quarterly financial services update

FIRST QUARTER 2025

April 8, 2025

In this edition of the quarterly communication, we have provided information about financial reporting and accounting issues – some of which are currently being evaluated by regulatory agencies and not resolved at this time. We have also compiled a list of items for consideration in your financial reporting and disclosures for the first quarter and a summary of recently issued accounting pronouncements (see Appendices for summary of recently issued accounting pronouncements and the related effective dates).

This quarterly update is organized as follows:

FASB update

The following selected Accounting Standards Updates (ASUs) were issued by the Financial Accounting Standards Board (FASB) during the first quarter. A complete list of all ASUs issued or effective in 2025 is included in Appendix A.

FASB Clarifies Effective Date of Expense Disclosure Standard

On January 6, the Financial Accounting Standards Board (FASB) published ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40),* that clarifies for non-calendar year-end entities the interim effective date of ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. The FASB issued ASU 2024-03 on November 4, 2024. ASU 2024-03 states that the amendments are effective for public business entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027.

Following the issuance of ASU 2024-03, the FASB was asked to clarify the initial effective date for entities that do not have an annual reporting period that ends on December 31 (referred to as non-calendar year-end entities). Because of how the effective date guidance was written, a non-calendar year-end entity may have concluded that it would be required to initially adopt the disclosure requirements in ASU 2024-03 in an interim reporting period, rather than in an annual reporting period. The FASB's intent in the basis for conclusions of ASU 2024-03 stated that all public business entities should initially adopt the disclosure requirements in the first annual reporting period beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. However, the FASB acknowledged that there was ambiguity between the intent in the basis for conclusions in ASU 2024-03 and the transition guidance that was included in the Accounting Standards Codification (ASC) when ASU 2024-03 was issued.

Effective Dates

Public business entities are required to adopt the guidance in ASU 2024-03 in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted.

regulatory update

Leadership Changes at Agencies Announced

Throughout the first quarter, several leadership changes in regulatory agencies occurred following the presidential election. Rodney Hood was announced as acting comptroller of the currency by the OCC on February 7, 2025, while Jonathan Gould was nominated for the permanent position on February 12, 2025, pending Senate confirmation. Travis Hill became acting chair of the FDIC on January 20, 2025, replacing Martin Gruenberg, and Jonathan McKernan announced his departure from the FDIC board on February 10, 2025. Kyle Hauptman was appointed as NCUA chair by President Trump on January 20, 2025. Trump also nominated Jonathan McKernan as director of the CFPB on February 12, 2025, with Russell Vought serving as acting director in the interim, who halted new rules and activities at the CFPB.

Trump Administration's Early Executive Orders and Recissions

In the first few weeks of the Trump administration, over 50 executive orders were issued, including the revocation of several from the Biden administration. Key actions include the rescission of Biden's order on AI development, replaced by Trump's directive to review AI policies. Trump also revoked Biden's order on climate-related financial risk, leading to the FDIC and the Fed withdrawing from the Network of Central Banks and Supervisors for Greening the Financial System. Additionally, Trump established a working group to review crypto asset regulation and prohibited central bank digital currencies.

Lastly, President Trump signed an executive order calling for all major regulatory orders to first be reviewed by the Office of Management and Budget (OMB). This order grants the OMB power over independent agencies, including the FDIC, the Fed, NCUA, and CFPB, allowing it to set standards, objectives, and adjust budgets.

SEC Acting Chair Asks Staff to Recommend Rule Changes to Help Smaller Companies Raise Capital

In February 2025, SEC Acting Chair, Mark Uyeda, told members of the Small Business Capital Formation Advisory Committee (SBCFAC) that he has asked the staff to explore ways to improve capital raising opportunities for entrepreneurs and small businesses. While he did not elaborate how the SEC will help small businesses raise capital during the advisory panel meeting, he shared some of his thinking in a speech the day before, including changes to Regulation Crowdfunding, emerging growth companies (EGCs), and smaller reporting companies (SRCs). Mandated by the JOBS Act in 2012, the SEC adopted Reg CF in 2015. Now almost 10 years later, Uyeda said that Reg CF probably did not work as intended in making it less costly for startup companies and small businesses to raise capital through low-dollar offerings of exempt securities. Reg CF permits a company to raise up to $5 million through crowdfunding offerings in a 12-month period. Companies would be required to raise funds online through an intermediary or a funding portal and file disclosures on Form C: Offering Statement to the SEC.

