



RSM US LLP

March 21, 2025

Mr. Jackson M. Day
Technical Director
Financial Accounting Standards Board
801 Main Avenue
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 2024-ED600

Dear Mr. Day:

RSM US LLP is pleased to provide feedback on the Financial Accounting Standards Board's (FASB or Board) proposed Accounting Standards Update (ASU), *Interim Reporting (Topic 270)—Narrow-Scope Improvements* (proposed Update or proposal).

We support the Board's proposal and efforts to improve the guidance in Topic 270, *Interim Reporting*, by improving the navigability of the required interim disclosures and providing additional guidance on what disclosures should be provided in interim reporting periods. Overall, we believe the proposed amendments would increase the understandability of the Topic and its disclosure requirements when an entity elects to issue condensed interim financial statements.

Our responses to the questions posed in the proposed Update are included in the remainder of this letter.

Responses to Questions for Respondents

Question 1

Do the amendments in this proposed Update that would clarify that the guidance in Topic 270 applies to interim financial statements and notes in accordance with GAAP (see paragraphs 270-10-15-3 through 15-4) increase the understandability of Topic 270? Please explain why or why not.

We believe that the proposed amendments clarify and increase the understandability of Topic 270. Specifically, we believe the Board's decision to leverage the guidance in Topic 205, *Presentation of Financial Statements*, to explicitly describe what constitutes interim financial statements in accordance with generally accepted accounting principles (GAAP) clarifies the scope and applicability of the guidance in Topic 270. Also, the Board's decision to remove the phrase "interim financial information" from Topic 270 and certain other Topics that use the phrase and similar phrases, makes clear that Topic 270 does not apply to interim financial information whose form and content is generally specified by the recipient, and limited to specific financial statements or balances that may be computed, derived, or based on GAAP methods or requirements.

Question 2

Are the proposed amendments that describe the form and content of interim financial statements and notes in accordance with GAAP (see paragraphs 270-10-45-20 through 45-24) appropriate? Do they

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capture the form and content of interim financial statements and notes currently being provided in accordance with GAAP? Please explain why or why not.

We believe that the proposed amendments are appropriate and capture the form and content of interim financial statements and notes currently being provided in accordance with GAAP. The Board's decision to incorporate the form and content guidance in Topic 270 separately for SEC registrants and entities that are not SEC registrants should also help entities more easily navigate the reporting requirements to ensure compliance with GAAP. Specifically, the Board's decision to add a reference in Topic 270 to direct SEC registrants to applicable SEC regulations (e.g., Regulation S-X Rules 210.10-01 and 210.8-03 (paragraph 270-10-S45-2)) on interim reporting should prevent unnecessary complexity for those entities when complying with GAAP form and content requirements. We also believe the additional guidance provided by the Board on how an entity that is not an SEC registrant could aggregate its financial statements to provide condensed statements in accordance with GAAP will also be helpful for those entities that choose that format to comply with their interim financial statements reporting requirements.

Question 3

Do you agree that including a list of interim disclosure requirements in Section 270-10-50 would improve the Codification? Please explain why or why not.

We believe that including a list of interim disclosure requirements within Section 270-10-50 would improve the Codification by further clarifying the interim reporting requirements under Topic 270. We believe that list of disclosure requirements, when combined with the proposed disclosure principle, would provide a useful roadmap for both preparers and practitioners to ensure compliance with the requirements for reporting condensed statements, which is an acceptable format for reporting interim financial statements.

Question 4

Using the Board's methodology (see paragraphs BC42–BC55), is the proposed list of interim disclosure requirements in Section 270-10-50 complete, or are there disclosures that should be included in or excluded from the list? If so, please provide the disclosures and your rationale, including supporting evidence that is consistent with the Board's methodology.

We were not able to fully reperform the Board's methodology as described in paragraphs BC42 through BC55 of the proposed Update, in part because we do not have access to all the information the Board considered (e.g., the "FASB documentation" as defined in paragraph BC47). In addition, our assessment of the Board's procedures was not exhaustive; instead, we attempted to reperform the Board's methodology on a sample of the disclosure requirements within the Codification. Based on the limited procedures performed, we did not find anything that would indicate that the proposed list of interim disclosure requirements is incomplete.

Question 5

Do you agree with the Board's methodology on how it compiled the disclosure list in Topic 270 (see paragraphs BC42–BC55)? Please explain why or why not. If not, please describe your preferred methodology. Please identify the differences between the list of interim disclosures derived using your preferred methodology and the list of disclosures in Section 270-10-50 and provide supporting evidence that is consistent with your preferred methodology.

For the same reasons described in paragraphs BC42 through BC55 of the proposed Update, we agree with the Board's methodology for compiling the disclosure list in Topic 270.

