

*Proposed Accounting Standards Update*

Issued: November 13, 2024  
Comments Due: March 31, 2025

Interim Reporting (Topic 270)

Narrow-Scope Improvements

The Board issued this Exposure Draft to solicit public comment on proposed changes to Topic 270 of the *FASB Accounting Standards Codification*<sup>®</sup>. Individuals can submit comments in one of three ways: using the electronic feedback form on the FASB website, emailing comments to [director@fasb.org](mailto:director@fasb.org), or sending a letter to “Technical Director, File Reference No. 2024-ED600, FASB, 801 Main Avenue, PO Box 5116, Norwalk, CT 06856-5116.”

## Notice to Recipients of This Exposure Draft of a Proposed Accounting Standards Update

The Board invites comments on all matters in this Exposure Draft until March 31, 2025. Interested parties may submit comments in one of three ways:

- Using the electronic feedback form available on the FASB website at [Exposure Documents Open for Comment](#)
- Emailing comments to [director@fasb.org](mailto:director@fasb.org), File Reference No. 2024-ED600
- Sending a letter to “Technical Director, File Reference No. 2024-ED600, FASB, 801 Main Avenue, PO Box 5116, Norwalk, CT 06856-5116.”

All comments received are part of the FASB’s public file and are available at [www.fasb.org](http://www.fasb.org).

The *FASB Accounting Standards Codification*<sup>®</sup> is the source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. An Accounting Standards Update is not authoritative; rather, it is a document that communicates how the Accounting Standards Codification is being amended. It also provides other information to help a user of GAAP understand how and why GAAP is changing and when the changes will be effective. A copy of this Exposure Draft is available at [www.fasb.org](http://www.fasb.org).

Copyright © 2024 by Financial Accounting Foundation. All rights reserved. Certain portions may include material copyrighted by American Institute of Certified Public Accountants. Content copyrighted by Financial Accounting Foundation, or any third parties who have not provided specific permission, may not be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of Financial Accounting Foundation or such applicable third party. Financial Accounting Foundation claims no copyright in any portion hereof that constitutes a work of the United States Government.

# Proposed Accounting Standards Update

## Interim Reporting (Topic 270)

### Narrow-Scope Improvements

November 13, 2024

Comment Deadline: March 31, 2025

## CONTENTS

	Page Numbers
Summary and Questions for Respondents.....	1–5
Amendments to the <i>FASB Accounting Standards Codification</i> ® ....	6–116
Background Information, Basis for Conclusions, and Alternative View .....	117–145
Amendments to the GAAP Taxonomy .....	146

# Summary and Questions for Respondents

---

## Why Is the FASB Issuing This Proposed Accounting Standards Update (Update)?

The Board is issuing the amendments in this proposed Update to improve the guidance in Topic 270, Interim Reporting, by improving the navigability of the required interim disclosures and clarifying when that guidance is applicable. The proposed amendments also provide additional guidance on what disclosures should be provided in interim reporting periods. The proposed amendments include adding to Topic 270 a principle that would require entities to disclose events and changes since the end of the last annual reporting period that have a material impact on the entity. The Board does not intend to change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements, which were determined by prior Boards when the disclosure requirements were initially issued. Rather, the objective of the proposed amendments is to provide clarity on the current interim reporting requirements.

The Board has received feedback from stakeholders that Topic 270 is challenging and complex to navigate. The complexity of this Topic is mainly a result of the development of the source literature, the initial codification of the historical content, and subsequent amendments to the Topic as new accounting guidance was issued over time. Accordingly, the Board sought to clarify the types of interim reporting that are subject to the requirements in Topic 270.

The Board previously considered amendments to interim reporting in Topic 270 as part of the Disclosure Framework project, which resulted in the issuance of proposed Accounting Standards Update, *Interim Reporting (Topic 270): Disclosure Framework—Changes to Interim Disclosure Requirements*, in 2021. Although respondents to that proposed Update supported the Board's efforts, they expressed concerns about the proposed amendments. When redeliberating the 2021 proposed Update, the Board decided that the project's objective is to improve the guidance in Topic 270 by clarifying when that guidance is applicable, thereby improving the navigability of the required

interim disclosures. The Board also decided to provide additional guidance on what interim disclosures should be provided in interim reporting periods.

## Who Would Be Affected by the Amendments in This Proposed Update?

The amendments in this proposed Update would apply to all entities that provide interim financial statements and notes in accordance with generally accepted accounting principles (GAAP).

The amendments in this proposed Update include guidance about what is meant by the phrase *interim financial statements and notes in accordance with GAAP*, including referencing U.S. Securities and Exchange Commission (SEC) requirements for entities to which those requirements apply.

## What Are the Main Provisions, How Would They Differ from Current GAAP, and Why Would They Be an Improvement?

The amendments in this proposed Update would clarify interim disclosure requirements and the applicability of Topic 270.

The amendments in this proposed Update would result in a comprehensive list of interim disclosures that are required by GAAP. In developing the list of disclosures required by other Topics, the Board focused on identifying the interim disclosures that are currently required under GAAP. The objective of the proposed amendments is to provide clarity about the current requirements, rather than evaluate whether to expand or reduce interim disclosure requirements.

The amendments in this proposed Update also include a disclosure principle that would require entities to disclose events and changes since the end of the last annual reporting period that have a material impact on the entity. The intent of the proposed disclosure principle, which is modeled after (and intended to be applied consistently with) a previous SEC disclosure requirement, is to help entities determine whether disclosures not specified in Topic 270 should be provided in interim reporting periods.

The amendments in this proposed Update also would clarify the applicability of Topic 270, the types of interim reporting, and the form and content of interim financial statements in accordance with GAAP. The Board expects that these clarifications would enhance consistency in interim reporting for all entities.

The Board considers the amendments in this proposed Update to be necessary to reflect the development of interim reporting over time.

## What Are the Transition Requirements and When Would the Amendments Be Effective?

The amendments in this proposed Update would be applied prospectively to interim financial statements and notes in accordance with GAAP issued for interim reporting periods after the effective date.

The Board will determine the effective date and whether early adoption should be permitted after it considers stakeholder feedback on the amendments in this proposed Update.

## Questions for Respondents

The Board invites individuals and organizations to comment on all matters in this proposed Update, particularly on the issues and questions below. Comments are requested from those who agree with the proposed guidance as well as from those who do not agree. Comments are most helpful if they identify and clearly explain the issue or question to which they relate. Those who disagree with the proposed guidance are asked to describe their suggested alternatives, supported by specific reasoning.

**Question 1:** Do the amendments in this proposed Update that would clarify that the guidance in Topic 270 applies to interim financial statements and notes in accordance with GAAP (see paragraphs 270-10-15-3 through 15-4) increase the understandability of Topic 270? Please explain why or why not.

**Question 2:** Are the proposed amendments that describe the form and content of interim financial statements and notes in accordance with GAAP (see paragraphs 270-10-45-20 through 45-24) appropriate? Do they capture the form and content of interim financial statements and notes currently being provided in accordance with GAAP? Please explain why or why not.

**Question 3:** Do you agree that including a list of interim disclosure requirements in Section 270-10-50 would improve the Codification? Please explain why or why not.

**Question 4:** Using the Board's methodology (see paragraphs BC42–BC55), is the proposed list of interim disclosure requirements in Section 270-10-50 complete, or are there disclosures that should be included in or excluded from the list? If so, please provide the disclosures and your rationale, including supporting evidence that is consistent with the Board's methodology.

**Question 5:** Do you agree with the Board's methodology on how it compiled the disclosure list in Topic 270 (see paragraphs BC42–BC55)? Please explain why or why not. If not, please describe your preferred methodology. Please identify the differences between the list of interim disclosures derived using your preferred methodology and the list of disclosures in Section 270-10-50 and provide supporting evidence that is consistent with your preferred methodology.

**Question 6:** The Board uses the term *event-driven disclosures* to describe disclosures required if an event or transaction occurs (see paragraph BC65). The Board decided that while certain event-driven disclosure requirements that meet the criteria in paragraph BC46 would be included in the interim disclosure list in the proposed amendments, others would be captured by the disclosure principle discussed in Question 7 (for example, if a new line of business was acquired with specific industry disclosure requirements, the acquirer would evaluate the disclosures under the disclosure principle rather than evaluating whether those industry requirements should be disclosed in accordance with the interim disclosure list in Topic 270). Do you agree with this approach to event-driven disclosures, or should other event-driven disclosures be included in the interim disclosure list? Please explain why or why not.

**Question 7:** Is the proposed disclosure principle operable (see paragraphs 270-10-50-67 through 50-70)? Please explain why or why not. If not, did you consider the prior SEC disclosure principle included in paragraph 270-10-50-68 to be operable (see paragraphs BC56–BC59)? Would the proposed disclosure principle provide decision-useful information? Does the operability of the disclosure principle vary between SEC registrants and nonregistrants? Please explain why or why not. Are there any reasons why the wording in paragraphs 270-10-50-67 through 50-70 should not be incorporated into GAAP? Please explain why or why not.

**Question 8:** The Board decided to remove the phrase *interim financial information* from certain paragraphs that address the scope of the guidance within Topic 270 in the proposed amendments. Additionally, proposed consequential amendments were made to other Topics in certain paragraphs to remove the phrase *interim financial information* and other similar phrases. Would these proposed changes result in any unexpected consequences within other areas in GAAP? Please explain why or why not.

**Question 9:** Do you agree with the proposed amendments in Sections B and C? If not, please explain which proposed amendment(s) you disagree with and why.

**Question 10:** Do you agree that the proposed amendments should be applied prospectively to interim financial statements and notes in accordance with GAAP issued for reporting periods after the effective date? Please explain why or why not.

**Question 11:** How much time is needed to implement the proposed amendments? Should early adoption be permitted? Please explain why or why not.



# Amendments to the *FASB Accounting Standards Codification*<sup>®</sup>

---

## Summary of Proposed Amendments to the Accounting Standards Codification

1. The following table provides a summary of the proposed amendments to the Accounting Standards Codification.

<b>Codification Section</b>	<b>Description of Changes</b>
Interim Reporting— Overall—Overview and Background (270-10-05)	<ul style="list-style-type: none"><li>• Amended the guidance in this Section to clarify the objective of the Topic.</li></ul>
Scope and Scope Exceptions (270-10-15)	<ul style="list-style-type: none"><li>• Amended scope to apply to interim financial statements and notes in accordance with GAAP.</li></ul>
Other Presentation Matters (270-10-45)	<ul style="list-style-type: none"><li>• Added guidance about the form and content of interim financial statements and notes in accordance with GAAP.</li></ul>
Disclosure (270-10-50)	<ul style="list-style-type: none"><li>• Added a comprehensive list of interim disclosures that are required within GAAP.</li><li>• Added a disclosure principle that would require the disclosure of events and changes that are material to the entity since the end of the most recent fiscal year.</li></ul>
Conforming Amendments to Other Subtopics	<ul style="list-style-type: none"><li>• Updated paragraph references within the Codification to reflect changes made to Topic 270.</li><li>• Amended disclosures to clarify that they are required to be applied in interim reporting periods.</li></ul>

## Introduction

2. The Accounting Standards Codification is amended as described in paragraphs 3–44. In some cases, to put the change in context, not only are the amended paragraphs shown but also the preceding and following paragraphs. Terms from the Master Glossary are in **bold** type. Added text is underlined, and deleted text is ~~struck-out~~.

## Section A—Amendments to Topic 270

### Amendments to Master Glossary

3. Add the new Master Glossary term *Condensed Statements*, with a link to transition paragraph 270-10-65-1, as follows:

#### **Condensed Statements**

Financial statements that either are aggregated in a condensed format or have limited notes subject to the disclosure requirements in Topic 270 or both. (U.S. Securities and Exchange Commission [SEC] registrants are required to consider the guidance in paragraph 270-10-S45-2. See Regulation S-X Rule 210.10-01 and Regulation S-X Rule 210.8-03.)

4. Add the following Master Glossary terms to Subtopic 270-10 as follows:

#### **Financial Statements Are Issued**

Financial statements are considered issued when they are widely distributed to shareholders and other financial statement users for general use and reliance in a form and format that complies with GAAP. (U.S. Securities and Exchange Commission [SEC] registrants also are required to consider the guidance in paragraph 855-10-S99-2.)

#### **Securities and Exchange Commission Registrant**

An entity (or an entity that is controlled by an entity) that meets any of the following criteria:

- a. It has issued or will issue debt or equity securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets).
- b. It is required to file financial statements with the Securities and Exchange Commission (SEC).
- c. It provides financial statements for the purpose of issuing any class of securities in a public market.

5. Supersede the following Master Glossary terms from Subtopic 270-10 as follows:

### **Acquiree**

~~The **business** or **businesses** that the **acquirer** obtains control of in a **business combination**. This term also includes a nonprofit activity or business that a not-for-profit acquirer obtains control of in an **acquisition by a not-for-profit entity**.~~

### **Acquirer**

~~The entity that obtains control of the **acquiree**. However, in a **business combination** in which a **variable interest entity** (VIE) is acquired, the primary beneficiary of that entity always is the acquirer.~~

### **Acquisition by a Not-for-Profit Entity**

~~A transaction or other event in which a not-for-profit acquirer obtains control of one or more nonprofit activities or businesses and initially recognizes their assets and liabilities in the acquirer's financial statements. When applicable guidance in Topic 805 is applied by a **not-for-profit entity**, the term **business combination** has the same meaning as this term has for a for-profit entity. Likewise, a reference to business combinations in guidance that links to Topic 805 has the same meaning as a reference to acquisitions by not-for-profit entities.~~

### **Business**

~~Paragraphs 805-10-55-3A through 55-6 and 805-10-55-8 through 55-9 define what is considered a business.~~

### **Business Combination**

A transaction or other event in which an **acquirer** obtains control of one or more **businesses**. Transactions sometimes referred to as true mergers or mergers of equals also are business combinations. See also **Acquisition by a Not-for-Profit Entity**.

### **Contract**

An agreement between two or more parties that creates enforceable rights and obligations.

### **Contract Asset**

An entity's right to consideration in exchange for goods or services that the entity has transferred to a **customer** when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

### **Contract Liability**

An entity's obligation to transfer goods or services to a **customer** for which the entity has received consideration (or the amount is due) from the customer.

### **Customer**

A party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

### **Financial Asset**

Cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following:

- a. Receive cash or another financial instrument from a second entity
- b. Exchange other financial instruments on potentially favorable terms with the second entity.

### **Financing Receivable**

A financing arrangement that has both of the following characteristics:

- a. It represents a contractual right to receive money in either of the following ways:
  - 1. On demand
  - 2. On fixed or determinable dates.
- b. It is recognized as an asset in the entity's statement of financial position.

See paragraphs 310-10-55-13 through 55-15 for more information on the definition of financing receivable, including a list of items that are excluded from the definition (for example, debt securities).

### **Lease**

A **contract**, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

### **Legal Entity**

Any legal structure used to conduct activities or to hold assets. Some examples of such structures are corporations, partnerships, limited liability companies, grantor trusts, and other trusts.

### **Lessee**

An entity that enters into a **contract** to obtain the right to use an **underlying asset** for a period of time in exchange for consideration.

### **Lessor**

An entity that enters into a **contract** to provide the right to use an **underlying asset** for a period of time in exchange for consideration.

### **Public Business Entity**

A public business entity is a business entity meeting any one of the criteria below. Neither a **not-for-profit entity** nor an employee benefit plan is a business entity.

- a. It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish financial statements, or does file or furnish financial statements (including voluntary filers), with the SEC (including other

~~entities whose financial statements or financial information are required to be or are included in a filing).~~

- ~~b. It is required by the Securities Exchange Act of 1934 (the Act), as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency other than the SEC.~~
- ~~c. It is required to file or furnish financial statements with a foreign or domestic regulatory agency in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer.~~
- ~~d. It has issued, or is a conduit bond obligor for, **securities** that are traded, listed, or quoted on an exchange or an over-the-counter market.~~
- ~~e. It has one or more securities that are not subject to contractual restrictions on transfer, and it is required by law, contract, or regulation to prepare U.S. GAAP financial statements (including notes) and make them publicly available on a periodic basis (for example, interim or annual periods). An entity must meet both of these conditions to meet this criterion.~~

~~An entity may meet the definition of a public business entity solely because its financial statements or financial information is included in another entity's filing with the SEC. In that case, the entity is only a public business entity for purposes of financial statements that are filed or furnished with the SEC.~~

### **Publicly Traded Company (first definition)**

~~A publicly traded company includes any company whose securities trade in a public market on either of the following:~~

- ~~a. A stock exchange (domestic or foreign)~~
- ~~b. In the over-the-counter market (including securities quoted only locally or regionally), or any company that is a conduit bond obligor for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets).~~

~~Additionally, when a company is required to file or furnish financial statements with the SEC or makes a filing with a regulatory agency in preparation for sale of its securities in a public market it is considered a publicly traded company for this purpose.~~

~~Conduit debt securities refers to certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing financing for a specific third party (the conduit bond obligor) that is not a part of the state or local government's financial reporting entity. Although conduit debt securities bear the name of the governmental entity that issues them, the governmental entity often has no obligation for such debt beyond the resources provided by a lease or loan agreement with the third party on whose behalf the securities are issued. Further, the conduit bond obligor is responsible for any future financial reporting requirements.~~

### **Security (second definition)**

~~A share, participation, or other interest in property or in an entity of the issuer or an obligation of the issuer that has all of the following characteristics:~~

- ~~a. It is either represented by an instrument issued in bearer or registered form or, if not represented by an instrument, is registered in books maintained to record transfers by or on behalf of the issuer.~~
- ~~b. It is of a type commonly dealt in on securities exchanges or markets or, when represented by an instrument, is commonly recognized in any area in which it is issued or dealt in as a medium for investment.~~
- ~~c. It either is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations.~~

### **Transaction Price**

~~The amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a **customer**, excluding amounts collected on behalf of third parties.~~

### **Underlying Asset**

~~An asset that is the subject of a **lease** for which a right to use that asset has been conveyed to a **lessee**. The underlying asset could be a physically distinct portion of a single asset.~~

## **Variable Interest Entity**

~~A legal entity subject to consolidation according to the provisions of the Variable Interest Entities Subsections of Subtopic 810-10.~~

6. Amend paragraphs 270-10-05-01, 270-10-10-1, 270-10-15-2 through 15-3, 270-10-45-1, 270-10-45-8, 270-10-45-12, 270-10-45-14, and 270-10-45-19, add paragraphs 270-10-15-4, 270-10-45-20 through 45-24 and their related headings, and 270-10-50-8 through 50-70 and their related headings, and supersede paragraphs 270-10-50-1 through 50-7 and their related headings and 270-10-60-1 and its related heading, with a link to transition paragraph 270-10-65-1, as follows:

## **Interim Reporting—Overall**

### **Overview and Background**

**270-10-05-1** The Interim Reporting Topic addresses the form and content of and disclosures required for interim financial statements and notes in accordance with generally accepted accounting principles (GAAP).~~clarifies the application of accounting principles and reporting practices to interim financial information, including interim financial statements and summarized interim financial data of publicly traded companies issued for external reporting purposes. Interim financial information may include current data during a fiscal year on financial position, results of operations, comprehensive income, and cash flows. This information may be issued on a monthly or quarterly basis or at other intervals and may take the form of either complete financial statements or summarized financial data. Interim financial information often is provided for each interim period or on a cumulative year-to-date basis, or both, and for the corresponding periods of the preceding year.~~

**270-10-05-2** The determination of the results of operations on a meaningful basis for intervals of less than a full year presents inherent difficulties. The revenues of some entities fluctuate widely among interim periods because of seasonal factors, while in other entities heavy fixed costs incurred in one interim period may benefit other periods. In these situations, financial information for periods of less than a full year may be of limited usefulness. In other situations costs and expenses related to a full year's activities are incurred at infrequent intervals during the year and need to be allocated to products in process or to other interim periods to avoid distortion of interim



financial results. In view of the limited time available to develop complete information, many costs and expenses are estimated in interim periods. For example, it may not be practical to perform extensive reviews of individual inventory items, costs on individual long-term contracts and precise income tax calculations for each interim period. Subsequent refinement or correction of these estimates may distort the results of operations of later interim periods. Similarly, the effects of disposal of a segment of an entity and unusual or infrequently occurring events and transactions on the results of operations in an interim period will often be more pronounced than they will be on the results for the annual period. Special attention must be given to disclosure of the impact of these items on financial information for interim periods.

## Objectives

**270-10-10-1** The principal objectives of the Interim Reporting Topic are to provide guidance on accounting and disclosure issues ~~peculiar~~specific to interim reporting and to set forth ~~minimum~~ disclosure requirements for entities that provide interim financial reports of publicly traded companies statements and notes in accordance with generally accepted accounting principles.

## Scope and Scope Exceptions

### > Entities

**270-10-15-2** The guidance in the Interim Reporting Topic applies to all entities that provide interim financial statements and notes in accordance with generally accepted accounting principles (GAAP), regardless of whether those interim financial statements and notes in accordance with GAAP are prepared at the same level of aggregation as the annual financial statements and annual notes or as condensed statements.

### > Other Considerations

**270-10-15-3** The guidance in the Interim Reporting Topic applies to interim financial statements and notes in accordance with GAAP, whenever entities issue interim financial information. ~~It~~ This Topic also provides disclosure requirements guidance on the applicability of generally accepted accounting principles (GAAP) to interim financial information and indicates types of disclosures necessary to report on a meaningful basis for a period of less than

a full year. This Topic is not intended to deal with ~~unresolved matters of accounting related to~~ annual reporting.

**270-10-15-4** For the purposes of applying the guidance in this Topic, financial statements and notes in accordance with GAAP include those financial statements that are a full set of financial statements in accordance with guidance in paragraph 205-10-45-1A. For example, if an entity only issues an income statement, that would not be considered a full set of financial statements and therefore would not be subject to the guidance in this Topic. For the purposes of applying this Topic, financial statements and notes in accordance with GAAP for not-for-profit entities are those that are equivalent to the statements listed in paragraph 205-10-45-1A, except for investments by and distributions to owners during the period.

## **Other Presentation Matters**

### **> Accounting Principles and Practices**

~~270-10-45-1 Interim financial information is essential to provide investors and others with timely information as to the progress of the entity. The usefulness of such information~~ **270-10-45-1** Interim financial statements and notes in accordance with generally accepted accounting principles (GAAP) rests on the relationship that it has to the annual results of operations. Accordingly, each ~~Each~~ interim period should be viewed primarily as an integral part of an annual period.

### **> Costs and Expenses**

#### **• > Costs Associated with Revenue**

**270-10-45-6** Practices vary in determining costs of inventory. For example, cost of goods produced may be determined based on standard or actual cost, while cost of inventory may be determined on an average, first-in, first-out (FIFO), or last-in, first-out (LIFO) cost basis. While entities generally shall use the same inventory pricing methods and make provisions for writedowns at interim dates on the same basis as used at annual inventory dates, the following exceptions are appropriate at interim reporting dates:

- a. Some entities use estimated gross profit rates to determine the cost of goods sold during interim periods or use other methods different from those used at annual inventory dates. These entities shall disclose the

method used at the interim date and any significant adjustments that result from reconciliations with the annual physical inventory. **[Content amended and copied to paragraph 270-10-50-9(f)]**

**[The remainder of this paragraph is not shown here because it is unchanged.]**

• **> All Other Costs and Expenses**

**270-10-45-8** The objective in all cases is to achieve a fair measure of results of operations for the annual period and to present fairly the financial position at the end of the annual period. The following standards shall apply in accounting for costs and expenses other than product costs in interim periods:

- a. Costs and expenses other than product costs shall be charged to income in interim periods as incurred, or be allocated among interim periods based on an estimate of time expired, benefit received or activity associated with the periods. Procedures adopted for assigning specific cost and expense items to an interim period shall be consistent with the bases followed by the entity in reporting results of operations at annual reporting dates. However, if a specific cost or expense item charged to expense for annual reporting purposes benefits more than one interim period, the cost or expense item may be allocated to those interim periods (see paragraph 270-10-45-9).
- b. ~~Subparagraph superseded by Accounting Standards Update No. 202X-XX. Some costs and expenses incurred in an interim period, however, cannot be readily identified with the activities or benefits of other interim periods and shall be charged to the interim period in which incurred. Disclosure in the notes to financial statements shall be made as to the nature and amount of such costs unless items of a comparable nature are included in both the current interim period and in the corresponding interim period of the preceding year. (See paragraph 270-10-50-1B.)~~
- c. Arbitrary assignment of the amount of such costs to an interim period shall not be made.
- d. Gains and losses that arise in any interim period similar to those that would not be deferred at year end shall not be deferred to later interim periods within the same fiscal year.

