

# Riveron

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CPE Webinar | July 24, 2025

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## Accounting's Mid-year Outlook: **Navigating the Crosscurrents**



## Objectives for today's webinar

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★ **Understand the 2025 regulatory and accounting landscape**

Analyze FASB Comment letter themes and regulatory signals; learn how to preempt common disclosure missteps

★ **Evaluate macroeconomic and policy impacts**

Explore how trade policy tariffs, supply chain dynamics, and broader economic volatility affect P&L and audit readiness

★ **Best practices for financial planning in midst of uncertainty**

Gain actionable insights to enhance accuracy, efficiency, and forecasting in H2

★ **Translate emerging trends and hot topics into practical strategies**

Review updates from FASB, SEC, AI/ESG trends, SPACS, Continuation funds, and California Climate Rule

## Webinar Reminders

- During this session, 4 polling questions must be answered to obtain CPE
- Feel free to ask questions using Zoom Q&A
- On-demand video is not eligible for CPE
- Access resources, biographies, and other info at the bottom of your Zoom screen

### **A follow-up email will include:**

- CPE certificate & webinar evaluation form
- Access to today's recording and slides
- An opt-in to receive future webinar invites

# Panelists for today's webinar

## Moderator

## Panelists



**Patrick Garrett**

Managing Director,  
Accounting Advisory



**Lara Long**

Managing Director,  
Accounting Advisory



**Ian Maxwell**

Managing Director, FP&A Business  
Performance Improvement



**Valerie Flanigan**

Director, Accounting Advisory



**Andrew Quan**

Director, Accounting Advisory



**VK Varadha**

Director, Accounting Advisory





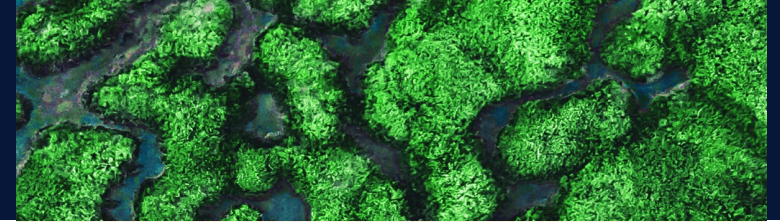
# Navigating the Crosscurrents

**Understanding the 2025  
regulatory and accounting  
landscape**



*"...protecting investors; facilitating capital formation; and maintaining fair, orderly, and efficient markets."*

*Paul Atkins, SEC Chairman*



## Executive Compensation

**July 2006** – Paul Atkins addresses expansion of Executive Compensation disclosure requirements.

### **June 2025 – Executive Compensation Roundtable**

- Disclosure requirements
- Market participant feedback
- Pay versus performance

*"... one might describe the Commission's current disclosure requirements as a **Frankenstein patchwork of rules.***

– **Paul Atkins**, Remarks from Roundtable June 2025

## Cryptocurrency

**January 2026**

### **Crypto Taskforce**

- "Regulation via enforcement" vs framework

**SAB 122** [Rescinds SAB 121]

**July 2026** Stablecoin legislation (the "GENIUS Act") signed into law.

*I believe that the Commission has broad discretion under the securities acts to accommodate the crypto industry, **and I intend to get it done.***

– **Paul Atkins**, Addressing Crypto Task Force May 2025

## Other Updates

- **One Big Beautiful Bill - PCAOB**
- **PCAOB Chair resignation**

### **Conflict Minerals**

*...social change through financial disclosure regulation does not usually work. **One need only to look at Section 1502 of the Dodd-Frank Act, which directed the Commission to issue rules requiring certain companies to disclose their use of "conflict minerals" that originate out of the Democratic Republic of the Congo or adjoining countries.***

– **Mark Uyeda**, May 2025

## POLLING QUESTION

# 1



**What is the level of effort it takes for my company to prepare Item 402 of Regulation S-K (Executive Compensation Disclosures) in annual proxy statements?**

- A. High level of effort
- B. Some level of effort, but manageable
- C. Hmmm.. I don't know
- D. Not applicable – Private Company
- E. Not applicable – Service Provider

# FASB 2025 Agenda Activity

## ASU 2025-03

### Revised Framework for Identifying the Accounting Acquirer in VIE Transactions

- Supersedes prior rule defaulting to VIE's primary beneficiary being the accounting acquirer.
- Requires application of acquirer determination guidance in ASC 805 when equity interests are exchanged in business combinations involving VIEs.
- Aims to better align acquisition accounting with the economic substance of control.

## Updates to Accounting for Software Costs

- Improves ASC 350-40 rather than overhauling guidance.
- Removes references to development 'stages'.
- Updates criteria required to start capitalization of development costs.
- Clarifies that "probable-to-complete" threshold isn't met when there is *significant uncertainty* associated with the development activities of the software law.

