

Riveron

WEBINAR

2026 Mid-year Accounting Advisory Update: What Finance Leaders Need to Prioritize Now

June 17, 2026 | 1:00 ET / Noon CT





Webinar Reminders

- During this session, 4 polling questions must be answered and attend for at least 50 minutes to obtain CPE
- Feel free to ask questions using Zoom Q&A
- On-demand video is not eligible for CPE

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; Presenter contact info

Objectives for today's webinar:

Mid-Year Accounting Advisory Update: What Finance Leaders Should Prioritize Now

- **Assess the accounting and regulatory developments that should be on every finance leader's radar**, including recent FASB activity and SEC reporting considerations.
- **Explore the emerging issues reshaping the finance function**, from evolving reporting expectations to the growing impact of AI and technology.
- **Understand how organizations are approaching AI governance and controls** to balance innovation, risk management, and accountability.
- **Identify actions to strengthen reporting readiness and remediation efforts** before year-end reporting and audit activities accelerate.

Host & Moderator



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Panelists



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Updates from the FASB

What FASB Issued in 2026

ASU 2026-02: Environmental Credits & Obligations (Topic 818)

- Establishes an accounting framework for environmental credits, an area where issuers previously had to rely on other guidance by analogy
- Introduces recognition and measurement requirements based on the intended use of the credit
- Requires enhanced disclosures which will provide for more comparability of disclosures across reporting entities

ASU 2026-01: Paid-in-Kind (PIK) Dividends on Preferred Stock

- Establishes a single measurement model for PIK dividends on equity- and mezzanine-classified preferred stock
- Requires management teams to use the contractual PIK dividend rate for initial measurement instead of alternative valuation methods, increasing consistency in practice
- The standard will result in EPS calculations being more consistent and comparable across reporting entities

Implementation Timeline

ASU 2026-02

- Public Entities: annual periods beginning after 12/15/2027 and interim periods within
- Nonpublic Entities: annual periods beginning after 12/15/2028 and interim periods within
- Early adoption permitted

ASU 2026-01

- Public Entities: annual periods beginning after 12/15/2026 and interim periods within
- Nonpublic Entities: annual periods beginning after 12/15/2027 and interim periods within
- Early adoption permitted

Feedback on Recent Standards

ASU 2023-07 - Segment Reporting

- Identifying “significant” segment expenses has proven to require more judgment than stakeholders anticipated, with companies continuing to face challenges in identifying those expenses
- Organizations are reassessing how the CODM is receiving information (what’s included in the internal reporting pack) because of the additional scrutiny brought by the new standard

ASU 2023-09 – Income Taxes

- Organizations are discovering gaps in availability of information at a jurisdictional level, including payment data
- Cross-functional coordination across tax, accounting, and finance remains a key challenge
- Establishing processes around the new disaggregation requirements has required significant effort

Upcoming Standards – what to do about DISE?

- DISE (ASU 2024-03) is effective for public companies in 2027.
- The standard doesn’t change the face of the financials but requires management teams to present expenses on a disaggregated basis in the footnotes based on natural expense categories.
- This presentation is meant to provide greater transparency to investors but adoption has had significant data and reporting process implications for some early adopters.

What Finance Leaders Should Do Now

- Evaluate readiness for the upcoming standards, including the availability of data to adhere to the new reporting requirements
- Start the data collection process as early as possible, including the validation of source systems across the entity
- Engage auditors while developing any new reporting processes to get buy-in on the front end for significant judgments
- Review disclosure controls and governance processes
- Identify gaps by performing test runs before adoption is required

What's Next from the FASB

Stablecoin Classification

- Added as a technical agenda project in late 2025
- Assessing classification, presentation, and disclosure requirements for digital assets held for treasury purposes, including whether stablecoins meet the definition of a cash equivalent under US GAAP

