



# Quarterly Financial Reporting Update

Q1 2026

**forv/s**  
**mazars**

# Contents

<b>FASB Activity</b> .....	<b>4</b>
<b>Other Key Developments</b> .....	<b>5</b>
<b>Important Reminder(s)</b> .....	<b>5</b>
<b>Selected SEC Activity</b> .....	<b>5</b>
<b>AICPA Activity</b> .....	<b>7</b>
<b>Appendix A – Upcoming Effective Dates – PBEs</b> .....	<b>8</b>
<b>Appendix B – Upcoming Effective Dates – Private Companies &amp; NFPs</b> .....	<b>9</b>

This quarterly update summarizes key developments from standard-setting bodies to help financial reporting professionals stay informed about changes that may impact accounting and disclosure practices.

## **FASB Activity**

The first quarter of 2026 was a relatively quiet period for FASB with respect to the issuance of new Accounting Standards Updates (ASUs). No new ASUs or exposure drafts were issued during the quarter. FASB activity in Q1 primarily focused on technical agenda matters, including agenda prioritization and early-stage deliberations on several targeted projects. These efforts largely reflect the board's response to stakeholder feedback and are focused on addressing specific areas of complexity or diversity in practice rather than introducing broad changes to existing accounting models.

During the quarter, the Financial Accounting Foundation (FAF) also initiated a search process for a new FASB chair, signaling an upcoming leadership transition as the current Chair, Rich Jones, will complete his term in July 2027. While this development does not affect current standard-setting activities, it is relevant context as the board continues to evaluate agenda priorities and longer-term standard-setting initiatives.

## **Selected SEC Activity**

During the quarter, the SEC and its divisions issued a range of staff-level guidance, interpretive statements, and policy initiatives relevant to financial reporting and compliance. Notable developments included multiple updates to its Corporation Finance Interpretations (formerly Compliance and Disclosure Interpretations), statements addressing tokenized securities and crypto-asset classification, and updates to its Enforcement Manual. In addition, SEC leadership emphasized regulatory modernization and interagency coordination, including initiatives to reassess Regulation S-K disclosures and promote harmonization with the Commodity Futures Trading Commission.

## **AICPA Activity**

During the quarter, the American Institute of CPAs (AICPA) issued additional criteria addressing controls supporting token operations, supplementing its prior guidance on stablecoin presentation and disclosure. Together, these materials provide a structured framework to promote consistency in reporting and evaluation of controls related to stablecoin issuance and operations.

## **Effective Dates**

For reminders of accounting standards applicable in 2026 and a visual reference of effective dates for all relevant ASUs affecting financial reporting, refer to the Effective Dates flowcharts included in the appendixes:

- **Appendix A** – for Public Business Entities (PBEs)
- **Appendix B** – for all other entities

This update builds on accounting and regulatory topics discussed in prior Quarterly Financial Reporting Updates. Readers are encouraged to review prior issues of our Quarterly Financial Reporting Update for additional background, historical context, and earlier details on these topics. For other updates issued during 2025, please refer to the [Q1](#), [Q2](#), [Q3](#), and [Q4](#) 2025 Quarterly Financial Reporting Updates.

For a brief overview of key developments that occurred during the quarter, including selected accounting standards and regulatory updates, readers may also refer to our [Quarterly Perspectives webinar](#) held on April 16, 2026.

Register for upcoming webcasts here: [Quarterly Perspective Webinars Registration](#).

# FASB Activity

## New Developments & Issues on the Horizon

**Accounting for Debt Exchanges**: Although FASB had previously expected to finalize guidance on accounting for debt exchanges in early 2026, the board paused further deliberations at its March 2026 meeting to consider broader stakeholder feedback, including input from the Private Company Council (PCC) and responses to its 2025 Agenda Consultation on debt modifications and extinguishments. The project remains on the technical agenda, but the timing of any final standard is uncertain.