## Derivatives Scope Refinement

- Refines the scope of derivative accounting under ASC 815.
- Proposes a scope exception for certain contracts with underlyings based on the activities of one of the parties of the contract.
- Changes the "predominant characteristics" assessment for contracts with multiple underlyings.

# FASB 2025 Agenda Activity – *Continued*



## Exposure Draft – Debt Exchanges

- Clarifies accounting for arrangements with multiple creditors with a contemporaneous exchange of cash between the same debtor and creditor.
- Simplifies the accounting for the modification of a debt instrument involving multiple lenders under certain conditions, removing the requirement for a lender-by-lender analysis.

## Trends in Agenda Consultation

- Focused on:
  - Targeted improvements rather than sweeping changes
  - Providing investors with more useful information
  - Reducing cost and complexity of application
- Additional topics for consultation:
  - Equity method accounting
  - TDR analysis
  - Gross vs. net presentation

**“We have a robust set of accounting standards. But there is a continuous improvement and maintenance element to this to make sure that they are always fit-for-purpose.”**

**- *Richard Jones, FASB Chair, 2025 Agenda***



## POLLING QUESTION

# 2



**Which of the topics that FASB is reviewing this year would have the most impact on your business?**

- A. Software development cost accounting
- B. Accounting framework for debt exchanges
- C. Accounting acquirer determination in a business combination with a VIE
- D. Embedded derivative scope refinement
- E. Other (Type it in the chat)
- F. None of the above



Navigating the  
crosscurrents

**Evaluating macroeconomic  
and policy impacts - Tariffs**

# Balance Sheet Impacts

## Long-lived Assets

- Property, plant and equipment; goodwill; other intangibles
- Recoverability
- Assumptions regarding recoverability
- Impairment indicators/triggers and interim impairment testing
- Other assets to be considered for recoverability, including deferred tax assets and lease assets

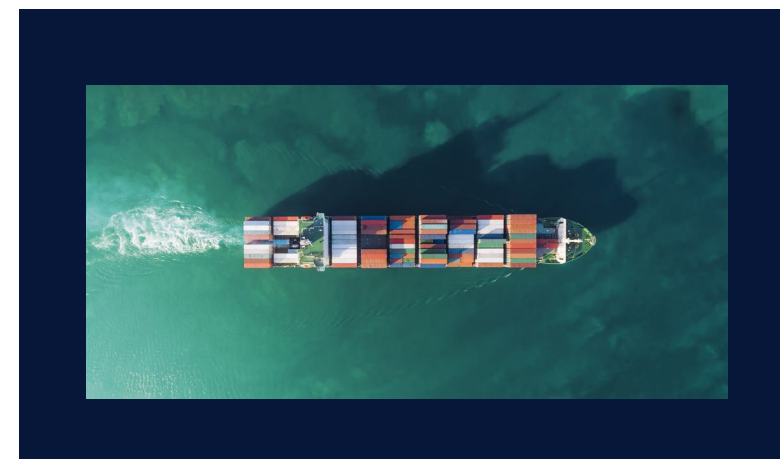
## Inventory (Finished Goods and WIP)

### Net Realizable Value (*NRV of Inventory*)

- Increase in acquisition costs
- Ability to implement price changes for customers
- Tariffs, or the increase in tariffs, are not considered “abnormal costs”
- Post balance sheet tariffs and their indirect affect to “NRV”
- Disclosure of pending “write-down” in the future
- Review/reset standard costing

## Accounts Receivable and Contract Assets

- Do they need to be reviewed for possible “write-down/write-off”?





# Balance Sheet Impacts - *Continued*

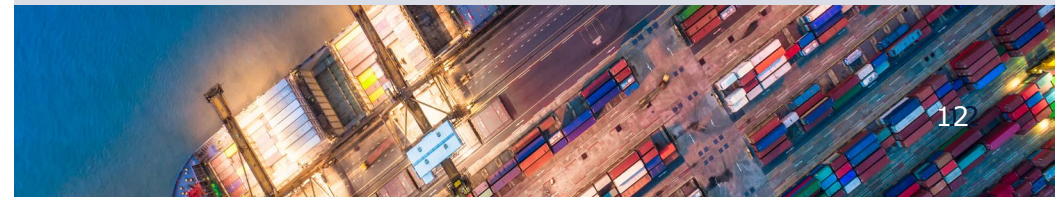
## Liabilities and Obligations

- Transfer pricing arrangements may be impacted or used to mitigate the impact of tariffs, and therefore, this could give rise to uncertain tax positions under ASC 740
- Restructuring provisions should be assessed if undertaking restructuring activities or discontinued operations
- Debt covenants could be impacted which may change the classification of current versus noncurrent debt
- Loss contracts could arise with suppliers/vendors
- Modifications to supply arrangements to be assessed
- Defined benefit obligations and actuarial valuations and assumptions
- Review estimates for stock-based compensation expenses and obligations