Accounting for Transfers of Crypto Assets

- Added as a technical agenda project in late 2025
- Topic is meant to address accounting for crypto lending, staking, and other transfer arrangements
- In April, the Board expanded the scope of ASC 350-60 to address wrapped tokens

Intangible Assets & AI

- Added to the research agenda in 2026
- Exploring whether the existing intangible asset model continues to be decision-useful for investors with the increasing amount of internal AI-related investments

Key Themes Driving the FASB Agenda

- Increased investor demand for transparency
- Improving comparability across reporting entities
- Balancing disclosure effectiveness with reporting burden
- Accounting challenges from emerging technologies
- Modernizing guidance for evolving business models

POLLING QUESTION

1



Which upcoming accounting standard will require the greatest effort from your organization?

- A. DISE (Disaggregation of Income Statement Expenses)
- B. Income tax disclosure enhancements
- C. Environmental credits & obligations
- D. Preferred stock / PIK dividend accounting
- E. Not sure yet or Other (Drop it in the chat)



Updates from the SEC and PCAOB

SEC Activity and Trends in 2026

What has been discussed

Modernization
of SEC
reporting
framework

Potential Shift
to Semi-
Annual
reporting

Climate
Disclosure
requirements
at the SEC
level

SEC review
priorities and
comment
letter trends

SEC Reporting Modernization

What has been discussed

Proposal would increase Large Accelerated Filer threshold from \$700M to \$2B public float

Accelerated Filer category could be eliminated under the proposal

More companies could qualify for less burdensome reporting requirements

Potential reduction in external compliance and reporting costs

May affect auditor attestation requirements under SOX 404(b)

“The Commission proposes to streamline filer statuses for public reporting companies into two primary categories: large accelerated filers and non-accelerated filers.”

SEC, May 2026

Potential Shift to Semiannual Reporting

What has been discussed

Companies could elect semiannual rather than quarterly SEC reporting

Would replace three annual Form 10-Q filings with a semiannual reporting model

Potential reduction in reporting preparation and compliance costs

May reduce pressure to manage short-term quarterly expectations

Could require changes to investor relations and earnings communication strategies

“The flexibility provided under proposed amendments would enable public companies to choose the interim reporting frequency that would best serve the company and its investors.”

SEC, May 2026

Climate Disclosure Requirements at the SEC level

What has been discussed

SEC has proposed rescinding the 2024 climate disclosure rule

Federal climate reporting requirements may become less prescriptive

Investor demand for sustainability information remains significant

International and state-level requirements may still apply

Companies should continue evaluating governance over ESG data

"The Commission's proposal focuses on returning the agency to its core mandate ... and restoring a materiality-focused approach to securities regulation."

SEC, May 2026

SEC Comment Letter Hot Spots

01 MD&A

Staff requires quantified drivers, offsets, and known trends — no generic summaries

Perennial #1

02 Non-GAAP & KPIs

Reconcile to the correct GAAP metric; check prominence and labeling across all documents

Perennial #2

03 Segment Reporting

Fastest-growing focus post-ASU 2023-07: CODM materials, significant expenses, entity-wide disclosures

New Focus

04 Revenue Recognition

Align ASC 606 disaggregation across MD&A, earnings releases, and footnotes consistently

Frequent

05 Goodwill & Estimates

Headroom, sensitivity, and at-risk reporting unit narrative required — beyond GAAP minimums

Top 5 Annual

Emerging Areas to Watch in 2026



Artificial Intelligence

SEC Advisory flags uneven issuer disclosure; AI in controls emerging as compliance focus



Cybersecurity

Active since 2023 rules; risk-management expertise and incident governance required



Crypto & Stablecoins

Active SEC rulemaking underway; stablecoins drawing fresh regulatory attention



Tariffs & Trade

Q1 2026 hot topic: quantified, issuer-specific impact required. Generic macro language flagged by staff. Supply chain and margin exposure must be disclosed.



Tax Policy Changes

Now a filing-season topic. Issuers must provide quantified, company-specific disclosure. Boilerplate treatment flagged as insufficient by staff.