**> Seasonal Revenue, Costs, or Expenses**

**270-10-45-11** Revenues of certain entities are subject to material seasonal variations. To avoid the possibility that interim results with material seasonal variations may be taken as fairly indicative of the estimated results for a full fiscal year, such entities shall disclose the seasonal nature of their activities, and consider supplementing their interim reports with information for 12-month periods ended at the interim date for the current and preceding years. **[Content amended and copied to paragraph 270-10-50-9(e)]**

**> Accounting Changes in Interim Periods**

**270-10-45-12** ~~Each report of interim financial information~~ Interim financial statements and notes in accordance with GAAP shall indicate any **change in accounting principles** ~~or, change in practices,~~ or change in the reporting entity from those applied in any of the following:

- a. The comparable interim period of the prior annual period
- b. The preceding interim periods in the current annual period
- c. The prior annual ~~report~~ financial statements.

**In addition, add the following Editor's Note before the pending content for paragraph 270-10-45-12:**

**Editor's Note:** *The pending content for paragraph 270-10-45-12 linked to paragraph 105-10-65-7 will be removed upon transition of paragraph 270-10-65-1.*

**Pending Content:**

**Transition Date:** (P) June 30, 2027; (N) June 30, 2027 | **Transition Guidance** 105-10-65-7

Each report of interim financial information shall indicate any **change in accounting principles**, change in practices, or **change in the reporting entity** from those applied in any of the following:

- a. The comparable interim period of the prior annual period
- b. The preceding interim periods in the current annual period
- c. The prior annual report.

**270-10-45-13** Changes in an interim or annual accounting practice or policy made in an interim period shall be reported in the period in which the change is made, in accordance with the provisions of Topic 250.

**270-10-45-14** The effect of a **change in accounting estimate**, including a change in the estimated effective annual tax rate, shall be accounted for in the period in which the change in estimate is made. No **restatement** of previously ~~reported interim information~~ issued interim financial statements and notes in accordance with GAAP shall be made for changes in estimates, but the effect on earnings of a change in estimate made in a current interim period shall be reported in the current and subsequent interim periods, if material in relation to any period presented and shall continue to be reported in the interim financial ~~information~~ statements and notes in accordance with GAAP of the subsequent year for as many periods as necessary to avoid misleading comparisons. Such disclosure shall conform with paragraph 250-10-50-4.

**270-10-45-15** Whenever possible, entities should adopt any **accounting changes** during the first interim period of a fiscal year. Changes in accounting principles and practices adopted after the first interim period in a fiscal year tend to obscure operating results and complicate disclosure of interim financial information.

**270-10-45-16** As indicated in paragraph 250-10-45-27, in determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period. **[Content amended and copied to paragraph 270-10-50-9(g)]**

#### **> Guidance Related to Presentation of Other Topics at Interim Dates**

**270-10-45-19** The following may not represent all references to interim reporting:

- a. For accounting changes, see paragraphs 250-10-45-14 through 45-16 and 250-10-45-21.
- b. For comprehensive income, see paragraph 220-10-45-18.
- c. For incurred but not reported liability and interim reporting, see paragraphs 720-20-35-3 through 35-5 and 720-20-35-8.
- d. For income tax provisions, see Subtopic 740-270.
- e. For inventory, see paragraphs 330-10-55-2 and 610-30-25-3.
- f. For pensions and other postretirement benefits, see paragraphs 715-20-55-18 through 55-19 and 715-60-35-40.

- g. For evaluation of a going concern, see paragraphs 205-40-50-1 through 50-11.

**In addition, add the following Editor's Note before the pending content for paragraph 270-10-45-19:**

**Editor's Note:** *The pending content for paragraph 270-10-45-19 linked to paragraph 105-10-65-7 will be removed upon transition of paragraph 270-10-65-1.*

**Pending Content:**

**Transition Date:** (P) June 30, 2027; (N) June 30, 2027 | **Transition Guidance** 105-10-65-7

The following may not represent all references to interim reporting:

- a. For accounting changes, see paragraphs 250-10-45-14 through 45-16 and 250-10-45-21.
- b. For comprehensive income, see paragraph 220-10-45-18.
- c. For incurred but not reported liability and interim reporting, see paragraphs 720-20-35-3 through 35-5 and 720-20-35-8.
- d. For income tax provisions, see Subtopic 740-270.
- e. For inventory, see paragraphs 330-10-55-2 and 610-30-25-3.
- f. For pensions and other postretirement benefits, see paragraphs 715-20-55-18 through 55-19 and 715-60-35-40.

**> Form and Content of Interim Financial Statements and Notes**

**• > Form and Content for Securities and Exchange Commission Registrants**

**270-10-45-20** When preparing financial statements in a condensed format and/or with limited notes, a **Securities and Exchange Commission registrant (SEC registrant)** shall refer to the form and content of interim financial statements for SEC registrants. See Regulation S-X Rule 210.10-01 and Regulation S-X Rule 210.8-03 (paragraph 270-10-S45-2).

**• > Form and Content for Entities That Are Not SEC Registrants**

**270-10-45-21** An entity that is not an SEC registrant may issue interim financial statements and notes in accordance with GAAP. When those **financial statements are issued**, the entity may present either of the following:

- a. Financial statements presented using the same level of aggregation as the annual financial statements and notes subject to applicable annual disclosure requirements in GAAP
- b. Financial statements that either are aggregated in a condensed format or have limited notes subject to the disclosure requirements in this Topic or both (**condensed statements**).

**270-10-45-22** If an entity chooses to present condensed statements in accordance with paragraph 270-10-45-21(b), the entity shall follow either the guidance in Regulation S-X Rule 210.10-01(a) (paragraph 270-10-S99-1(a)) or the guidance in Regulation S-X Rule 210.8-03(a). However, if an entity that is not an SEC registrant is required by the SEC to follow certain form and content requirements under SEC rules and regulations, the entity shall follow the requirements specified by the SEC.

**270-10-45-23** Condensed statements can only be provided if the previous annual financial statements have been issued.

**270-10-45-24** If a not-for-profit entity presents condensed statements, the following requirements shall apply:

- a. Net assets with donor restrictions and net assets without donor restrictions shall be presented regardless of relative significance to total net assets in the statement of financial position.
- b. The required disclosure of expenses by nature and function may be condensed in accordance with the guidance in paragraph 270-10-45-21(b), whether presented on the face of the statement of activities, as a separate schedule in the notes to financial statements, or in a separate financial statement.
- c. The requirement to provide a statement of changes in stockholder's equity and noncontrolling interest is not applicable.

## **Disclosure**

### **> Disclosure of Summarized Interim Financial Data by Publicly Traded Companies**

**270-10-50-1** Paragraph superseded by Accounting Standards Update No. 202X-XX. Many ~~publicly traded companies~~ report summarized financial information at periodic interim dates in considerably less detail than that provided in annual financial statements. While this information provides more

~~timely information than would result if complete financial statements were issued at the end of each interim period, the timeliness of presentation may be partially offset by a reduction in detail in the information provided. As a result, certain guides as to minimum disclosure are desirable. (It should be recognized that the minimum disclosures of summarized interim financial data required of publicly traded companies do not constitute a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles [GAAP].) If publicly traded companies report summarized financial information at interim dates (including reports on fourth quarters), the following data should be reported, as a minimum:~~

- ~~a. Sales or gross revenues, provision for income taxes, net income, and comprehensive income [**Content moved to paragraph 270-10-50-9(a)**]~~
- ~~b. Basic and diluted earnings per share data for each period presented, determined in accordance with the provisions of Topic 260~~
- ~~c. Seasonal revenue, costs, or expenses (see paragraph 270-10-45-11)~~
- ~~d. Significant changes in estimates or provisions for income taxes (see paragraphs 740-270-30-2, 740-270-30-6, and 740-270-30-8) [**Content moved to paragraph 270-10-50-9(b)**]~~
- ~~e. Disposal of a component of an entity and unusual or infrequently occurring items (see paragraphs 270-10-45-11A and 270-10-50-5)~~
- ~~f. Contingent items (see paragraph 270-10-50-6)~~
- ~~g. **Changes in accounting principles or changes in accounting estimates** (see paragraphs 270-10-45-12 through 45-16)~~
- ~~h. Significant changes in financial position (see paragraph 270-10-50-4)~~
- ~~i. All of the information about reportable segments required by paragraph 280-10-50-32, including provisions related to the recasting of segment information in previously issued financial statements:
  - ~~1. Subparagraph superseded by Accounting Standards Update No. 2023-07.~~
  - ~~2. Subparagraph superseded by Accounting Standards Update No. 2023-07.~~
  - ~~3. Subparagraph superseded by Accounting Standards Update No. 2023-07.~~
  - ~~4. Subparagraph superseded by Accounting Standards Update No. 2023-07.~~
  - ~~5. Subparagraph superseded by Accounting Standards Update No. 2023-07.~~
  - ~~6. Subparagraph superseded by Accounting Standards Update No. 2023-07.~~~~



- ~~j. All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of Subtopic 715-20:
 
  - ~~1. The amount of net periodic benefit cost recognized, for each period for which a statement of income is presented, showing separately the service cost component, the interest cost component, the expected return on plan assets for the period, the gain or loss component, the prior service cost or credit component, the transition asset or obligation component, and the gain or loss recognized due to a settlement or curtailment~~
  - ~~2. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to paragraph 715-20-50-1. Estimated contributions may be presented in the aggregate combining all of the following:
 
    - ~~i. Contributions required by funding regulations or laws~~
    - ~~ii. Discretionary contributions~~
    - ~~iii. Noncash contributions.~~~~~~
- ~~k. The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to Section 820-10-50~~
- ~~l. The information about derivative instruments as required by Sections 815-10-50, 815-20-50, 815-25-50, 815-30-50, and 815-35-50~~
- ~~m. The information about financial instruments as required by Section 825-10-50~~
- ~~n. The information about certain investments in debt and equity securities as required by Sections 320-10-50, 321-10-50, and 942-320-50~~
- ~~o. The information about credit losses and impairments as required by Topic 326 on measurement of credit losses and impairments as required by Section 321-10-50~~
- ~~p. All of the following information about the credit quality of **financial assets** and the allowance for credit losses determined in accordance with the provisions of Subtopic 326-20 on financial instruments measured at amortized cost:
 
  - ~~1. Nonaccrual and past due financial assets (see paragraphs 326-20-50-14 through 50-18)~~
  - ~~2. Allowance for expected credit losses related to financial assets (see paragraphs 326-20-50-10 through 50-13)~~
  - ~~3. Subparagraph superseded by Accounting Standards Update No. 2016-13.~~~~

- ~~4. Credit-quality information related to instruments within the scope of Subtopic 326-20 (see paragraphs 326-20-50-4 through 50-9)~~
- ~~5. Modifications of financing receivables (see paragraphs 310-10-50-42 through 50-44).~~
- ~~q. The gross information and net information required by paragraphs 210-20-50-1 through 50-6.~~
- ~~r. The information about changes in accumulated other comprehensive income required by paragraphs 220-10-45-14A and 220-10-45-17 through 45-17B.~~
- ~~s. The carrying amount of foreclosed residential real estate property as required by the last sentence of paragraph 310-10-50-11 and the amount of loans in the process of foreclosure as required by paragraph 310-10-50-35.~~

~~If summarized financial data are regularly reported on a quarterly basis, the foregoing information with respect to the current quarter and the current year-to-date or the last 12 months to date should be furnished together with comparable data for the preceding year. [Content amended and moved to paragraph 270-10-50-9]~~

**In addition, add the following Editor's Note before the pending content for paragraph 270-10-50-1:**

***Editor's Note:** The pending content for paragraph 270-10-50-1 linked to paragraph 105-10-65-7 will be removed upon transition of paragraph 270-10-65-1.*

**Pending Content:**

**Transition Date:** (P) June 30, 2027; (N) June 30, 2027 | **Transition Guidance:** 105-10-65-7

Many **publicly traded companies** report summarized financial information at periodic interim dates in considerably less detail than that provided in annual financial statements. While this information provides more timely information than would result if complete financial statements were issued at the end of each interim period, the timeliness of presentation may be partially offset by a reduction in detail in the information provided. As a result, certain guides as to minimum disclosure are desirable. (It should be recognized that the

minimum disclosures of summarized interim financial data required of publicly traded companies do not constitute a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles [GAAP].) If publicly traded companies report summarized financial information at interim dates (including reports on fourth quarters), the following data should be reported, as a minimum:

- a. Sales or gross revenues, provision for income taxes, net income, and comprehensive income
- b. Basic and diluted earnings per share data for each period presented, determined in accordance with the provisions of Topic 260
- c. Seasonal revenue, costs, or expenses (see paragraph 270-10-45-11)
- d. Significant changes in estimates or provisions for income taxes (see paragraphs 740-270-30-2, 740-270-30-6, and 740-270-30-8)
- e. Disposal of a component of an entity and unusual or infrequently occurring items (see paragraphs 270-10-45-11A and 270-10-50-5)
- f. Contingent items (see paragraph 270-10-50-6)
- g. **Changes in accounting principles, changes in accounting estimates, or changes in the reporting entity** (see paragraphs 270-10-45-12 through 45-16)
- h. Significant changes in financial position (see paragraph 270-10-50-4)
- i. All of the information about reportable segments required by 280-10-50-32, including provisions related to the recasting of segment information in previously issued financial statements.
  1. Subparagraph superseded by Accounting Standards Update No. 2023-07.
  2. Subparagraph superseded by Accounting Standards Update No. 2023-07.
  3. Subparagraph superseded by Accounting Standards Update No. 2023-07.
  4. Subparagraph superseded by Accounting Standards Update No. 2023-07.
  5. Subparagraph superseded by Accounting Standards Update No. 2023-07.
  6. Subparagraph superseded by Accounting Standards Update No. 2023-07.
- j. All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of Subtopic 715-20:

1. The amount of net periodic benefit cost recognized, for each period for which a statement of income is presented, showing separately the service cost component, the interest cost component, the expected return on plan assets for the period, the gain or loss component, the prior service cost or credit component, the transition asset or obligation component, and the gain or loss recognized due to a settlement or curtailment
2. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to paragraph 715-20-50-1. Estimated contributions may be presented in the aggregate combining all of the following:
  - i. Contributions required by funding regulations or laws
  - ii. Discretionary contributions
  - iii. Noncash contributions.
- k. The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to Section 820-10-50
- l. The information about derivative instruments as required by Sections 815-10-50, 815-20-50, 815-25-50, 815-30-50, and 815-35-50
- m. The information about financial instruments as required by Section 825-10-50
- n. The information about certain investments in debt and equity securities as required by Sections 320-10-50, 321-10-50, and 942-320-50
- o. The information about credit losses and impairments as required by Topic 326 on measurement of credit losses and impairments as required by Section 321-10-50
- p. All of the following information about the credit quality of **financial assets** and the allowance for credit losses determined in accordance with the provisions of Subtopic 326-20 on financial instruments measured at amortized cost:
  1. Nonaccrual and past due financial assets (see paragraphs 326-20-50-14 through 50-18)
  2. Allowance for expected credit losses related to financial assets (see paragraphs 326-20-50-10 through 50-13)
  3. Subparagraph superseded by Accounting Standards Update No. 2016-13.
  4. Credit-quality information related to instruments within the scope of Subtopic 326-20 (see paragraphs 326-20-50-4 through 50-9)
  5. Modifications of financing receivables (see paragraphs 310-10-50-42 through 50-44).

- q. The gross information and net information required by paragraphs 210-20-50-1 through 50-6.
- r. The information about changes in accumulated other comprehensive income required by paragraphs 220-10-45-14A and 220-10-45-17 through 45-17B.
- s. The carrying amount of foreclosed residential real estate property as required by the last sentence of paragraph 310-10-50-11 and the amount of loans in the process of foreclosure as required by paragraph 310-10-50-35.

If summarized financial data are regularly reported on a quarterly basis, the foregoing information with respect to the current quarter and the current year-to-date or the last 12 months to date should be furnished together with comparable data for the preceding year.

**270-10-50-1A** Paragraph superseded by Accounting Standards Update No. 202X-XX. Consistent with paragraph 270-10-50-1, a **public business entity**, a **not-for-profit entity** that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, or an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission, shall disclose all of the following information about **revenue** from **contracts** with **customers** consistent with the guidance in Topic 606:

- a. A disaggregation of revenue for the period, see paragraphs 606-10-50-5 through 50-6 and paragraphs 606-10-55-89 through 55-91.
- b. The opening and closing balances of receivables, **contract assets**, and **contract liabilities** from contracts with customers (if not otherwise separately presented or disclosed), see paragraph 606-10-50-8(a).
- c. Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period, see paragraph 606-10-50-8(b).
- d. Revenue recognized in the reporting period from **performance obligations** satisfied (or partially satisfied) in previous periods (for example, changes in **transaction price**), see paragraph 606-10-50-12A.
- e. Information about the entity's remaining performance obligations as of the end of the reporting period, see paragraphs 606-10-50-13 through 50-15.

**270-10-50-1B** Paragraph superseded by Accounting Standards Update No. 202X-XX. Costs and expenses incurred in an interim period that cannot be

~~readily identified with the activities or benefits of other interim periods shall be charged to the interim period in which incurred. Disclosure in the notes to financial statements shall be made as to the nature and amount of such costs unless items of a comparable nature are included in both the current interim period and in the corresponding interim period of the preceding year. (See paragraph 270-10-45-8(b).) [Content amended and moved to paragraph 270-10-50-9(c)]~~

270-10-50-2 Paragraph superseded by Accounting Standards Update No. 202X-XX.~~If interim financial data and disclosures are not separately reported for the fourth quarter, users of the interim financial information often make inferences about that quarter by subtracting data based on the third quarter interim report from the annual results. In the absence of a separate fourth quarter report or disclosure of the results (as outlined in the preceding paragraph) for that quarter in the annual report, disposals of components of an entity and unusual or infrequently occurring items recognized in the fourth quarter, as well as the aggregate effect of year-end adjustments that are material to the results of that quarter (see paragraphs 270-10-05-2 and 270-10-45-10) shall be disclosed in the annual report in a note to the annual financial statements. If a **publicly traded company** that regularly reports interim information makes an **accounting change** during the fourth quarter of its fiscal year and does not report the data specified by the preceding paragraph in a separate fourth quarter report or in its annual report, the disclosures about the effect of the accounting change on interim periods that are required by paragraphs 270-10-45-12 through 45-14 or by paragraph 250-10-45-15, as appropriate, shall be made in a note to the annual financial statements for the fiscal year in which the change is made. [Content amended and moved to paragraph 270-10-50-10]~~

270-10-50-3 Paragraph superseded by Accounting Standards Update No. 202X-XX.~~Disclosure of the impact of the financial results for interim periods of the matters discussed in paragraphs 270-10-45-12 through 45-16 and 270-10-50-5 through 50-6 is desirable for as many subsequent periods as necessary to keep the reader fully informed. There is a presumption that users of summarized interim financial data will have read the latest published annual report, including the financial disclosures required by generally accepted accounting principles (GAAP) and management's commentary concerning the annual financial results, and that the summarized interim data will be viewed in that context. In this connection, management is encouraged to provide~~

~~commentary relating to the effects of significant events upon the interim financial results.~~

~~**270-10-50-4** Paragraph superseded by Accounting Standards Update No. 202X-XX. Publicly traded companies are encouraged to publish balance sheet and cash flow data at interim dates since these data often assist users of the interim financial information in their understanding and interpretation of the income data reported. If condensed interim balance sheet information or cash flow data are not presented at interim reporting dates, significant changes since the last reporting period with respect to liquid assets, net working capital, long-term liabilities, or stockholders' equity shall be disclosed.~~

➤ **Unusual or Infrequent Items**

~~**270-10-50-5** Paragraph superseded by Accounting Standards Update No. 202X-XX. Matters such as unusual seasonal results, business combinations, and **acquisitions by not-for-profit entities** shall be disclosed to provide information needed for a proper understanding of interim financial reports. [Content amended and moved to paragraph 270-10-50-9(d)]~~

➤ **Contingencies**

~~**270-10-50-6** Paragraph superseded by Accounting Standards Update No. 202X-XX. Contingencies and other uncertainties that could be expected to affect the fairness of presentation of financial data at an interim date shall be disclosed in interim reports in the same manner required for annual reports. Such disclosures shall be repeated in interim and annual reports until the contingencies have been removed, resolved, or have become immaterial. The significance of a contingency or uncertainty should be judged in relation to annual financial statements. Disclosures of such items shall include, but not be limited to, those matters that form the basis of a qualification of an independent auditor's report. [Content amended and moved to paragraph 270-10-50-69]~~

➤ **Leases**

~~**270-10-50-6A** Paragraph superseded by Accounting Standards Update No. 202X-XX. A **lessor** shall disclose a table of all lease-related income items in its interim financial statements (see paragraph 842-30-50-5 for lease-related income items).~~

**> ~~Guidance Related to Disclosure of Other Topics at Interim Dates~~**

**270-10-50-7** Paragraph superseded by Accounting Standards Update No. 202X-XX.The following may not represent all references to interim disclosure:

- a. ~~For business combinations and combinations accounted for by **not-for-profit entities**, see Sections 805-10-50, 805-20-50, 805-30-50, 805-740-50, and 958-805-50.~~
- b. ~~For compensation-related costs, see paragraphs 715-60-50-3 and 715-60-50-6.~~
- c. ~~For disclosures required for entities with oil and gas-producing activities, see paragraph 932-270-50-1.~~
- d. ~~For disclosures related to prior interim periods of the current fiscal year, see paragraph 250-10-50-11.~~
- e. ~~For fair value requirements, see Section 820-10-50.~~
- f. ~~For guarantors, see Section 460-10-50.~~
- g. ~~For pensions and other postretirement benefits, see paragraphs 715-20-50-6 through 50-7.~~
- h. ~~For reportable segments, see paragraphs 280-10-50-39 and 280-10-55-16.~~
- i. ~~For suspended well costs and interim reporting, see Section 932-235-50.~~
- j. ~~For applicability of disclosure requirements related to risks and uncertainties, see paragraph 275-10-15-3.~~
- k. ~~For discontinued operations, see paragraphs 205-20-50-1 through 50-7.~~
- l. ~~For disposals of individually significant components of an entity, see paragraph 360-10-50-3A.~~
- ll. ~~For disclosure requirements on the amount of obligations outstanding under a supplier finance program, see paragraph 405-50-50-4.~~
- m. ~~For insurance entities that account for short-duration contracts, see paragraphs 944-40-50-3 and 944-40-50-4E.~~
- n. ~~For insurance entities that account for long-duration contracts, see paragraphs 944-30-50-2A through 50-2B, 944-40-50-6 through 50-7C, and 944-80-50-1 through 50-2.~~
- o. ~~For disclosure requirements on investments that generate income tax credits and other income tax benefits from a tax credit program, see paragraphs 323-740-50-1 through 50-2.~~



- p. ~~For disclosure requirements for crypto assets, see paragraphs 350-60-50-1 and 350-60-50-6 through 50-7.~~
- q. ~~For income statement expense disaggregation, see Subtopic 220-40.~~

**270-10-50-8** This Section provides the following disclosure guidance for interim financial statements and notes in accordance with generally accepted accounting principles (GAAP):

- a. Disclosure requirements of this Topic
- b. Disclosure requirements of other Topics for condensed statements
- c. Disclosure principle.

The disclosures in (a) and (b) and the disclosure principle in (c) are designed to complement each other. In determining which disclosures to provide in condensed statements, an entity shall evaluate the list of disclosures to determine whether a disclosure is required to be provided in an interim period. All entities, except those that provide notes subject to applicable annual disclosure requirements in GAAP, shall consider the disclosure principle in paragraphs 270-10-50-67 through 50-70 to determine whether any additional disclosures are necessary in an interim reporting period.