## Potential impact both to balance sheet and income statements

### Hedge Accounting

Increased uncertainty could impact hedge effectiveness and the probability of forecasted transactions



# Income Statement Impacts

- Confirm customer contracts remain enforceable
- Contract modifications:
  - Tariff-related price changes follow variable consideration if contractually defined; otherwise, treat as a modification or apply to future contracts
- Account for price changes prospectively if remaining goods/services are distinct; otherwise, use cumulative catch-up
- Tariff on imported goods are not subject to the practical expedient of ASC 606-10-32-2A where a company can elect to exclude taxes from revenue showing revenue net of taxes.
- If recognizing revenue over time using a “cost to cost” measure of progress or the “input method,” companies must assess whether they will be able to pass on the cost of rising tariffs to customers. If tariffs have not been assessed, but are included in total estimated costs to complete, this could result in a decrease in revenue recorded in interim periods.
- Identify loss contracts if costs exceed expected revenue

## Fair Value Considerations

- Discount rate assumptions in fair value models (e.g., cash flow forecasts) should reflect company-specific risk premiums, including tariff risks
- Consider using expected cash flow models with probability-weighted outcomes, factoring in tariff duration, customer behavior, and market conditions
- Disclose key assumptions and inputs used in valuation models
- Tariff impacts may alter "market participant" assumptions regarding asset sales or liability transfers



# Disclosures

**Financial Statement disclosures related to balance sheet and income statement impacts**

**Interim Reporting Disclosures**

**Going Concern Assessment**

## **ICOFR**

- Impact to key controls in internal control environment due to additional reviews needed for impairment, contingencies
- New DOA process due to re-sourcing suppliers?

## **Risks and Uncertainties**

- Commitments and Contingencies
- MD&A
- Geopolitical conditions
- Commodity price volatility
- Credit/capital market disruptions
- U.S. dollar appreciation/impact
- Increase in interest rates
- Supply chain disruptions/shortages/production impacts





## POLLING QUESTION

# 3



**My company has already begun incorporating disclosures with respect to the impact of tariffs to our results of operations and financial condition in our financial statements:**

- A. Yes
- B. No, but we are planning to
- C. No, and not planning to
- D. Not applicable



# Navigating the crosscurrents

## Practical considerations when planning for uncertainty

# FP&A and Integrated Finance Considerations in Navigating Tariffs or Uncertainty

## Drive Financial Resilience in Volatile Trade Environments

Build a framework to model tariff impacts, product mix shifts, sourcing decisions and supply chain risks. Emphasis is typically placed on protecting margin and market share.

## Enable Proactive Scenario Planning

Create probabilistic scenarios to model potential tariff actions, timing and magnitude. Enable management to make data driven and risk-adjusted trade-offs between pricing, sourcing and profitability levers.

## Support Financial Reporting and Valuation Sensitivity

Translate operational scenarios into financial outcomes, including valuation-relevant metrics. Highlight changes in tariffs cascade into forward-looking projections, liquidity, and asset valuations.

## Create Actionable Decision Paths

Define a roadmap for execution – whether adjusting pricing, renegotiating supply contracts, or shifting manufacturing footprints. Establish integrated view across FP&A, accounting and commercial / ops teams.

**Integrated Tariff View**

**Impact Analysis**

**Scenario Planning**

**Execution**



# Tariffs and Liquidity: The Case of a Paper Manufacturer

## Situation

A sponsor-backed paper manufacturer faced liquidity gaps and inefficiencies following macro shocks from tariffs and demand swings. The CFO sought to stabilize cash flow and modernize forecasting with a leaner, more effective data strategy.

## Approach

- Built integrated 13-week and long-term liquidity forecasts
- Modeled tariff exposure across products
- Enabled planning and reporting with enriched ERP data

## Result

### **Liquidity Management Modeling and Operating System Design**

- Lightweight, dynamic cash visibility model with upstream cash/working capital lever tracking
- Integrated business plan with input connecting sales, operations and finance inputs
- Accountability construct to manage liquidity

### **Tariff Visibility, Scenario Analysis:**

- Tariff impact model with landed cost and profitability insights by product / market
- Scenarios / sensitivities of mitigation levers (e.g., pricing elasticity, sourcing shifts, tariff durations)



Navigating the  
crosscurrents

**Translating emerging trends  
and hot topics into actionable  
strategies**



# Accounting trends and hot topics

## SPACs

(Special purpose acquisition company)