The following ASUs are expected to be finalized and issued during the second quarter of 2026.

Topic & Title	Description
<a href="#"><u>Accounting for Environmental Credit Programs (Topic 818)</u></a>	<p>The ASU will include the following provisions:</p> <ul style="list-style-type: none"><li>• Provides guidance on recognition, measurement, presentation, and disclosure requirements for environmental credits and related obligations.</li><li>• Compliance and noncompliance credits are recognized as assets at cost when an entity intends to use them for compliance (settle an environment credit obligation (ECO)) or in an exchange transaction.</li><li>• Credits used for purposes other than the above are expensed when acquired.</li><li>• ECO liability would be recognized when an event resulting in an obligation occurs on or before the reporting date.</li><li>• ECO measured based on whether obligation is funded or unfunded.</li></ul>
<a href="#"><u>Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock (Topic 505)</u></a>	<p>The ASU will include the following provisions:</p> <ul style="list-style-type: none"><li>• Applies to paid-in-kind (PIK) dividends on equity-classified preferred stock, including temporary equity under SEC guidance.</li><li>• PIK dividends should be initially measured using the dividend rate stated in the preferred stock agreement.</li><li>• The proposal does not change when PIK dividends are recognized—only how they are measured once recognition is required.</li></ul>

## FASB – Other Updates

### New Items Added to the Technical Agenda:

- **Market-Return Cash Balance Plans**: Focused on clarifying the discount rate used to measure the projected benefit obligation under Topic 715 for market-return cash balance plans. An **exposure draft** on the topic is expected to be issued during the **second quarter** of 2026.
- **Definition of Common Control**: Added to clarify U.S. GAAP by providing the definition of “common control” based on existing guidance and practice.
- **Accounting for Commodities**: Aims to improve the accounting for certain tangible commodities inventories, particularly to address complexity and diversity in applying existing guidance.
- **Hedge Accounting**: FASB added a targeted hedge accounting project to its technical agenda aimed at better reflecting entities’ risk-management activities. The project focuses on (1) hedging interest rate risk for held-to-maturity debt securities, (2) refining benchmark rate mechanics by removing the Overnight Index Swap (OIS) parameter from the Secured Overnight Financing Rate (SOFR), and (3) permitting certain float-to-float cross-currency swaps to qualify as net investment hedges. The board expects to issue an **exposure draft** in the **third quarter** of 2026.
- **Indexation — Debt and Equity (Accounting Standards Codification (ASC) 815-40)**: A targeted project to simplify and clarify the indexation guidance for contracts indexed to an entity’s own equity, intended to reduce complexity or improve consistent classification between liabilities and equity.

### PCC Agenda Priorities:

- The PCC continued research on a limited number of topics where private companies have noted ongoing complexity and diversity in practice. These include debt subject to acceleration clauses, select lease-accounting simplifications, and debt modifications and extinguishments.
- The PCC recommended further exploration of how subjective acceleration clauses affect debt classification, reflecting concerns that current guidance can produce results that may not align with how private-company financing arrangements operate in practice. Targeted research on lease modifications and embedded leases continues, while broader changes, such as a single lease classification model, were not pursued. The PCC also paused additional work on debt restructurings, pending further discussion with FASB.

## Other Key Developments

**Tariff Developments & Financial Reporting Considerations:** In February 2026, the U.S. Supreme Court invalidated tariffs imposed under the *International Emergency Economic Powers Act* (IEEPA). Since then, the U.S. Court of International Trade (CIT) has overseen the development of an administrative process by U.S. Customs and Border Protection (CBP) to address affected entries. The CIT has indicated that CBP is making satisfactory progress toward implementing a phased process, with initial functionality expected to address certain entries, while additional phases remain under development and subject to further court oversight.

