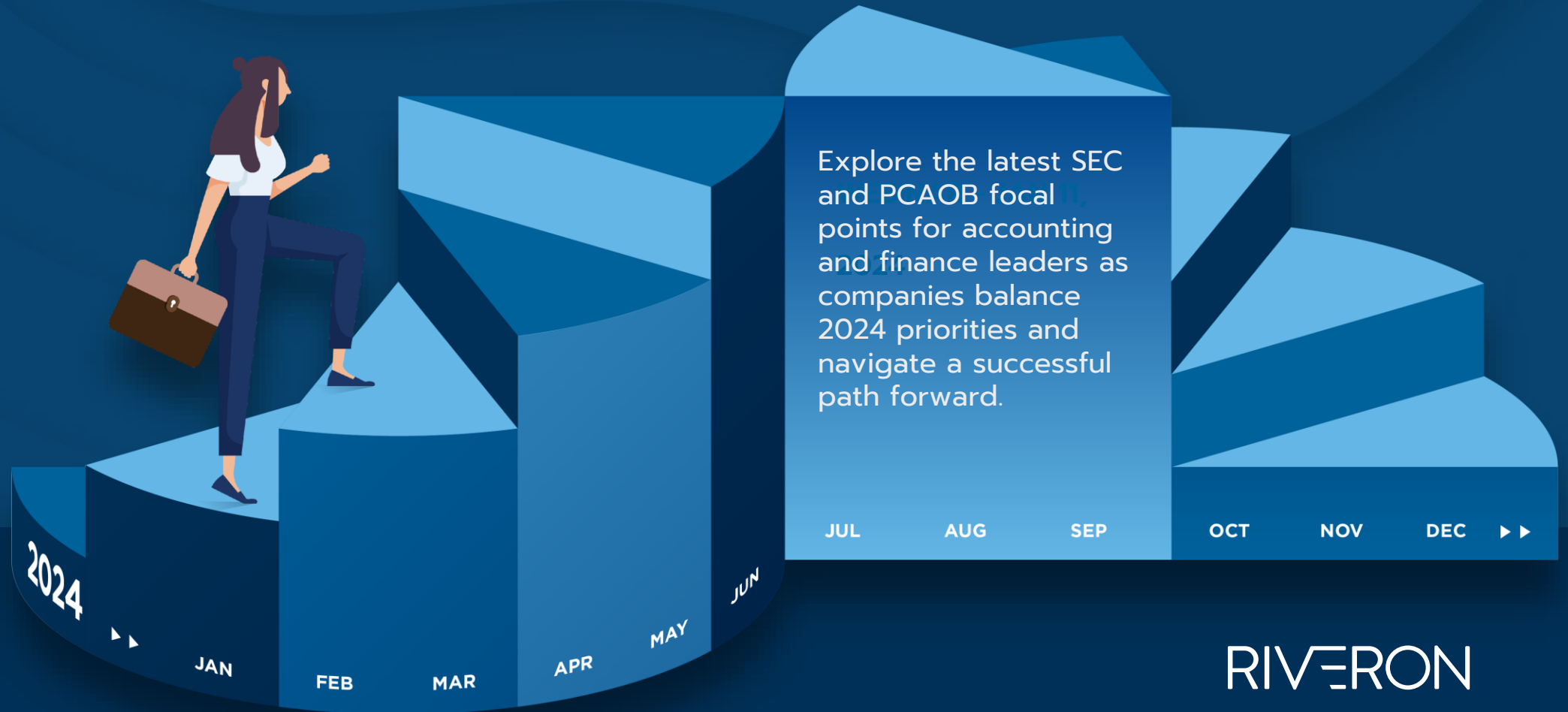


WEBINAR - JAN 11, 2024

AICPA Conference Themes Shaping the Year Ahead



Today's Presenters

Webinar reminders:

- During this session, 4 polling questions must be answered to obtain CPE
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A follow-up email will include:

- CPE certificate & webinar evaluation form
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What We'll Cover Today

Topics for today's webinar – AICPA Conference Themes Shaping the Year Ahead

01

Key takeaways from comments by the SEC

02

FASB insights and trends

03

Emerging topics (ESG, AI)

04

Tactical insights for the reporting season

01

Let's explore SEC commentary and focal points for accounting and finance leaders in 2024 and beyond.