#### **> Disclosure Requirements of This Topic**

**270-10-50-9** All entities shall disclose the following information in their interim financial statements and notes in accordance with GAAP:

- a. Sales or gross revenues, provision for income taxes, net income, and comprehensive income **[Content moved from paragraph 270-10-50-1(a)]**
- b. Significant changes in estimates or provisions for income taxes (see paragraphs 740-270-30-2, 740-270-30-6, and 740-270-30-8) **[Content moved from paragraph 270-10-50-1(d)]**
- c. Costs and expenses incurred in an interim period that cannot be readily identified with the activities or benefits of other interim periods shall be charged to the interim period in which incurred. Disclosure in the notes to financial statements shall be made as to theThe nature and amount of such costs and expenses incurred in an interim period that cannot be readily identified with the activities or benefits of other interim periods unless items of a comparable nature are included in both the current interim period and in the corresponding interim period of the preceding

year. (See paragraph 270-10-45-8(b).) **[Content amended as shown and moved from paragraph 270-10-50-1B]**

- d. ~~Matters such as unusual seasonal results, business combinations, and acquisitions by not-for-profit entities shall be disclosed to provide information~~Information needed for a proper understanding of the impact of unusual or infrequent items such as unusual seasonal results~~interim financial reports.~~ **[Content amended as shown and moved from paragraph 270-10-50-5]**
- e. ~~Revenues of certain entities are subject to material seasonal variations. To avoid the possibility that interim results with material seasonal variations may be taken as fairly indicative of the estimated results for a full fiscal year, such entities shall disclose the~~The seasonal nature of their activities,activities for an entity with material seasonal variations in revenue, costs, or expenses. ~~and consider supplementing their interim reports with information for 12-month periods ended at the interim date for the current and preceding years.~~ **[Content amended as shown and copied from paragraph 270-10-45-11]**
- f. ~~Some entities use estimated gross profit rates to determine the cost of goods sold during interim periods or use other methods different from those used at annual inventory dates. These entities shall disclose the~~When an entity uses estimated gross profit rates to determine the cost of goods sold during interim periods or uses other methods different from those used at annual inventory dates, the method used to determine the cost of goods sold at the interim date and any significant adjustments that result from reconciliations with the annual physical inventory. **[Content amended as shown and copied from paragraph 270-10-45-6(a)]**
- g. ~~As indicated in paragraph 250-10-45-27, in determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Error corrections~~Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings~~earnings, as indicated in paragraph 250-10-45-27 shall be separately disclosed in the interim period.~~ **[Content amended as shown and copied from paragraph 270-10-45-16]**
- h. A statement that interim financial statements are to be read in conjunction with the most recently issued annual financial statements and notes in accordance with GAAP. This disclosure is applicable only

for entities that are not Securities and Exchange Commission (SEC) registrants and that provide condensed statements in accordance with the guidance in paragraph 270-10-45-21(b).

If interim financial statements and notes in accordance with GAAP~~summarized financial data are regularly reported~~provided on an interim~~a quarterly~~ basis, the ~~foregoing information~~ required within or referenced by this Topic with respect to the current interim reporting period~~quarter~~ and the current year-to-date or the last 12 months to date should be ~~furnished~~presented together with comparable ~~data~~information for the preceding year. **[Content amended as shown and moved from paragraph 270-10-50-1]**

**270-10-50-10** If interim financial data and disclosures are not separately reported for the fourth quarter, users of the interim financial information often make inferences about that quarter by subtracting data based on the third quarter interim report from the annual results. In the absence of a separate fourth quarter ~~report~~financial statements or disclosure of the results (~~as outlined in the preceding paragraph~~) for that quarter in the annual financial statements~~report~~, disposals of components of an entity and unusual or infrequently occurring items recognized in the fourth quarter, as well as the aggregate effect of year-end adjustments that are material to the results of that quarter (see paragraphs 270-10-05-2 and 270-10-45-10) shall be disclosed in the ~~annual report~~financial statements in a note to the annual financial statements. If ~~an entity~~a publicly traded company that regularly provides interim financial statements and notes in accordance with GAAP~~reports interim information~~ makes an **accounting change** during the fourth quarter of its fiscal year and does not report the data specified by ~~the preceding paragraph~~ 270-10-50-9 in a separate fourth quarter ~~report~~financial statements or in its annual ~~report~~financial statements, the disclosures about the effect of the accounting change on interim periods that are required by paragraphs 270-10-45-12 through 45-14 or by paragraph 250-10-45-15, as appropriate, shall be made in a note to the annual financial statements for the fiscal year in which the change is made. **[Content amended as shown and moved from paragraph 270-10-50-2]**

### **> Interim Disclosure Requirements of Other Topics for Condensed Statements**

**270-10-50-11** Paragraphs 270-10-50-12 through 50-66 include a list of interim disclosure requirements for condensed statements (see paragraphs 270-10-

45-20 and 270-10-45-21(b) for form and content guidance for condensed statements). While this Section provides a list of the interim disclosure requirements, an entity should refer to each referenced Topic to determine the scope of the disclosures and related requirements.

**• > Interim Disclosures in Topic 205, Presentation of Financial Statements**

**• • > Subtopic 205-10, Presentation of Financial Statements—Overall**

270-10-50-12 The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>205-10-50-1 through 50-2</u>

**• • > Subtopic 205-20, Presentation of Financial Statements—Discontinued Operations**

270-10-50-13 The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>205-20-50-1</u>
<u>205-20-50-3 through 50-3A</u>
<u>205-20-50-4A through 50-4B</u>
<u>205-20-50-5A through 50-5D</u>
<u>205-20-50-7</u>

**• • > Subtopic 205-40, Presentation of Financial Statements—Going Concern**

**270-10-50-14** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>205-40-50-12 through 50-14</u>

**• > Interim Disclosures in Topic 210, Balance Sheet**

**• • > Subtopic 210-20, Balance Sheet—Offsetting**

**270-10-50-15** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>210-20-50-1 through 50-6</u>

**• > Interim Disclosures in Topic 220, Income Statement—Reporting Comprehensive Income**

**• • > Subtopic 220-10, Income Statement—Reporting Comprehensive Income—Overall**

**270-10-50-16** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>220-10-50-4 through 50-6</u>

**• • > Subtopic 220-20, Income Statement—Reporting Comprehensive Income—Unusual or Infrequently Occurring Items**

**270-10-50-17** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>220-20-50-1</u>

**• • > Subtopic 220-40, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures**

**270-10-50-18** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>220-40-50-4</u>
<u>220-40-50-6 through 50-11</u>
<u>220-40-50-19 through 50-22</u>
<u>220-40-50-26 through 50-36</u>

**• > Interim Disclosures in Topic 250, Accounting Changes and Error Corrections**

**• • > Subtopic 250-10, Accounting Changes and Error Corrections—Overall**

**270-10-50-19** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>250-10-50-1 through 50-4</u>
<u>250-10-50-6 through 50-9</u>
<u>250-10-50-11 through 50-12</u>

**• > Interim Disclosures in Topic 260, Earnings Per Share**

**• • > Subtopic 260-10, Earnings Per Share—Overall**

**270-10-50-20** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>260-10-50-1</u>
<u>260-10-50-2 through 50-3</u>

**• > Interim Disclosures in Topic 280, Segment Reporting**

**• • > Subtopic 280-10, Segment Reporting—Overall**

**270-10-50-21** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>280-10-50-22 through 50-26C</u>
<u>280-10-50-28A through 28B</u>
<u>280-10-50-32</u>

**• > Interim Disclosures in Topic 310, Receivables**

**• • > Subtopic 310-10, Receivables—Overall**

**270-10-50-22** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>310-10-50-11</u>
<u>310-10-50-35</u>
<u>310-10-50-41 through 50-44</u>

**• > Interim Disclosures in Topic 320, Investments—Debt Securities**

**• • > Subtopic 320-10, Investments—Debt Securities—Overall**

**270-10-50-23** The following table includes disclosure requirements for condensed statements:



<u>Paragraph Number</u>
<u>320-10-50-2 through 50-3</u>
<u>320-10-50-5 through 50-5C</u>
<u>320-10-50-9 through 50-10</u>

**• > Interim Disclosures in Topic 321, Investments—Equity Securities**

**• • > Subtopic 321-10, Investments—Equity Securities—Overall**

**270-10-50-24** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>321-10-50-3 through 50-4</u>

**• > Interim Disclosures in Topic 326, Financial Instruments—Credit Losses**

**• • > Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost**

**270-10-50-25** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>326-20-50-4 through 50-18</u>

**• • > Subtopic 326-30, Financial Instruments—Credit Losses—Available-for-Sale Debt Securities**

**270-10-50-26** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>326-30-50-4 through 50-5</u>
<u>326-30-50-7 through 50-9</u>

**• > Interim Disclosures in Topic 350, Intangibles—Goodwill and Other**

**• • > Subtopic 350-60, Intangibles—Goodwill and Other—Crypto Assets**

**270-10-50-27** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>350-60-50-1</u>
<u>350-60-50-6 through 50-7</u>

**• > Interim Disclosures in Topic 360, Property, Plant, and Equipment**

**• • > Subtopic 360-10, Property, Plant, and Equipment—Overall**

**270-10-50-28** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<b><u>360-10-50-3A</u></b>

**• > Interim Disclosures in Topic 405, Liabilities**

**• • > Subtopic 405-50, Liabilities—Liabilities—Supplier Finance Programs**

**270-10-50-29** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<b><u>405-50-50-4</u></b>

**• > Interim Disclosures in Topic 420, Exit or Disposal Cost Obligations**

**• • > Subtopic 420-10, Exit or Disposal Cost Obligations—Overall**

**270-10-50-30** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<b><u>420-10-50-1</u></b>

**• > Interim Disclosures in Topic 460, Guarantees**

**• • > Subtopic 460-10, Guarantees—Overall**

**270-10-50-31** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>460-10-50-2 through 50-4</u>
<u>460-10-50-8</u>

**• > Interim Disclosures in Topic 470, Debt**

**• • > Subtopic 470-20, Debt—Debt with Conversion and Other Options**

**270-10-50-32** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>470-20-50-2A</u>
<u>470-20-50-2C</u>

**• > Interim Disclosures in Topic 505, Equity**

**• • > Subtopic 505-10, Equity—Overall**

**270-10-50-33** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>505-10-50-2 through 50-3</u>

**• > Interim Disclosures in Topic 606, Revenue from Contracts with Customers**

**• • > Subtopic 606-10, Revenue from Contracts with Customers—Overall**

**270-10-50-34** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>606-10-50-5 through 50-6</u>
<u>606-10-50-8</u>
<u>606-10-50-12A through 50-15</u>

**• > Interim Disclosures in Topic 715, Compensation—Retirement Benefits**

**• • > Subtopic 715-20, Compensation—Retirement Benefits—Defined Benefit Plans—General**

**270-10-50-35** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>715-20-50-6 through 50-7</u>

**• • > Subtopic 715-60, Compensation—Retirement Benefits—Defined Benefit Plans—Other Postretirement**

**270-10-50-36** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>715-60-50-3</u>
<u>715-60-50-6</u>

**• > Interim Disclosures in Topic 740, Income Taxes**

**• • > Subtopic 740-270, Income Taxes—Interim Reporting**

**270-10-50-37** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>740-270-50-1</u>

**• • > Subtopic 740-323, Income Taxes—Investments—Equity Method and Joint Ventures**

**270-10-50-38** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>740-323-50-1 through 50-2</u>

**• > Interim Disclosures in Topic 805, Business Combinations**

**• • > Subtopic 805-10, Business Combinations—Overall**

**270-10-50-39** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>805-10-50-1 through 50-5</u>
<u>805-10-50-7</u>

**• • > Subtopic 805-20, Business Combinations—Identifiable Assets and Liabilities, and Any Noncontrolling Interest**

**270-10-50-40** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>805-20-50-1 through 50-5</u>

**• • > Subtopic 805-30, Business Combinations—Goodwill or Gain from Bargain Purchase, Including Consideration Transferred**

**270-10-50-41** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>805-30-50-1 through 50-4</u>

**• > Interim Disclosures in Topic 808, Collaborative Arrangements**

**•• > Subtopic 808-10, Collaborative Arrangements—Overall**

**270-10-50-42** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>808-10-50-1</u>

**• > Interim Disclosures in Topic 810, Consolidation**

**•• > Subtopic 810-10, Consolidation—Overall**

**270-10-50-43** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>810-10-50-3 through 50-4</u>
<u>810-10-50-5A</u>
<u>810-10-50-6</u>
<u>810-10-50-9</u>
<u>810-10-50-21</u>

**• > Interim Disclosures in Topic 815, Derivatives and Hedging**

**•• > Subtopic 815-10, Derivatives and Hedging—Overall**

**270-10-50-44** The following table includes disclosure requirements for condensed statements:



<u>Paragraph Number</u>
<u>815-10-50-1 through 50-4EEE</u>
<u>815-10-50-4F through 50-4H</u>
<u>815-10-50-4K through 50-4L</u>
<u>815-10-50-5C</u>
<u>815-10-50-8</u>

**• • > Subtopic 815-15, Derivatives and Hedging—Embedded Derivatives**

**270-10-50-45** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>815-15-50-2</u>

**• • > Subtopic 815-30, Derivatives and Hedging—Cash Flow Hedges**

**270-10-50-46** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>815-30-50-1 through 50-2</u>

**• • > Subtopic 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity**

**270-10-50-47** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<b><u>815-40-50-2A</u></b>

**• > Interim Disclosures in Topic 820, Fair Value Measurement**

**• • > Subtopic 820-10, Fair Value Measurement—Overall**

**270-10-50-48** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<b><u>820-10-50-2</u></b>
<b><u>820-10-50-2G</u></b>
<b><u>820-10-50-3</u></b>
<b><u>820-10-50-4A</u></b>
<b><u>820-10-50-6A through 50-6B</u></b>
<b><u>820-10-50-8</u></b>

**• > Interim Disclosures in Topic 825, Financial Instruments**

**• • > Subtopic 825-10, Financial Instruments—Overall**

**270-10-50-49** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>825-10-50-10 through 50-11</u>
<u>825-10-50-12</u>
<u>825-10-50-20 through 50-21</u>
<u>825-10-50-28</u>
<u>825-10-50-30 through 50-32</u>

**• > Interim Disclosures in Topic 842, Leases**

**• • > Subtopic 842-30, Leases—Lessor**

**270-10-50-50** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>842-30-50-5</u>

**• > Interim Disclosures in Topic 860, Transfers and Servicing**

**• • > Subtopic 860-10, Transfers and Servicing—Overall**

**270-10-50-51** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>860-10-50-4A</u>

**• • > Subtopic 860-20, Transfers and Servicing—Sales of Financial Assets**

**270-10-50-52** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>860-20-50-2A through 50-4</u>
<u>860-20-50-4D through 50-5</u>

**• • > Subtopic 860-30, Transfers and Servicing—Secured Borrowing and Collateral**

**270-10-50-53** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>860-30-50-1A</u>
<u>860-30-50-7</u>

**• • > Subtopic 860-50, Transfers and Servicing—Servicing Assets and Liabilities**

**270-10-50-54** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>860-50-50-2 through 50-5</u>

**• > Interim Disclosures in Topic 932, Extractive Activities—Oil and Gas**

**• • > Subtopic 932-270, Extractive Activities—Oil and Gas—Interim Reporting**

**270-10-50-55** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>932-270-50-1</u>

**• > Interim Disclosures in Topic 942, Financial Services—Depository and Lending**

**• • > Subtopic 942-320, Financial Services—Depository and Lending—Investments—Debt and Equity Securities**

**270-10-50-56** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>942-320-50-2 through 50-4</u>

**• > Interim Disclosures in Topic 944, Financial Services—Insurance**

**• • > Subtopic 944-30, Financial Services—Insurance—Acquisition Costs**

**270-10-50-57** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>944-30-50-2A through 50-2B</u>

**•• > Subtopic 944-40, Financial Services—Insurance—Claim Costs and Liabilities for Future Policy Benefits**

**270-10-50-58** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>944-40-50-3</u>
<u>944-40-50-4A</u>
<u>944-40-50-4E</u>
<u>944-40-50-6 through 50-7C</u>
<u>944-40-50-9(a)(5)</u>

**•• > Subtopic 944-60, Financial Services—Insurance—Premium Deficiency and Loss Recognition**

**270-10-50-59** The following table includes disclosure requirements for condensed statements:

<u>Paragraph Number</u>
<u>944-60-50-2</u>

**• • > Subtopic 944-80, Financial Services—Insurance—Separate Accounts**

**270-10-50-60** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>944-80-50-1 through 50-2</u>

**• • > Subtopic 944-310, Financial Services—Insurance—Receivables**

**270-10-50-61** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>944-310-50-3</u>

**• • > Subtopic 944-605, Financial Services—Insurance—Revenue Recognition**

**270-10-50-62** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>944-605-50-4</u>

**• > Interim Disclosures in Topic 946, Financial Services—Investment Companies**

**• • > Subtopic 946-20, Financial Services—Investment Companies—Investment Company Activities**

**270-10-50-63** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>946-20-50-3</u>
<u>946-20-50-10</u>

**• • > Subtopic 946-205, Financial Services—Investment Companies—Presentation of Financial Statements**

**270-10-50-64** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>946-205-50-18</u>

**• > Interim Disclosures in Topic 954, Health Care Entities**

**• • > Subtopic 954-805, Health Care Entities—Business Combinations**

**270-10-50-65** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<u>954-805-50-1 through 50-3</u>

**• > Interim Disclosures in Topic 958, Not-for-Profit Entities**

**• • > Subtopic 958-805, Not-for-Profit Entities—Business Combinations**



**270-10-50-66** The following table includes disclosure requirements for condensed statements:

<b><u>Paragraph Number</u></b>
<b><u>958-805-50-2 through 50-6</u></b>
<b><u>958-805-50-8 through 50-12</u></b>
<b><u>958-805-50-16 through 50-17</u></b>

**> Disclosure Principle**

**270-10-50-67** Interim financial statements and notes in accordance with GAAP shall include disclosures either on the face of the financial statements or in accompanying footnotes sufficient so as to make interim financial statements and notes in accordance with GAAP presented not misleading. An entity that is an SEC registrant may presume that users of interim financial statements and notes in accordance with GAAP have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Paragraph 270-10-45-21 provides guidance for an entity that is not an SEC registrant. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual report to security holders or latest annual financial statements, such as a statement of significant accounting policies and practices and details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, may be omitted.

**270-10-50-68** However, disclosure shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the entity. Disclosures shall encompass (but not be limited to), for example, significant changes since the end of the most recently completed fiscal year in such items as accounting principles and practices; estimates inherent in the preparation of financial statements; status of long-term contracts; capitalization including significant new borrowings or modification of existing financing arrangements; and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where

material contingencies exist, disclosure of such matters shall be provided even though a significant change since year-end may not have occurred.

**270-10-50-69** Contingencies and other uncertainties that could be expected to affect the fairness of presentation of financial ~~data~~statements at an interim date shall be disclosed in interim ~~reports~~reporting periods in the same manner required for annual ~~reports~~reporting periods. Such disclosures shall be repeated in interim and annual ~~reports~~financial statements and notes in accordance with GAAP until the contingencies have been removed, resolved, or have become immaterial. The significance of a contingency or uncertainty should be judged in relation to annual financial statements. ~~Disclosures of such items shall include, but not be limited to, those matters that form the basis of a qualification of an independent auditor's report.~~ **[Content amended as shown and moved from paragraph 270-10-50-6]**

**270-10-50-70** An entity that provides disclosure about significant changes in accordance with paragraph 270-10-50-68 shall consider the annual disclosure requirements for the events or transactions. For example, if an entity has a significant issuance of share-based awards during an interim period, it may not be sufficient to disclose only that the entity issued share-based compensation. The entity should consider the required disclosures in Topic 718 on stock compensation. The entity may not need to comply with all the disclosure requirements in Section 718-10-50 for all share-based compensation outstanding as of the reporting date. Rather, the disclosure should focus on the issuance of share-based compensation that was determined to be a significant change (as described in paragraph 270-10-50-68) and the entity should provide relevant disclosures from Topic 718.

## **Relationships**

### **> Fair Value Measurements and Disclosures**

**270-10-60-1** Paragraph superseded by Accounting Standards Update No. 202X-XX. For additional disclosure guidance for the reporting entity, see Section 820-10-50.

7. Add paragraph 270-10-65-1 and its related heading as follows:

## Transition and Open Effective Date Information

### General

#### > Transition Related to Accounting Standards Update No. 202X-XX, Interim Reporting (Topic 270): Narrow-Scope Improvements

270-10-65-1 The following represents the transition and effective date information related to Accounting Standards Update No. 202X-XX, *Interim Reporting (Topic 270): Narrow-Scope Improvements*:

#### Effective date and early adoption

- a. All entities shall apply the pending content that links to this paragraph for interim reporting periods beginning after [date to be inserted after exposure].
- b. Early adoption of the pending content that links to this paragraph [is or is not] permitted in any interim period in which financial statements have not yet been issued (or made available for issuance).

#### Transition method

- c. An entity shall apply the pending content that links to this paragraph prospectively to interim financial statements and notes in accordance with generally accepted accounting principles issued for interim reporting periods after the effective date of the pending content.

## Section B—Amendments to Clarify Disclosures Are Interim

8. An objective of the amendments in this proposed Update is to clarify which disclosure requirements in Topics other than Topic 270 are required in interim reporting periods. The proposed amendments in Section B would amend the Codification to include the term *interim* in disclosure requirements that are included in the list in paragraphs 270-10-50-12 through 50-66 but in which the corresponding paragraph in the current Codification does not contain the term *interim*.

## Amendments to Topic 205

9. Amend paragraphs 205-10-45-4, 205-10-50-1 through 50-2, 205-20-50-1, 205-20-50-3 through 50-3A, 205-20-50-4A through 50-4B, 205-20-50-5B through 50-5D, 205-20-50-7, and 205-40-50-12 through 50-14, with a link to transition paragraph 270-10-65-1, as follows:

### **Presentation of Financial Statements—Overall**

#### **Other Presentation Matters**

##### **> Comparative Financial Statements**

**205-10-45-4** Notes to financial statements, explanations, and accountants' reports containing qualifications that appeared on the interim and annual financial statements for the preceding periods~~years~~ shall be repeated, or at least referred to, in the interim and annual financial~~comparative~~ statements to the extent that they continue to be of significance. (See paragraph 205-10-50-2.)

#### **Disclosure**

##### **> Changes Affecting Comparability**

**205-10-50-1** If, because of reclassifications or for other reasons, changes have occurred in the manner of or basis for presenting corresponding items for two or more periods, information shall be furnished for interim and annual reporting periods that will explain the change. This procedure is in conformity with the well-recognized principle that any change in practice that affects comparability of financial statements shall be disclosed.

**205-10-50-2** Notes to financial statements, explanations, and accountants' reports containing qualifications that appeared on the interim and annual financial statements for the preceding periods~~years~~ shall be repeated, or at least referred to, in the interim and annual financial statements to the extent that they continue to be of significance. (See paragraph 205-10-45-4.)

## **Presentation of Financial Statements—Discontinued Operations**

### **Disclosure**

#### **> Disclosures Required for All Types of Discontinued Operations**

**205-20-50-1** For interim and annual reporting periods, the~~The~~ following shall be disclosed in the notes to financial statements that cover the period in which a discontinued operation either has been disposed of or is classified as held for sale under the requirements of paragraph 205-20-45-1E:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

#### **> Change to a Plan of Sale**

**205-20-50-3** An entity may change its plan of sale as addressed in paragraph 360-10-35-44 or paragraph 360-10-35-45. In the period in which the decision is made to change the plan for selling the discontinued operation, an entity shall disclose in the notes to interim and annual financial statements a description of the facts and circumstances leading to the decision to change that plan and the change's effect on the results of operations for the period and any prior periods presented.

#### **• > Adjustments to Previously Reported Amounts**

**205-20-50-3A** The nature and amount of adjustments to amounts previously reported in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be disclosed in interim and annual reporting periods (see paragraph 205-20-45-5 for examples of circumstances in which those types of adjustments may arise).

#### **> Continuing Involvement**

**205-20-50-4A** For interim and annual reporting periods, an~~An~~ entity shall disclose information about its significant continuing involvement with a discontinued operation after the disposal date. Examples of continuing involvement with a discontinued operation after the disposal date include a supply and distribution agreement, a financial guarantee, an option to

repurchase a discontinued operation, and an equity method investment in the discontinued operation. The disclosures are required until the results of operations of the discontinued operation in which an entity retains significant continuing involvement are no longer presented separately as discontinued operations in the statement where net income is reported (or statement of activities for a not-for-profit entity).

**205-20-50-4B** For interim and annual reporting periods, an~~An~~ entity shall disclose the following in the notes to financial statements for each discontinued operation in which the entity retains significant continuing involvement after the disposal date:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Disclosures Required for a Discontinued Operation Comprising a Component or Group of Components of an Entity**

**205-20-50-5B** For interim and annual reporting periods, an~~An~~ entity shall disclose, to the extent not presented on the face of the financial statements as part of discontinued operations, all of the following in the notes to financial statements:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**205-20-50-5C** If an entity provides the disclosures required by paragraph 205-20-50-5B(a), (b), and (e) in the notes to financial statements, the entity shall disclose the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**205-20-50-5D** For purposes of the reconciliation in paragraph 205-20-50-5C(a) or (b), an entity may aggregate the amounts that are not considered major and present them as one line item in the reconciliation in interim and annual reporting periods.