From a financial reporting perspective, the ruling is evaluated under subsequent-events guidance. For reporting periods ending before February 20, 2026, the ruling represents a non-recognized (Type II) subsequent event, with disclosure considered if material. With respect to potential tariff refunds, U.S. GAAP does not prescribe a specific accounting model; in practice, recognition would generally not be appropriate until the entity meets applicable criteria under either the loss recovery model or gain contingency model. Until greater clarity is achieved, companies should focus on appropriate subsequent-event and contingency disclosures and continue monitoring developments. For additional insights on tariff-related developments, view our [“From the Hill”](#) series for the latest updates.

**OECD Releases Pillar Two Side-by-Side System:** In January 2026, the Organisation for Economic Co-operation and Development (OECD) released its Pillar Two “Side-by-Side” package, which introduces coordination mechanisms and related simplifications intended to allow the Global Anti-Base Erosion (GloBE) rules to operate alongside qualified domestic minimum top-up taxes (QDMTTs). The guidance is intended to reduce duplicative minimum taxation and compliance friction where QDMTTs or similar regimes coexist with Pillar Two, and, where applicable, satisfy local top-up liabilities and reduce or eliminate residual exposure under the Income Inclusion Rule (IIR) and Undertaxed Profits Rule (UTPR). The core GloBE framework is unchanged. For more insights, you can listen to our recorded webcast, [“Pillar Two Technical Update: Side-by-Side System Changes.”](#)

From an ASC 740 (Income Taxes) perspective, the accounting impact depends on jurisdiction-specific enactment, as ASC 740 requires the effects of changes in tax laws or rates to be recognized in the period that includes the enactment date. Accordingly, for calendar-year companies, any Q1 2026 impacts will depend on which Pillar Two–related measures, including QDMTTs and applicable safe harbor provisions, have been enacted into law by the first-quarter reporting date. Companies should continue to monitor country-specific implementation, and reassess expected exposure as domestic rules are enacted or further clarified.

## Important Reminders(s)

[ASU 2024-03](#), **Disaggregation of Income Statement Expenses (Subtopic 220-40)**, is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Although not effective until 2027 (calendar-year entities), this ASU is expected to bring significant changes to systems and processes, particularly in how companies capture, categorize, and report expense information to comply with the new disaggregation requirements. Given the potential impact, it is encouraged that companies begin focusing on implementation efforts early. For additional insights, see our related **FORsights™** article, [“Unpacking DISE: Insights Into Disaggregation Requirements.”](#)

## Selected SEC Activity

### [Compliance & Disclosure Interpretations \(C&DIs\)](#)

Throughout the first quarter of 2026, the staff of the SEC’s Division of Corporation Finance (DCF) issued multiple updates to its Compliance and Disclosure Interpretations (C&DIs). These updates reflect an active quarter of staff-level guidance clarifying the application of existing federal securities law requirements across a broad range of

transactional and reporting topics. Updates reflected revisions or withdrawals of prior interpretations and introduced new questions and responses intended to clarify staff positions on frequently encountered issues faced by registrants.

Areas updated during the quarter included, among others:

- Going-private transactions under Exchange Act Rule 13e-3 and related Schedule 13E-3 considerations
- Tender offer rules and schedules, including procedural, disclosure, and cross-border requirements
- Crowdfunding exemption and requirements
- Securities Act forms, addressing filing eligibility, filing mechanics, and disclosure questions
- Securities Act rules, including interpretive guidance on offering mechanics, exemptions, and technical compliance considerations

Interestingly, and without announcement, in the middle of the quarter, the DCF also rebranded the accumulated C&Dis (and newly issued interpretations thereafter) to Corporation Finance Interpretations (CFIs). Despite the new name, the guidance continues to represent the views of the division staff, is intended to assist market participants in applying existing rules and disclosure requirements, and does not constitute Commission-level rulemaking or create new legal obligations.

