



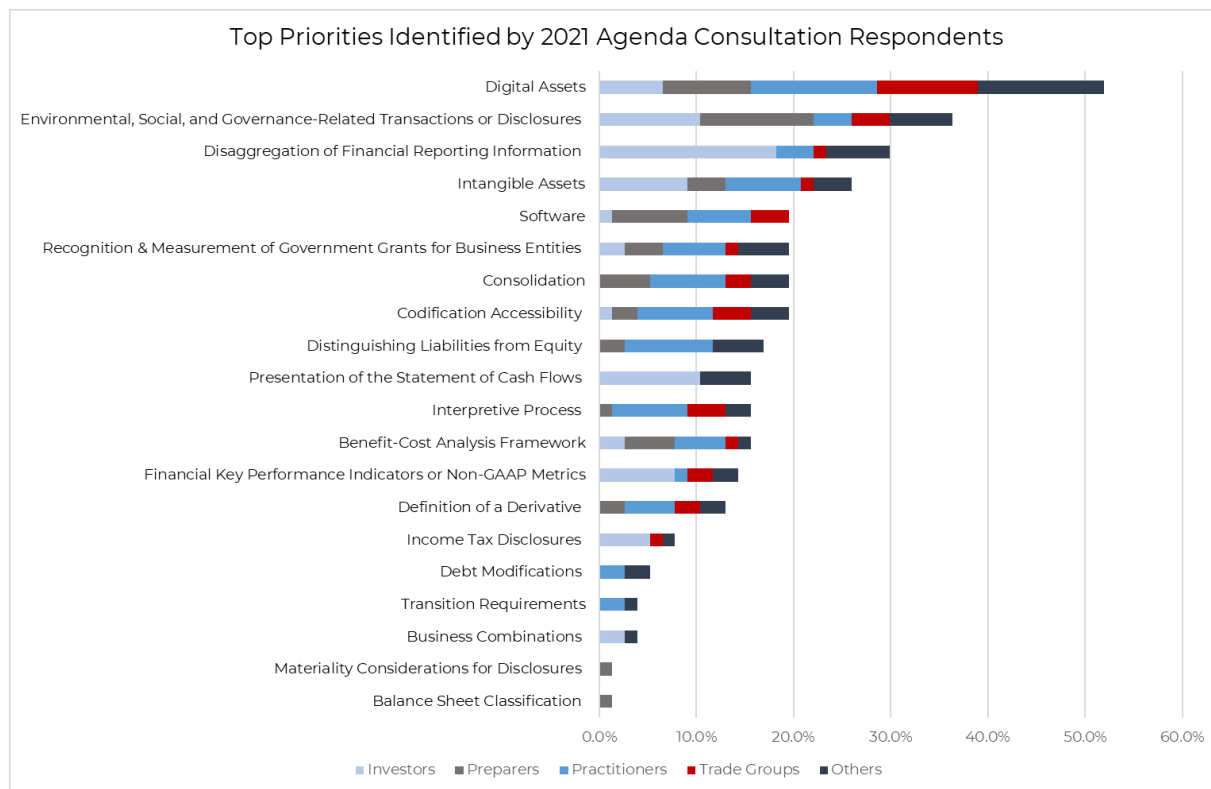
2024 Agenda Consultation
Content Development Outreach

1. In June 2022, the FASB issued the [2021 Agenda Consultation Report](#), which summarized the robust feedback obtained during our 2021 agenda consultation project (2021 Agenda Consultation) and how that feedback has influenced the Board's technical and research agendas and standard-setting process. Since then, the Board has continued to make significant progress on the top priorities identified by stakeholders.
2. In May 2024, FASB Chair Richard R. Jones announced that the FASB would begin to undertake a similar agenda consultation process (2024 Agenda Consultation) to understand the priority areas that the Board should next address, which will include the issuance of a public Invitation to Comment in early 2025 that will broadly seek input from stakeholders. As part of the process to develop content for the Invitation to Comment, the FASB staff is soliciting feedback from advisory and key stakeholder groups to understand the top areas of generally accepted accounting principles (GAAP) that need improvement. This outreach will include a cross-section of stakeholders, including investors and other allocators of capital (collectively, "investors"), preparers, practitioners, and academics. The FASB Board and staff will analyze the feedback and consider whether and how to change the Board's technical and research agendas in the second half of 2025.
3. This document supplements the distributed slides and provides additional background information that will help to facilitate our upcoming discussion about the future of the Board's agenda. The staff welcomes any questions before that meeting. Please feel free to reach out to Aarika Friend (afriend@fasb.org) or Tiffany Wyszowski (twyszowski@fasb.org) with any questions.

2021 Agenda Consultation

4. The feedback from the 2021 Agenda Consultation from all of our stakeholder groups was tremendous and the increased participation of investors in our process has continued to shape the FASB's agenda since then. The following diagram provides an illustration of the topics that the respondents who broadly addressed¹ the 2021 Agenda Consultation identified as top priority, in order of most frequently identified to least frequently identified:

¹ Respondents who solely commented on digital assets are not included in the diagram.



Progress on Agenda Priorities

5. Since July 2022, the Board has made significant progress on the top standard-setting priorities identified by respondents from the 2021 Agenda Consultation, as follows:
 - (a) Final Accounting Standards Updates² have been issued or are expected to be issued by the end of 2024 related to crypto assets, disaggregation of income statement expenses, and income tax disclosures.
 - (b) Proposed Accounting Standard Updates have been issued or are expected to be issued for comment by the end of 2024 related to derivatives scope refinements, accounting for environmental credit programs, accounting for government grants,³ and accounting for and disclosure of software costs. The Board will deliberate issues and begin to finalize guidance related to these topics by the end of 2024 or the first half of 2025.
 - (c) Invitation to Comment documents are expected to be issued by the end of 2024 related to financial key performance indicators for business entities and intangible assets to

² The Board also issued a final Accounting Standards Update related to segment reporting, which had already been prioritized on the technical agenda during the 2021 Agenda Consultation process.