For public markets, Uyeda said the SEC should make initial public offerings (IPOs) attractive again. To this end, he said he's asked the staff to recommend changes regarding EGCs, including how a company qualifies and the duration for which it retains the status. A company qualifies as an EGC if it has total annual gross revenues of less than $1.235 billion and had not sold common equity securities under a registration statement. A company continues to be an EGC for the first five fiscal years after it completes an IPO, unless its total annual gross revenues are $1.235 billion or more, it has issued more than $1 billion in non-convertible debt in the past three years, or it becomes a large-accelerated filer. An EGC can provide audited financial statements for two fiscal years, instead of three. It does not have to get an auditor attestation of internal control over financial reporting (ICFR) under Section 404(b) of the Sarbanes-Oxley Act of 2002. It can defer complying with certain changes in the FASB's accounting standards. This class of company can also include less extensive narrative disclosure than required, particularly in the description of executive compensation.

SEC Moves to Expand Flexibility of Draft Registration Statements

The SEC's Division of Corporation Finance (CorpFin) is enhancing the accommodations available to companies for confidential review of draft registration statements as part of efforts to facilitate capital formation. The JOBS Act in 2012 allowed emerging growth companies to confidentially submit for staff review a draft registration statement for an initial public offering (IPO). In 2017 the staff expanded these accommodations to all companies conducting IPOs and follow-on offerings within one year of their IPO.

The enhanced accommodations will expand the types of forms eligible to be submitted as draft registration statements for nonpublic review and allow reporting companies to submit draft registration statements for confidential review regardless of how much time has passed since their IPO. In addition, companies will be able to start the review process earlier by omitting certain underwriter disclosures from their initial submissions.

FDIC Releases Documents Related to Supervision of Crypto-Related Activities

The Federal Deposit Insurance Corporation (FDIC) has released 175 documents related to its supervision of banks involved in crypto-related activities, as part of a broader effort to reevaluate its regulatory approach under new Acting FDIC Chairman Travis Hill. Hill, who advocates for a more open regulatory stance on crypto, initiated a comprehensive review of the FDIC's communications with banks interested in offering crypto services. The released documents reveal that banks faced significant resistance, including repeated requests for information and directives to pause crypto activities, leading many to abandon their efforts. The FDIC plans to replace its 2022 guidance, which required banks to report crypto activities due to potential risks, with a framework that allows for crypto engagement while maintaining safety and soundness. Additionally, the FDIC aims to revise its rules to support economic growth, including changes to capital and liquidity rules, the bank merger approval process, and withdrawing contentious regulatory proposals. The agency also intends to collaborate with the President's Working Group on Digital Asset Markets which was established through an Executive Order on January 23, 2025.

FDIC Quarterly Banking Profile Fourth Quarter 2024

On February 25, 2025, the FDIC released its most recent Quarterly Banking Profile covering the fourth quarter of 2024. The Quarterly Banking Profile is a quarterly publication that provides the earliest comprehensive summary of financial results for all FDIC-insured institutions. The report includes data from 4,487 commercial banks. Highlights from the Fourth Quarter 2024 Quarterly Banking Profile are included below:

- In the fourth quarter of 2024, net income for FDIC-insured commercial banks and savings institutions increased by 2.3%, or $1.5 billion, to $66.8 billion, primarily due to recent short-term interest rate cuts, which cause interest expenses to decline more than interest income. The industry's return on assets (ROA) increased slightly to 1.11%, an increase from the prior quarter and the previous year.
- Community banks saw a 6.7% decrease in net income, driven by higher noninterest expense, higher provision expenses and realized losses on the sale of securities.
- Net interest income for the entire banking industry rose by $3.8 billion, with all bank size groups reporting a higher net interest margin (NIM). Despite this growth, the NIM for community banks was still below the pre-pandemic average of 3.63% compared to 3.44% in the fourth quarter 2024.
- Asset quality remained overall favorable despite signs of weakness in some portfolios, mainly 1-4 family, multifamily, C&I, auto and credit card portfolios saw increases in past-due and nonaccrual rates.
- Loan balances grew 0.8% from prior quarter, particularly due to credit card loans and organic growth in loans to non-depository financial institutions. There was a large increase in "all other" loans, offset by a decline in other loan categories, particularly C&I and "other" consumer loans driven by reclassifications following the finalization of changes to how certain loan products should be reported. On an annual basis, loan balances increased by 2.2% and community banks saw a 5.1% annual increase in loan balances, led by increases in nonfarm nonresidential CRE and residential mortgage portfolios.