### Resurgence in 2025

2024	2025
57	74 (as of mid-July)
\$9.6B in proceeds	\$14.7B in proceeds

#### Other trends

- 69% of all IPO volumes in 2025 were SPACs
- In Q1'25 – 19 SPACs raised \$3.1 billion, of which ~80% were repeat sponsors

## Continuation Funds

### Record breaking momentum

2024	
<b>\$160-\$162B</b> Global secondary market transaction momentum	<b>\$70-\$72B</b> General partner led secondary deals

#### Drivers behind the uptick

- Exit routes remain constrained
- Limited partners want liquidity
- Growing acceptance in general partner led deals

## California Climate Rule Update

### Update

- Discretion to be applied for first reporting cycle (in **good faith**)
- Consolidated reporting allowed at the parent level
- Removal of filing fee at the time of disclosure

#### Expected updates later on...

- Definition of “doing business” in California
- Enforcement methods and penalty for non-compliance
- Exact reporting deadlines for scope 1, 2, and 3 under SB 253



# Accounting trends and hot topics

## AI (Artificial Intelligence) and RPA (Robotic Process Automation)

Rising complexity, need for efficiency and accuracy, cost saving

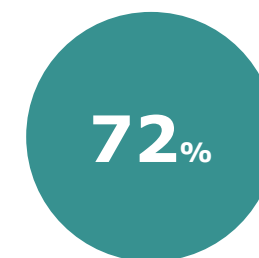
### Pros and Cons

- Quick wins for AI and RPA
  - Knowledge assistance
  - Benchmarking
  - Compliance
- Challenges of AI and RPA
  - Privacy
  - Cost
  - Change

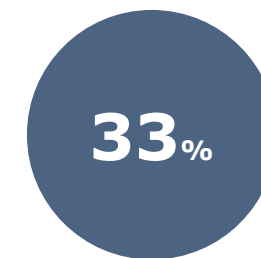
### Use case

- Personal:
  - Macros within excel
  - ChatGPT for a complex excel formula
- Client: A top 5 market cap company
  - Workiva Ai for SEC reporting
  - Customized tool for FP&A forecasting, and fixed asset data management

### Trends



US public and large firms are already piloting or deploying AI as part of their reporting



Public companies use AI in finance per audit partner surveys

## POLLING QUESTION

# 4



**How would you describe your organization's progress on compliance with the California climate rules?**

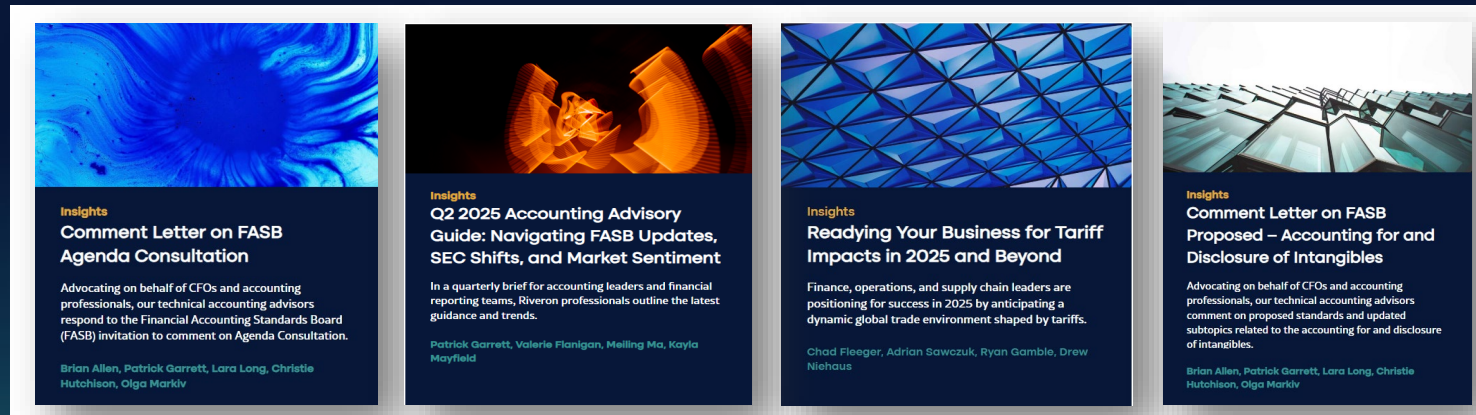
- A. Progressing toward timely compliance
- B. Started but have questions on how to apply
- C. Not sure where to start/haven't started
- D. Determined the rules are not applicable to our business

# Thank you for joining today's webinar!

## Q&A and Related Resources

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