Conference

FASB Update
Joann Noe Cross

1

Accounting Standards Update 2024-02 Amendments to Remove References to the Concepts Statements

For public business entities,

- effective for fiscal years beginning after December 15, 2024.

For all other entities,

- effective for fiscal years beginning after December 15, 2025.

2

Accounting Standards Update 2024-01 Stock Compensation – Scope Application of Profits Interest and Similar Awards

For Public Business Entities,

- effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods.

For all other entities,

- effective for annual periods beginning after December 15, 2025, and interim periods within those annual periods.

3

Accounting Standards Update 2024-01

- Adds an illustrative example that includes four fact patterns to demonstrate how an entity should apply the scope guidance to determine how a profits interest award should be accounted for
 1. as a share-based payment arrangement (Topic 718) or
 2. similar to a cash bonus or profit-sharing arrangement (Topic 710).

4

Accounting Standards Update 2023-09 Improvements to Income Tax Disclosures

For public business entities,

- effective for annual periods beginning after December 15, 2024.

For all other entities

- effective for annual periods beginning after December 15, 2025.

5

Accounting Standards Update 2023-09

- Rate Reconciliation
- Income Taxes Paid
 1. The amount of net income taxes paid disaggregated by federal, state, and foreign taxes
 2. The amount of net income taxes paid disaggregated by significant individual jurisdictions
- Other
 1. Income from continuing operations before income tax expense disaggregated between domestic and foreign
 2. Income tax expense from continuing operations disaggregated by federal, state, and foreign.

6

Accounting Standards Update 2023-08

Accounting for and Disclosure of Crypto Assets

For all entities

- effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years.

7

Accounting Standards Update 2023-08

- Applies to assets that meet all of the following criteria:
 1. Meet the definition of intangible assets as defined in the Codification
 2. Do not provide the asset holder with enforceable rights to or claims on underlying goods, services, or other assets
 3. Are created or reside on a distributed ledger based on blockchain or similar technology
 4. Are secured through cryptography
 5. Are fungible
 6. Are not created or issued by the reporting entity or its related parties.

8

Accounting Standards Update 2023-08

- Measure these assets at fair value with changes recognized in net income each reporting period.
- Disclose
 - (1) Crypto assets measured at fair value separately from other intangible assets in the balance sheet
 - (2) changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the income statement.

9

Accounting Standards Update 2023-08

- Disclose
 1. The name, cost basis, fair value, and number of units for each significant crypto asset holding and the aggregate fair values and cost bases of the crypto asset holdings that are not individually significant
 2. For crypto assets that are subject to contractual sale restrictions, the fair value of those crypto assets, the nature and remaining duration of the restriction(s), and the circumstances that could cause the restriction(s) to lapse.

10

Accounting Standards Update 2023-08

- Also disclose:

1. A rollforward, in the aggregate, of activity in the reporting period for crypto asset holdings, including additions (with a description of the activities that resulted in the additions), dispositions, gains, and losses
2. For any dispositions of crypto assets in the reporting period, the difference between the disposal price and the cost basis and a description of the activities that resulted in the dispositions
3. If gains and losses are not presented separately, the income statement line item in which those gains and losses are recognized
4. The method for determining the cost basis of crypto assets.

11

Accounting Standards Update 2023-08

- Transition

a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the annual reporting period in which an entity adopts the amendments.

12

Accounting Standards Update 2023-07 Improvements to Reportable Segment Disclosures

- For Public Business Entities
 - effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.

13

Accounting Standards Update 2023-06 Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative

- Intended to remove align SEC disclosure guidance with FASB Codification guidance
- SEC is deleting disclosure guidance from Regulation S-X and S-K that overlaps with disclosures required by the FASB codification

14

Accounting Standards Update 2023-06 Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative

- For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. For all other entities, the amendments will be effective two years later.
- Apply prospectively.

15

Accounting Standards Update 2023-06

- For all entities, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity.

16

Accounting Standards Update 2023-05 Joint Venture Formations - Recognition and Initial Measurement

Effective prospectively for all joint venture formations with a formation date on or after January 1, 2025.

17

Accounting Standards Update 2023-05

1. A joint venture is the formation of a new entity without an accounting acquirer. The formation of a joint venture is the creation of a new reporting entity, and none of the assets and/or businesses contributed to the joint venture are viewed as having survived the combination as an independent entity—that is, an accounting acquirer will not be identified.
2. A joint venture measures its identifiable net assets and goodwill, if any, at the formation date. The joint venture formation date is the date on which an entity initially meets the definition of a joint venture.

18

Accounting Standards Update 2023-05

- Initial measurement of a joint venture's total net assets is equal to the fair value of 100 percent of the joint venture's equity. The joint venture is required to measure its total net assets upon formation as the fair value of the joint venture as a whole. The fair value of the joint venture as a whole equals the fair value of 100 percent of a joint venture's equity immediately following formation (including any noncontrolling interest in the net assets recognized by the joint venture).