Domestic deposits grew $214.4 billion (1.2%) from third quarter, mainly due to an increase in transaction deposits, despite the decline in time deposits and brokered deposits. Banks in all Quarterly Banking Profile asset size groups that report estimated uninsured deposits reported an increase in uninsured domestic deposits during the quarter. Insured deposits also increased 0.4% quarter over quarter.

OCC Conditionally Approves Fintech Business Model for National Bank

On March 17, 2025, the OCC announced that it has granted conditional approval for SmartBiz Loans, a fintech company, to acquire CenTrust Bank, N.A. and materially change CenTrust's business model, including an expansion of lending and deposit-taking nationwide. The OCC's decision came after a thorough review of SmartBiz's operations, ensuring alignment with federal banking system principles. This approval highlights the OCC's commitment to supporting innovative fintech models that expand access to financial services across the country.

OCC Reaffirms Crypto Banking Activities and Withdraws Interagency Statements

On March 7, 2025, the OCC issued Interpretive Letter 1183, reaffirming that national banks and federal savings associations can engage in crypto-asset custody, stablecoin activities, and use distributed ledgers. This letter rescinds Interpretive Letter 1179 from November 18, 2021, and removes the requirement for prior supervisory approval before engaging in these activities. Additionally, the OCC withdrew from two interagency statements: the "Joint Statement on Crypto-Asset Risks to Banking Organizations" from January 3, 2023, and the "Joint Statement on Liquidity Risks to Banking Organizations Resulting from Crypto-Asset Market Vulnerabilities" from February 23, 2023.

Acting Comptroller Rodney E. Hood emphasized the need for strong risk management controls for both traditional and novel banking activities. The interpretive letter reinstates previous guidance on banks providing crypto custody services and holding stablecoin reserves, as well as performing certain banking functions using blockchain and stablecoins. While this move was anticipated from the OCC, no similar guidance has been issued by the FDIC, Fed, or NCUA, meaning it currently only applies to OCC-regulated banks. Banks focusing on these areas will be supervised by the OCC's novel supervision team, ensuring robust risk management structures are in place.

FDIC Withdraws Four Biden-Era Proposals and Revises Merger Policy

On March 3, 2025, the FDIC board approved the withdrawal of four proposals from the Biden administration, including those on brokered deposits, corporate governance, the Change in Bank Control Act, and incentive-based compensation. The board also proposed rescinding the 2024 Statement of Policy on Bank Merger Transactions, reinstating the previous policy on an interim basis, and extended the compliance date for certain provisions of the sign and advertising rule to March 1, 2026.

The rescinded proposals included broadening brokered deposit regulations, establishing new corporate governance standards for institutions with over $10 billion in assets, removing certain exemptions under the Change in Bank Control Act, and placing new restrictions on executive compensation. The FDIC will continue to reevaluate its bank merger review process, with comments due by April 20, 2025.

NCUA Releases Fourth Quarter Performance Data

On March 11, 2025, the National Credit Union Administration (NCUA) released its quarterly performance data for federally insured credit unions for the fourth quarter of 2024. Here are some key highlights:

- The number of federally insured credit unions declined to 4,455, down from 4,499 in the previous quarter and 4,604 in the fourth quarter of 2023.
- Total assets increased by $52 billion (2.3%) to $2.31 trillion.
- Net income for 2024 decreased by $0.5 billion (3.6%) to $14.4 billion.
- Return on average assets was 63 basis points, down from 68 in 2023.
- The credit union system's net worth grew by $14.2 billion (5.9%) to $255.3 billion.

Stablecoin Bill Debated in House

In March 2025, the House Financial Services Committee debated a sweeping stablecoin framework, with a provision included that would bar financial regulators from reinstalling the SEC's scuttled crypto accounting guidance. The 57-page draft bill would create a new regulatory regime for issuers of stablecoins, which includes a 1:1 reserve requirement and examination of monthly reports by a registered public accounting firm.