POLLING QUESTION

2



If semiannual SEC reporting became an option, how would your organization likely respond?

- A. Adopt as soon as practical
- B. Evaluate benefits and drawbacks
- C. Continue quarterly reporting
- D. Too early to determine
- E. Not applicable



Hot Topics

Capital Markets: The Window is Open

346

Companies went public
in 2025 (incl. SPACs)
+54% vs. 2024

\$70.9B

Total capital raised
via IPO + SPAC, 2025
**Most active year since
2021**

\$9.4B

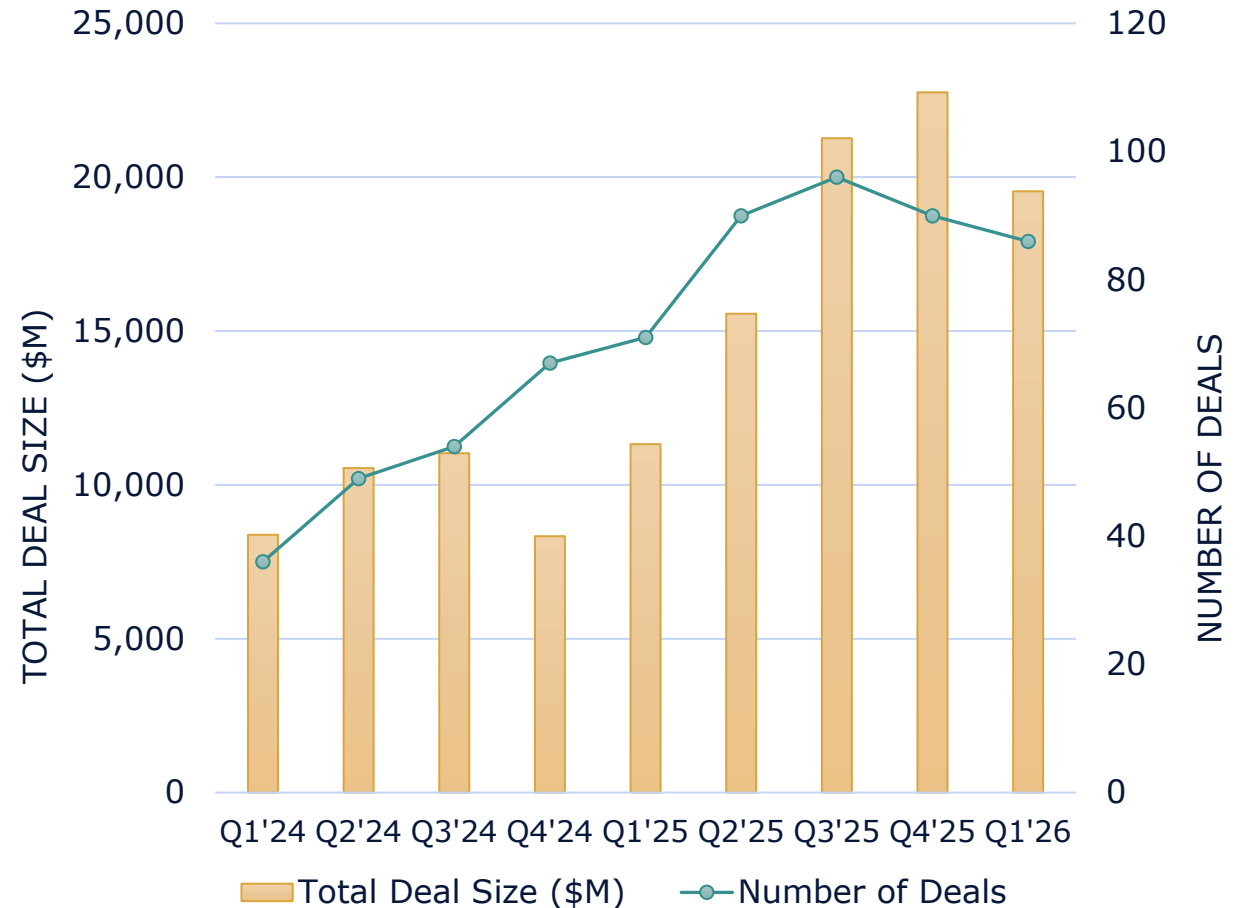
Q1 2026 IPO proceeds
22 traditional IPOs
priced
**Strongest Q1 in 5
years**