**> Disclosures Required for a Discontinued Operation Comprising an Equity Method Investment**

**205-20-50-7** For an equity method investment that meets the criteria in paragraphs 205-20-45-1B through 45-1C, an entity shall disclose summarized information about the assets, liabilities, and results of operations of the investee in interim and annual reporting periods if that information was disclosed in financial reporting periods before the disposal in accordance with paragraph 323-10-50-3(c).

## **Presentation of Financial Statements—Going Concern**

### **Disclosure**

#### **> Disclosures When Substantial Doubt Is Raised but Is Alleviated by Management's Plans (Substantial Doubt Does Not Exist)**

**205-40-50-12** If, after considering management's plans, **substantial doubt about an entity's ability to continue as a going concern** is alleviated as a result of consideration of management's plans, an entity shall disclose in the notes to interim and annual financial statements information that enables users of the financial statements to understand all of the following (or refer to similar information disclosed elsewhere in the notes):

**[The remainder of this paragraph is not shown here because it is unchanged.]**

#### **> Disclosures When Substantial Doubt Is Raised and Is Not Alleviated (Substantial Doubt Exists)**

**205-40-50-13** If, after considering management's plans, **substantial doubt about an entity's ability to continue as a going concern** is not alleviated, the entity shall include a statement in the notes to interim and annual financial statements indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the **financial statements are issued**. Additionally, the entity shall disclose information that enables users of the financial statements to understand all of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**205-40-50-14** If conditions or events continue to raise substantial doubt about an entity's ability to continue as a going concern in subsequent annual or interim reporting periods, the entity shall continue to provide the required disclosures in paragraphs 205-40-50-12 through 50-13 in those subsequent periods. Disclosures should become more extensive as additional information becomes available about the relevant conditions or events and about management's plans. An entity shall provide appropriate context and continuity in explaining how conditions or events have changed between reporting periods. For the period in which substantial doubt no longer exists (before or after consideration of management's plans), an entity shall disclose how the relevant conditions or events that raised substantial doubt were resolved. The disclosures in this paragraph are required in interim and annual reporting periods.

## Amendments to Topic 210

10. Amend paragraphs 210-20-50-1 through 50-5, with a link to transition paragraph 270-10-65-1, as follows:

### **Balance Sheet—Offsetting**

#### **Disclosure**

##### **> Offsetting of Derivatives, Repurchase Agreements, and Securities Lending Transactions**

**210-20-50-1** The disclosure requirements in paragraphs 210-20-50-2 through 50-5 apply to both of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**210-20-50-2** For interim and annual reporting periods, an~~An~~ entity shall disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities within the scope of paragraph 210-20-50-1. This includes the effect or potential effect of **rights of setoff** associated with an entity's recognized assets and recognized liabilities that are in the scope of the preceding paragraph.



**210-20-50-3** To meet the objective in paragraph 210-20-50-2, an entity shall disclose at the end of ~~the~~interim and annual reporting periods~~period~~ the following quantitative information separately for assets and liabilities that are within the scope of paragraph 210-20-50-1:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**210-20-50-4** For interim and annual reporting periods, ~~the~~The information required by paragraph 210-20-50-3 shall be presented in a tabular format, separately for assets and liabilities, unless another format is more appropriate. The total amount disclosed in accordance with paragraph 210-20-50-3(d) for an instrument shall not exceed the amount disclosed in accordance with paragraph 210-20-50-3(c) for that instrument.

**210-20-50-5** For interim and annual reporting periods, ~~an~~An entity shall provide a description of the rights of setoff associated with an entity's recognized assets and recognized liabilities subject to an enforceable master netting arrangement or similar agreement disclosed in accordance with paragraph 210-20-50-3(d), including the nature of those rights.

## Amendments to Topic 220

11. Amend paragraphs 220-10-50-4 through 50-6 and 220-20-50-1, with a link to transition paragraph 270-10-65-1, as follows:

### **Income Statement—Reporting Comprehensive Income—Overall**

#### **Disclosure**

##### **> Disclosing Changes and Certain Income Tax Effects within Accumulated Other Comprehensive Income**

**220-10-50-4** For interim and annual reporting periods, ~~an~~An entity shall present the amount of income tax expense or benefit allocated to each component of other comprehensive income, including **reclassification adjustments**, in the statement in which those components are presented or disclose it in the notes to financial statements. Example 1 (see paragraphs 220-10-55-7 through 55-

8B) illustrates the alternative formats for disclosing the tax effects related to the components of other comprehensive income. (See paragraph 220-10-45-12.)

**220-10-50-5** For interim and annual reporting periods, an~~An~~ entity shall present, either on the face of the financial statements or as a separate disclosure in the notes, the changes in the accumulated balances for each component of other comprehensive income included in that separate component of equity, as required in paragraph 220-10-45-14. In addition to the presentation of changes in accumulated balances, an entity shall present separately for each component of other comprehensive income, current period reclassifications out of accumulated other comprehensive income and other amounts of current-period other comprehensive income. Both before-tax and net-of-tax presentations are permitted provided the entity complies with the requirements in paragraph 220-10-45-12. Paragraph 220-10-55-15 illustrates the disclosure of changes in accumulated balances for components of other comprehensive income as a separate disclosure in the notes to financial statements. (See paragraph 220-10-45-14A.)

**220-10-50-6** If an entity chooses to disclose information about significant amounts reclassified out of accumulated other comprehensive income in the notes to interim and annual financial statements or is required to do so by paragraph 220-10-45-17A, it shall disclose the significant amounts by each component of accumulated other comprehensive income and provide a subtotal of each component of comprehensive income. The subtotals for each component shall agree with the requirements in paragraph 220-10-45-14A. Both before-tax and net-of-tax presentations are permitted provided the entity complies with the requirements in paragraph 220-10-45-12. For each significant reclassification amount, the entity shall identify, for those amounts that are required under other Topics to be reclassified to net income in their entirety in the same reporting period, each line item affected by the reclassification on the statement where net income is presented. For any significant reclassification for which other Topics do not require that reclassification to net income in its entirety in the same reporting period, the entity shall cross-reference to the note where additional details about the effect of the reclassifications are disclosed. Paragraph 220-10-55-17E provides an example of a note presentation in a tabular format of the effect of reclassifications out of accumulated other comprehensive income. (See paragraph 220-10-45-17B.)

## **Income Statement—Reporting Comprehensive Income— Unusual or Infrequently Occurring Items**

### **Disclosure**

#### **> Unusual or Infrequently Occurring Items**

**220-20-50-1** The nature and financial effects of each event or transaction that is unusual in nature or occurs infrequently or both shall be presented as a separate component of income from continuing operations or, alternatively, disclosed in notes to the interim and annual financial statements.

### **Amendments to Topic 250**

12. Amend paragraphs 250-10-50-1, 250-10-50-4, 250-10-50-6 through 50-7A, and 250-10-50-9, with a link to transition paragraph 270-10-65-1, as follows:

## **Accounting Changes and Error Corrections—Overall**

### **Disclosure**

#### **> Accounting Changes**

##### **• > Change in Accounting Principle**

**250-10-50-1** An entity shall disclose all of the following in the fiscal period (which may be an interim or annual reporting period) in which a **change in accounting principle** is made:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

##### **• > Change in Accounting Estimate**

**250-10-50-4** The effect on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), and any related per-share amounts of the current period shall be disclosed for a change in estimate that affects several future periods, such as a change in service lives of depreciable assets. Disclosure of those effects is not necessary for estimates made each period in the ordinary

course of accounting for items such as uncollectible accounts or inventory obsolescence; however, disclosure is required if the effect of a change in the estimate is material. When an entity effects a change in estimate by changing an accounting principle, the disclosures required by paragraphs 250-10-50-1 through 50-3 also are required. If a change in estimate does not have a material effect in the period of change but is reasonably certain to have a material effect in later periods, a description of that change in estimate shall be disclosed whenever the financial statements of the period of change are presented. The disclosures in this paragraph are required in interim and annual reporting periods.

• > **Change in Reporting Entity**

**250-10-50-6** When there has been a **change in the reporting entity**, the financial statements of both the interim period of the change and the annual period of the change shall describe the nature of the change and the reason for it. In addition, the effect of the change on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), other comprehensive income, and any related per-share amounts shall be disclosed for all periods presented. Financial statements of subsequent periods need not repeat the disclosures required by this paragraph. If a change in reporting entity does not have a material effect in the period of change but is reasonably certain to have a material effect in later periods, the nature of and reason for the change shall be disclosed whenever the financial statements of the period of change are presented. (Sections 805-10-50, 805-20-50, 805-30-50, and 805-740-50 describe the manner of reporting and the disclosures required for a business combination.)

**[Note: The pending content linked to paragraph 105-10-65-7 will not be amended by this proposed Update.]**

> **Correction of an Error in Previously Issued Financial Statements**

**250-10-50-7** When financial statements are restated to correct an error, the entity shall disclose that its previously issued financial statements have been restated, along with a description of the nature of the error. The entity also shall disclose both of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**250-10-50-7A** For interim and annual reporting periods, an entity that restates historical, statistical-type summaries of financial data for error corrections shall disclose that information in accordance with paragraph 250-10-45-28.

**250-10-50-8** When prior period adjustments are recorded, the resulting effects (both gross and net of applicable income tax) on the net income of prior periods shall be disclosed in the annual report for the year in which the adjustments are made and in interim reports issued during that year after the date of recording the adjustments.

**250-10-50-9** When financial statements for a single period only are presented, ~~the~~this disclosure required in paragraph 250-10-50-8 shall indicate the effects of such **restatement** on the balance of retained earnings at the beginning of the period and on the net income of the immediately preceding period. When financial statements for more than one period are presented, which is ordinarily the preferable procedure, the disclosure shall include the effects for each of the periods included in the statements. (See Section 205-10-45 and paragraph 205-10-50-1.) Such disclosures shall include the amounts of income tax applicable to the prior period adjustments. Disclosure of restatements in annual reports issued after the first such post-revision disclosure would ordinarily not be required.

## Amendments to Topic 260

13. Amend paragraphs 260-10-50-1 and 260-10-50-2 through 50-3, with a link to transition paragraph 270-10-65-1, as follows:

### **Earnings Per Share—Overall**

#### **Disclosure**

##### **General**

**260-10-50-1** For each period for which an income statement is presented, including interim periods, an entity shall disclose all of the following:

[The remainder of this paragraph is not shown here because it is unchanged.]

[Note: The pending content linked to paragraph 105-10-65-7 will not be amended by this proposed Update.]

**260-10-50-2** For the latest period for which an income statement is presented, an entity shall provide a description of any transaction that occurs after the end of the most recent period but before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25) that would have changed materially the number of common shares or potential common shares outstanding at the end of the period if the transaction had occurred before the end of the period. Examples of those transactions include the issuance or acquisition of common shares; the issuance of warrants, **options**, or convertible securities; the resolution of a contingency pursuant to a **contingent stock agreement**; and the conversion or exercise of potential common shares outstanding at the end of the period into common shares. The disclosures in this paragraph are required in interim and annual reporting periods.

### **Master Limited Partnerships**

**260-10-50-3** In the period in which a **dropdown** transaction occurs that is accounted for under the Transactions Between Entities Under Common Control Subsections of Subtopic 805-50, a reporting entity shall disclose in interim and annual reporting periods in narrative format how the rights to the earnings (losses) of the transferred net assets differ before and after the dropdown transaction occurs for purposes of computing earnings per unit under the two-class method.

## Amendments to Topic 310

14. Amend paragraphs 310-10-50-11, 310-10-50-35, and 310-10-50-41 through 50-44, with a link to transition paragraph 270-10-65-1, as follows:

### **Receivables—Overall**

#### **Disclosure**

##### **> Foreclosed and Repossessed Assets**

**310-10-50-11** Paragraph 310-10-45-3 states that foreclosed and repossessed assets included in other assets on the statement of financial position shall have separate disclosures in the notes to financial statements. For interim and annual reporting periods, an~~An~~ entity shall also disclose the carrying amount of foreclosed residential real estate properties held at the reporting date as a result of obtaining physical possession in accordance with paragraphs 310-20-40-6 and 310-20-55-18F.

#### **> Loans in Process of Foreclosure**

**310-10-50-35** For interim and annual reporting periods, an~~An~~ entity shall disclose the recorded investment of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process according to local requirements of the applicable jurisdiction.

#### **> Modifications**

##### **• > Modifications to Debtors Experiencing Financial Difficulty**

**310-10-50-41** The disclosures required in paragraphs 310-10-50-42 through 50-44 are applicable regardless of whether a modification of a receivable to a debtor experiencing financial difficulty results in a new loan in accordance with paragraphs 310-20-35-9 through 35-11. As a practical expedient, an entity may exclude the accrued interest receivable balance that is included in the amortized cost basis of financing receivables for the purposes of the disclosure requirements in Subtopic 326-20. If an entity has applied that practical expedient, an entity may do the same for the disclosures in paragraphs 310-10-50-42 through 50-44 and shall disclose the total amount of accrued interest excluded from the disclosed amortized cost basis in interim and annual reporting periods.

**310-10-50-42** For each interim and annual reporting period for which a statement of income is presented, an entity shall disclose the following information related to modifications of receivables that are in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension (or a combination thereof) made to debtors experiencing financial difficulty during the reporting period:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**310-10-50-43** Receivables may be modified in more than one manner. An entity that modifies the same receivable in more than one manner shall provide disclosures in interim and annual reporting periods sufficient for users to understand the different types of combinations of modifications provided to borrowers. For example, a receivable may be modified to provide both principal forgiveness and an interest rate reduction. In that case, an entity shall disclose the period-end amortized cost basis of that receivable in a separate category that reflects that a combination of modification types has been granted. If another receivable was modified to provide both an interest rate reduction and a term extension, the period-end amortized cost basis of that receivable shall be presented in a different category. Multiple separate combination categories may be necessary if significant. The same receivable's period-end amortized cost basis shall not be presented in multiple categories.

**310-10-50-44** For each interim and annual reporting period for which a statement of income is presented, an entity shall disclose the following information about financing receivables that had a payment default during the period and had been modified in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, or a term extension (or a combination thereof) within the previous 12 months preceding the payment default when the debtor was experiencing financial difficulty at the time of the modification:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

## Amendments to Topic 320

15. Amend paragraphs 320-10-50-2 through 50-3, 320-10-50-5 through 50-5C, and 320-10-50-9 through 50-10, with a link to transition paragraph 270-10-65-1, as follows:

### **Investments—Debt Securities—Overall**

#### **Disclosure**

##### **> Securities Classified as Available for Sale**



**320-10-50-2** For securities classified as available for sale, all reporting entities shall disclose all of the following by major security type as of each interim and annual date for which a statement of financial position is presented:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**320-10-50-2A** If for the purposes of identifying and measuring an impairment the applicable accrued interest is excluded from both the fair value and amortized cost basis of the available-for-sale debt security, an entity may, as a practical expedient, exclude the applicable accrued interest that is included in the amortized cost basis for the purposes of the disclosure requirements in paragraph 320-10-50-2. If an entity elects this practical expedient, it shall disclose the total amount of accrued interest, net of the allowance for credit losses (if any), excluded from the disclosed amortized cost basis in interim and annual reporting periods.

**320-10-50-3** Maturity information may be combined in appropriate groupings. In complying with this requirement, financial institutions (see paragraph 942-320-50-1) shall disclose the fair value and the net carrying amount (if different from fair value) of debt securities in interim and annual reporting periods on the basis of at least the following four maturity groupings:

- a. Within 1 year
- b. After 1 year through 5 years
- c. After 5 years through 10 years
- d. After 10 years.

Securities not due at a single maturity date, such as mortgage-backed securities, may be disclosed separately rather than allocated over several maturity groupings; if allocated, the basis for allocation also shall be disclosed in interim and annual reporting periods.

### **> Securities Classified as Held to Maturity**

**320-10-50-5** All reporting entities shall disclose the following for securities classified as held to maturity by major security type as of each interim and annual reporting date for which a statement of financial position is presented:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**320-10-50-5A** A **public business entity** shall disclose the following information for securities classified as held to maturity, by major security type, as of each interim and annual reporting date for which a statement of financial position is presented:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**320-10-50-5B** For interim and annual reporting periods, a financial institution that is a public business entity shall disclose the fair value of the debt securities classified as held to maturity, by major security type, on the basis of at least the following four maturity groupings:

- a. Within 1 year
- b. After 1 year through 5 years
- c. After 5 years through 10 years
- d. After 10 years.

Securities not due at a single maturity date, such as mortgage-backed securities, may be disclosed separately rather than allocated over several maturity groupings; if allocated, the basis for allocation also shall be disclosed in interim and annual reporting periods.

**320-10-50-5C** If for the purposes of identifying and measuring an impairment the applicable accrued interest is excluded from the amortized cost basis of held-to-maturity securities, an entity may, as a practical expedient, exclude the accrued interest receivable balance that is included in the amortized cost basis of the held-to-maturity securities for the purposes of the disclosure requirements in paragraph 320-10-50-5. If an entity applies this practical expedient, it shall disclose the total amount of accrued interest, net of the allowance for credit losses (if any), excluded from the disclosed amortized cost basis in interim and annual reporting periods.

#### **> Sales, Transfers, and Related Matters That Occurred during the Period**

**320-10-50-9** For each interim and annual reporting period for which the results of operations are presented, an entity shall disclose all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**320-10-50-10** For any sales of or transfers from securities classified as held-to-maturity, an entity shall disclose all of the following in the notes to the financial statements for each interim and annual reporting period for which the results of operations are presented:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

## Amendments to Topic 321

16. Amend paragraphs 321-10-50-3 through 50-4, with a link to transition paragraph 270-10-65-1, as follows:

### **Investments—Equity Securities—Overall**

#### **Disclosure**

**321-10-50-3** For interim and annual reporting periods, an~~An~~ entity that applies the guidance in paragraph 321-10-35-2 for equity securities without **readily determinable fair values** shall disclose all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**321-10-50-4** For each interim and annual reporting period for which the results of operations are presented, an entity shall disclose the portion of unrealized gains and losses for the period that relates to equity securities still held at the reporting date. The portion of unrealized gains and losses for the period related to equity securities still held at the reporting date is calculated as follows.

**[The remainder of this paragraph is not shown here because it is unchanged.]**

## Amendments to Topic 326

17. Amend paragraphs 326-20-50-4 through 50-18, 326-30-50-5, and 326-30-50-8, with a link to transition paragraph 270-10-65-1, as follows:

## Financial Instruments—Credit Losses—Measured at Amortized Cost

### Disclosure

#### > Credit Quality Information

**326-20-50-4** For interim and annual reporting periods, an An entity shall provide information that enables a financial statement user to do both of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**326-20-50-5** To meet the objectives in paragraph 326-20-50-4, an entity shall provide quantitative and qualitative information in interim and annual reporting periods by **class of financing receivable** and major security type about the credit quality of financial assets within the scope of this Subtopic (excluding off-balance-sheet credit exposures and repurchase agreements and securities lending agreements within the scope of Topic 860), including all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**326-20-50-6** When disclosing credit quality indicators of **financing receivables** and net investment in leases (except for **reinsurance recoverables** and funded or unfunded amounts of **line-of-credit arrangements**, such as credit cards), a **public business entity** shall present the **amortized cost basis** within each credit quality indicator by year of origination (that is, vintage year) in interim and annual reporting periods. For purchased financing receivables and net investment in leases, an entity shall use the initial date of issuance to determine the year of origination, not the date of acquisition. For origination years before the fifth annual period, a public business entity may present the amortized cost basis of financing receivables and net investments in leases in the aggregate. For interim-period disclosures, the current year-to-date originations in the current reporting period are considered to be the current-period originations. A public business entity shall present the gross writeoffs recorded in the current period, on a current year-to-date basis, for financing receivables and net investments in leases by origination year. For origination years before the fifth annual period, a public

business entity may present the gross writeoffs in the current period for financing receivables and net investments in leases in the aggregate. The requirement to present the amortized cost basis within each credit quality indicator by year of origination is not required for an entity that is not a public business entity.

**326-20-50-6A** For the purpose of the disclosure requirement in paragraph 326-20-50-6, a public business entity shall present the amortized cost basis of line-of-credit arrangements that are converted to term loans in a separate column (see Example 15 in paragraph 326-20-55-79). A public business entity shall disclose in each interim and annual reporting period, by class of financing receivable, the amount of line-of-credit arrangements that are converted to term loans in each reporting period and the total of these financing receivables that were written off in the current reporting period in accordance with paragraph 326-20-50-6.

**326-20-50-7** Except as provided in paragraph 326-20-50-6A, for interim and annual reporting periods, a public business entity shall use the guidance in paragraphs 310-20-35-9 through 35-11 when determining whether a modification, extension, or renewal of a financing receivable should be presented as a current-period origination. A public business entity shall use the guidance in paragraphs 842-10-25-8 through 25-9 when determining whether a lease modification should be presented as a current-period origination.

**326-20-50-8** If an entity discloses internal risk ratings, then the entity shall provide qualitative information in interim and annual reporting periods on how those internal risk ratings relate to the likelihood of loss.

**326-20-50-9** The requirements to disclose credit quality indicators in paragraphs 326-20-50-4 through 50-5 for interim and annual reporting periods do not apply to receivables measured at the lower of amortized cost basis or fair value, or trade receivables due in one year or less, except for credit card receivables, that result from revenue transactions within the scope of Topic 605 on revenue recognition or Topic 606 on revenue from contracts with customers.

#### **> Allowance for Credit Losses**

**326-20-50-10** For interim and annual reporting periods, an ~~an~~ entity shall provide information that enables a financial statement user to do the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**326-20-50-11** To meet the objectives in paragraph 326-20-50-10, an entity shall disclose all of the following by **portfolio segment** and major security type in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**326-20-50-12** Paragraph 326-20-45-3 explains that a creditor that measures expected credit losses based on a discounted cash flow method is permitted to report the entire change in present value as credit loss expense (or reversal of credit loss expense) but also may report the change in present value attributable to the passage of time as interest income. Creditors that choose the latter alternative shall disclose the amount recorded to interest income that represents the change in present value attributable to the passage of time in interim and annual reporting periods.

**• > Rollforward of the Allowance for Credit Losses**

**326-20-50-13** Furthermore, to enable a financial statement user to understand the activity in the allowance for credit losses for each period, an entity shall separately provide by **portfolio segment** and major security type the quantitative disclosures of the activity in the allowance for credit losses for **financial assets** within the scope of this Subtopic, including all of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Past Due Status**

**326-20-50-14** To enable a financial statement user to understand the extent of **financial assets** that are past due, an entity shall provide an aging analysis of the **amortized cost basis** for financial assets that are past due as of the reporting date, disaggregated by **class of financing receivable** and major security type. An entity also shall disclose when it considers a financial asset to be past due. The disclosures in this paragraph are required in interim and annual reporting periods.

**326-20-50-15** The requirements to disclose past-due status in paragraph 326-20-50-14 in interim and annual reporting periods do not apply to receivables measured at the lower of amortized cost basis or **fair value**, or trade receivables due in one year or less, except for credit card receivables, that result from revenue transactions within the scope of Topic 605 on revenue recognition or Topic 606 on revenue from contracts with customers.

**> Nonaccrual Status**

**326-20-50-16** To enable a financial statement user to understand the credit risk and interest income recognized on **financial assets** on nonaccrual status, an entity shall disclose all of the following, disaggregated by class of **financing receivable** and major security type, in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**326-20-50-17** For interim and annual reporting periods, an An entity's summary of significant accounting policies for financial assets within the scope of this Subtopic shall include all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**326-20-50-18** The requirements to disclose nonaccrual status in paragraphs 326-20-50-16 through 50-17 in interim and annual reporting periods do not apply to receivables measured at lower of amortized cost basis or fair value, or trade receivables due in one year or less, except for credit card receivables, that result from revenue transactions within the scope of Topic 605 on revenue recognition or Topic 606 on revenue from contracts with customers.

**Financial Instruments—Credit Losses—Available-for-Sale  
Debt Securities**

**Disclosure**

**> Available-for-Sale Debt Securities in Unrealized Loss Positions  
without an Allowance for Credit Losses**

**326-30-50-5** For interim and annual reporting periods, the disclosures in (a)(1) through (a)(2) in paragraph 326-30-50-4 shall be disaggregated by those investments that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer.

#### > Allowance for Credit Losses

**326-30-50-8** Paragraph 326-30-45-3 explains that an entity may report the change in the allowance for credit losses due to changes in time value as credit loss expense (or reversal of credit loss expense) but also may report the change as interest income. An entity that chooses the latter alternative shall disclose in interim and annual reporting periods the amount recorded to interest income that represents the change in present value attributable to the passage of time.