## **Statement on Reforming Regulation S-K**

On January 13, 2026, SEC Chair Paul Atkins announced a comprehensive initiative to reform [Regulation S-K](#), the SEC's primary framework governing non-financial statement disclosures by public companies. Atkins noted that, over time, Regulation S-K has expanded significantly and, as a result, may today require disclosure of information that is not material to a reasonable investor's investment or voting decisions, potentially obscuring decision-useful information.

The effort builds on the SEC's May 2025 roundtable and public comment process related to Item 402 (executive compensation disclosures). As part of this initiative, the DCF was directed to undertake a detailed review of Regulation S-K for potential amendments. Importantly, Atkins invited public comment, asking for market participants to submit comments and ideas "with the goal of revising the requirements to focus on eliciting disclosure of material information and avoid compelling the disclosure of immaterial information." These comments were requested by April 13, 2026, but until the analysis of the comments is complete, the SEC staff is likely to consider additional comments.

## **PCAOB Leadership Appointments & 2026 Budget Actions**

On January 22, 2026, the SEC approved the PCAOB's 2026 operating budget and accounting support fee. This action signaled continued SEC focus on the PCAOB's governance and oversight and the expectation of a budget and funding consistent with its mission. Importantly, the approved budget included a significant reduction in salaries for future board members, to reflect an "ethos of public service" according to Atkins.

Shortly thereafter, on January 30, 2026, the SEC announced new board appointments, naming Demetrios (Jim) Logothetis as the new chair and appointing Mark Calabria, Kyle Hauptman, and Steven Laughton as new board members. George Botic continues to serve as a board member and served as acting chairman until Logothetis was sworn in. The SEC emphasized that the new board is expected to refocus the PCAOB on its statutory mission of protecting investors and audit quality.

## **Statement on Tokenized Securities**

On January 28, 2026, the DCF, along with the Divisions of Investment Management and Trading and Markets, issued a joint staff statement clarifying how federal securities laws apply to tokenized securities, emphasizing that the use of distributed ledger technology does not change a security's regulatory treatment.

The statement describes two primary types of tokenized securities. Issuer-sponsored tokenized securities involve an issuer issuing securities in tokenized form or using blockchain technology as part of shareholder record-keeping, without altering applicable registration or disclosure requirements. Third-party-sponsored tokenized securities involve an unaffiliated party(ies) tokenizing another unaffiliated issuer's securities, either through a) custodial arrangements that represent indirect ownership interests or b) synthetic structures, such as linked securities or security-based swaps, that provide economic exposure without conveying rights in the underlying issuer.

Across all models, the staff emphasized that regulatory treatment depends on the economic substance and rights conveyed, rather than the form or technology used. The statement reflects staff views only and does not create new legal requirements.

## **SEC's Division of Enforcement Announces Updates to Enforcement Manual**

On February 24, 2026, the SEC's Division of Enforcement (ENF) announced its first major update to the [Enforcement Manual](#) since 2017, reinforcing its focus on fairness, transparency, and consistent enforcement practices and establishing a framework for annual reviews going forward. Key updates include standardized timelines and enhanced senior-level involvement in the Wells process (by which potential enforcement action targets may voluntarily provide information they believe may be helpful as ENF staff consider the matter), the restoration of simultaneous consideration of settlements and related waiver requests, and clearer guidance on cooperation and referrals—all aimed at improving efficiency while supporting investor protection and market integrity.

## [Harmonizing Financial Regulation](#)

On March 10, 2026, Atkins called for a renewed emphasis on regulatory harmonization between the SEC and the Commodity Futures Trading Commission (CFTC), arguing that fragmented oversight of increasingly integrated securities and derivatives markets raises costs, suppresses liquidity, and impedes innovation. Atkins outlined a strategy centered on substituted compliance for dually regulated firms, coordinated product review and exemptive relief, streamlined rule-filing timelines, and joint clarity on jurisdictional and definitional issues (including swaps and event-based products). He also emphasized coordinated examinations and enforcement to eliminate duplicative oversight and conflicting remedies, alongside harmonized swap data reporting focused on data quality over volume. Atkins framed regulatory coherence—rather than siloed rulemaking or enforcement—as essential to maintain U.S. market competitiveness, credibility, and innovation leadership in global derivatives markets.