\$4.3T

Unicorn value locked
in private markets
**17 unicorns IPO'd in
2025**

- Technology & Digital Infrastructure led 2025 issuance, driven by AI demand
- SPAC issuance hit its highest level since 2021

IPO/SPAC Activity by Quarter



Source: Renaissance Capital

AI and Technology Continue to Drive Market Activity

01

MAJOR IPOs

Recent / Upcoming IPO Activity

- **SpaceX** completed a record-setting public offering, highlighting investor demand for transformative technology and infrastructure businesses. (Business Insider)
- **OpenAI** confidentially filed IPO paperwork, signaling a potential public market debut and one of the most anticipated listings in recent history. (The Verge)
- **Anthropic** also confidentially filed for an IPO, positioning AI as a major driver of capital markets activity. (Zacks)

02

DEALS

M&A & Private Equity Trends

- Sponsors continue deploying significant capital, with strong interest in software, AI, data infrastructure, cybersecurity, and business services.
- PE firms are increasingly pursuing platform acquisitions and add-on strategies to create scale and operational synergies.
- Private credit remains an important source of acquisition financing, supporting deal activity despite a higher-rate environment.

03

MARKET TRENDS

What We're Seeing Across the Market

- AI is influencing both IPO and M&A pipelines.
- Investors are rewarding companies with recurring revenue, profitability visibility, and strong cash generation.
- Boards are increasingly evaluating multiple liquidity paths (IPO, strategic sale, sponsor recapitalization, continuation vehicles) rather than pursuing a single exit strategy.

Bottom Line: Capital markets are reopening, but selectivity remains high; companies with strong fundamentals, scalable growth, and compelling AI/digital transformation stories are attracting the most investor and acquirer interest.

The AI Adoption Curve

Experimenting

- Occasional prompting
- Basic summarization
- Ad hoc usage

Integrating

- Repeatable workflows
- Structured prompting
- Consistent use cases

Operationalizing

- Team standards
- Shared workflows
- AI embedded into delivery

A practical AI adoption path

Move from individual prompting to workflows to embedded standards.

1

Experimenting

Prompting habits

2

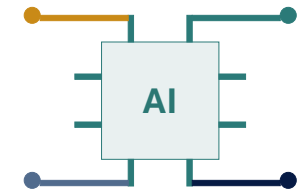
Integrating

Shared workflows

3

Operationalizing

Standards in delivery



Questions each organization needs to ask

- Where do you think your organization is today?
- What is preventing broader adoption?
- Which activities consume the most professional time?
- Where could AI create the most leverage?

The “Start Simple” Operating Model

→ KEY MESSAGE

Most professionals overcomplicate AI usage. Start simple, evaluate the output, refine the prompt, then increase reasoning only when the work demands it.

The most effective approach is:



Why Start Simple?

Faster Iteration

Quick responses accelerate learning.

Lower Cost

Preserve resources for complex work.

Better Prompting

Forces clarity before adding complexity.

Easier Scaling

Simple workflows are easier to teach and repeat.

ESCALATION RULE

Do not increase AI effort until: 1. The task is clearly defined 2. The prompt is sufficiently detailed 3. Output quality has plateaued.

The AI Work Decision Stack

← KEY MESSAGE

Not every task deserves the same level of AI reasoning, effort, review, or cost.