The bill follows the SEC's staff's January rescission of Staff Accounting Bulletin (SAB) 121, controversial accounting guidance issued in 2022 that required SEC-registered entities and certain other entities responsible for safeguarding crypto assets to present a liability on their balance sheet at fair value to reflect that obligation, as well as a corresponding asset. Republican lawmakers, along with the crypto and banking industry, had criticized the guidance as an unwelcome divergence from the traditional off-balance-sheet treatment of custodied assets, and warned it would prevent already highly regulated banks from providing digital asset custody services. The SEC voided the guidance on January 23 by issuing SAB 122.

A provision in the bill would bar banking regulators, the National Credit Union Administration (NCUA), and the SEC from requiring a bank or credit union to include assets held in custody as a liability on any financial statement or balance sheet, or hold additional regulatory capital against assets held in custody or safekeeping except as necessary to mitigate against operational risks inherent with the custody or safekeeping services.

FinCEN Won't Enforce Corporate Transparency Act Deadline

Treasury's Financial Crimes Enforcement Network (FinCEN) announced in February that it would not take any actions to enforce the upcoming beneficial ownership information reporting deadline and that revisions to the deadline and reporting requirements are on the way. Under the Corporate Transparency Act (CTA), domestic entities created by the filing with a state secretary of state and foreign entities that registered to do business in the U.S. are required to submit information about their beneficial owners to FinCEN. The law is aimed at cracking down on money laundering and other crimes, but many small businesses claim it is too burdensome and violates constitutional rights.

FinCEN said it would not issue any fines or penalties or take other enforcement actions at this time against entities that are required under current law to submit reports about their beneficial owners. The agency also announced a forthcoming interim final rule setting a new report deadline. While entities created or registered to do business before January 1, 2024, previously had until January 1, 2025, to file reports, a series of court cases paused that deadline. FinCEN also plans to solicit public comments on how it might revise the reporting requirements to minimize burden on small businesses. The agency anticipates issuing a proposed rule later this year incorporating the feedback from small businesses.

Small business compliance challenges have been a key concern as the CTA's beneficial ownership information reporting rule was rolled out. The National Small Business Association—which has a case pending in the 11th U.S. Circuit Court of Appeals—said the average initial compliance cost for small business owners is nearly $8,000.

other developments

AICPA and NASBA Propose Optional Pathway for CPA Licensure

On March 4, 2025 the American Institute of Certified Public Accountants (AICPA), opened its proposal to offer an additional path to obtain a CPA license for comment. The proposal, if finalized, would also shift to an individual-based mobility model, allowing CPAs to practice in other states with just one license. The exposure draft follows a mid-February announcement that the AICPA and National Association of State Boards of Accountancy (NASBA) are jointly proposing a legislative language that would provide more flexibility to aspiring and practicing CPAs.

To make the changes, the profession's model law—the Uniform Accountancy Act (UAA)—would be revised. The UAA provides state legislatures and boards of accountancy with a national model that can be adopted in full or in part to meet the licensure needs of each jurisdiction. In particular, the UAA changes would keep the first two existing pathways to obtain a CPA and add a third option as follows, for a total of three pathways:

1. A graduate degree in accounting, one year of experience, and passing the CPA Exam.
2. A bachelor's degree in accounting, plus an additional 30 semester credits, one year of experience, and passing the CPA Exam.
3. A bachelor's degree in accounting, two years of experience, and passing the CPA Exam.

Relevant experience would include providing any type of service or advice representing the skills needed at the time of initial licensure to serve the public and involves the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which was verified by a licensee, meeting requirements defined by Board rule. This experience would be acceptable if it was gained through employment in government, industry, academia, or public practice.

As for individual mobility, the UAA language would be changed to allow an individual "whose principal place of business is not in this state and who holds a valid license in good standing as a Certified Public Accountant from any state shall have all the practice privileges of licensees of this state without the need to obtain a license." The individual must show proof of having passed the CPA exam and relevant educational and professional experience requirements. The proposal would also add a safe harbor language to make sure that CPAs who meet existing licensure requirements can maintain practice privileges.