Question 6

The Board uses the term event-driven disclosures to describe disclosures required if an event or transaction occurs (see paragraph BC65). The Board decided that while certain event-driven disclosure requirements that meet the criteria in paragraph BC46 would be included in the interim disclosure list in the proposed amendments, others would be captured by the disclosure principle discussed in Question 7 (for example, if a new line of business was acquired with specific industry disclosure requirements, the acquirer would evaluate the disclosures under the disclosure principle rather than evaluating whether those industry requirements should be disclosed in accordance with the interim disclosure list in Topic 270). Do you agree with this approach to event-driven disclosures, or should other event-driven disclosures be included in the interim disclosure list? Please explain why or why not.

For the reasons discussed in paragraphs BC46 through BC51 of the proposed Update, we agree with the Board's approach for determining the list of event-driven disclosures to be included in the interim disclosure list. We agree with the Board that all other event-driven disclosures that are excluded from the list should be evaluated under the disclosure principle to determine whether the disclosure is necessary when an entity decides to prepare condensed interim financial statements. We agree with the Board's conclusion that including every possible event-driven disclosure requirement within the interim disclosure list would be impractical.

Question 7

Is the proposed disclosure principle operable (see paragraphs 270-10-50-67 through 50-70)? Please explain why or why not. If not, did you consider the prior SEC disclosure principle included in paragraph 270-10-50-68 to be operable (see paragraphs BC56–BC59)? Would the proposed disclosure principle provide decision-useful information? Does the operability of the disclosure principle vary between SEC registrants and nonregistrants? Please explain why or why not. Are there any reasons why the wording in paragraphs 270-10-50-67 through 50-70 should not be incorporated into GAAP? Please explain why or why not.

We believe the disclosure principle outlined in paragraphs 270-10-50-67 through 50-70 of the proposed Update is operable for SEC registrants because the Board developed the principle by leveraging the language (including the deleted language) in Regulation S-X Rule 210.10-01(a)(5). We defer to nonregistrants as to whether the disclosure principle is operable for their purposes. We are not aware of nonregistrants that currently issue condensed interim financial statements and we do not anticipate practice to change for these entities primarily due to (1) the significant judgment involved in determining what types of disclosures may be omitted under the proposed disclosure principle and (2) generally not being subject to the type of tight interim reporting deadlines that their public counterparts are, which is the primary reason why entities may choose to issue condensed statements.

We defer to investors as to whether the disclosure principle would provide decision-useful information when an entity elects to issue condensed statements, as defined in the proposed Update.

Question 8

The Board decided to remove the phrase interim financial information from certain paragraphs that address the scope of the guidance within Topic 270 in the proposed amendments. Additionally, proposed consequential amendments were made to other Topics in certain paragraphs to remove the phrase interim financial information and other similar phrases. Would these proposed changes result in any unexpected consequences within other areas in GAAP? Please explain why or why not.

We do not believe that the proposed amendments would result in unexpected consequences within GAAP. As explained in our response to Question 1, we believe that removing the phrase “interim financial information” and other similar phrases from Topic 270 and other Codification Topics would instead improve consistency in reporting practices by further clarifying the scope and applicability of the interim reporting requirements under Topic 270.

Question 9

Do you agree with the proposed amendments in Sections B and C? If not, please explain which proposed amendment(s) you disagree with and why.

We agree with the amendments in Section B, *Amendments to Clarify Disclosures Are Interim*, and Section C, *Other Conforming Amendments*, of the proposed Update.

Question 10

Do you agree that the proposed amendments should be applied prospectively to interim financial statements and notes in accordance with GAAP issued for reporting periods after the effective date? Please explain why or why not.

For the same reasons described in paragraph BC81 of the proposed Update, we agree that the proposed amendments should be applied prospectively to interim financial statements and accompanying notes prepared in accordance with GAAP issued for reporting periods beginning after the effective date.

Question 11

How much time is needed to implement the proposed amendments? Should early adoption be permitted? Please explain why or why not.

Time will be needed for accounting firms and other service organizations that provide GAAP disclosure checklists to update their guidance and for reporting entities to reconsider their policies, processes and controls for preparing their interim financial statements. In addition, the Board should consider whether other standard-setters such as the American Institute of Certified Public Accountants (AICPA) and Public Company Accounting Oversight Board (PCAOB) plan to make conforming amendments to their standards on review of interim financial information (specifically AICPA AU-C 930 and PCAOB AS 4105), and whether they believe such changes are needed to ensure auditors' compliance with their respective performance standards. As a result, we recommend no less than one year from the time of issuance before making any finalized guidance effective. However, because the proposed amendments are not intended to introduce new disclosure requirements and would be applied prospectively, we do not object to early adoption.

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We appreciate this opportunity to provide feedback on the proposed Update and would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to RoAnna Pascher at 732.515.7333 or Joseph Cascio at 212.372.1139.

Sincerely,

RSM US LLP

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