FOUR LEVELS	USE WHEN	CHARACTERISTICS	REVIEW / CONTROL
Level 1 <i>Fast Execution</i>	<ul style="list-style-type: none"> • Drafting summaries • Information extraction • Brainstorming 	<ul style="list-style-type: none"> • Fast turnaround • Low cost • High volume 	<ul style="list-style-type: none"> • Light human check • Reusable prompts • Clear output owner
Level 2 <i>Structured Analysis</i>	<ul style="list-style-type: none"> • Multi-source synthesis • Document review • Pattern identification • Business analysis 	<ul style="list-style-type: none"> • Moderate effort • Moderate review • Traceable assumptions 	<ul style="list-style-type: none"> • Compare sources • Validate key facts • Document caveats
Level 3 <i>Judgment Support</i>	<ul style="list-style-type: none"> • Competing conclusions • Ambiguous situations • Scenario evaluation • Strategic recommendations 	<ul style="list-style-type: none"> • Higher reasoning depth • Greater human review • Sensitivity to context 	<ul style="list-style-type: none"> • Decision-maker review • Challenge alternatives • Record rationale
Level 4 <i>Critical Decisions</i>	<ul style="list-style-type: none"> • High-risk decisions • Regulatory implications • Significant financial impact • Executive-level recommendations 	<ul style="list-style-type: none"> • Maximum review • Independent checks • Human accountability remains essential 	<ul style="list-style-type: none"> • Formal escalation • Expert or legal review • Final human sign-off

Design the work by reasoning depth first: increase structure, review, and accountability only as decision risk rises.

POLLING QUESTION

3



How would you describe your organization's AI adoption journey?

- A. Exploring and experimenting
- B. Piloting specific use cases
- C. Integrated into selected workflows
- D. Embedded across finance processes
- E. No meaningful adoption yet



AI Governance & Mid-Year Remediation

AI Enters Finance Through Three Doors - Each One Opens Six Control Risks

Where AI enters your finance function

Zone 1 Financial Reporting

- AI-generated journal entries
- AI-drafted disclosures
- Automated revenue recognition

↳ *Errors flow into financial statements*

Zone 2 Planning & Analysis

- AI-powered forecasting & variance analysis
- Predictive cash flow modeling
- Automated management commentary

↳ *Biased inputs distort decisions*

Zone 3 Compliance & Controls

- AI-assisted SOX testing and audit sampling
- Automated transaction anomaly detection
- AI-powered risk assessment

↳ *Governance gap: who governs the AI?*

The six control issues this creates

01 Model & Output Risk

Unvalidated model outputs feeding financial statements; no mandatory human review before posting

02 Access & Change Control

Inadequate SOD for AI system changes; no formal approval for model updates

03 Data Integrity & Bias

Biased training data distorting forecasts; AI-driven accounting variances that cannot be explained.

04 Regulatory & SOX Exposure

SEC expectations on AI disclosure; PCAOB scrutiny of AI in audit.

05 Monitoring Blind Spots






No model-drift alerting configured; absence of continuous controls over AI-generated transactions, accruals, and entries at period close.

06 Governance Accountability

No board-level AI policy; unclear ownership between IT, Finance, and Risk; no documented AI use-case inventory with FS impact ratings.

The AI Governance Framework Finance Leaders Need - Built on COSO Principles

As AI adoption grows in finance, companies need structured governance. COSO provides a strong controls foundation, which can be extended with frameworks like COBIT to address AI and technology-specific risks.