In the exposure draft's introduction, the AICPA and the NASBA said the proposed model language reflects feedback they have gotten from its initial proposed changes published in September 2024.

on the horizon

The following selected FASB proposed ASUs, exposure drafts and projects were either newly introduced or updated during the quarter ended March 31, 2025.

FASB Proposes FASB Codification Improvements

The FASB has proposed amendments aimed at clarifying, correcting errors, and making improvements across various topics within the Accounting Standards Codification (ASC). This proposal is part of the Board's ongoing efforts to enhance the technical accuracy and clarity of US Generally Accepted Accounting Principles (GAAP). The amendments would affect a wide range of topics, including ASC 260 on Earnings Per Share, ASC 325 on Investments, and ASC 958 on Not-for-Profit Entities. The proposed changes are intended to apply to all reporting entities, both public and nonpublic, although significant changes are not anticipated for most entities. However, some entities may experience accounting changes as a result of these amendments.

The proposal addresses 34 specific issues within the Codification. Among the highlighted issues is the removal of the term "amortized cost" from the Master Glossary, as it is used interchangeably with "amortized cost basis" in ASC 320-10. Another key issue involves clarifying the calculation of diluted earnings per share (EPS) in situations where an entity has a loss from continuing operations and contracts that may be settled in stock or cash. The proposed amendments would ensure that entities consider the potential dilutive effect of common shares in the diluted EPS computation, even when a loss from continuing operations is reported.

Additionally, the proposal seeks to clarify the calculation of the reference amount for beneficial interests in ASC 325, ensuring that it is reduced by the allowance for credit losses to prevent double counting. It also addresses the transfer of receivables from contracts with customers, clarifying that such transfers should be subject to ASC 860-10 requirements. For not-for-profit entities, the proposal would align the measurement of credit losses on receivables from exchange transactions with the guidance in ASC 326-20, correcting inconsistencies with current guidance.

Comments on this proposed ASU are due April 22, 2025.

EITF Agenda Items

The Emerging Issues Task Force (EITF) met on March 25, 2025, and deliberated the following topic:

- EITF Issue – “Accounting for Paid-in-Kind Dividends on Preferred Stock” – the EITF recommended that the FASB add a project to its technical agenda to address the measurement of dividends that are paid in kind (PIK) on equity-classified preferred stock. The EITF recommended that PIK dividends should be required to be measured on the basis of the stated dividend rate on the liquidation preference of the preferred stock instrument. The EITF recommended that the proposed changes should apply to all entities. The EITF supported applying the proposed changes prospectively and permitting early adoption. Some EITF members supported providing an option to apply the proposed changes retrospectively. The FASB will discuss this issue, including transition and whether early adoption would be permitted, at a public meeting to determine whether to add a project to the FASB’s technical agenda.

PCC Activities

The Private Company Council (PCC) met on March 6, 2025. Below is a summary of topics discussed by PCC and FASB members at the meeting:

- PCC members discussed comment letter feedback and completed re-deliberations related to private companies on the proposed ASU, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets for Private Companies and Certain Not-for-Profit Entities*. The PCC voted to recommend to the FASB that the amendments in the final ASU should (1) be scoped to current accounts receivable and current contract assets resulting from transactions accounted for under ASC 606, *Revenue from Contracts with Customers*, and such assets acquired in a transaction accounted for under ASC 805, *Business Combinations*, (2) provide a recognition and measurement practical expedient permitting entities to assume that current conditions as of the balance sheet date persist throughout the forecast period and accounting policy election to consider subsequent collection activity, including the requirement that entities must elect the practical expedient in order to elect the accounting policy to consider subsequent cash collection activity subsequent to the balance sheet date, (3) require disclosure of the use of the practical expedient and the accounting policy election to consider subsequent cash collections (if applicable) as well as the date through which subsequent cash collection activity was considered for entities that have elected the accounting policy, and (4) require prospective transition effective for interim and annual periods beginning after December 15, 2025, with early adoption permitted. The PCC also recommended that entities need not be required to perform a preferability assessment in accordance with ASC 250, *Accounting Changes and Error Corrections*, upon initial adoption of the proposed amendments. The PCC asked the FASB staff to draft a final ASU, subject to FASB endorsement.
- PCC members discussed the draft FASB Staff Educational Paper, *Topic 606: Presentation and Disclosure of Retainage for Construction Contractors*. PCC members voted to (1) move forward with releasing the FASB Staff Educational Paper, (2) remove the Presentation of Contract Assets and Contract Liabilities for Construction Contractors project from the PCC technical agenda, and (3) recommend that the FASB remove that same project from its technical agenda.
- PCC members discussed recent activities of the PCC leases working group and the FASB post-implementation review (PIR) project on leases, highlighting both feedback obtained during recent private-company-preparer outreach meetings and upcoming activities of the leases working group. PCC members also discussed upcoming activities of the FASB PIR project, including a nonpublic entity preparer cost survey.
- In connection with the reassessment of its agenda priorities, the PCC discussed several debt-related issues. PCC members requested the FASB staff to research the guidance on subjective acceleration clauses in determining the classification of debt as a current or noncurrent liability. PCC members also discussed the potential to consider a private company alternative related to the interest method and identified troubled debt restructurings and debt disclosures as areas to monitor feedback in response to the FASB Invitation to Comment—Agenda Consultation.
- PCC members directed the FASB staff to conduct preliminary research on issues related to short-cycle manufacturing and weighted-average disclosure requirements. PCC members decided to monitor future public company implementation of the amendments in ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, before considering a project on expense disaggregation disclosures for private companies.
- Update on Selected FASB Projects:
  - Share-Based Consideration Payable to a Customer: PCC members supported the proposed amendments and the Board decisions made during redeliberations on the proposed ASU, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based*