Key takeaways from comments by the SEC

Key themes and topics discussed by the SEC

The SEC emphasized the new segment reporting standard, non-GAAP measures, and the importance of the statement of cash flows. The conference also included remarks on new reporting requirement for material cybersecurity breaches and topics such as clawbacks, pay versus performance, and SPAC backstops.

Primary changes to segment reporting	Non-GAAP measures	The statement of cash flows
<ul style="list-style-type: none"> — Entities must disclose significant expenses by reportable segment if they are regularly presented to the chief operating decision maker (CODM) and included in each reported measure of segment profit or loss — Interim disclosure of segment information that was previously only presented annually — Allows for companies to present more than one measure of profit or loss for each of its reportable segments. If non-GAAP, these measures remain subject to the non-GAAP reporting requirements — Requires single-segment entities to adhere to the guidance around segment reporting in ASC 280 — Retrospective adoption is required. Early adopters are advised to consult with the SEC if planning to disclose more than one measure of segment profit and loss 	<ul style="list-style-type: none"> — Remains a focus area of comment letters, with focus on the 2022 updates to the non-GAAP C&DIs — The SEC staff revisited what is considered “normal” or “recurring” <ul style="list-style-type: none"> — Example(s): opening one medical center is a normal expense for a company that operates them — Emphasized the importance of labeling and transparency in describing the nature of adjustments 	<ul style="list-style-type: none"> — Cash flows have consistently been a leading area of misstatements, showing that there may not be an appropriate level of rigor in the processes and controls around the preparation — Misstatements on cash flows, including classification errors, are subject to the same materiality evaluation as errors on other face financial statements



The new segment reporting standard

For public companies, ASU 2023-07 was issued in November 2023. It's effective for fiscal years beginning after Dec. 15, 2023, and interim periods within fiscal years beginning after Dec. 15, 2024.



SEC rulemaking and disclosures outside the financial statements

Think about financial reporting as a communication activity

Pay vs. Performance disclosures

Role of accountants in preparing the table

[Pay vs. Performance C&DIs](#) issued in 2023

Potential for improvements in the disclosures

Clawback rules' 10K

Boxes to be checked on front of 10-K for any prior period accounting error correction as defined in ASC 250

Cybersecurity disclosures

Reminder about the rule requiring disclosure of process and controls around cybersecurity

Disclosure of an incident within 4 days of determination of materiality

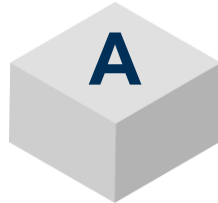
Risk Factors

Emphasis on company-specific factors, especially in this macroenvironment

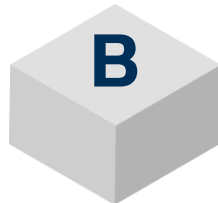
Poll #1

In your use of non-GAAP measures, your experience with the available guidance is:

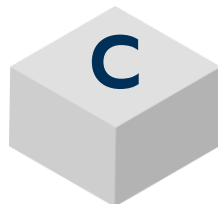
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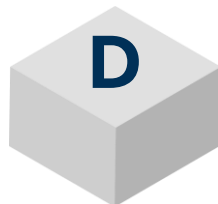
I find the available guidance (particularly the C&DIs) very helpful.



I find the guidance somewhat helpful – but it’s hard to tailor to specific scenarios for my company.



I find the guidance confusing and incomplete.



Not applicable (I don’t use non-GAAP measures)

A 3D graphic composed of several blue and grey rectangular blocks of varying sizes and orientations, creating a sense of depth and structure. The blocks are arranged in a way that suggests a staircase or a series of steps, with some blocks overlapping others. The colors range from a light blue to a dark, almost black blue.

02

Accounting, tax, and other topics on the FASB agenda are sure to shape the year ahead.