## Amendments to Topic 360

18. Amend paragraph 360-10-50-3A, with a link to transition paragraph 270-10-65-1, as follows:

### Property, Plant, and Equipment—Overall

#### Disclosure

#### Impairment or Disposal of Long-Lived Assets

##### > Long-Lived Assets Classified as Held for Sale or Disposed Of

**360-10-50-3A** In addition to the disclosures in paragraph 360-10-50-3, if a long-lived asset (disposal group) includes an individually significant **component of an entity** that either has been disposed of or is classified as held for sale (see paragraph 360-10-45-9) and does not qualify for presentation and disclosure as a discontinued operation (see Subtopic 205-20 on discontinued operations), a **public business entity** and a **not-for-profit entity** that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market shall disclose the information in (a). All other entities shall disclose the information in (b). The following disclosures are required in interim and annual reporting periods:



[The remainder of this paragraph is not shown here because it is unchanged.]

## Amendments to Topic 420

19. Amend paragraph 420-10-50-1, with a link to transition paragraph 270-10-65-1, as follows:

### **Exit or Disposal Cost Obligations—Overall**

#### **Disclosure**

**420-10-50-1** All of the following information shall be disclosed in notes to financial statements in annual and interim reporting periods that include the period in which an exit or disposal activity is initiated and any subsequent period until the activity is completed:

[The remainder of this paragraph is not shown here because it is unchanged.]

## Amendments to Topic 460

20. Amend paragraphs 460-10-50-2 through 50-4 and 460-10-50-8, with a link to transition paragraph 270-10-65-1, as follows:

### **Guarantees—Overall**

#### **Disclosure**

##### **General**

##### **> Information about Each Guarantee or Group of Similar Guarantees**

##### **• > Loss Contingencies**

**460-10-50-2** For interim and annual reporting periods, an entity shall disclose certain **loss contingencies** even though the possibility of loss may be remote. The common characteristic of those contingencies is a guarantee that provides a right to proceed against an outside party in the event that the guarantor is called on to satisfy the guarantee. Examples include the following:

[The remainder of this paragraph is not shown here because it is unchanged.]

**460-10-50-3** For interim and annual reporting periods, theThe disclosure shall include the nature and amount of the guarantee. Consideration should be given to disclosing, if estimable, the value of any recovery that could be expected to result, such as from the guarantor's right to proceed against an outside party.

• > **Disclosures about a Guarantor's Obligation**

**460-10-50-4** For interim and annual reporting periods, aA guarantor shall disclose all of the following information about each guarantee, or each group of similar guarantees, even if the likelihood of the guarantor's having to make any payments under the guarantee is remote:

[The remainder of this paragraph is not shown here because it is unchanged.]

**Product Warranties**

**460-10-50-8** For interim and annual reporting periods, aA guarantor shall disclose all of the following information for product warranties and other guarantee contracts described in paragraph 460-10-15-9:

[The remainder of this paragraph is not shown here because it is unchanged.]

Amendments to Topic 470

21. Amend paragraph 470-20-50-2C, with a link to transition paragraph 270-10-65-1, as follows:

**Debt—Debt with Conversion and Other Options**

**Disclosure**

> **Own-Share Lending Arrangements Issued in Contemplation of Convertible Debt Issuance**

**470-20-50-2C** In the interim or annual reporting period in which an entity concludes that it is **probable** that the counterparty to its share-lending

arrangement will default, the entity shall disclose the amount of expense reported in the statement of earnings related to the default. The entity shall disclose in any subsequent interim and annual reporting periods~~period~~—any material changes in the amount of expense as a result of changes in the fair value of the entity's shares or the probable recoveries. If default is probable but has not yet occurred, the entity shall disclose the number of shares related to the share-lending arrangement that will be reflected in basic and diluted earnings per share when the counterparty defaults.

## Amendments to Topic 606

22. Amend paragraphs 606-10-50-5 through 50-6, 606-10-50-8, 606-10-50-12A through 50-13, and 606-10-50-15, with a link to transition paragraph 270-10-65-1, as follows:

### Revenue from Contracts with Customers—Overall

#### Disclosure

##### > Contracts with Customers

##### • > Disaggregation of Revenue

**606-10-50-5** For interim and annual reporting periods, an~~An~~ entity shall disaggregate **revenue** recognized from **contracts** with **customers** into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. An entity shall apply the guidance in paragraphs 606-10-55-89 through 55-91 when selecting the categories to use to disaggregate revenue.

**606-10-50-6** In addition, in interim and annual reporting periods, an entity shall disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue (in accordance with paragraph 606-10-50-5) and revenue information that is disclosed for each reportable segment, if the entity applies Topic 280 on segment reporting.

##### • > Contract Balances

**606-10-50-8** For interim and annual reporting periods, an~~A~~ entity shall disclose all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

- > **Performance Obligations**

**606-10-50-12A** For interim and annual reporting periods, an~~A~~ entity shall disclose **revenue** recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).

- > **Transaction Price Allocated to the Remaining Performance Obligations**

**606-10-50-13** For interim and annual reporting periods, an~~A~~ entity shall disclose the following information about its remaining **performance obligations**:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**606-10-50-15** For interim and annual reporting periods, an~~A~~ entity shall disclose which optional exemptions in paragraphs 606-10-50-14 through 50-14A it is applying. In addition, an entity applying the optional exemptions in paragraphs 606-10-50-14 through 50-14A shall disclose in interim and annual reporting periods the nature of the performance obligations, the remaining duration (see paragraph 606-10-25-3), and a description of the variable consideration (for example, the nature of the variability and how that variability will be resolved) that has been excluded from the information disclosed in accordance with paragraph 606-10-50-13. This information shall include sufficient detail to enable users of financial statements to understand the remaining performance obligations that the entity excluded from the information disclosed in accordance with paragraph 606-10-50-13. In addition, an entity shall explain whether any consideration from contracts with **customers** is not included in the transaction price and, therefore, not included in the information disclosed in accordance with paragraph 606-10-50-13. For example, an estimate of the transaction price would not include any estimated

amounts of variable consideration that are constrained (see paragraphs 606-10-32-11 through 32-13).

## Amendments to Topic 740

23. Amend paragraphs 740-323-50-1A through 50-2, with a link to transition paragraph 270-10-65-1, as follows:

### **Income Taxes—Investments—Equity Method and Joint Ventures**

#### **Disclosure**

##### **Qualified Affordable Housing Project Investments**

**740-323-50-1A** To meet the objectives in paragraph 323-740-50-1, a reporting entity shall disclose the following information in annual and interim reporting periods about its investments that generate income tax credits and other income tax benefits from a tax credit program for which it has elected on a tax-credit-program-by-tax-credit-program basis to apply the proportional amortization method, including investments within that elected tax credit program that do not meet the conditions in paragraph 323-740-25-1:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**740-323-50-2** To meet the objectives in paragraph 323-740-50-1, a reporting entity may consider disclosing the following in annual and interim reporting periods about its investments that generate income tax credits and other income tax benefits from a tax credit program for which it has elected on a tax-credit-program-by-tax-credit-program basis to apply the proportional amortization method, including investments within that elected tax credit program that do not meet the conditions in paragraph 323-740-25-1:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

## Amendments to Topic 805

24. Amend paragraphs 805-10-50-1 through 50-5, 805-10-50-7, 805-20-50-1 through 50-5, and 805-30-50-1 through 50-4, with a link to transition paragraph 270-10-65-1, as follows:

### **Business Combinations—Overall**

#### **Disclosure**

##### **> Business Combinations Occurring During a Current Reporting Period or After the Reporting Date but Before the Financial Statements Are Issued**

**805-10-50-1** For interim and annual reporting periods, the~~The~~ acquirer shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs either:

[The remainder of this paragraph is not shown here because it is unchanged.]

**805-10-50-2** To meet the objective in paragraph 805-10-50-1, the acquirer shall disclose in interim and annual reporting periods the following information for each business combination that occurs during the reporting period:

[The remainder of this paragraph is not shown here because it is unchanged.]

**805-10-50-3** For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose the information required by (e) through (h) in paragraph 805-10-50-2 in the aggregate in interim and annual reporting periods.

**805-10-50-4** If the acquisition date of a business combination is after the reporting date but before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25), the acquirer shall disclose the information required by paragraph 805-10-50-2 in interim and annual reporting periods unless the initial accounting for the business combination is incomplete at the time the financial statements are issued or are available to

be issued. In that situation, the acquirer shall describe which disclosures could not be made and the reason why they could not be made.

**> The Financial Effects of Adjustments That Relate to Business Combinations That Occurred in the Current or Previous Reporting Periods**

**805-10-50-5** The acquirer shall disclose information in interim and annual reporting periods that enables users of its financial statements to evaluate the financial effects of adjustments recognized in the current reporting period that relate to business combinations that occurred in the current or previous reporting periods.

**> Other Disclosures**

**805-10-50-7** If the specific disclosures required by this Subtopic and other generally accepted accounting principles (GAAP) do not meet the objectives set out in paragraphs 805-10-50-1 and 805-10-50-5, the acquirer shall disclose whatever additional information is necessary to meet those objectives in interim and annual reporting periods.

**Business Combinations—Identifiable Assets and Liabilities, And Any Noncontrolling Interest**

**Disclosure**

**> Business Combinations Occurring during a Current Reporting Period or after the Reporting Date but before the Financial Statements Are Issued**

**805-20-50-1** Paragraph 805-10-50-1 identifies one of the objectives of disclosures about a **business combination**. To meet that objective, the **acquirer** shall disclose in interim and annual reporting periods all of the following information for each business combination that occurs during the reporting period:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**805-20-50-2** For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose the information required by paragraph 805-20-50-1 in the aggregate in interim and annual reporting periods.

**805-20-50-3** If the acquisition date of a business combination is after the reporting date but before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25), the acquirer shall disclose the information required by paragraph 805-20-50-1 in interim and annual reporting periods unless the initial accounting for the business combination is incomplete at the time the financial statements are issued or are available to be issued. In that situation, the acquirer shall describe which disclosures could not be made and the reason why they could not be made.

**> The Financial Effects of Adjustments That Relate to Business Combinations That Occurred in the Current or Previous Reporting Periods**

**805-20-50-4** Paragraph 805-10-50-5 identifies the second objective of disclosures about the effects of business combinations that occurred in the current or previous reporting periods. To meet the objective in that paragraph, in interim and annual reporting periods the acquirer shall disclose the information in paragraph 805-20-50-4A for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively.

**805-20-50-4A** If the initial accounting for a business combination is incomplete (see paragraphs 805-10-25-13 through 25-14) for particular assets, liabilities, noncontrolling interests, or items of consideration and the amounts recognized in the financial statements for the business combination thus have been determined only provisionally, the acquirer shall disclose in interim and annual reporting periods the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively to meet the objective in paragraph 805-10-50-5:

[The remainder of this paragraph is not shown here because it is unchanged.]

**> Exceptions to the Measurement Principle**



**805-20-50-5** For any of the practical expedients in paragraph 805-20-30-29 that an acquirer uses, the acquirer shall disclose all of the following information in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

## **Business Combinations—Goodwill or Gain from Bargain Purchase, Including Consideration Transferred**

### **Disclosure**

#### **> Business Combinations Occurring during a Current Reporting Period or after the Reporting Date but before the Financial Statements Are Issued**

**805-30-50-1** Paragraph 805-10-50-1 identifies one of the objectives of disclosures about a **business combination**. To meet that objective, the **acquirer** shall disclose in interim and annual reporting periods all of the following information for each business combination that occurs during the reporting period:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**805-30-50-2** For individually immaterial business combinations occurring during the reporting period that are material collectively, the acquirer shall disclose the information required by paragraph 805-30-50-1 in the aggregate in interim and annual reporting periods.

**805-30-50-3** If the acquisition date of a business combination is after the reporting date but before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25), the acquirer shall disclose the information required by paragraph 805-30-50-1 in interim and annual reporting periods unless the initial accounting for the business combination is incomplete at the time the financial statements are issued or are available to be issued. In that situation, the acquirer shall describe which disclosures could not be made and the reason why they could not be made.

**> The Financial Effects of Adjustments That Relate to Business Combinations That Occurred in the Current or Previous Reporting Periods**

**805-30-50-4** Paragraph 805-10-50-5 identifies the second objective of disclosures about the effects of business combinations that occurred in the current or previous reporting periods. To meet the objective in that paragraph, the acquirer shall disclose in interim and annual reporting periods the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

## Amendments to Topic 810

25. Amend paragraphs 810-10-50-3 through 50-4, 810-10-50-5A, 810-10-50-6, 810-10-50-9, and 810-10-50-21, with a link to transition paragraph 270-10-65-1, as follows:

### **Consolidation—Overall**

#### **Disclosure**

#### **Variable Interest Entities**

##### **> Primary Beneficiary of a VIE**

**810-10-50-3** The **primary beneficiary** of a VIE that is a **business** shall provide the disclosures required by other guidance. The primary beneficiary of a VIE that is not a business shall disclose the amount of gain or loss recognized on the initial consolidation of the VIE. In addition to disclosures required elsewhere in this Topic, the primary beneficiary of a VIE shall disclose all of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

##### **> Nonprimary Beneficiary Holder of a Variable Interest in a VIE**

**810-10-50-4** In addition to disclosures required by other guidance, in interim and annual reporting periods, a reporting entity that holds a variable interest in a VIE, but is not the VIE's primary beneficiary, shall disclose:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Primary Beneficiaries or Other Holders of Interests in VIEs**

**810-10-50-5A** A reporting entity that is a primary beneficiary of a VIE or a reporting entity that holds a variable interest in a VIE but is not the entity's primary beneficiary shall disclose all of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Scope-Related Disclosures**

**810-10-50-6** A reporting entity that does not apply the guidance in the Variable Interest Entities Subsections to one or more VIEs or potential VIEs because of the condition described in paragraph 810-10-15-17(c) shall disclose all the following information in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Aggregation of Certain Disclosures**

**810-10-50-9** Disclosures about VIEs may be reported in the aggregate for similar entities if separate reporting would not provide more useful information to financial statement users. For interim and annual reporting periods, aA reporting entity shall disclose how similar entities are aggregated and shall distinguish between:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Collateralized Financing Entities**

**810-10-50-21** For the less observable of the fair value of the financial assets and the fair value of the financial liabilities of the collateralized financing entity that is measured in accordance with the measurement alternative in paragraphs 810-10-30-10 through 30-15 and 810-10-35-6 through 35-8, a reporting entity shall disclose that the amount was measured on the basis of the more observable of the fair value of the financial liabilities and the fair value of the financial assets in interim and annual reporting periods.

## Amendments to Topic 815

26. Amend paragraphs 815-10-50-1, 815-10-50-1B through 50-4, 815-10-50-4B through 50-4EEE, 815-10-50-4F through 50-4G, 815-10-50-4K through 50-4L, 815-10-50-5C, 815-10-50-8, 815-15-50-2, 815-30-50-2, and 815-40-50-2A, with a link to transition paragraph 270-10-65-1, as follows:

### Derivatives and Hedging—Overall

#### Disclosure

**815-10-50-1** An entity with **derivative instruments** (or nonderivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 815-20-25-58 and 815-20-25-66) shall disclose information to enable users of the financial statements to understand all of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-1B** For item (d) in paragraph 815-10-50-1A, an entity shall select the format and the specifics of disclosures relating to its volume of such activity that are most relevant and practicable for its individual facts and circumstances. Information about the instruments in items (a) through (c) in paragraph 815-10-50-1A shall be disclosed in the context of each instrument's primary underlying risk exposure (for example, interest rate, credit, foreign exchange rate, interest rate and foreign exchange rate, or overall price) in interim and annual reporting periods. Further, those instruments shall be distinguished between those used for risk management purposes and those used for other purposes. Derivative instruments (and nonderivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 815-20-25-58 and 815-20-25-66) used for risk management purposes include those designated as hedging

instruments under Subtopic 815-20 as well as those used as economic hedges and for other purposes related to the entity's risk exposures.

**815-10-50-2** For interim and annual reporting periods, the~~The~~ instruments addressed by items (a) through (c) in paragraph 815-10-50-1A shall be distinguished between each of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-3** If the simplified hedge accounting approach (see paragraphs 815-20-25-133 through 25-138) is applied in accounting for a qualifying receive-variable, pay-fixed interest rate swap, the settlement value of that swap may be used in place of **fair value** when disclosing the information required by this Section or in providing other fair value disclosures, such as those required under Topic 820 on fair value. For the purposes of complying with these disclosure requirements, amounts disclosed at settlement value will be subject to all of the same disclosure requirements as amounts disclosed at fair value. Any amounts disclosed at settlement value shall be clearly stated as such and disclosed separately from amounts disclosed at fair value in interim and annual reporting periods.

**815-10-50-4** For derivative instruments not designated as hedging instruments under Subtopic 815-20, the description shall indicate the purpose of the derivative activity in interim and annual reporting periods.

#### **> Overall Quantitative Disclosures**

**815-10-50-4B** The disclosures required by item (a) in paragraph 815-10-50-4A shall comply with all of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-4C** For qualifying fair value and **cash flow hedges**, the gains and losses disclosed pursuant to paragraph 815-10-50-4A(b) shall be presented separately for all of the following by type of contract (as discussed in paragraph 815-10-50-4D) and by income and expense line item (if applicable) in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-4CC** For interim and annual reporting periods, an~~An~~ entity shall present separately by type of contract (as discussed in paragraph 815-10-50-4D) the gains and losses disclosed in accordance with paragraph 815-10-50-4A(b) for derivative instruments not designated or qualifying as hedging instruments under Topic 815 (see paragraph 815-10-50-4F).

**815-10-50-4CCC** For qualifying net investment hedges, an entity shall present the gains and losses disclosed in accordance with paragraph 815-10-50-4A(b) separately for all of the following by type of contract (as discussed in paragraph 815-10-50-4D) in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-4D** For interim and annual reporting periods, ~~disclosures~~Disclosures pursuant to paragraphs 815-10-50-4C through 50-4CCC shall both:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-4E** For interim and annual reporting periods, the~~The~~ quantitative disclosures required by paragraphs 815-10-50-4A through 50-4CCC shall be presented in tabular format. If a proportion of a derivative instrument is designated and qualifying as a hedging instrument and a proportion is not designated and qualifying as a hedging instrument, an entity shall allocate the related amounts to the appropriate categories within the disclosure tables. Example 21 (see paragraph 815-10-55-182) illustrates the disclosures described in paragraphs 815-10-50-4A through 50-4E.

**815-10-50-4EE** For interim and annual reporting periods, an~~An~~ entity shall disclose in tabular format the following for items designated and qualifying as hedged items in fair value hedges:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-4EEE** For each line item disclosed in accordance with paragraph 815-10-50-4EE(c) that includes hedging relationships designated under the portfolio layer method in accordance with paragraph 815-20-25-12A, the following information shall be disclosed separately in interim and annual reporting periods:

[The remainder of this paragraph is not shown here because it is unchanged.]

- > **Trading Derivatives**

**815-10-50-4F** For derivative instruments that are not designated or qualifying as hedging instruments under Subtopic 815-20, if an entity's policy is to include those derivative instruments in its trading activities (for example, as part of its trading portfolio that includes both derivative instruments and nonderivative or cash instruments), the entity can elect to not separately disclose gains and losses as required by paragraph 815-10-50-4CC provided that the entity discloses all of the following in interim and annual reporting periods:

[The remainder of this paragraph is not shown here because it is unchanged.]

- > **Application by Not-for-Profit Entities**

**815-10-50-4G** For purposes of the disclosure requirements beginning in paragraph 815-10-50-4A, not-for-profit entities within the scope of Topic 954 should present a similarly formatted table. Those entities shall refer to amounts within their performance indicator, instead of in income, and amounts outside their performance indicator, instead of in other comprehensive income. Not-for-profit entities not within the scope of Topic 954 shall disclose the gain or loss recognized in changes in net assets using a similar format. All not-for-profit entities also would indicate which class or classes of net assets (without donor restrictions or with donor restrictions) are affected. The disclosures in this paragraph are required in interim and annual reporting periods.

- > **Credit Derivatives**

**815-10-50-4K** For interim and annual reporting periods, aA seller of **credit derivatives** shall disclose information about its credit derivatives and hybrid instruments (for example, a credit-linked note) that have **embedded credit**

**derivatives** to enable users of financial statements to assess their potential effect on its financial position, financial performance, and cash flows. Specifically, for each statement of financial position presented, the seller of a credit derivative shall disclose all of the following information for each credit derivative, or each group of similar credit derivatives, even if the likelihood of the seller's having to make any payments under the credit derivative is remote:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**815-10-50-4L** One way to present the information required by paragraph 815-10-50-4K for groups of similar credit derivatives would be first to segregate the disclosures by major types of contracts (for example, single-name credit default swaps, traded indexes, other portfolio products, and swaptions) and then, for each major type, provide additional subgroups for major types of referenced (or underlying) asset classes (for example, corporate debt, sovereign debt, and structured finance). With respect to hybrid instruments that have embedded credit derivatives, the seller of the embedded credit derivative shall disclose the information required by paragraph 815-10-50-4K for the entire hybrid instrument, not just the embedded credit derivatives. The disclosures in this paragraph are required in interim and annual reporting periods.

#### **> Basis Adjustment Considerations under the Portfolio Layer Method**

**815-10-50-5C** For hedging relationships designated under the portfolio layer method, if the outstanding amount of the closed portfolio is less than the hedged layer or layers in accordance with paragraph 815-25-40-8(b) (that is, a breach occurred), an entity shall disclose the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

#### **> Balance Sheet Offsetting**

**815-10-50-8** For interim and annual reporting periods, aA reporting entity shall disclose the amounts recognized at the end of each reporting period for the right to reclaim cash collateral or the obligation to return cash collateral as follows:



[The remainder of this paragraph is not shown here because it is unchanged.]

## **Derivatives and Hedging—Embedded Derivatives**

### **Disclosure**

#### **> Hybrid Instruments That Are Not Separated**

**815-15-50-2** For interim and annual reporting periods, an~~An~~ entity shall provide information that will allow users to understand the effect of changes in the fair value of hybrid financial instruments measured at fair value under the election and under the practicability exception in paragraph 815-15-30-1 on earnings (or other performance indicators for entities that do not report earnings).

## **Derivatives and Hedging—Cash Flow Hedges**

### **Disclosure**

**815-30-50-2** As part of the disclosures of accumulated other comprehensive income, pursuant to paragraphs 220-10-45-14 through 45-14A, an entity shall separately disclose all of the following in interim and annual reporting periods:

[The remainder of this paragraph is not shown here because it is unchanged.]

## **Derivatives and Hedging—Contracts in Entity's Own Equity**

### **Disclosure**

#### **> Fair Value Disclosures**

**815-40-50-2A** For interim and annual reporting periods, changes~~Changes~~ in the **fair value** of all contracts classified as assets or liabilities shall be disclosed in the financial statements as long as the contracts remain classified as assets or liabilities.

## Amendments to Topic 820

27. Amend paragraphs 820-10-50-2, 820-10-50-2G, 820-10-50-3, 820-10-50-4A, 820-10-50-6A through 50-6B, and 820-10-50-8, with a link to transition paragraph 270-10-65-1, as follows:

### **Fair Value Measurement—Overall**

#### **Disclosure**

**820-10-50-2** For interim and annual reporting periods, a reporting entity shall disclose the following information for each class of assets and liabilities (see paragraph 820-10-50-2B for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this Topic) in the statement of financial position after initial recognition. These disclosure requirements shall not apply to an investment within the scope of paragraphs 820-10-15-4 through 15-5 for which fair value is measured using net asset value per share (or its equivalent, for example, member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed) as a practical expedient, in accordance with paragraph 820-10-35-59.

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**820-10-50-2G** In lieu of paragraph 820-10-50-2(c), a nonpublic entity shall disclose separately changes during ~~the~~each interim and annual period attributable to the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**820-10-50-3** For derivative assets and liabilities, the reporting entity shall present both of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Liability Issued with an Inseparable Third-Party Credit Enhancement**

**820-10-50-4A** For a liability measured at fair value and issued with an inseparable third-party credit enhancement, an issuer shall disclose the existence of that credit enhancement in interim and annual reporting periods.

**> Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)**

**820-10-50-6A** For investments that are within the scope of paragraphs 820-10-15-4 through 15-5 and that are measured using the practical expedient in paragraph 820-10-35-59 on a recurring or nonrecurring basis during the period, a reporting entity shall disclose information that helps users of its financial statements to understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from **net asset value per share** (or its equivalent, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed). For interim and annual reporting periods, aA reporting entity shall disclose the following information for each class of investment:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Equity Securities Subject to Contractual Sale Restrictions**

**820-10-50-6B** For interim and annual reporting periods, anA~~n~~ entity shall disclose the following information for equity securities subject to contractual sale restrictions:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**> Tabular Format Required**

**820-10-50-8** For interim and annual reporting periods, aA reporting entity shall present the quantitative disclosures required by this Topic in a tabular format.

