



SEC • PCAOB • FASB

News & Updates for the Quarter Ended March 31, 2020

While much of the financial reporting and auditing news during the first quarter of 2020 was dominated by COVID-19, the Securities and Exchange Commission (“SEC”), Public Company Accounting Oversight Board (“PCAOB”), and Financial Accounting Standards Board (“FASB”) issued updates on other noteworthy topics.

The SEC announced that it voted to propose amendments to certain financial disclosure requirements in Regulation S-K. The proposed amendments would eliminate duplicative disclosures, modernize and enhance Management’s Discussion and Analysis disclosures, and simplify compliance efforts for companies.

The FASB implemented a new Accounting Standards Update (“ASU”) during the first quarter that improved financial instruments guidance and proposed a new ASU that will enhance contributed nonfinancial asset disclosures by not-for-profit organizations. The first initiative will improve guidance for the expected credit loss standards introduced in 2016, while the second initiative will require not-for-profit organizations to present contributed nonfinancial assets (e.g., land, building, etc.) as a separate line item in the statement of activities.

With regard to COVID-19, these agencies provided varying forms of guidance and relief to public registrants and accounting firms. For example:

- The SEC introduced guidance for companies to consider in their disclosure documents including how the company and management will attempt to respond to the effects of COVID-19 today and in the future. While the extent of the impact is still unknown, the SEC encourages companies to disclose material information surrounding the COVID-19 crisis to investors and market participants and to continue to adjust as necessary.
- The FASB is committed to continuing to educate stakeholders by helping them better interpret guidance applicable to lease concessions. The board also developed and published a FAQ list to respond to prevalent questions and they continue to work with the SEC, the American Institute of Certified Public Accountants (“AICPA”), banking regulators, and other stakeholders amid these uncertain times.
- Given the suspension of international travel, the PCAOB introduced a 45-day relief period for PCAOB-registered audit firms from inspections, however the PCAOB remains operational and is committed to continuing to perform its regulatory and operational activities.



SEC Highlights

[SEC Proposes Amendments to Modernize and Enhance Financial Disclosures](#)

Jan. 30, 2020

The SEC voted to propose amendments to modernize, simplify, and enhance financial disclosure requirements in Regulation S-K. The guidance's objective is to improve the disclosure regime for investors and companies. It specifically attempts to improve the quality and accessibility of financial results and performance metrics, while allowing investors to make better capital allocation decisions along with simpler compliance efforts for filers.

[SEC Takes Targeted Action to Assist Funds and Advisers, Permits Virtual Board Meetings and Provides Conditional Relief from Certain Filing Procedures](#)

Mar. 13, 2020

The SEC announced regulatory relief for funds and investment advisers whose operations may be affected by the COVID-19 crisis. The measures cover in-person board meetings and certain filing and delivery requirements for certain investment funds and investment advisers. The relief efforts are related to the Investment Company Act of 1940 and the Investment Advisors Act of 1940.

PCAOB Highlights

[In Light of COVID-19, PCAOB Provides Audit Firms with Opportunity for Relief from Inspections](#)

Mar. 23, 2020

The PCAOB is offering registered audit firms up to a 45-day relief period but is expecting to fully resume inspections beginning May 11, 2020. The PCAOB believes this pause will give audit firms the time, resources, and flexibility to work through significant matters with their issuer and broker-dealer clients. These actions are a result of the COVID-19 crisis.

[The PCAOB Issued its Annual Report](#)

Mar. 24, 2020

The PCAOB's annual report focused on several important initiatives, including an effort to engage audit regulators from around the world. In conjunction with the Office of International Affairs ("OIA"), the PCAOB is focused on fostering bilateral relationships and cooperative arrangements with non-US regulators to ease inspections and investigations abroad. The PCAOB also instituted a new information security policy framework to protect its information assets. The initiative attempts to create a governance function to manage information assets, while promoting interoperability, and deliver insights to facilitate decision-making.

FASB Highlights

[FASB Proposes Improvements to Accounting for Contributed Nonfinancial Assets by Not-for-Profit Organizations](#)

Feb. 10, 2020

The FASB proposed an ASU with the purpose of improving transparency around how not-for-profit organizations present and disclose contributed nonfinancial assets. The ASU would require non-profits to present contributed nonfinancial assets (e.g., land, building, food or clothing) as a separate line item in the statement of activities, separating it from cash and other financial assets. These items would also need to be separated into categories that depict the type of contributed nonfinancial assets and certain information about each asset will need to be disclosed (e.g., any donor restrictions).

[FASB Issues Narrow-Scope Improvements to Financial Instruments Guidance](#)

Mar. 9, 2020

The FASB issued an ASU with the purpose of improving various aspects of financial instruments guidance, including the expected credit losses standard from 2016. The goal of the ASU is to increase stakeholder awareness and address areas brought forward by various stakeholders.