FASB insights and trends

The FASB agenda-setting panel discussion

What they issued: updates on tax, segment, crypto, and targeted improvements

Items on the agenda: software, income statement expense disaggregation, environmental credits, grants

New process for how they're going to use the EITF

Accounting issues were highlighted, including audit firms' national office panel takeaways (accounting for equity instruments, lease accounting, and more)

FASB agenda: what's coming

Board Deliberations

- Accounting for and disclosure of software costs
- Environmental Credit Programs
- Accounting for government grants
- Statement of cash flows – targeted improvements

Exposure draft

- Interim reporting – narrow-scope improvements – expected Q2 2024

Pending Final ASU

- Disaggregation of Income Statement Expenses

FASB agenda: what they issued

Improvements to Income Tax Disclosures

(ASU 2023-09 issued December 14, 2023)

Accounting for and Disclosure of Crypto Assets

(ASU 2023-08 issued December 13, 2023)

Segment Reporting

(ASU 2023-07 issued November 27, 2023)

Disclosure Improvements in Response to the SEC's Release on Disclosure Update and Simplification

(ASU 2023-06 issued October 9, 2023)

Conceptual Framework: Recognition and Derecognition

(Concepts Statement No. 8, Chapter 5 issued August 30, 2023)

Accounting Consultation Trends

Revenue recognition involving equity payment

4 scenarios of equity payments between customers and vendors:

Description	Guidance
Customer issues equity to Vendor	ASC 718
Customer receives equity from Vendor	ASC 705-20, ASC 321, ASC 815
Vendor issues equity to customer	ASC 606, ASC 718
Vendor receives shares from customer	ASC 606, ASC 321, ASC 815

Business combinations – complex accounting acquirer analyses

Newco formed to effect a business combination

Public company issues shares to effect merger

VIE analysis before VOE analysis *

Lease accounting refresher

Embedded leases

Lease and non-lease components

Business combinations – contingent consideration

Contingent consideration tied to future service

Rollover equity forfeits on voluntary termination

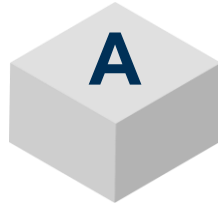
Fixed bonus pool as part of purchase price

* variable interest entity (VIE) and voting entity (VOE)

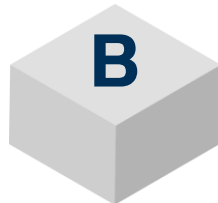
Poll #2

Regarding the new segment guidance, the most challenging aspect to implement is expected to be:

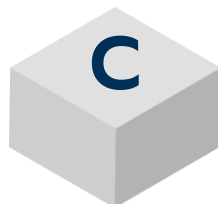
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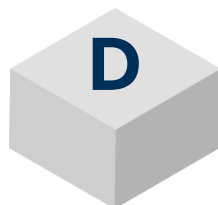
Identification and supporting data for significant segment expenses



Disclosure of how the CODM uses the disclosed measures of profit for resource allocations



Inclusion/exclusion of non-GAAP measures in addition to current single measure of profit



Not applicable (or other)

03

For 2024 and beyond, ESG reporting approaches and AI trends are impacting the accounting and finance profession.

Emerging topics

Engaging with emerging ESG and AI trends

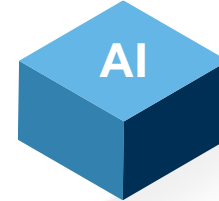


For companies of all sizes, here are specific considerations for accounting leaders when engaging with ESG:

SEC Rule: When, not if

Climate reporting requirements are varied

Understand the rule and the data required



As CFOs and accounting leaders consider how to begin to work with artificial intelligence, here are the takeaways from the AICPA conference:

Educate and build awareness

Assess current processes and needs

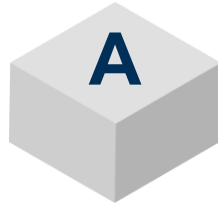
Develop a strategic plan

Focus on data quality and governance

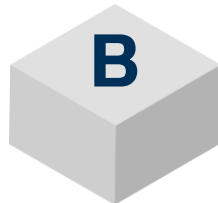
Poll #3

In 2024, which topic will have the most impact on you or your team?