Governance & Accountability	Risk Assessment & Classification	Control Design & Implementation	Monitoring & Ongoing Testing	Audit Readiness & Evidence
 <ul style="list-style-type: none"> – Designate a Finance AI Control Owner – Maintain AI use-case inventory – Board-level AI risk disclosure policy 	 <ul style="list-style-type: none"> – Tier AI tools by FS impact (Low/Med/High) – Risk-assess models before deployment – Map AI outputs to FS line items 	 <ul style="list-style-type: none"> – Human-in-the-loop for material AI outputs – Access controls & SOD across AI systems – Change controls for all model updates 	 <ul style="list-style-type: none"> – Continuous monitoring with automated performance alerts – Periodic re-validation for high-impact models – Quarterly OE testing for AI controls 	 <ul style="list-style-type: none"> – Document human review with timestamps – Maintain model version logs – Pre-brief external auditors on AI
KEY TAKEAWAYS				
AI belongs in your SOX risk assessment	Build AI tool inventory with FS impact ratings	Human review of AI is a control requirement	Deploy automated alerts for model drift	Map AI controls into your SOX matrix now

Not All Deficiencies Are Equal - Classify Accurately, Then Act with Proportionate Urgency

Deficiency Classification

LOW Control Deficiency

Unlikely to cause a material misstatement.

↳ Document and monitor; include in next cycle.

ELEVATED Significant Deficiency

More than remote likelihood of misstatement.

↳ Remediate in Q3; re-test before year-end.

CRITICAL Material Weakness

Reasonable possibility of material misstatement.

↳ Immediate escalation; notify auditors now.

Remediation Priority Matrix

High Impact / High Likelihood

Escalate, engage external support, report to Audit Committee

High Impact / Low Likelihood

Design improvement; document mitigating controls by Q3

Low Impact / High Likelihood

Process fix; management tracking, Q3 re-test

Low Impact / Low Likelihood

Monitor only; document in control matrix

6-Step Remediation Protocol

1 Root Cause Analysis Design vs. operating failure - treat the cause, not the symptom.

2 Control Re-Design Update documentation, procedures, owners, and approval workflows.






3 Evidence Collection Gather adequate support - both quantity and quality matter to auditors.

4 Re-Performance Test Test remediated controls before year-end.

5 Auditor Communication Brief external auditors proactively - no year-end surprises.

6 Live Tracking Dashboard Owner · due date · evidence status · re-test date - visible to management daily.

The Q3-to-Close Playbook: Five Phases That Separate Prepared Teams from Reactive Ones

July–Aug	September	October	Nov–Jan	February+
Remediate & Prepare (July–Aug)	Scope & Re-Align (September)	Test & Evidence (October)	Close All Gaps (Nov–Jan)	Final Sign-Off (February+)
 <ul style="list-style-type: none"> – Complete roll-forward early – Identify all open deficiencies – Update Risk & Control Matrix 	 <ul style="list-style-type: none"> – Align scope & timeline with auditors – Finalize walkthroughs for changed controls – Complete re-testing for remediated items 	 <ul style="list-style-type: none"> – Execute full operating effectiveness testing – Clear exceptions with management response – Brief Audit Committee on control status 	 <ul style="list-style-type: none"> – Roll-forward year-end; zero gaps acceptable – Respond to auditor requests within 48 hours – Validate FS tie-outs to controls 	 <ul style="list-style-type: none"> – Issue management representations – Clear all items before auditor departure – File 302 & 906 certifications on time
YOUR 30-DAY ACTIONS				
Classify all deficiencies LOW / ELEVATED / CRITICAL	Finalize walkthroughs & update RCM	Assign owners & re-test deadlines to every SD/MW	Schedule Q3 Audit Readiness meeting	Build live remediation dashboard

POLLING QUESTION

4



Does your organization have a formal AI governance framework in place?

- A. Yes, established and operating
- B. In development
- C. Discussing internally
- D. No current plans
- E. Unsure

Q&A and Related Resources

Thank you for joining today's webinar!

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Insights

The Case for a CFO AI Lab: Why a Pilot Launch is Better Before a Full-Scale Rollout



Viewpoints

AI Is Reshaping Technology's Capital Architecture and the Accounting Conversation Is Following



Viewpoints

Navigating Complexity in the Office of the CFO: Insights from Interim Leadership in 4 Private Equity Cases



Viewpoints

How a Disciplined Finance Function Will Unlock AI's True Potential for Your Enterprise



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