## Amendments to Topic 825

28. Amend paragraphs 825-10-50-10 through 50-11, 825-10-50-12, 825-10-50-20 through 50-21, 825-10-50-28, 825-10-50-30, and 825-10-50-32, with a link to transition paragraph 270-10-65-1, as follows:

## Financial Instruments—Overall

### Disclosure

#### General

##### > Fair Value of Financial Instruments

**825-10-50-10** For interim and annual reporting periods, aA reporting entity shall disclose either in the body of the financial statements or in the accompanying notes, the fair value of financial instruments and the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3).

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**825-10-50-11** For interim and annual reporting periods, fairFair value disclosed in the notes shall be presented together with the related carrying amount in a form that clarifies both of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**825-10-50-12** If the fair value of financial instruments is disclosed in more than a single note, one of the notes shall include a summary table in interim and annual reporting periods. The summary table shall contain the fair value and related carrying amounts and cross-references to the location(s) of the remaining disclosures required by this Section.

##### > Concentrations of Credit Risk of All Financial Instruments

**825-10-50-20** For interim and annual reporting periods, exceptExcept as indicated in paragraph 825-10-50-22, an entity shall disclose all significant concentrations of credit risk arising from all financial instruments, whether from an individual counterparty or groups of counterparties. Throughout paragraphs 825-10-50-20 through 50-21, the term *financial instruments* includes derivative instruments accounted for under Topic 815. Group concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet

contractual obligations to be similarly affected by changes in economic or other conditions.

**825-10-50-21** For interim and annual reporting periods, except Except as indicated in paragraph 825-10-50-22, all of the following shall be disclosed about each significant concentration:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

### **Fair Value Option**

#### **> Required Disclosures as of Each Date for Which an Interim or Annual Statement of Financial Position Is Presented**

**825-10-50-28** As of each date for which a an interim or annual statement of financial position is presented, entities shall disclose all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

#### **> Required Disclosures for Each Period for Which an Interim or Annual Income Statement Is Presented**

**825-10-50-30** For each interim or annual period for which an income statement is presented, entities shall disclose all of the following about items for which the fair value option has been elected:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

#### **> Other Required Disclosures**

**825-10-50-32** If an entity elects the fair value option at the time one of the events in paragraph 825-10-25-4(d) through (e) occurs, the entity shall disclose both of the following in interim and annual financial statements for the period of the election:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

## Amendments to Topic 860

29. Amend paragraphs 860-10-50-4A, 860-20-50-2A through 50-4, 860-20-50-4D through 50-5, 860-30-50-1A, and 860-50-50-2 through 50-5, with a link to transition paragraph 270-10-65-1, as follows:

### Transfers and Servicing—Overall

#### Disclosure

##### > General

##### • > Aggregation of Certain Disclosures

**860-10-50-4A** Disclosures required by this Topic may be reported in the aggregate for similar transfers if separate reporting of each transfer would not provide more useful information to financial statement users. For interim and annual reporting periods, a transferor shall both:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

### Transfers and Servicing—Sales of Financial Assets

#### Disclosure

##### > All Entities within Scope of Subtopic

**860-20-50-2A** If specific disclosures are required for a particular form of a transferor's continuing involvement by other Topics, the transferor shall provide the information required in paragraphs 860-20-50-3(b) through (cc) and 860-20-50-4(a) with a cross-reference to the separate notes to financial statements in interim and annual reporting periods so a financial statement user can understand the risks retained in the transfer. The entity does not need to provide each specific disclosure required in paragraphs 860-20-50-3(d) and 860-20-50-4 if the disclosure is not required by other Topics and the objectives of paragraphs 860-10-50-3 through 50-4 are met. For example, if the transferor's only form of continuing involvement is a derivative, the entity shall provide the disclosures required in paragraphs 860-20-50-3(b) through (cc) and 860-20-50-4(a) and the disclosures about derivatives required by

applicable Topics. In addition, the entity shall evaluate whether the other disclosures in paragraphs 860-20-50-3 through 50-4 are necessary for the entity to meet the objectives in those paragraphs.

• > **Disclosures for Each Income Statement Presented**

**860-20-50-3** For each interim and annual income statement presented, the entity shall disclose all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

• > **Disclosures for Each Statement of Financial Position Presented**

**860-20-50-4** For each interim and annual statement of financial position presented, regardless of when the transfer occurred, an entity shall disclose all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**860-20-50-4D** To provide an understanding of the nature of the transactions, the transferor's continuing exposure to the transferred financial assets, and the presentation of the components of the transaction in the financial statements, an entity shall disclose the following for outstanding transactions at the interim and annual reporting dates that meet the scope guidance in paragraphs 860-20-50-4A through 50-4B by type of transaction (for example, **repurchase agreement**, securities lending transaction, and sale and total return swap) (except for those transactions that are excluded from the scope, as described in paragraph 860-20-50-4C):

**[The remainder of this paragraph is not shown here because it is unchanged.]**

• > **Sales of Loans and Trade Receivables**

**860-20-50-5** For interim and annual reporting periods, ~~the~~ The aggregate amount of gains or losses on sales of loans or trade receivables (including adjustments to record loans held for sale at the lower of amortized cost basis or fair value) shall be presented separately in the financial statements or disclosed in the notes to financial statements. See Topic 310 on receivables

and Topic 326 on measurement of credit losses for a full discussion of disclosure requirements for loans and trade receivables.

## **Transfers and Servicing—Secured Borrowing and Collateral**

### **Disclosure**

**860-30-50-1A** For interim and annual reporting periods, an~~an~~ entity shall disclose all of the following for **collateral**:

[The remainder of this paragraph is not shown here because it is unchanged.]

## **Transfers and Servicing—Servicing Assets and Liabilities**

### **Disclosure**

#### **> All Entities within the Scope of Subtopic**

##### **• > All Servicing Assets and Servicing Liabilities**

**860-50-50-2** For all servicing assets and servicing liabilities, all of the following shall be disclosed in interim and annual reporting periods:

[The remainder of this paragraph is not shown here because it is unchanged.]

##### **• > Servicing Assets and Servicing Liabilities Subsequently Measured at Fair Value**

**860-50-50-3** For servicing assets and servicing liabilities subsequently measured at fair value, the following shall be disclosed in interim and annual reporting periods:

[The remainder of this paragraph is not shown here because it is unchanged.]

##### **• > Servicing Assets and Servicing Liabilities Subsequently Amortized**



**860-50-50-4** For servicing assets and servicing liabilities measured subsequently under the amortization method in paragraph 860-50-35-1(a), all of the following shall be disclosed in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

• **> Servicing Assets and Servicing Liabilities for Which Subsequent Measurement at Fair Value Is Elected as of the Beginning of the Fiscal Year**

**860-50-50-5** If an entity elects under paragraph 860-50-35-3(d) to subsequently measure a class of servicing assets and servicing liabilities at fair value at the beginning of the fiscal year, the amount of the cumulative-effect adjustment to retained earnings shall be separately disclosed in the interim or annual reporting period in which the adjustment is recorded.

## Amendments to Topic 942

30. Amend paragraphs 942-320-50-2 through 50-4, with a link to transition paragraph 270-10-65-1, as follows:

### **Financial Services—Depository and Lending—Investments—Debt and Equity Securities**

#### **Disclosure**

**942-320-50-2** In complying with the requirements in paragraph 942-320-50-1, financial institutions shall include in their disclosure in interim and annual reporting periods all of the following major security types, although additional types also may be necessary:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**942-320-50-2A** For interim and annual reporting periods, investments ~~Investments~~ in mutual funds that invest only in U.S. government debt securities may be shown separately rather than grouped with other equity securities in the disclosures by major security type required by paragraph 942-320-50-2.

**942-320-50-3** In complying with this requirement, financial institutions shall disclose the net carrying amount of debt securities in interim and annual reporting periods based on at least 4 maturity groupings:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**942-320-50-3A** A financial institution that is a public business entity shall disclose the fair value of the debt securities in interim and annual reporting periods based on at least 4 maturity groupings:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

#### **> Other Securities**

**942-320-50-4** For interim and annual reporting periods, the~~The~~ carrying amount of investment assets that serve as collateral to secure public funds, securities sold under repurchase agreements, and other borrowings, that are not otherwise disclosed under Topic 860, shall be disclosed in the notes to financial statements.

## Amendments to Topic 944

31. Amend paragraphs 944-30-50-2A, 944-40-50-4A, 944-40-50-7, 944-40-50-7C, 944-60-50-2, and 944-80-50-1, with a link to transition paragraph 270-10-65-1, as follows:

### **Financial Services—Insurance—Acquisition Costs**

#### **Disclosure**

#### **Long-Duration Contracts**

##### **> Certain Participating Life Insurance Contracts**

**944-30-50-2A** For interim and annual reporting periods, ~~and to the extent required by Topic 270 on interim reporting,~~ an insurance entity shall disclose the following information about deferred acquisition costs and sales inducements:

[The remainder of this paragraph is not shown here because it is unchanged.]

## **Financial Services—Insurance—Claim Costs and Liabilities for Future Policy Benefits**

### **Disclosure**

#### **Short-Duration Contracts**

##### **> Information about the Liability for Unpaid Claims and Claim Adjustment Expenses**

**944-40-50-4A** For **health insurance claims**, an insurance entity shall aggregate or disaggregate the information disclosed in interim and annual reporting periods in accordance with paragraph 944-40-50-3 so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have significantly different characteristics (see paragraphs 944-40-55-9A through 55-9C).

#### **Long-Duration Contracts**

##### **> Traditional Long-Duration Contracts**

**944-40-50-7** For interim and annual reporting periods, ~~and to the extent required by Topic 270 on interim reporting,~~ an insurance entity shall disclose information about:

[The remainder of this paragraph is not shown here because it is unchanged.]

##### **> Market Risk Benefits**

**944-40-50-7C** For interim and annual reporting periods, ~~and to the extent required by Topic 270 on interim reporting,~~ an insurance entity shall disclose information about:

[The remainder of this paragraph is not shown here because it is unchanged.]

## **Financial Services—Insurance—Premium Deficiency and Loss Recognition**

### **Disclosure**

#### **Long-Duration Contracts**

**944-60-50-2** For interim and annual reporting periods, ~~and to the extent required by Topic 270 on interim reporting,~~ an insurance entity shall disclose the following:

[The remainder of this paragraph is not shown here because it is unchanged.]

#### **Financial Services—Insurance—Separate Accounts**

### **Disclosure**

**944-80-50-1** The following information shall be disclosed in the interim and annual financial statements of the insurance entity:

[The remainder of this paragraph is not shown here because it is unchanged.]

## **Amendments to Topic 954**

32. Amend paragraphs 954-805-50-1 through 50-3, with a link to transition paragraph 270-10-65-1, as follows:

#### **Health Care Entities—Business Combinations**

### **Disclosure**

**954-805-50-1** For a **merger of not-for-profit entities**, a new entity that is both a not-for-profit, business-oriented health care entity and a **public entity** shall disclose in interim and annual reporting periods the **performance indicator** for the current reporting period as though the **merger date** had been the beginning of the annual reporting period (supplemental pro forma information).

**954-805-50-2** For an **acquisition by a not-for-profit entity**, a not-for-profit, business-oriented health care entity that is a public entity shall disclose all of the following in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**954-805-50-3** If the disclosure of any of the information required by paragraph 954-805-50-2 or paragraph 954-805-50-1 is impracticable, a not-for-profit, business-oriented health care entity shall disclose in interim and annual reporting periods that fact and explain why the disclosure is impracticable. The term *impracticable* has the same meaning as *impracticability* in paragraph 250-10-45-9.

## Amendments to Topic 958

33. Amend paragraphs 958-805-50-2 through 50-6, 958-805-50-8 through 50-12, and 958-805-50-16 through 50-17, with a link to transition paragraph 270-10-65-1, as follows:

### **Not-for-Profit Entities—Business Combinations**

#### **Disclosure**

##### **Merger of Not-for-Profit Entities**

**958-805-50-2** To meet the objective in paragraph 958-805-50-1, the new NFP shall disclose in interim and annual reporting periods the following information for the merger that resulted in its formation:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**958-805-50-3** If the new NFP is a **public entity** and the merger occurs at other than the beginning of an annual reporting period (that is, if its initial financial statements thus cover less than an annual reporting period), the new NFP shall disclose the following supplemental pro forma information in interim and annual reporting periods:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**958-805-50-4** If the new NFP is a public entity and it presents comparative financial information in ~~the~~interim and annual reporting periods~~period~~ following the year in which the merger occurs, it shall disclose the supplemental pro forma information in paragraph 958-805-50-3 for the comparable prior interim and annual reporting periods~~period~~ as though the merger date had been the beginning of that prior ~~annual~~ reporting period.

**958-805-50-5** If disclosure of any of the information required by paragraphs 958-805-50-3 through 50-4 is impracticable, the new NFP shall disclose that fact and explain why the disclosure is impracticable in interim and annual reporting periods. The term *impracticable* has the same meaning as *impracticability* in paragraph 250-10-45-9.

**958-805-50-6** If the specific disclosures required by this Subsection do not meet the objective in paragraph 958-805-50-1, the new NFP shall disclose in interim and annual reporting periods whatever additional information is necessary to meet that objective.

### **Acquisition by a Not-for-Profit Entity**

**958-805-50-8** Instead of disclosing the information in paragraph 805-10-50-2(h), an NFP acquirer that is a **public entity** shall disclose in interim and annual reporting periods the following information for each acquisition that occurs during the reporting period:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**958-805-50-9** If it presents comparative financial information in interim and annual reporting periods, an NFP acquirer that is a public entity shall disclose the supplemental pro forma information required by paragraph 958-805-50-8 as though the acquisition(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. For example, for a calendar year-end entity, disclosures would be provided for a business combination that occurs in 20X2, as if it occurred on January 1, 20X1. Such disclosures would not be revised if 20X2 is presented for comparative

purposes with the 20X3 financial statements (even if 20X2 is the earliest period presented).

**958-805-50-10** If the disclosure of any of the information required by paragraphs 958-805-50-8 through 50-9 is impracticable, the NFP acquirer shall disclose in interim and annual reporting periods that fact and explain why the disclosure is impracticable. The term *impracticable* has the same meaning as *impracticability* in paragraph 250-10-45-9.

**958-805-50-11** Instead of the information required by Section 805-30-50, an NFP acquirer shall disclose in interim and annual reporting periods the following information for each acquisition that occurs during the reporting period:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**958-805-50-12** Additionally, an NFP acquirer shall disclose in interim and annual reporting periods the following information for each acquisition that occurs during the reporting period:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**958-805-50-16** To meet the objective in paragraph 805-10-50-5, an NFP acquirer shall disclose in interim and annual reporting periods the information in this paragraph and paragraph 805-20-50-4A for each material acquisition or in the aggregate for individually immaterial business combinations that are material collectively. For each interim and annual reporting period after the acquisition date until the NFP acquirer collects, sells, or otherwise loses the right to a contingent consideration asset, or until the NFP acquirer settles a contingent consideration liability or the liability is cancelled or expires, the NFP acquirer shall disclose all of the following:

**[The remainder of this paragraph is not shown here because it is unchanged.]**

**958-805-50-17** For interim and annual reporting periods, an~~an~~ NFP acquirer that does not adopt the accounting alternative for amortizing goodwill in Subtopic 350-20 shall provide a reconciliation of the carrying amount of

goodwill at the beginning and end of the reporting period as required by paragraph 350-20-50-1 for each material acquisition or in the aggregate for individually immaterial acquisitions that are material collectively.

## Section C—Other Conforming Amendments

34. The amendments in Section C of this proposed Update would amend the Codification to reflect other consequential amendments.

### Amendments to Topic 220

35. Amend paragraphs 220-10-45-18 through 45-18A and supersede paragraphs 220-10-50-2 through 50-3, with a link to transition paragraph 270-10-65-1, as follows:

## **Income Statement—Reporting Comprehensive Income—Overall**

### **Other Presentation Matters**

#### **> Interim-Period Reporting**

**220-10-45-18** Subtopic 270-10 ~~clarifies~~explains the application of accounting principles and reporting practices to interim financial statements and notes in accordance with generally accepted accounting principles~~information, including interim financial statements and summarized interim financial data of publicly traded companies issued for external reporting purposes~~. An entity shall report a total for comprehensive income in condensed financial statements of interim periods in a single continuous statement or in two consecutive statements.

**220-10-45-18A Publicly traded companies** must meet the reporting requirements in this Subtopic at each reporting period. ~~Companies~~All entities shall follow the guidance in Subtopic 270-10 for the level of detail required for condensed financial statements for interim-period financial statements.

### **Disclosure**

#### **> Disclosing Changes and Certain Income Tax Effects within Accumulated Other Comprehensive Income**



~~**220-10-50-2** Paragraph superseded by Accounting Standards Update No. 202X-XX. An entity that elects to reclassify the income tax effects of H.R. 1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (Tax Cuts and Jobs Act), in accordance with paragraph 220-10-45-12A shall disclose in the period of adoption both of the following:~~

- ~~a. A statement that an election was made to reclassify the income tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings~~
- ~~b. A description of other income tax effects related to the application of the Tax Cuts and Jobs Act that are reclassified from accumulated other comprehensive income to retained earnings, if any (see paragraph 220-10-45-12A(b)).~~

~~**220-10-50-3** Paragraph superseded by Accounting Standards Update No. 202X-XX. An entity that does not elect to reclassify the income tax effects of the Tax Cuts and Jobs Act in accordance with paragraph 220-10-45-12A shall disclose in the period of adoption a statement that an election was not made to reclassify the income tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings.~~

## Amendments to Topic 250

36. Amend paragraph 250-10-45-15, with a link to transition paragraph 270-10-65-1, as follows:

### **Accounting Changes and Error Corrections—Overall**

#### **Other Presentation Matters**

##### **> Accounting Changes**

##### **• > Change in Accounting Principle**

##### **• • > Reporting a Change in Accounting Principle Made in an Interim Period**

**250-10-45-15** If a public entity that regularly reports interim information makes an accounting change during the fourth quarter of its fiscal year and does not

report the ~~changedata specified by paragraph 270-10-50-4~~ in a separate fourth-quarter report or in its annual report, that entity shall include disclosure of the effects of the accounting change on interim-period results, as required by paragraph 250-10-50-1, in a note to the annual financial statements for the fiscal year in which the change is made.

## Amendments to Topic 260

37. Amend paragraph 260-10-55-51, with a link to transition paragraph 270-10-65-1, as follows:

### Earnings Per Share—Overall

#### Implementation Guidance and Illustrations

##### > Illustrations

##### • > Example 2: EPS Disclosures

**260-10-55-51** This Example illustrates the reconciliation of the numerators and denominators of the basic and diluted EPS computations for income from continuing operations and other related disclosures required by paragraph 260-10-50-1 for Entity A in Example 1. This disclosure is required in both interim and annual periods. Note that Topic 718 has specific disclosure requirements related to share-based compensation arrangements.

**In addition, add the following Editor’s Note before the pending content for paragraph 260-10-55-51:**

***Editor’s Note:*** *The pending content for paragraph 260-10-55-51 linked to paragraph 105-10-65-7 will be removed upon transition of paragraph 270-10-65-1.*

#### Pending Content

**Transition Date:** (P) June 30, 2027; (N) June 30, 2027 | **Transition Guidance:** 105-10-65-7

This Example illustrates the reconciliation of the numerators and denominators of the basic and diluted EPS computations for income from continuing operations and other related disclosures required by paragraph 260-10-50-1 for Entity A in Example 1. This disclosure is required in both interim and annual periods. Note that Topic 718 has specific disclosure requirements related to share-based compensation arrangements.

## Amendments to Topic 275

38. Amend paragraphs 275-10-15-3 and 275-10-60-2, with a link to transition paragraph 270-10-65-1, as follows:

### **Risks and Uncertainties—Overall**

#### **Scope and Scope Exceptions**

##### **> Other Considerations**

**275-10-15-3** The guidance in the Risks and Uncertainties Topic applies to financial statements prepared in conformity with generally accepted accounting principles (GAAP) and applies to all entities that issue such statements. While the guidance in this Topic applies to complete interim financial statements, it does not apply to ~~condensed or summarized interim financial statements~~ **condensed statements**. If comparative financial statements are presented, the disclosure requirements apply only to the financial statements for the most recent fiscal period presented.

#### **Relationships**

##### **> Interim Reporting**

**275-10-60-2** See paragraph ~~270-10-50-62~~**270-10-50-69** for guidance on disclosure of contingencies in ~~summarized interim financial information of publicly traded entities~~**statements and notes in accordance with generally accepted accounting principles**.

## Amendments to Topic 320

39. Amend paragraph 320-10-50-1A, with a link to transition paragraph 270-10-65-1, as follows:

## **Investments—Debt Securities—Overall**

### **Disclosure**

**320-10-50-1A** ~~The disclosures in this Section are required for at each interim and annual period periods when complete sets of financial statements are provided by an entity. The disclosures in this Section are not required when an entity provides summarized interim financial information. The minimum disclosure requirements for summarized interim financial information issued by publicly traded entities are established in paragraph 270-10-50-1.~~

### Amendments to Topic 326

40. Amend paragraph 326-30-50-6, with a link to transition paragraph 270-10-65-1, as follows:

## **Financial Instruments—Credit Losses—Available-for-Sale Debt Securities**

### **Disclosure**

#### **> Available-for-Sale Debt Securities in Unrealized Loss Positions without an Allowance for Credit Losses**

**326-30-50-6** The reference point for determining how long an investment has been in a continuous unrealized loss position is the balance sheet date of the reporting period in which the impairment is identified. For entities that do not prepare interim financial ~~information~~ statements and notes in accordance with generally accepted accounting principles, the reference point is the annual balance sheet date of the period during which the impairment was identified. The continuous unrealized loss position ceases upon the investor becoming aware of a recovery of fair value up to (or beyond) the amortized cost basis of the investment during the period.

### Amendments to Topic 450

41. Amend paragraph 450-10-60-1, with a link to transition paragraph 270-10-65-1, as follows:

## Contingencies—Overall

### Relationships

#### > Interim Reporting

**450-10-60-1** For **contingencies** and other uncertainties that could be expected to affect the fairness of presentation of financial data at an interim date, see paragraph ~~270-10-50-6~~270-10-50-69.

### Amendments to Topic 718

42. Amend paragraph 718-10-50-1, with a link to transition paragraph 270-10-65-1, as follows:

## Compensation—Stock Compensation—Overall

### Disclosure

**718-10-50-1** An entity with one or more **share-based payment arrangements** shall disclose information that enables users of the financial statements to understand all of the following:

- a. The nature and terms of such arrangements that existed during the period and the potential effects of those arrangements on shareholders
- b. The effect of compensation cost arising from share-based payment arrangements on the income statement
- c. The method of estimating the **fair value** of the equity instruments granted (or offered to grant), during the period
- d. The cash flow effects resulting from share-based payment arrangements.

This disclosure is not required for interim reporting. ~~For interim reporting see Topic 270.~~ See Example 9 (paragraphs 718-10-55-134 through 55-137) for an illustration of this guidance.

### Amendments to Topic 740

43. Amend paragraphs 740-270-30-1 through 30-2, 740-270-30-16, and 740-270-30-20, with a link to transition paragraph 270-10-65-1, as follows:

## Income Taxes—Interim Reporting

### Initial Measurement

#### > General Methodology and Use of Estimated Annual Effective Tax Rate

**740-270-30-1** This guidance establishes the methodology, including the use of an estimated annual effective tax rate, to determine **income tax expense (or benefit)** in interim financial statements and notes in accordance with generally accepted accounting principles (GAAP) information.

**740-270-30-2** In reporting interim financial statements and notes in accordance with GAAP information, income tax provisions shall be determined under the general requirements for accounting for **income taxes** set forth in Subtopic 740-10.

#### > Ability to Make Estimates

**740-270-30-16** This guidance addresses the consequences of an entity's inability to reliably estimate some or all of the information that is ordinarily required to determine the annual effective tax rate in interim financial statements and notes in accordance with GAAP information.

#### > Effect of Operating Losses

**740-270-30-20** This guidance addresses changes to the general methodology to determine income tax expense (or benefit) in interim financial statements and notes in accordance with GAAP information as set forth in paragraph 740-270-30-5 when an entity has experienced or expects to experience operating losses.

## Amendments to Topic 825

44. Amend paragraph 825-10-50-31, with a link to transition paragraph 270-10-65-1, as follows:

## Financial Instruments—Overall

### Disclosure

#### Fair Value Option

## > Other Required Disclosures

**825-10-50-31** In interim and annual periods ~~only~~, an entity shall disclose the methods and significant assumptions used to estimate the fair value of items for which the fair value option has been elected. For required disclosures about the method(s) and significant assumptions used to estimate the fair value of financial instruments, see paragraph 820-10-50-2(bbb) except that an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy required by that paragraph.