Consideration Payable to a Customer, noting that the amendments would improve the operability of existing guidance.

- Determining the Acquirer in the Acquisition of a VIE: PCC members supported the proposed amendments and the Board decisions made during redeliberations on the proposed ASU, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, noting that the amendments would be consistent with the other existing guidance in ASC 805, Business Combinations.
- Interim Reporting—Narrow-Scope Improvements: PCC members supported the proposed amendments in the proposed ASU, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, noting the potential benefits for private company financial statement users from those private companies that issue interim financial statements.

- Town Hall/Liaison Meeting Update: PCC members discussed feedback received during the recent liaison meetings with (1) the Institute of Management Accountants Small Business Shared Interest Group and (2) representatives of the surety industry through the National Association of Surety Bond Producers and the Surety and Fidelity Association of America. FASB staff noted that the PCC will participate in the AICPA ENGAGE Conference in June 2025 and plans to hold liaison meetings with the AICPA's Technical Issues Committee (TIC), the Auditing Standards Board Audit Issues Task Force, and the Risk Management Association Accounting Working Group in fall 2025.

APPENDIX A

important implementation dates

The following table contains significant implementation dates and deadlines for standards issued by the FASB and others.

Selected Implementation Dates (FASB/EITF/PCC)

Pronouncement	Affects	Effective Date and Transition
ASU 2025-02, Liabilities (405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122	All public business entities	Effective upon issuance.
ASU 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)	All public business entities	Effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted.
ASU 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments	All entities that settle convertible debt instruments for which the conversion privileges were changed to induce conversion	Effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments may be applied on either a prospective or a retrospective basis.
ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses	All public business entities	Effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements.
ASU 2024-02, Codification Improvements—Amendments to Remove References to the Concepts Statements	All reporting entities within the scope of the affected accounting guidance	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2024. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2025. Early application of the amendments in this Update is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance).

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Pronouncement	Affects	Effective Date and Transition
ASU 2024-01, Scope Application of Profits Interest and Similar Awards	All entities that account for profits interest awards as compensation to employees or nonemployees in return for goods or services	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2025, including interim periods within those years. Early adoption is permitted. If an entity intends to adopt the amendments in an interim period, it must do so as of the beginning of the fiscal year that includes that interim period.
ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures	All entities subject to ASC 740, *Income Taxes*	For public business entities, the amendments are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied on a prospective basis. Retrospective application is permitted.
ASU 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets	All entities that hold crypto assets	The amendments are effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period.
ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	All public entities that are required to report segment information in accordance with ASC 280, *Segment Reporting*	The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted.
ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative	All reporting entities within the scope of the affected ASC topics unless otherwise indicated	For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. For all other entities, the amendments will be effective two years later.