Atkins shared that the SEC and CFTC were working together and considering an updated Memorandum of Understanding (MOU) between the two agencies to “guide coordination and collaboration that can support innovation, uphold market integrity, and ensure investor and consumer protection.” The MOU was subsequently signed the next day.

## [SEC Clarifies the Application of Federal Securities Laws to Crypto Assets](#)

On March 17, 2026, the SEC issued an interpretative statement regarding the application of federal securities laws to certain crypto assets and related transactions involving crypto assets. The CFTC joined the interpretation, stating it would administer the *Commodity Exchange Act* in a consistent manner. The interpretation is intended to resolve long-standing regulatory uncertainty and provide clear, harmonized guidance to market participants while Congress continues to consider comprehensive crypto market structure legislation.

Key elements of the interpretation include: (i) the establishment of a coherent taxonomy for digital commodities, digital collectibles, digital tools, stablecoins, and digital securities; (ii) clarification of when a crypto asset that is not itself a security may nevertheless be subject to the securities laws as part of an investment contract, and how such treatment may cease over time; and (iii) guidance on the application of federal securities laws to common crypto activities, including airdrops, protocol mining, protocol staking, and asset wrapping.

## AICPA Activity

### AICPA Effort to Build Frameworks for Stablecoins<sup>1</sup>

In the [Q3 2025 Quarterly Financial Reporting Update](#), the AICPA's issuance of Part I — 2025 Criteria for Stablecoin Reporting: Specific to Asset-Backed Fiat-Pegged Tokens was discussed. Part I established a standardized framework for the presentation and disclosure of outstanding stablecoins and the assets backing them at a point in time.

In January 2026, the AICPA updated the **guide** by issuing Part II — 2025 Criteria for Controls Supporting Token Operations.<sup>2</sup> Part II introduces a set of control criteria designed to address ongoing operational, technological, and reporting risks associated with stablecoin issuance. The criteria cover areas such as token generation and redemption, asset safeguarding, governance, third-party relationships, reporting processes, and information technology controls.

Although the criteria are not mandatory, Part I and Part II together provide a comprehensive framework that supports consistent reporting practices and serves as a basis for evaluating the design and operating effectiveness of controls supporting stablecoin operations.