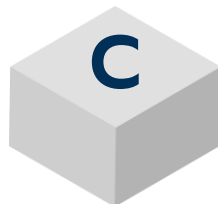
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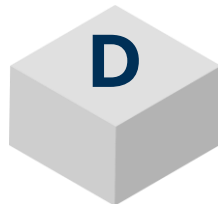
Personnel challenges and resource constraints



Significant events such as acquisitions, divestitures, or capital market transactions



How to incorporate AI/automation into your processes



A FASB update/agenda item (or something else)

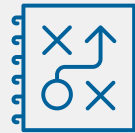
04

Based on feedback from the SEC, PCAOB, and audit firms, let's look at year-end focus areas

Tactical insights: preparing for year- end reporting

Tactical insights for reporting season

When considering the year ahead, prevalent themes from the 2023 AICPA Conference underscored the burden on preparers and the need for auditor independence.



Governance

- Volume of rulemaking and potential overload for preparers and accounting teams
- High volume of new rules could lead to unintended consequences.
- Increasing standards set by regulators to improve audit quality and better protect investors reflect expectation of deeper commitment to compliance and the adoption of new technologies and tools for risk and compliance management
- Proper governance structures, implementation and execution of internal controls can reduce risk and provide the scaffolding of repeatable/scalable processes to reduce burden on accounting personnel



Financial statement prep

- Statement of cash flows – reclassifications can be misstatements too
- Impairments, not limited to goodwill, need appropriate controls and documentation over that process
- Pay attention to technical issues that will need to have adequate time for the auditor's national office review:
 - Debt and equity financing
 - Revenue recognition
 - Acquisitions
 - Divestitures/carveouts

Recap



Key Takeaways

Let's recap the highlights from today's webinar – AICPA Conference Themes Shaping the Year Ahead

01

Key takeaways from comments by the SEC

- Segment reporting updates: How ASC 280 affects decision-making, profit and loss reporting, and non-GAAP considerations
- The impact of non-GAAP measures on segment reporting
- The importance of the statement of cash flows
- Cybersecurity considerations

02

FASB insights and trends

- Agenda-setting panel discussion
- Tax and crypto updates
- Accounting issues: national office panel takeaways (accounting for equity instruments, lease accounting, etc.)

03

Emerging topics

- The industry pulse on ESG, AI, and what these emerging topics mean for the accounting and finance profession

04

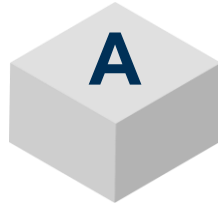
Tactical insights for reporting season

- Explore ways to ensure a smooth audit cycle
- Technical accounting and timing considerations
- How to tackle areas of judgment
- Internal controls

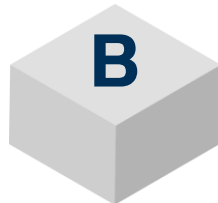
Poll #4

What is the status of your internal control programs heading into year-end?

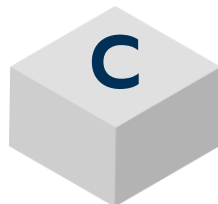
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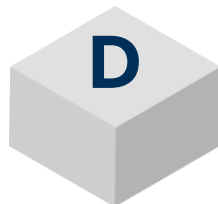
It's early - Still implementing controls and updating processes



Lots to do - Need to get through testing and maybe some remediation



Business as usual - wrapping up documentation and testing



N/A - Not an area where we are currently focused

Q+A and Related Resources

Let's clarify any items from today's chat.

Stay tuned for a follow-up email with links, live attendees' CPE certificates, and presenter contact info. Find additional insights at riveron.com:



WEBINARS

[Webinar Recap:
AICPA Conference Themes
Shaping the Year Ahead](#)



INSIGHTS

[Accounting and Financial
Reporting Insights from the
2023 AICPA Conference](#)



INSIGHTS

[Why Private Companies Should
Apply Best Practices to Non-
GAAP Reporting](#)



WEBINARS

[Webinar Recap:
Year-End Readiness, The
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