19

Accounting Standards Update 2023-02 Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method

For Public Business Entities,

- effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.

For all other entities,

- effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years.

20

Accounting Standards Update 2023-02

- Reporting entities are permitted to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if
 1. It is probable that the income tax credits allocable to the tax equity investor will be available.
 2. The tax equity investor does not have the ability to exercise significant influence over the operating and financial policies of the underlying project.

21

Accounting Standards Update 2023-02

3. Substantially all of the projected benefits are from income tax credits and other income tax benefits. Projected benefits include income tax credits, other income tax benefits, and other non-income-tax-related benefits.
4. The tax equity investor's projected yield based solely on the cash flows from the income tax credits and other income tax benefits is positive.
5. The tax equity investor is a limited liability investor in the limited liability entity for both legal and tax purposes, and the tax equity investor's liability is limited to its capital investment

22

Accounting Standards Update 2023-01

Common Control Arrangements

Issue 1: Terms and Conditions to Be Considered

- The practical expedient is available to entities that are not:
 1. Public business entities
 2. Not-for-profit conduit bond obligors
 3. Employee benefit plans that file or furnish financial statements with or to the U.S. Securities and Exchange Commission (SEC).
- Use the written terms and conditions of a related party arrangement between entities under common control to determine whether that arrangement is or contains a lease.

23

Accounting Standards Update 2023-01

Issue 2: Accounting for Leasehold Improvements

- The amendments in this Update affect all lessees that are a party to a lease between entities under common control in which there are leasehold improvements.
- The amendments in this Update require that leasehold improvements associated with common control leases be:
 1. Amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease. However, if the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the same common control group, the amortization period may not exceed the amortization period of the common control group.
 2. Accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities) if, and when, the lessee no longer controls the use of the underlying asset.

24

Accounting Standards Update 2023-01 Common Control Arrangements

The amendments in this Update for both Issue 1 and Issue 2 are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.

25

Accounting Standards Update 2022-04 Disclosure of Supplier Finance Program Obligations

The amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years,

except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023.

26

Accounting Standards Update 2022-04

- A buyer participating in a supplier financing program should disclose:
 1. The key terms of the program, including a description of the payment terms (including payment timing and basis for its determination) and assets pledged as security or other forms of guarantees provided for the committed payment to the finance provider or intermediary
 2. For the obligations that the buyer has confirmed as valid to the finance provider or intermediary:
 - a) The amount outstanding that remains unpaid by the buyer as of the end of the annual period (the outstanding confirmed amount)
 - b) A description of where those obligations are presented in the balance sheet
 - c) A rollforward of those obligations during the annual period, including the amount of obligations confirmed and the amount of obligations subsequently paid.

27

Accounting Standards Update 2022-03 Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

For public business entities,

- effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.

For all other entities,

- effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years.

28

Accounting Standards Update 2022-03

- A contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value.
- An entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction.

29

Accounting Standards Update 2022-01 Fair Value Hedging—Portfolio Layer Method

For Public Business Entities,

- effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.

For all other entities,

- effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.

30

Accounting Standards Update 2022-01

- Expands the current last-of-layer method that permits only one hedged layer to allow multiple hedged layers of a single closed portfolio. To reflect that expansion, the last-of-layer method is renamed the portfolio layer method.
- Expands the scope of the portfolio layer method to include nonprepayable financial assets.
- Specifies that eligible hedging instruments in a single-layer hedge may include spot-starting or forward-starting constant-notional swaps, or spot or forward-starting amortizing-notional swaps and that the number of hedged layers (that is, single or multiple) corresponds with the number of hedges designated.

31

Accounting Standards Update 2022-01

- Provides additional guidance on the accounting for and disclosure of hedge basis adjustments that are applicable to the portfolio layer method whether a single hedged layer or multiple hedged layers are designated.
- Specifies how hedge basis adjustments should be considered when determining credit losses for the assets included in the closed portfolio.

32

Accounting Standards Update 2021-08 Business Combinations – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers

For Public Business Entities,

- effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.

For all other entities,

- effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.

33

Accounting Standards Update 2021-08

- An acquirer recognizes and measures contract assets and contract liabilities acquired in a business combination in accordance with Topic 606.
- At the acquisition date, an acquirer should account for the related revenue contracts as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts.
- However, there may be circumstances in which the acquirer is unable to assess or rely on how the acquiree applied Topic 606
- In those circumstances, the acquirer should consider the terms of the acquired contracts, such as timing of payment, identify each performance obligation in the contracts, and allocate the total transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception or contract modification to determine what should be recorded at the acquisition date.
- Certain practical expedients for acquirers are also provided.

34