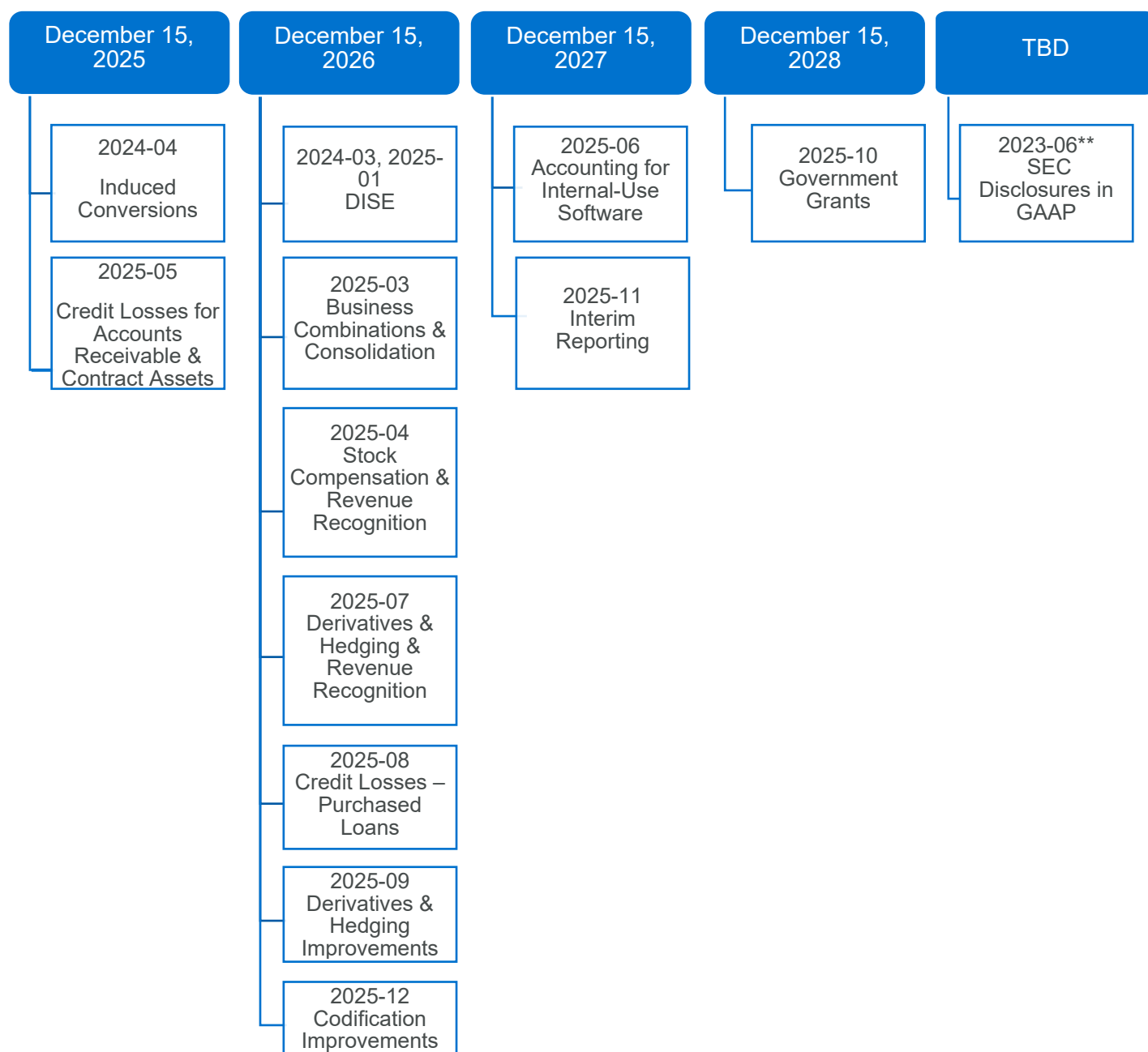
---

<sup>1</sup>“AICPA Updates Criteria for Stablecoin Reporting to Address Controls Over Stablecoin Operations,” [aicpa-cima.com](#), January 11, 2026.

<sup>2</sup>“Stablecoin Reporting Criteria,” [aicpa-cima.com](#), February 19, 2026.