³ An Invitation to Comment was issued on the accounting for government grants by business entities in June 2022.

gather more information on whether the Board should address these topics as a priority. The Board will consider feedback received on these topics and make an agenda decision during the first half of 2025.

- (d) The technical agenda includes a project to make targeted improvements to the statement of cash flows for financial institutions, which the Board continues to deliberate.
 - (e) The research agenda includes (i) a reconsideration of the statement of cash flows and (ii) consolidation of business entities. The staff continues to research issues related to these topics for potential consideration to be added to the technical agenda.
6. In addition to those standard-setting projects, the following improvements to the standard-setting process have been made as a result of the 2021 Agenda Consultation:
- (a) The Emerging Issues Task Force was reconstituted with new membership and operating procedures to enhance the efficiency of the interpretive process and more effectively utilize members.
 - (b) The Financial Accounting Foundation has made the Accounting Standards Codification free for all stakeholders to access.
 - (c) A redesigned website for the Financial Accounting Standards Board was launched. The new websites feature streamlined navigation, a simpler menu structure, more attractive and intuitive design, a more robust search algorithm, and more prominent placement of the most important information stakeholders are looking for.
 - (d) Internal processes have been enhanced to improve consistency of transition requirements and provide more transparency to stakeholders on procedures performed to support the benefit-cost evaluation.

The Board's Agenda Prioritization Process

7. FASB projects are categorized as either research projects or technical agenda projects. The objective, timing, and next steps related to each individual [project](#) are defined and published on the [FASB website](#). All projects relate to the mission of the FASB, which is:

To establish and improve standards of financial accounting and reporting that foster financial reporting by nongovernmental entities that provides decision-useful information to investors and other users of financial reports.

8. The FASB Chair is solely able to direct and set the research projects to gather information that can be used in deciding whether to add a project to the technical agenda in the future. However, at least a majority of the Board must approve any projects that are added to or

removed from the technical agenda. Only projects on the technical agenda can result in standard setting. When considering whether to add a project to the technical agenda, the Board evaluates potential projects against the following three criteria to ensure consistent agenda prioritization decisions:

- (a) **Is there an identifiable and sufficiently pervasive need to improve GAAP?** In other words, what improvement is needed? And to what extent does an issue affect users, preparers, auditors, and others?
 - (b) **Are there technically feasible solutions, and are the expected benefits of those solutions likely to justify the expected costs of change?** What are the various alternative ways that an issue could be addressed? What are the expected benefits of the solutions, and can the solutions be implemented?
 - (c) **Does this issue have an identifiable scope?** Can the FASB effectively identify the scope of the potential project? Can the issue be sufficiently described?
9. Decisions about whether a project meets those criteria is a matter of Board members' professional judgment based on research and analysis performed by the FASB staff. The criteria help the Board to use its time and resources efficiently and effectively on projects that the Board will be able to complete in a timely manner.
10. When considering the Board's first agenda criteria (that is, is there an identifiable and sufficiently pervasive need to improve GAAP?), the following are three primary reasons for change:
- (a) **To provide investors with better, more useful information that will directly influence their decisions and behavior—**The FASB's mission centers on standards that provide investors with decision-useful information, and the FASB is focused on obtaining investor input at every stage of the standard-setting process, including in the agenda decision process. In meeting the FASB's mission, an investor's desire for more granular information must be balanced with the cost to provide that information. Therefore, an emphasis on benefit-cost analysis throughout the FASB's standard-setting activities is crucial. The FASB strives to clearly identify, understand, and communicate the types of investors that will benefit from any changes and how they will use that information.
 - (b) **To remove unnecessary cost and complexity from the system—**If a transaction is, by its nature, complex, the accounting also may be complex, which is *necessary* complexity. Conversely, unnecessary complexity and the cost that accompanies it should

be minimized because it affects investors and preparers. Unnecessary complexity may convey a level of precision that can be misleading and can reduce the quality of compliance with a standard.

- (c) **To maintain and improve the *FASB Accounting Standards Codification*[®]**—Ensuring that the Codification (which is the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles) remains relevant to current transactions, addresses practice issues, and narrows unacceptable diversity in practice continues to be important.

Discussion Questions

11. The objective of today's discussion is to help the FASB staff understand:

- (a) What are the top three to five major financial reporting areas⁴ in GAAP that should be addressed by the Board, based on the FASB's agenda criteria? These may include:
 - (i) Inconsistencies in GAAP for economically equivalent transactions
 - (ii) New and emerging businesses or transactions
 - (iii) Unnecessary costs and complexity for improvements in accounting or disclosure.
- (b) For each of the areas identified:
 - (i) Why is there a critical need for standard setting in these areas? That is, how do each of the areas identified meet the first criteria of having an identifiable and sufficiently pervasive need to improve GAAP?
 - (ii) In considering potential solutions, should improvements be incremental to existing guidance or should the Board take a comprehensive "clean sheet" approach?
 - (iii) Does the resolution of any of the areas depend on the resolution of one or more other areas?
- (c) How would you rank the priority of these areas, from highest to lowest?

⁴ While the primary focus should be on new topics, we also welcome feedback on areas that are associated with current projects on the Board's [technical](#) or [research](#) agendas.