*The amendments in this proposed Update were approved for publication by six members of the Financial Accounting Standards Board. Mr. Cannon voted against publication of the amendments. His alternative view is set out at the end of the basis for conclusions.*

*Members of the Financial Accounting Standards Board:*

Richard R. Jones, *Chair*  
Hillary H. Salo, *Vice Chair*  
Christine A. Botosan  
Frederick L. Cannon  
Susan M. Cospers  
Marsha L. Hunt  
Dr. Joyce T. Joseph

# Background Information, Basis for Conclusions, and Alternative View

---

## Introduction

BC1. The following summarizes the Board's considerations in reaching the conclusions in this proposed Update. It includes reasons for accepting certain approaches and rejecting others. Individual Board members gave greater weight to some factors than to others.

BC2. The Board is issuing the amendments in this proposed Update to improve the guidance in Topic 270 by improving the navigability of the required interim disclosures and clarifying when that guidance is applicable and what disclosures are required in interim reporting periods. The Board does not intend to change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements, which were determined by prior Boards when the disclosure requirements were initially issued. Rather, the objective of the proposed amendments is to provide clarity about the current interim reporting requirements.

BC3. The amendments in this proposed Update would:

- a. Clarify that the guidance in Topic 270 applies to all entities that provide interim financial statements and notes in accordance with GAAP. This scope clarification is expected to increase the understandability of Topic 270.
- b. Create a comprehensive list (when considered in conjunction with the disclosure principle discussed below) in Topic 270 of interim disclosures that are required in interim financial statements and notes in accordance with GAAP, which will help entities use the Codification more efficiently and effectively. In addition, providing conforming amendments throughout the Codification is expected to improve clarity.
- c. Incorporate a disclosure principle that, in interim reporting periods, would require entities to disclose events and changes that occur after the end of the most recent fiscal year that have a material impact on the entity. This principle complements the list of interim disclosure requirements by requiring that entities determine whether



disclosures not specified in Topic 270 should be provided in an interim reporting period as a result of applying the disclosure principle.

- d. Improve guidance about information included in and the format of (the form and content of) interim financial statements.

## Background Information

### Overview

BC4. The Board has received feedback from stakeholders that Topic 270 is challenging and complex to navigate. Complexity in this Topic is mainly due to the development of the source literature (described further in paragraphs BC5–BC7 below), initial codification of the historical content, and subsequent amendments to the Topic as new accounting guidance was issued over time.

BC5. In May 1973, the Accounting Principles Board (APB) issued Opinion No. 28, *Interim Financial Reporting*, which established disclosure requirements for interim reporting. The objective of Opinion 28 was “to provide guidance on accounting and disclosure issues peculiar to interim reporting and to set forth minimum disclosure requirements for interim financial reports of publicly traded companies.” That guidance was created before form and content requirements were created by the SEC. Opinion 28 contained two parts: Part 1, “Standards for Determining Interim Financial Information,” provided general interim reporting requirements, and Part 2, “Disclosure of Summarized Interim Financial Data by Publicly Traded Companies,” provided specific disclosure requirements for publicly traded companies. Much of the current guidance in Topic 270 comes from Opinion 28.

BC6. In 1981, the SEC added form and content requirements for interim reporting for all SEC registrants through Regulation S-X Rule 210.10-01, *Interim Financial Statements*. Among other requirements, that guidance requires that an SEC registrant provide a balance sheet, income statement, and cash flow statement at interim reporting dates. Opinion 28 was not updated to consider the effects of the SEC requirements on interim reporting.

BC7. In 2009, Opinion 28 was codified into Topic 270. During the codification process, the distinction between the general requirements and the specific disclosure requirements for publicly traded companies was not carried forward.

As a result, any entity providing interim reporting is currently included in the scope of Topic 270 even though that Topic does not provide guidance specific to entities that are not publicly traded entities.

BC8. Stakeholders have provided feedback that the current structure of the disclosure guidance makes it difficult to navigate. Since the development of Topic 270, additional interim disclosures arising from standard-setting activities were required by the Board or added to the list of interim disclosure requirements. As a result, the list of disclosures in Topic 270 is lengthy, incomplete, inconsistent, and lacks organization.

BC9. Since the issuance of Opinion 28 in 1973, evolving views on the importance of interim disclosure and changes in how technology enables financial reporting have influenced the Board's decisions about requiring disclosures in interim periods. This changing environment is one reason that the Board decided that it was important to clarify interim reporting requirements at this time.

BC10. In addition, in 2018, SEC Release No. 33-10532, *Disclosure Update and Simplification*, removed language from Rule 210.10-01 that required disclosure of events that have a material effect on the registrant in interim financial statements. That disclosure removal affected SEC registrants, but it highlighted the need for a similar principle in GAAP. Some stakeholders have viewed the removal of that language as removing the disclosure requirement. Therefore, including that language in Topic 270 will ensure that disclosure of events that have a material effect on the registrant in interim financial statements is required.

## 2021 Proposed Update

BC11. The Board previously considered amendments to interim reporting in Topic 270 as part of the Disclosure Framework project, resulting in the issuance of the 2021 proposed Update on Topic 270. The amendments in this proposed Update consider feedback received on the 2021 proposed Update. See paragraphs BC75–BC78 for additional discussion of the 2021 proposed Update.

## Basis for Conclusions

### Benefits and Costs

BC12. The objective of financial reporting is to provide information that is useful to present and potential investors, creditors, donors, and other capital market participants in making rational investment, credit, and similar resource allocation decisions. However, the benefits of providing information for that purpose should justify the related costs. Present and potential investors, creditors, donors, and other users of financial information benefit from improvements in financial reporting, while the costs to implement new guidance are borne primarily by present investors. The Board's assessment of the costs and benefits of issuing new guidance is unavoidably more qualitative than quantitative because there is no method to objectively measure the costs to implement new guidance or to quantify the value of improved information in financial statements.

BC13. The Board considers the amendments in this proposed Update to be necessary to reflect the development of interim reporting over the past 50 years since the issuance of Opinion 28. The proposed amendments would clarify the applicability of Topic 270, the types of interim reporting, and the form and content of interim financial statements in accordance with GAAP. The Board expects that these clarifications would enhance the consistency of interim reporting for all entities. The proposed amendments also are intended to help the Board and the FASB staff with future standard-setting amendments so that they are more consistent in how interim disclosure requirements are written in the Codification and to better organize interim disclosure requirements. In addition, the proposed disclosure principle is intended to help (a) entities determine whether disclosures not specified in Topic 270 should be provided in interim periods and (b) investors receive timely disclosures on events and changes that have a material impact in an interim reporting period.

BC14. The Board does not anticipate that entities will incur significant costs as a result of the amendments in this proposed Update. The Board does not intend to change the fundamental nature of interim reporting or to expand or reduce interim disclosure requirements. The proposed amendments would clarify Topic 270 requirements on the basis of current GAAP and SEC Rules and Regulations and would not create new presentation or disclosure

requirements. Therefore, the Board does not expect that the proposed amendments would significantly change practice.

## Section A—Amendments to Topic 270

### Scope

BC15. Stakeholders have raised questions about when the requirements in Topic 270 are applicable because there is a variety of information that entities may generate in interim reporting periods. While SEC registrants have interim reporting requirements set by the SEC, interim reporting requirements for other types of entities often are prescribed by the users of their financial statements. Therefore, the information may be generated for limited purposes in a format specified by the recipient. For example, entities that are not SEC registrants may provide information to their financial statement users in the form of interim metrics (such as account balances or ratios), selected financial statements (for example, only an income statement), or financial statements without any footnotes. Accordingly, the Board sought to clarify the types of interim reporting subject to the requirements in Topic 270.

BC16. The current scope of Topic 270 includes interim financial information. Interim financial information may include data on financial position, results of operations, comprehensive income, and cash flows. Under current GAAP, the scope of Topic 270 may be viewed broadly as encompassing information provided at an interim reporting date that is less than a full set of financial statements and notes.

BC17. The amendments in the 2021 proposed Update would have retained the use of the phrase *interim financial information*, while also adding the phrase *interim financial statements and notes in accordance with GAAP* to explain the types of information within the scope of Topic 270. Respondents to that proposed Update stated that the inconsistent terminology and scope guidance was confusing. Therefore, the Board decided to clarify that the guidance in Topic 270 applies to interim financial statements and notes in accordance with GAAP and does not apply to entities that provide less extensive information than interim financial statements and notes in accordance with GAAP, such as certain account balances, financial statement elements, or ratios. As a result of that decision, the Board decided to remove the phrase *interim financial information* from certain paragraphs that address the scope of the guidance

within Topic 270 in this proposed Update. Additionally, proposed consequential amendments were made to certain other Topics to remove the phrase *interim financial information* and other similar phrases. Those proposed amendments are in Section C of this proposed Update. The Board reasoned that because the form and content of interim financial information is generally specified by the recipient, there is limited benefit to require that those preparing interim financial information use the guidance in Topic 270 for specific financial statements or balances that may be computed, derived, or based on GAAP methods or requirements.

BC18. Additionally, some comment letter respondents questioned the scope terminology used in the 2021 proposed Update when describing the types of entities that apply interim reporting requirements. In this proposed Update, the Board decided to leverage the Master Glossary definition of the term *Securities and Exchange Commission registrant*. Some stakeholders suggested that the Board use the definition of a public business entity. The Board considered that alternative but concluded that because not all public business entities apply SEC guidance, the amendments in this proposed Update would be more operable using the Master Glossary term *Securities and Exchange Commission registrant*.

## Full Set of Financial Statements for Interim Reporting

BC19. Currently, Topic 270 does not identify or clarify which financial statements are required for interim reporting. Current guidance in Topic 270 includes a reference to Topic 220, *Income Statement—Reporting Comprehensive Income*, which provides the form and content requirements of the income statement. The Board observed that questions may arise about what constitutes a full set of financial statements because of the use of the phrase *interim financial statements and notes in accordance with GAAP* in the amendments in this proposed Update.

BC20. The amendments in the 2021 proposed Update did not specify what a full set of financial statements would include, but paragraph 270-10-45-21 of that proposed Update referred to a balance sheet, statement of comprehensive income, and statement of cash flows in reference to the context of the guidance on condensed statements.

BC21. As part of its decision to remove the phrase *interim financial information* from Topic 270 and add the phrase *interim financial statements and notes in*

accordance with GAAP, the Board decided to leverage guidance in paragraph 205-10-45-1A to describe the set of statements required to conform with GAAP. Topic 205, Presentation of Financial Statements, provides guidance on which statements constitute a full set of financial statements. Specifically, paragraph 205-10-45-1A states:

A full set of financial statements for a period shall show all of the following:

- a. Financial position at the end of the period
- b. Earnings (**net income**) for the period, (which may be presented as a separate statement or within a continuous statement of **comprehensive income** [see paragraph 220-10-45-1A])
- c. Comprehensive income (total nonowner changes in equity) for the period in one statement or two separate but consecutive statements (if the reporting entity is required to report comprehensive income, see paragraph 220-10-15-3)
- d. Cash flows during the period
- e. Investments by and distributions to owners during the period.

BC22. The Board notes that the set of financial statements described in this proposed Update is consistent with SEC requirements for statements provided in interim reporting periods in Rule 210.10-01 and Rule 210.8-03, *Interim Financial Statements*. The Board believes that this clarification would provide explicit guidance for entities to apply when determining whether they are preparing interim financial statements and notes in accordance with GAAP. The Board noted that this clarification is not intended to increase the interim reporting requirements for entities.

## Form and Content

BC23. Topic 270 currently provides limited guidance about the form and content of financial statements. Rule 210.10-01 and Rule 210.8-03 specify the financial statements that SEC registrants must provide and the required content of those statements in interim reporting periods.

BC24. During initial deliberations on the amendments in the 2021 proposed Update, the Board discussed questions about the applicability of Topic 270 guidance to entities that are not SEC registrants. As a result, the Board's decisions in the 2021 proposed Update were intended to:

- a. Clarify the applicability of interim reporting to entities that are not SEC registrants
- b. Identify the different types of financial reporting under GAAP that may be completed by entities in interim reporting periods
- c. Provide guidance on condensed statements.

BC25. The form and content requirements in the 2021 proposed Update were adapted from Rule 210.10-01. The Board's objective for the guidance in the 2021 proposed Update was to ensure that Topic 270 included interim reporting guidance for all entities. However, from a practical standpoint, the amendments in the 2021 proposed Update would have primarily affected entities that are not SEC registrants because SEC registrants apply the current SEC guidance.

BC26. Comment letter respondents to the 2021 proposed Update noted that the proposed form and content amendments:

- a. Would not consider the SEC reporting requirements for smaller reporting companies (SRCs) that are included in Rule 210.8-03.
- b. Would define the form of condensed statements differently than as defined in Rule 210.10-01, adding unnecessary complexity for companies that apply that guidance.

BC27. In response to this feedback, the Board decided to incorporate the form and content guidance in Topic 270 separately for SEC registrants and entities that are not SEC registrants.

### *Form and Content for SEC Registrants*

BC28. To prevent unnecessary complexity for SEC registrants when complying with GAAP form and content requirements, the Board decided to add a reference in Topic 270 to direct SEC registrants to the appropriate requirements, such as Rules 210.10-01 and 210.8-03. The Board decided that adding a reference is the most efficient way to maintain current reporting requirements and prevent unintended consequences for SEC registrants.

## *Form and Content for Entities That Are Not SEC Registrants*

BC29. Current GAAP does not include form and content guidance for entities that are not SEC registrants. In the 2021 proposed Update, the Board indicated that there would be three acceptable forms of interim financial statements and notes in accordance with GAAP:

- a. Financial statements prepared with the same level of detail as the previous annual statements subject to all the presentation requirements in GAAP and notes subject to all disclosure requirements in GAAP
- b. Financial statements prepared with the same level of detail as the previous annual statements subject to all the presentation requirements in GAAP and limited notes subject to the disclosure requirements in Topic 270
- c. Condensed financial statements subject to the presentation requirements in Topic 270 and limited notes subject to the disclosure requirements in Topic 270.

BC30. Respondents to the 2021 proposed Update noted that it is not necessary to distinguish between financial statements presented with limited notes and condensed financial statements with limited notes. In response to that feedback, the Board decided to combine and revise the financial statements described in paragraph BC29(b) and (c) and characterize both as condensed statements. The Board also decided to amend the descriptions of acceptable forms to reflect the same types of forms described in Regulation S-X.

## *Condensed Statements for Entities That Are Not SEC Registrants*

BC31. Because condensed financial statements are one of the acceptable formats for interim financial statements and notes in accordance with GAAP, the Board decided to provide guidance on how an entity that is not an SEC registrant could aggregate its financial statements to provide condensed statements in accordance with GAAP.

BC32. The 2021 proposed Update provided guidance for the content of condensed statements that was derived from the SEC's guidance in Rule 210.10-01. Comment letter respondents from private companies expressed



concerns about applying prescriptive SEC guidance to entities that are not SEC registrants. The Board decided that in addition to the guidance in Rule 210.10-01, entities that are not SEC registrants would be permitted to apply the guidance for condensed financial statements for SRCs in Rule 210.8-03, which results in more aggregated information than what would be presented under the requirements in Rule 210.10-01. The Board believes that providing guidance on the content of condensed statements would result in enhanced consistency in the preparation of condensed statements for entities that are not SEC registrants.

BC33. The Board acknowledged that it is not common to refer entities that are not SEC registrants to SEC reporting requirements in the Codification. However, in this circumstance the Board determined that referring to current SEC requirements would be more operable than creating new requirements. Additionally, the Board observed that if a non-SEC registrant is required by the SEC to follow certain form and content requirements under SEC Rules and Regulations (for example, for interim financial statements provided pursuant to Rule 210.03-05, *Financial Statements of Businesses Acquired or to Be Acquired*), that entity would apply the SEC requirements and the amendments in this proposed Update are not intended to imply that they would not do so. In addition, the Board observed that many entities that prepare interim financial statements and notes in accordance with GAAP currently refer to SEC requirements because of the absence of guidance in Topic 270. The Board also observed that if an entity has concerns about applying the SEC reporting requirements, it could choose to prepare financial statements using the same level of aggregation as the annual financial statements and notes subject to all disclosure requirements in GAAP (see paragraph BC29). In that case, the guidance on condensed statements would not be applicable.

### *Not-for-Profit Considerations*

BC34. Current GAAP does not contain guidance on how a not-for-profit entity may condense its financial statements for interim reporting. The Board decided to include specific guidance for not-for-profit entities in Topic 270 in this proposed Update.

BC35. The Board acknowledges that not-for-profit entities may be unable to apply guidance in Rule 210.10-01 or Rule 210.8-03 because of the specialized financial statement presentation framework used by not-for-profit entities. The

Board decided to provide additional guidance to enable not-for-profit entities to apply the requirements of Rule 210.10-01 or Rule 210.8-03 consistently. That additional guidance clarifies that:

- a. Net assets with donor restrictions and net assets without donor restrictions are to be presented regardless of relative significance to total net assets in the statement of financial position.
- b. The guidance to condense the statement of activities of a not-for-profit entity applies to all expenses regardless of where they are reported.
- c. A not-for-profit entity is not required to provide information about stockholders' equity and noncontrolling interests as required in Rules 210.8-03(a) and 210.10-01(a).

## Relation to Annual Financial Statements

BC36. Interim financial statements and notes in accordance with GAAP are an update to the most recent annual financial statements. Paragraph D73 of Chapter 8, *Notes to Financial Statements*, of FASB Concepts Statement No. 8, *Conceptual Framework for Financial Reporting*, states that notes to interim-period financial statements are intended to convey new information or information about significant changes to matters discussed in notes to the most recent annual financial statements. This is consistent with the presumption that interim statements are to be viewed along with the previous annual financial statements. Rule 210.10-01(a)(5) states in part:

Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context.

BC37. Rule 210.10-01 further explains that an interim disclosure is not necessary if there is no change from the previous annual financial statements. Also, paragraph 33 of Opinion 28 highlighted the need for disclosure related to changes in financial position since the previous annual period. The Board believes that those descriptions of disclosure requirements support the notion that interim financial statements are viewed as an update to annual financial statements.

BC38. The Board observed that having access to the previous annual financial statements is critical to a user when condensed statements are presented. Therefore, the Board concluded that, when condensed statements are presented, those previous annual financial statements must be made available to the reader. For SEC registrants, the Board decided to leverage the SEC's language in Rule 210.10-01(a)(5). That guidance specifies that an entity may presume that users of the interim financial statements have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The Board observed that the presumption is appropriate for SEC registrants because their annual filings are publicly available information.

BC39. Annual filings for entities that are not SEC registrants are generally not publicly available to users unless that information has been made available by those entities. The Board acknowledged that those entities often may not provide interim financial statements and notes in accordance with GAAP; however, the Board decided to clarify that those entities should make annual financial statements available to their users if they apply the guidance on condensed statements in Topic 270. The Board included this notion in the guidance about form and content of interim financial statements and notes in this proposed Update by specifying that condensed statements can only be provided when the previous annual financial statements are *issued*. The definition of the term *financial statements are issued* in the Master Glossary includes that "financial statements are considered issued when they are widely distributed to shareholders and other financial statement users for general use and reliance." Accordingly, the definition of the term *financial statements are issued* includes the notion that the financial statements have been made available to financial statement users. The Board also decided that entities that are not SEC registrants should disclose that interim financial statements are to be read in conjunction with the most recently issued annual financial statements and notes in accordance with GAAP when providing condensed statements.

## Disclosures

BC40. In this proposed Update, Topic 270 has been amended to include:

- a. Disclosures required by Topic 270

- b. Disclosure requirements of other Topics for condensed statements
- c. A disclosure principle (see paragraphs BC56–BC59).

BC41. The disclosures in (a) and (b) and the disclosure principle in (c) above are designed to complement each other. In determining which disclosures to provide in condensed statements, a reporting entity should evaluate the list of disclosures in Topic 270 to determine whether a disclosure is required to be provided in an interim period. The Board emphasized that the disclosures in (a) and (b) were identified at the time the respective guidance was issued as important to be provided in interim reporting periods to the extent applicable and material. After evaluating the list in Topic 270, an entity should consider the disclosure principle to determine whether additional disclosures are necessary in an interim reporting period. Therefore, under the amendments in this proposed Update, entities would be required to provide disclosures in interim reporting periods on the basis of the disclosure requirements in paragraphs 270-10-50-9 through 50-66 and may be required to provide additional disclosures on the basis of the application of the disclosure principle.

### *Disclosure Lists*

BC42. Stakeholders have suggested that the current Disclosure Section of Topic 270 is challenging and difficult to navigate for the following reasons:

- a. Many of the disclosures listed or referenced in Topic 270 have different scopes. For example, some disclosures apply to all publicly traded companies, while the scope of other disclosures is not specifically stated.
- b. There is no consistent method of identifying disclosure requirements. For example, paragraph 270-10-50-7 includes a list of references to disclosure requirements in other Topics. In some instances, the required disclosure is identified by a specific paragraph number. In other instances, a more general reference to just a Subtopic or Topic is used.
- c. It lacks logical organization. The disclosures in Topic 270 are presented in an ad hoc format with no logical organizing element.
- d. There is duplicative information throughout the Section. For example, disclosures related to pensions and other postretirement benefits appear in paragraph 270-10-50-1 and paragraph 270-10-50-7.

BC43. The Board performed a comprehensive analysis of the Disclosure Section of Topic 270, and this proposed Update provides amendments that

address several of the issues raised by stakeholders. The proposed amendments would result in a comprehensive list of interim disclosures that are required by GAAP. For reasons discussed in paragraph BC50, the list does not include all disclosures that would be required if an event or transaction occurs in an interim reporting period (for example, impairment of property, plant, and equipment or a qualifying discontinued operation).

BC44. The format of the list in paragraphs 270-10-50-12 through 50-66 is intended to address issues described in paragraph BC42(a)–(d). Additionally, the Board clarified that the list of disclosures within Topic 270 applies to condensed statements. As a result, if an entity is providing financial statements and notes at the same level as its annual financial statements, the entity would refer to the annual disclosure requirements, as applicable.

BC45. In developing the list of disclosures required by other Topics, the Board focused on identifying the interim disclosures that are currently required under GAAP. The objective of the amendments in this proposed Update is to provide clarity on the current requirements and make them easier to navigate, rather than evaluate whether to expand or reduce interim disclosure requirements. Accordingly, the Board did not evaluate the decision usefulness of specific disclosures. In developing this list, the Board considered the intent of the prior Boards when the disclosure requirements were initially created. The Board acknowledges that providing clarity about which disclosures are required to be provided in an interim reporting period could result in some changes for some entities. However, the Board does not intend to change the fundamental nature of interim reporting or the extent of interim disclosure requirements.

BC46. After reviewing the current disclosures in the Codification, the Board decided to include the following types of disclosure requirements in the list of interim disclosures:

- a. Disclosures that are currently specifically referenced in Topic 270 at the Topic, Subtopic, or paragraph level
- b. Disclosures that include the term *interim*, disclosures that are under a heading within the Codification that clearly indicates that the disclosures are required in interim reporting periods, and disclosures that are explicitly required in interim reporting periods by other paragraphs.

BC47. The Board concluded that it is clear that the disclosures discussed in paragraph BC46 were intended to be provided in interim reporting periods. For

those disclosures in which the intended frequency was unclear, the Board performed additional research. The research performed involved examining the basis for conclusions of standards or Accounting Standards Updates, internal Board memorandums, and other FASB-produced materials (referred to as “FASB documentation”). The Board noted that various standards also used the phrases *in the period presented*, *for each balance sheet presented*, and *for all periods presented*. While it was sometimes unclear whether these phrases referred only to annual reporting requirements, the Board noted that in some instances those phrases referred to requirements that were not interim disclosure requirements. Accordingly, the Board’s methodology assumes that these phrases are not intended to refer to interim disclosure requirements.

BC48. The Board decided that disclosures for which FASB documentation supports that the disclosure should be provided in interim reporting periods should be on the list. For example, the list includes interim disclosures that are not currently referenced in Topic 270, such as disclosures in Sections 810-10-50 and 860-10-50. The Board acknowledges that while internal FASB documentation is nonauthoritative, the Board believes that those FASB-produced sources provide additional context about the Board’s intent at the time the disclosure requirement was incorporated as a GAAP requirement.