# Appendix A – Upcoming Effective Dates – PBEs

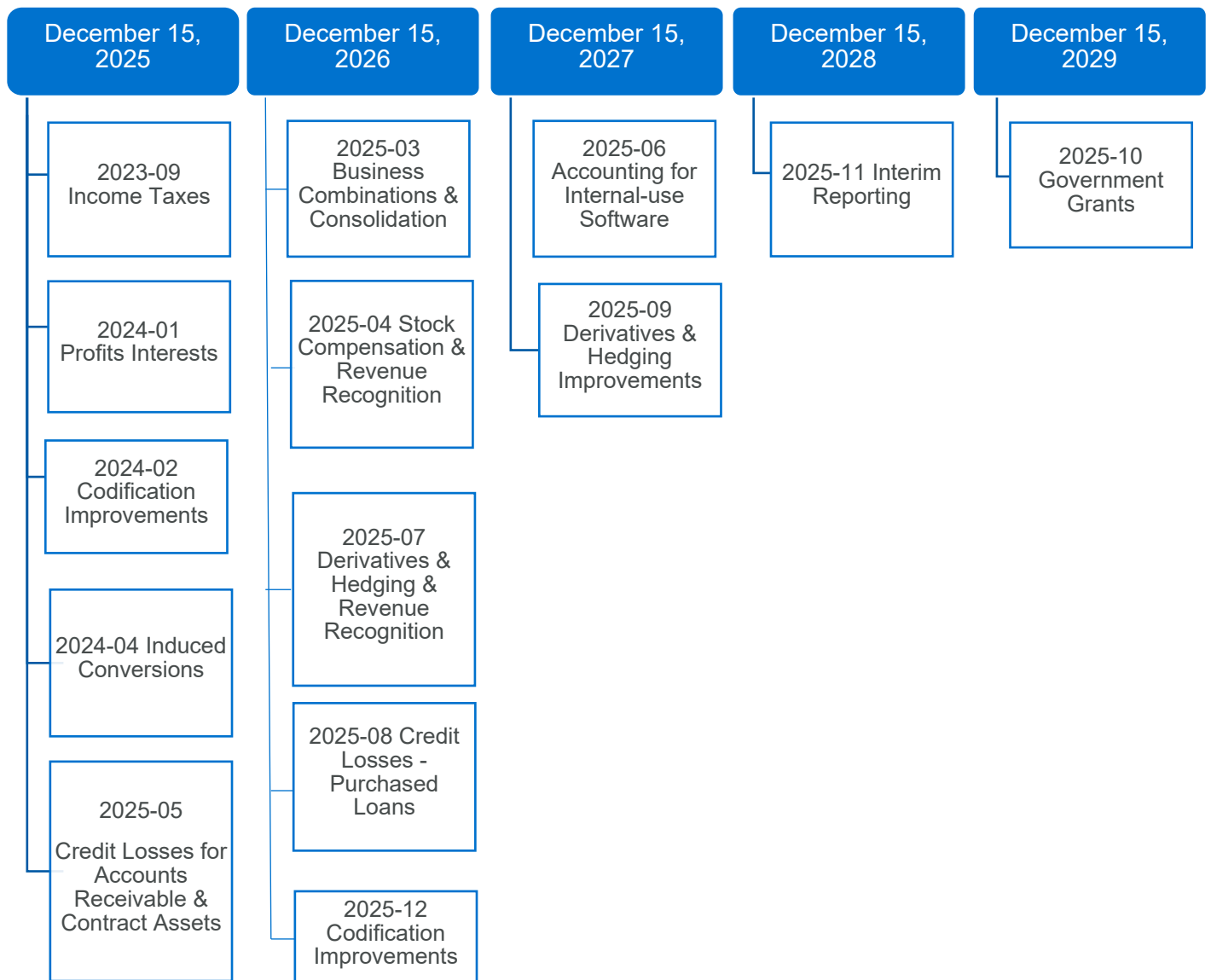
For fiscal years/annual periods beginning after:



\*\*For SEC filers, the effective date for each amendment will be the effective date when the SEC removes the related disclosure from Regulation S-X or Regulation S-K. For all other entities, the ASU is effective two years later. If the SEC has not acted by June 30, 2027, pending content will be removed from the codification and will not be effective for any entity.

# Appendix B – Upcoming Effective Dates – Private Companies & NFPs

For fiscal years/annual periods beginning after:



Contacts

**Roshni Grover**  
Senior Manager  
roshni.grover@us.forvismazars.com

**Kristy Kennedy**  
Director  
kristy.kennedy@us.forvismazars.com

**Robert Collingwood**  
Director  
robert.m.collingwood@us.forvismazars.com

**Greg Faucette**  
Partner  
greg.faucette@us.forvismazars.com

© 2026 Forvis Mazars, LLP. All rights reserved.

[forvismazars.us](https://forvismazars.us)

**forvis  
mazars**