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Pronouncement	Affects	Effective Date and Transition
ASU 2023-05, Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement	Entities that meet the definition of a joint venture or a corporate joint venture, as defined in the ASC Master Glossary	The amendments are effective prospectively for all joint ventures with a formation date on or after January 1, 2025, and early adoption is permitted. Additionally, a joint venture that was formed before the effective date of the ASU may elect to apply the amendments retrospectively if it has sufficient information.
ASU 2023-02, Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force)	All entities that hold (1) tax equity investments that meet the conditions for and elect to account for them using the proportional amortization method or (2) an investment in a LIHTC structure through a limited liability entity that is not accounted for using the proportional amortization method and to which certain LIHTC-specific guidance removed from Subtopic 323-740 has been applied	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for all entities in any interim period.
ASU 2022-05, Financial Services—Insurance (Topic 944): Transition for Sold Contracts	Insurance entities that have derecognized contracts before the effective date of ASU 2018-12	The effective dates of the amendments are consistent with the effective dates of the amendments in ASU 2020-11.

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Pronouncement	Affects	Effective Date and Transition
ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions	All entities	For public business entities, the amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.
ASU 2020-11, Financial Services—Insurance (Topic 944): Effective Date and Early Application	Insurance entities that issue long-duration contracts	The amendments in this ASU delay the effective date of ASU 2018-12.
ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts	Insurance entities that issue long-duration contracts	For public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC, the amendments became effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. Early application of the amendments is permitted.

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The illustrative disclosures below are presented in plain English. Please review each disclosure for its applicability to your organization and the need for disclosure in your organization's financial statements.

{Please give careful consideration to appropriateness of highlighted text.}

ASU 2018-12 – Applicable to insurance entities that issue long-duration contracts:
In August 2018, the FASB amended the *Financial Services—Insurance* Topic of the Accounting Standards Codification to make targeted improvements to the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The amendments will be effective for the Company for ~~*[fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC]*~~ *[fiscal years beginning after December 15, 2024, and interim periods within fiscal year beginning after December 15, 2025.-all other entities]* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2020-11 – Applicable to insurance entities that issue long-duration contracts:
In November 2020, the FASB issued guidance to defer the effective dates for insurance entities which have not yet applied the long duration contracts guidance by one year. The new effective dates will be ~~*[fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.-public business entities that meet the definition of an SEC filer, excluding entities eligible to be SRCs as defined by the SEC]*~~ *[fiscal years beginning after December 15, 2024, and interim periods within fiscal year beginning after December 15, 2025.-all other entities]* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2022-03 – Applicable to all entities:
In June 2022, the FASB issued amendments to clarify the guidance on the fair value measurement of an equity security that is subject to a contractual sale restriction and require specific disclosures related to such an equity security. The amendments are effective for ~~*[fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. - public business entities]*~~ *[fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. - all other entities]*. Early adoption is permitted. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2023-02 – Applicable to all entities that hold (1) tax equity investments that meet the conditions for and elect to account for them using the proportional amortization method or (2) an investment in a LIHTC structure through a limited liability entity that is not accounted for using the proportional amortization method and to which certain LIHTC-specific guidance removed from Subtopic 323-740 has been applied:
In March 2023, the FASB issued amendments to allow reporting entities to consistently account for equity investments made primarily for the purpose of receiving income tax credits and other income tax benefits. The amendments are effective for ~~*[fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.-public business entities]*~~ *[fiscal years beginning after December 15, 2024, including interim periods within those fiscal years..-all other entities]* Early adoption is permitted for all entities in any interim period. The Company does not expect these amendments to have a material effect on its financial statements.

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ASU 2023-05 – Applicable to Entities that meet the definition of a joint venture or a corporate joint venture, as defined in the ASC Master Glossary:

In August 2023, the FASB issued amendments to address the accounting for contributions made to a joint venture, upon formation, in a joint venture's separate financial statements. The amendments are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. Additionally, a joint venture that was formed before January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. Early adoption is permitted in any interim or annual period in which financial statements have not yet been issued (or made available for issuance), either prospectively or retrospectively. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2023-06 – Applicable to all reporting entities within the scope of the affected ASC topics unless otherwise indicated:

In October 2023, the FASB issued amendments to incorporate certain U.S. Securities and Exchange Commission (SEC) disclosure requirements into U.S. GAAP and align the requirements with the SEC's regulations. The amendments are effective prospectively *[on date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. -entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer] [two years after the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective.-all other entities]* Early adoption is prohibited. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2023-07 – Applicable to all public entities that are required to report segment information in accordance with ASC 280, Segment Reporting:

In November 2023, the FASB amended the Segment Reporting topic in the Accounting Standards Codification to improve disclosures about a public entity's reportable segments and provide more detailed information about a reportable segment's expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Upon adoption, the Company will apply the amendments retrospectively to all prior periods presented in the financial statements. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2023-08 – Applicable to all entities that hold crypto assets:

In December 2023, the FASB amended the Intangibles topic in the Accounting Standards Codification to improve the accounting for and disclosure of certain crypto assets. The amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted. Upon adoption, the Company will apply a cumulative-effect adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets) as of the beginning of the annual reporting period in which the Company adopts the amendments. The Company does not expect these amendments to have a material effect on its financial statements.

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ASU 2023-09 – Applicable to all entities subject to ASC 740, Income Taxes:

In December 2023, the FASB amended the *Income Taxes* topic in the Accounting Standards Codification to improve the transparency of income tax disclosures. The amendments are effective for *[annual periods beginning after December 15, 2024.-public business entities] [annual periods beginning after December 15, 2025.-all other entities]* Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2024-01 – Applicable to all entities that account for profits interest awards as compensation to employees or nonemployees in return for goods or services:

In March 2024, the FASB amended the *Compensation—Stock Compensation* topic in the Accounting Standards Codification demonstrate how an entity should apply the guidance to determine whether profits interest and similar awards should be accounted for in accordance with that topic. The amendments are effective for *[annual periods beginning after December 15, 2024, and interim periods within those annual periods.-public business entities] [annual periods beginning after December 15, 2025 and interim periods within those annual periods.-all other entities]* Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company will apply the amendments *[retrospectively to all prior periods presented in the financial statements] [prospectively to profits interest and similar awards granted or modified on or after the date at which the Company first applies the amendments]*. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2024-02 – Applicable to all entities within the scope of the affected accounting guidance:

In March 2024, the FASB issued amendments to the Codification that remove references to various FASB Concepts Statements. The amendments are effective for *[fiscal years beginning after December 15, 2024. -public business entities] fiscal years beginning after December 15, 2025.-all other entities]* Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company will apply the amendments *[retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied] [prospectively to all new transactions recognized on or after the date that the Company first applies the amendments]*. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2024-03 – Applicable to all public business entities:

In November 2024, the FASB amended the *Income Statement—Reporting Comprehensive Income* topic in the Accounting Standards Codification to require public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements. The amendments are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company will apply the amendments *[prospectively to financial statements issued for reporting periods after the effective date.] [retrospectively to all prior periods presented in the financial statements]*. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2024-04 – Applicable to All entities that settle convertible debt instruments for which the conversion privileges were changed to induce conversion:

In November 2024, the FASB amended the *Debt* topic in the Accounting Standards Codification to clarify requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments are effective for annual reporting periods beginning after December 15, 2025, and

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interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The Company will apply the amendments *[prospectively to any settlements of convertible debt instruments that occur after the effective date of the guidance.] [retrospectively by recasting prior periods and recognizing a cumulative-effect adjustment to equity as of the later of the following dates: (1) the beginning of the earliest period presented and (2) the date the Company adopted the amendments in ASU 2020-06.]* The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2025-01 – Applicable to all public business entities:
In January 2025, the FASB amended the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. The Company does not expect these amendments to have a material effect on its financial statements.

ASU 2025-02 – Applicable to all public business entities:
In March 2025, the FASB amended an SEC paragraph in the Accounting Standards Codification pursuant to the issuance of SEC Staff Accounting Bulletin No. 122. The amendment was effective upon issuance. The Company does not expect this amendment to have a material effect on its financial statements.

Applicable to all:
Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

APPENDIX C

recently issued accounting pronouncements

***NOTE**: The disclosures in the previous appendix are not intended to be all inclusive. All pronouncements issued during the period should be evaluated to determine whether they are applicable to your Company. Through March 31, 2025, the FASB has issued the following Accounting Standard Updates during the year.*

- ***ASU 2025-01,*** *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*
- ***ASU 2025-02,*** *Liabilities (405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122*