BC49. The Board also reviewed accounting firms’ interim disclosure checklists and performed limited eXtensible Business Reporting Language (XBRL) analyses. However, the Board concluded that these data points did not provide sufficient evidence to conclude whether the FASB intended the disclosure to be required in interim reporting periods. In the Board’s view, it was difficult to discern the reason why an item was included in a firm’s checklist because a firm’s checklist is not authoritative GAAP. In performing XBRL analyses, the Board concluded that the existence of XBRL data may not be determinative of whether a disclosure is required by GAAP since XBRL data tags *whether* a disclosure is provided but does not provide context about *why* it is provided.

BC50. The Board also considered whether and how to incorporate disclosures into the list if a disclosure is applicable upon the occurrence of an event or a transaction (referred to as “event-driven disclosures”). The Board observed that there are many disclosures in GAAP that would be required if an event or transaction occurs in an interim reporting period (for example, impairment of property, plant, and equipment). The Board decided only to include these types of disclosures in the list in Topic 270 if they were already clearly identified as

interim disclosure requirements in current Topic 270. The Board reasoned that the disclosure list in Topic 270 should be primarily focused on recurring disclosure requirements and that the list would become overly lengthy if the Board tried to capture every possible event-driven disclosure because it is feasible that any Topic (and related disclosures) may be required in an interim reporting period if an entity enters into new transactions in that interim reporting period. The Board considered whether excluding certain event-driven disclosures (that is, those event-driven disclosures that are not on the list) would mean that the guidance in the amendments in this proposed Update are not comprehensive.

BC51. The Board noted that excluding an event-driven disclosure from Topic 270 does *not* mean that that disclosure is not required in interim financial statements if the event or transaction occurs in an interim reporting period. Rather, the Board believes that the combination of the disclosure principle and the specific event-driven disclosures in other Topics should be sufficient to indicate that the disclosure should be provided in an interim reporting period if the event or transaction is material. One Board member that supported the proposed amendments expressed concern that describing the list as “comprehensive” could be misleading due to the exclusion of certain event-driven disclosures. That Board member believes that describing the list as “comprehensive” despite these exclusions could encourage overreliance on the list and result in errors in disclosure. Other Board members suggested that the best way to address this concern would be to remove all event-driven disclosure requirements from Topic 270.

BC52. Codification paragraphs that are instructional in nature (paragraphs that do not include a disclosure requirement) are not included in the list. The Board decided to exclude instructional paragraphs from the disclosure list because they do not provide actual disclosure requirements but, rather, provide information about broad disclosure objectives or considerations to be made in developing required disclosures. The Board also decided that optional or encouraged disclosures should not be included in the disclosure list because those disclosures are not required.

BC53. The Board performed an analysis of current guidance in Topic 270 with the objective of identifying and eliminating disclosures that appear in multiple places within Topic 270 and those that appear in Topic 270 and in other Topics.

The Board decided to eliminate the overlapping disclosures to address the criticism that Topic 270 contains duplicative information.

BC54. In developing the list, the Board also contemplated whether the type of entity that is required to provide a disclosure (that is, the entity's scope) should be incorporated into Topic 270. The current list in Topic 270 is applicable to publicly traded companies, and the 2021 proposed Update included two proposed lists, one for publicly traded companies and one for nonpublic entities. Feedback on current Topic 270 as well as the amendments in the 2021 proposed Update suggested that the guidance on which types of entities should apply which disclosures was unclear.

BC55. The Board observes that the guidance throughout the Codification on which types of entities should apply disclosures is inconsistent because the scope guidance is based on how the standards were developed. This inconsistency makes it difficult to incorporate the scope guidance into the list in Topic 270. The Board decided that the list would provide a roadmap for interim disclosures and included links to the disclosures in other Topics. Accordingly, stakeholders should refer to each Topic to determine the scope of the disclosures and related instructions. The detailed list of disclosures in Topic 270 is not intended to be a substitute for thorough review of the underlying guidance.

### *Disclosure Principle*

BC56. In August 2018, the SEC issued Release No. 33-10532, *Disclosure Update and Simplification*, which became effective in November 2018. That Release was intended to remove disclosure requirements duplicative with GAAP, eliminate redundant information in financial statements, and enable investors to make efficient investment decisions. As part of that Release, the SEC removed language from Rule 210.10-01, which required the disclosure of significant changes material to the entity for interim reporting. The SEC cited the overlap with the combination of GAAP disclosure requirements in paragraphs 270-10-50-1 and 270-10-50-7 and Regulation S-K 229.303, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

BC57. The language that was removed from Rule 210.10-01 had been relied on to ensure that disclosures were made in interim financial statements. Because that language was removed, the Board decided to add a similar



principle in GAAP. The amendments in the 2021 proposed Update described a principle that would require disclosures for a significant event or transaction that has a material effect on an entity and would have resulted in disclosures that were transaction or event specific. In developing the 2021 proposed Update, the Board had considered other potential approaches for a disclosure principle. For example, the Board considered an approach that would have required disclosure if there is a substantial likelihood that a reasonable investor would view the updated information as significantly altering the total mix of information available. However, on the basis of research and outreach, the Board decided not to develop a new principle and instead to leverage the previous SEC guidance.

BC58. Some respondents to the 2021 proposed Update raised potential operationality concerns with the proposed disclosure principle. Those respondents expressed concerns about certain terms used in the proposed disclosure principle, such as *significant* and *material*. Other respondents requested clarity on how to determine whether an event or transaction was material. The Board observed that much of the feedback related to differences in the language between the proposed principle and the SEC's previous guidance.

BC59. On the basis of the comments received, the Board decided that the disclosure principle should be developed leveraging the language (including the deleted language) in Rule 210.10-01(a)(5). The Board reasoned that leveraging the SEC literature would mitigate the risk of a change in financial reporting requirements and unintended consequences for SEC registrants.

### *Interaction between the Disclosure Principle and the Interim Disclosure List*

BC60. As discussed in paragraph BC41, the Board observed that entities may provide disclosures in interim reporting periods on the basis of the application of the disclosure principle. If a disclosure describes a specific event, and that disclosure is not included in the detailed list of interim disclosures in Topic 270, and the event occurs (and is material) in an interim reporting period, the Board believes that the related disclosure requirements should be provided on the basis of the disclosure principle. For example, if a new line of business was acquired with specific industry disclosure requirements, the acquirer would evaluate the disclosures under the disclosure principle rather than evaluating

whether those industry requirements should be disclosed in accordance with the interim disclosure list in Topic 270. The disclosure principle is intended to complement the interim disclosure requirements in Topic 270.

BC61. In developing the disclosure principle, the Board decided that the following additional key aspects of the current and removed SEC requirements would be incorporated into Topic 270:

- a. Accounting policy disclosures that would substantively duplicate annual disclosures may be omitted from interim financial statements.
- b. Other disclosures that would substantively duplicate annual disclosures may be omitted from interim financial statements.
- c. Disclosures of events with a material impact and significant changes are required in interim reporting periods.
- d. Disclosures of material contingencies are required in interim financial statements.

### Accounting policy disclosures

BC62. Rule 10.01(a)(5) indicates that a statement of significant accounting policies and practices may be omitted if it substantially duplicates those in the most recent annual report. To be consistent with that statement, the Board decided that accounting policy disclosures should be excluded from the detailed list of interim disclosure requirements in Topic 270.

### Other information that duplicates annual disclosures

BC63. Rule 10.01(a)(5) provides a presumption of users' access to the latest annual financial statements. It also allows omission of disclosures that would substantively duplicate the annual disclosures and provides the following examples:

- a. Significant accounting policies and practices
- b. Details of accounts that have not changed significantly in amount or composition as of the most recently completed fiscal year.

BC64. Comment letter respondents to the 2021 proposed Update raised concerns about the extent of disclosures in interim financial statements with limited notes. Although respondents generally agreed that entities should not be required to provide disclosures that duplicate information included in the

prior annual financial statements and notes, some respondents suggested that there is current diversity in practice in how preparers determine the extent of disclosures to include in condensed statements. Those respondents suggested that the amendments in the 2021 proposed Update may not reduce this diversity or promote more consistency among entities when selecting which annual disclosures should not be repeated. In addition to leveraging the language (including the deleted language) in Rule 210.10-01(a)(5), the Board also decided to incorporate (with minor modifications) in Topic 270 the wording that remains in Rule 210.10-01(a)(5). The Board believes that incorporating that language into Topic 270 (specifically, in paragraph 270-10-50-67) makes it clear which annual disclosures should not be repeated in the notes to condensed statements.

### Event-driven disclosures

BC65. Throughout deliberations, the Board used the term *event-driven disclosures* to describe disclosures required if an event or transaction occurs. The Board decided that if it is clear that an event-driven disclosure is required to be provided in interim reporting periods (that is, if the disclosure requirement meets the criteria in paragraph BC46), it would be included in the interim disclosure list. All others are excluded and should be evaluated under the disclosure principle to determine whether the disclosure is necessary. The Board expects that the disclosure principle would capture this type of information, including subsequent events that occur after the balance sheet date (such as those captured by Topic 855, Subsequent Events).

### Contingency disclosures

BC66. The removed SEC language stated that where material contingencies exist, disclosure of such matters must be provided even though a significant change since year-end may not have occurred. There is similar guidance in paragraph 270-10-50-6 that requires contingencies and other uncertainties that affect the fairness of presentation to be repeated. While both the removed SEC language and paragraph 270-10-50-6 require that certain contingency disclosures in interim periods be repeated, different phrasing is used to describe the thresholds considered (*material* versus *affect the fairness of presentation*). Therefore, the Board decided to retain the current contingency guidance and moved it to paragraph 270-10-50-69 with amendments. Also, because there could be different interpretations of these thresholds, the Board

did not assume that all disclosure requirements in other Topics about contingencies should be provided in interim reporting periods and did not attempt to make judgments about whether a specific contingency disclosure requirement would be material or affect the fairness of presentation.

## Other Topic 270 Amendments

BC67. This proposed Update also includes certain other amendments to improve the structure and the clarity of Topic 270.

### *Disclosure Requirements in Section 270-10-45*

BC68. Three paragraphs in Section 270-10-45 contain disclosure requirements (paragraphs 270-10-45-6(a), 270-10-45-11, and 270-10-45-16). The Board concluded that those three paragraphs should remain in Section 270-10-45 with other presentation guidance and that those disclosures should be repeated in another paragraph in the Disclosure Section of Topic 270. The Board reasoned that including the disclosure requirements in the Disclosure Section of the Codification would improve the navigability of the guidance.

## Private Company Considerations

BC69. The Board acknowledges that there are different disclosure requirements throughout the Codification for different types of entities. For example, many disclosures are only required for publicly traded companies or public business entities. As noted in paragraph BC2, the Board does not intend to change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements. As such, the Board did not propose any changes to private company disclosure requirements, including where private companies are not required to provide certain disclosures under current GAAP.

BC70. The Board believes that form and content requirements should be the same for all entities that provide interim financial statements and notes in accordance with GAAP. Therefore, the Board decided that the form and content amendments in this proposed Update would apply to all entities.

BC71. The Board believes that the amendments in this proposed Update would not affect many entities that are not SEC registrants because feedback indicates that it is less common that non-SEC registrants issue interim financial

statements and notes in accordance with GAAP as described in paragraph 270-10-45-20. The phrase *interim financial statements and notes* is not intended to include interim financial information that provides less extensive information than interim financial statements and notes in accordance with GAAP, such as certain account balances, financial statements, or ratios.

BC72. The primary effects of the amendments in this proposed Update on private companies are the inclusion of the guidance on form and content as well as the disclosure principle.

BC73. The Board acknowledges that private companies are not required to follow SEC guidance or, specifically, Rule 210.10-01 or Rule 210.8-03 on the form and content of interim financial statements. This led the Board to consider a variety of alternatives on how to best approach creating guidance for both SEC and non-SEC registrants. The Board decided to create form and content guidance for all entities within Topic 270, separated by type of entity. Applying this guidance may be a change for some private companies to the extent that they provide interim financial statements and notes in accordance with GAAP.

BC74. The Board also decided that the disclosure principle should apply to all entities, except those that provide notes subject to applicable annual disclosure requirements in GAAP. While that guidance is based on SEC guidance, the Board observed that the principle aligns the guidance in Topic 270 with the overall notion that interim reporting is an update to annual reporting. Therefore, the Board did not limit the applicability of the disclosure principle to only SEC registrants.

## Other Approaches Considered

BC75. The Board previously considered amendments to interim reporting in Topic 270 as part of the Disclosure Framework project, which resulted in the issuance of Chapter 8 of Concepts Statement 8. The Board initially undertook this project in connection with the Disclosure Framework project and Chapter 8, with the intent to improve the effectiveness of disclosures in notes to interim financial statements. The amendments in the 2021 proposed Update were developed with that intent. Although respondents to that proposed Update supported the Board's efforts to improve the effectiveness of disclosures in notes to interim financial statements and to clarify presentation and disclosure alternatives, respondents expressed concerns about the Board's 2021 proposed amendments. Specifically, respondents noted operational issues

with the proposed disclosure principle and the proposed requirements for presenting condensed statements and limited notes for SRCs and private companies. Respondents also noted that, in their view, the list of interim disclosures in the 2021 proposed Update was incomplete.

BC76. While the Board believes that the disclosure framework is important to consider when assessing amendments to disclosure requirements, in considering the feedback received on the 2021 proposed Update, the Board decided that evaluating the disclosure framework is no longer a primary objective of this project. As a result, during redeliberations on the 2021 proposed Update, the Board changed the objective of the project. The Board decided that the project's objective is to improve the guidance in Topic 270 by clarifying when that guidance is applicable, thereby improving the navigability of the required interim disclosures. The Board also decided to provide additional guidance on what interim disclosures should be provided in interim reporting periods.

BC77. The change in the objective led to significant changes from the 2021 proposed Update, including that:

- a. The methodology used to develop the list of interim disclosures in the 2021 proposed Update was based on whether the term *interim* was included in either the text or the heading of the disclosure requirement. The Board modified the methodology used to develop the list of interim disclosures, which has led to significant revisions to the list of interim disclosures.
- b. The wording used to describe the disclosure principle was revised. The Board decided to leverage prior SEC language to develop the interim disclosure principle.
- c. The description of the form and content of interim disclosures was revised as presentation and disclosure alternatives were clarified to reference SEC regulations for SEC registrants.
- d. The form and content requirements were expanded to also encompass the requirements in Rule 210.8-03, which applies to SRCs.

BC78. Some respondents to the 2021 proposed Update suggested that the Board consider other approaches to addressing issues about interim reporting requirements. One suggestion was that the Board consider making interim reporting requirements the same as annual reporting requirements. The Board decided to retain the underlying premise that interim financial statements are

an update to annual financial statements. Other respondents suggested that all specific interim disclosure requirements be removed from GAAP and replaced with a disclosure principle. The Board decided not to pursue this approach because it is concerned that the approach would not lead to greater clarity about which disclosures should be provided in interim periods and the level of disclosure could vary from entity to entity. Some Board members also expressed concerns that this approach could result in less information disclosed in interim reporting periods. While some Board members favored exploring an expansion of interim reporting requirements, others preferred eliminating all requirements other than those specific to the unique aspects of interim accounting and instead relying on a disclosure principle to identify those interim disclosures. The Board ultimately decided to move forward with clarification of existing interim disclosure requirements.

### *Clarifying Language Indicating Comparative Disclosures*

BC79. Practitioners and preparers suggested that phrases used in current guidance such as *for all periods presented* or *for each period presented* can create confusion on whether the required information should be disclosed for comparative financial statement periods or every time an entity issues financial statements, including interim-period financial statements. The amendments in the 2021 proposed Update attempted to address this issue in two ways. First, those proposed amendments removed each instance of the phrasing to explicitly state that a disclosure requirement applies to comparative periods. Second, those proposed amendments provided a list of interim disclosure requirements in Topic 270.

BC80. Many comment letter respondents expressed confusion over why the proposed amendments to remove phrases such as *for all periods presented* and *for each period presented* were made in the 2021 proposed Update and whether those proposed amendments changed current requirements. Respondents also noted that, despite those proposed amendments, it was still not clear whether the disclosures should be provided in interim reporting periods. The Board concluded that phrases such as *for all periods presented* and *for each period presented* are not necessarily intended to create interim disclosures in all cases. The Board observed that its decision to provide a list of interim disclosure requirements within Topic 270 would provide sufficient clarity on whether disclosures are required in interim reporting periods. As a result, the Board decided not to affirm the amendments in the 2021 proposed

Update to remove phrases such as *for each period presented* from disclosures in GAAP.

## Effective Date and Transition

BC81. The amendments in this proposed Update would be applied prospectively to interim financial statements and notes in accordance with GAAP issued for reporting periods after the effective date. The Board acknowledges that retrospective application would improve comparability of financial information across all periods presented. However, the proposed amendments are not intended to change practice significantly but, rather, to clarify and improve the understanding of current interim period reporting requirements. Therefore, the Board concluded that retrospective transition would not provide significantly different information from what has already been provided in prior periods.

BC82. The Board will determine the effective date and whether early adoption would be permitted after it considers stakeholders' feedback on the amendments in this proposed Update.

## Section B—Amendments to Clarify Disclosures Are Interim

BC83. An objective of the amendments in this proposed Update is to clarify which disclosure requirements in Topics other than Topic 270 are required in interim reporting periods. While the Board believes that the proposed amendments to Topic 270 provide this clarification, the Board also observed that without making conforming amendments to other Topics, the guidance may be viewed as incomplete or inconsistent. Therefore, in cases in which a disclosure is referenced in Topic 270 but the disclosure text in the corresponding Topic does not specifically mention the term *interim*, the Board decided to make conforming amendments. In developing these proposed amendments, the Board's objective was to limit the number of changes to the Codification and focus on clarifying that the disclosure requirements are required in interim reporting periods.



## Section C—Other Conforming Amendments

### Codification Improvements

BC84. During its review of the disclosure requirements, the Board identified opportunities for Codification improvements, which are discussed below.

#### *Paragraphs 220-10-50-2 through 50-3*

BC85. Paragraphs 220-10-50-2 through 50-3 in Accounting Standards Update No. 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, allow a reclassification from accumulated other comprehensive income to retained earnings for tax effects resulting from the Tax Cuts and Jobs Act and require certain disclosures about the tax effects. Internal Board memorandums suggested that the Board intended for these disclosures to be required only for the year of adoption, which was fiscal years beginning after December 15, 2018. Therefore, the Board decided to remove paragraphs 220-10-50-2 through 50-3 from the Codification because all entities have already adopted the guidance.

#### *Paragraph 320-10-50-1A*

BC86. The current guidance is unclear on whether Section 320-10-50 disclosures are required to be provided in interim reporting periods. Those disclosures were originally established in FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, which was issued in 1993. Since then, subsequent clarifications have been made to the disclosure requirements. After reviewing FASB documentation, the Board concluded that paragraph 320-10-50-1A should be amended to clarify that the disclosures in Section 320-10-50 are required in interim reporting periods. Therefore, the Board decided to propose amendments to the Codification to make this clear.

#### *Paragraph 825-10-50-31*

BC87. Section 825-10-50 is referenced in Topic 270. However, paragraph 825-10-50-31 explicitly states that disclosure about fair value methods and significant assumptions are required for annual reporting periods. That is

inconsistent with the Topic 270 general reference to Topic 825, Financial Instruments, and paragraph 825-10-50-26, which explicitly requires the disclosure in paragraph 825-10-50-31 in annual and interim periods. After reviewing FASB documentation, the Board concluded that the disclosure required in paragraph 825-10-50-31 was intended to be required in both interim and annual periods. As such, the Board decided to amend paragraph 825-10-50-31 to clarify that the disclosure is required to be provided in interim periods to be consistent with the interim period requirement in paragraph 825-10-50-26 and the Topic 270 general reference to Topic 825.

### *The Phrase* Interim Financial Information

BC88. As noted in paragraph BC17, the Board decided to clarify that the guidance in Topic 270 applies to interim financial statements and notes in accordance with GAAP and does not apply to entities that may provide less information than interim financial statements and notes in accordance with GAAP. As a result of this decision, the phrase *interim financial information* was removed from Topic 270. Additionally, consequential amendments were made to other Topics as needed to remove this phrase or modify its usage.

### Alternative View

BC89. Mr. Cannon acknowledges that certain aspects of the amendments in this proposed Update would improve the guidance on interim reporting. However, Mr. Cannon would have preferred that the Board use a more expansive methodology in compiling the proposed list of interim disclosure requirements in Section 270-10-50. If the Board's selected methodology is applied, Mr. Cannon does not believe that the proposed list of required interim disclosures is comprehensive and reflects current practice. Mr. Cannon believes that if finalized, the proposal would change, and likely limit, the extent of interim disclosure requirements. Therefore, Mr. Cannon cannot support the issuance of the amendments in this proposed Update.

BC90. As described in paragraphs BC46–48, the Board decided to include the following types of disclosure requirements in the list of interim disclosures:

- a. Disclosures that are currently specifically referenced in Topic 270 at the Topic, Subtopic, or paragraph level

- b. Disclosures that include the term *interim*, disclosures that are under a heading within the Codification that clearly indicates that the disclosures are required in interim periods, and disclosures that are explicitly required in interim periods by other paragraphs
- c. Disclosures identified as being required at interim periods after a thorough review of internal FASB documentation.

BC91. Mr. Cannon agrees that the types of disclosures listed above should be included in the list of interim disclosure requirements; however, he believes that the proposed list should be expanded and that the following additional types of disclosures should have been included as evidence that interim reporting is required:

- a. Disclosures that include the phrases *in the period presented* and *for all periods presented*
- b. Disclosures that appear on accounting firms' interim disclosure checklists.

BC92. Mr. Cannon believes that this more expansive methodology would yield a more complete list of disclosures that better reflects current practice. For example, the methodology used in this proposed Update did not consider accounting firm checklists as evidence that a disclosure is required at an interim reporting period, even though those checklists are used when preparing interim financial statements and notes.

BC93. Mr. Cannon notes that numerous items are excluded from the proposed amendments that would have been included under his preferred methodology. Mr. Cannon highlights three items below as examples of disclosures that are not included in this proposed Update but that (a) use the phrase *in each period presented* and (b) are currently included in more than one accounting firm guide on interim disclosures:

1. **Restricted cash.** Paragraph 230-10-50-8 requires that if restricted cash is presented in more than one line item, entities must disclose the line items and amounts of restricted cash for each period reported.
2. **Material related party transactions.** Paragraph 850-10-50-1 requires disclosure of the dollar amounts of material related party transactions for each of the periods for which income statements are presented.
3. **Less-than-wholly-owned subsidiaries.** Paragraph 810-10-50-1A requires a parent with one or more less-than-wholly-owned subsidiaries

to disclose the amounts of the consolidated net income, and other items, for each reporting period.

BC94. Mr. Cannon believes that the disclosures above should be required in interim statements and if the proposed amendments are finalized, these and other similar types of disclosures might be viewed as no longer required, resulting in a reduction in the key quarterly information that investors currently receive.

BC95. Additionally, Mr. Cannon does not believe that asking investors to identify required disclosures they think are excluded from the proposed list is appropriate. It would be nearly impossible for investors to create lists of all the quarterly disclosures currently available and used, review all the FASB literature to understand if the information may have been required, and compare items that meet those criteria with the list in this proposed Update.

BC96. Rather than a partial codification of existing practice, Mr. Cannon would support a broader project on interim reporting that recognizes the different needs of investors in companies with publicly traded shares and investors in other entities, including private companies, not-for-profit entities, and certain investment companies. That project would highlight the need for information critical to the ongoing monitoring of financial trends of publicly traded companies on a quarterly basis, while recognizing the primacy of annual information for most other entities. Mr. Cannon believes such a project is necessary due to the evolution in the capital markets in the past 50 years since Opinion 28 was issued. For publicly traded companies with an active market for their shares, quarterly reports are now viewed by both investors and preparers as discrete periods and as the primary period for monitoring financial performance. This is evident from reading the fiscal year-end earnings press releases from most major publicly traded companies, which present fourth-quarter results prior to presenting annual results. This has become standard practice because share prices primarily react to quarterly trend data, not annual results. In Mr. Cannon's view, such a project could increase the effectiveness of disclosures for publicly traded companies by providing critical monitoring information in quarterly reports supplemented by annual reports providing primarily confirmatory and descriptive information.

## Amendments to the GAAP Taxonomy

---

The provisions of this Exposure Draft, if finalized as proposed, would require improvements to the GAAP Financial Reporting Taxonomy and SEC Reporting Taxonomy (collectively referred to as the “GAAP Taxonomy”). We welcome comments on these proposed improvements to the GAAP Taxonomy at [xbrled@fasb.org](mailto:xbrled@fasb.org). After the FASB has completed its deliberations and issued a final Accounting Standards Update, the proposed improvements to the GAAP Taxonomy will be finalized as part of the annual release process.