270 - Interim Reporting

270-**10 - Overall** 270-10-**00 - Status**

General Note: The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

General

270-10-00-**1** The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting	Date
		Standards Update	
<u>Acquirer</u>	Amended	<u>Accounting</u>	05/12/2025
		Standards Update	
		No. 2025-03	
Acquisition by a Not-	Added	<u>Accounting</u>	01/28/2010
for-Profit Entity		Standards Update	
		No. 2010-07	
<u>Business</u>	Amended	Accounting	01/05/2017
		Standards Update	
		No. 2017-01	
Change in the	Added	Accounting	10/09/2023
Reporting Entity		Standards Update	
		No. 2023-06	
<u>Contract</u>	Added	Accounting	05/28/2014
		Standards Update	
		No. 2014-09	
Contract Asset	Added	Accounting	05/28/2014
		Standards Update	
		No. 2014-09	
Contract Liability	Added	Accounting	05/28/2014
		Standards Update	
		No. 2014-09	
<u>Customer</u>	Added	<u>Accounting</u>	05/28/2014
		Standards Update	
		No. 2014-09	
Financial Asset	Superseded	<u>Accounting</u>	12/14/2016
(1st def.)		Standards Update	
		No. 2016-19	
Financial Asset	Added	Accounting	06/16/2016
(1st def.)		Standards Update	
		No. 2016-13	
Financial Asset (2nd	Added	Accounting	12/14/2016
def.)		Standards Update	
		No. 2016-19	
Financing Receivable	Superseded	Accounting	06/16/2016
		Standards Update	
		No. 2016-13	07/04/0040
Financing Receivable	Added	Accounting	07/21/2010
		Standards Update	
		No. 2010-20	
<u>Lease</u>	Added	Accounting	02/25/2016
		Standards Update	
		No. 2016-02	00/07/00/
<u>Lessee</u>	Added	<u>Accounting</u>	02/25/2016
		Standards Update	
		No. 2016-02	

Logger	Added	Accounting	02/25/2016
Lessor	Added	Accounting Standards Update	02/25/2016
Net Realizable Value	Added	No. 2016-02 Accounting	07/22/2015
Net Realizable Value	Added	Standards Update	07/22/2013
		No. 2015-11	
Not-for-Profit Entity	Added	Accounting	01/28/2010
		Standards Update No. 2010-07	
Performance	Added	Accounting	05/28/2014
<u>Obligation</u>		Standards Update	00, 20, 202 .
		No. 2014-09	
Public Business	Amended	Maintenance Update	04/07/2017
Entity Public Business	Amended	2017-06 Maintenance Update	06/27/2016
Entity	Ameriaea	2016-11	00/2//2010
Public Business	Added	Accounting	05/28/2014
<u>Entity</u>		Standards Update	
Devenue	۸ طاط م ط	No. 2014-09	05/20/2014
Revenue	Added	Accounting Standards Update	05/28/2014
		No. 2014-09	
Transaction Price	Added	Accounting	05/28/2014
		Standards Update	
Underlying Asset	Added	No. 2014-09 Accounting	02/25/2016
Olderlying Asset	Added	Standards Update	02/23/2010
		No. 2016-02	
Variable Interest	Superseded	Accounting	05/12/2025
Entity		Standards Update	
270-10-05-2	Amended	No. 2025-03 Accounting	01/09/2015
270 10 03 2	Amended	Standards Update	01/03/2013
		No. 2015-01	
<u>270-10-45-3</u>	Amended	Accounting	05/28/2014
		Standards Update No. 2014-09	
<u>270-10-45-6</u>	Amended	Accounting	07/22/2015
		Standards Update	. , ,
		No. 2015-11	
270-10-45-8	Amended	Accounting Standards Undete	10/29/2020
		Standards Update No. 2020-10	
270-10-45-11A	Amended	Accounting	01/09/2015
		Standards Update	
		No. 2015-01	10/00/000
270-10-45-12	Amended	Accounting Standards Update	10/09/2023
		No. 2023-06	
270-10-45-12	Amended	Maintenance Update	04/07/2017
		2017-06	
270-10-45-14	Amended	Maintenance Update	04/07/2017
<u>270-10-45-15</u>	Amended	2017-06 Maintenance Update	04/07/2017
0 10 10 10	. iiiiGiided	<u>2017-06</u>	3 1, 37 2017
270-10-45-19	Amended	Accounting	10/09/2023
		Standards Update	
<u>270-10-45-19</u>	Amended	No. 2023-06 Accounting	05/28/2014
210 10 TJ-13	AITICIAEA	Accounting	03/20/2017

		Standards Update No. 2014-09	
270-10-50-1	Amended	Accounting Standards Update No. 2023-07	11/27/2023
270-10-50-1	Amended	Accounting Standards Update	10/09/2023
270-10-50-1	Amended	No. 2023-06 Accounting Standards Update No. 2022-02	03/31/2022
<u>270-10-50-1</u>	Amended	Maintenance Update 2017-06	04/07/2017
270-10-50-1	Amended	Accounting Standards Update No. 2016-19	12/14/2016
270-10-50-1	Amended	Accounting Standards Update No. 2016-13	06/16/2016
270-10-50-1	Amended	Accounting Standards Update No. 2016-01	01/05/2016
270-10-50-1	Amended	Accounting Standards Update No. 2015-01	01/09/2015
270-10-50-1	Amended	Accounting Standards Update No. 2014-04	01/17/2014
270-10-50-1	Amended	Accounting Standards Update No. 2013-02	02/05/2013
270-10-50-1	Amended	Accounting Standards Update No. 2011-11	12/16/2011
270-10-50-1	Amended	Accounting Standards Update No. 2011-04	05/12/2011
270-10-50-1	Amended	Accounting Standards Update No. 2010-20	07/21/2010
270-10-50-1A	Amended	Accounting Standards Update No. 2016-20	12/21/2016
270-10-50-1A	Added	Accounting Standards Update No. 2014-09	05/28/2014
270-10-50-1B	Added	Accounting Standards Update No. 2020-10	10/29/2020
270-10-50-2	Amended	Maintenance Update 2017-06	04/07/2017
270-10-50-2	Amended	Accounting Standards Update No. 2015-01	01/09/2015
270-10-50-5	Amended	Accounting Standards Update No. 2020-10	10/29/2020
270-10-50-5	Amended	Accounting Standards Update	01/09/2015

270-10-50-5	Amended	No. 2015-01 Accounting Standards Update	01/28/2010
270-10-50-6A	Added	No. 2010-07 Accounting Standards Update No. 2016-02	02/25/2016
270-10-50-7	Amended	Accounting Standards Update No. 2024-03	11/04/2024
270-10-50-7	Amended	Accounting Standards Update	12/13/2023
270-10-50-7	Amended	No. 2023-08 Accounting Standards Update	03/29/2023
270-10-50-7	Amended	No. 2023-02 Accounting Standards Update	09/29/2022
270-10-50-7	Amended	No. 2022-04 Accounting Standards Update	08/15/2018
270-10-50-7	Amended	No. 2018-12 Accounting Standards Update	05/21/2015
270-10-50-7	Amended	No. 2015-09 Accounting Standards Update	04/10/2014
270-10-50-7	Amended	No. 2014-08 Accounting Standards Update	05/12/2011
270-10-50-7	Amended	No. 2011-04 Accounting Standards Update	01/28/2010
270-10-60-1	Amended	No. 2010-07 Accounting Standards Update No. 2011-04	05/12/2011

270-10-05 - Overview and Background

General Note: The Overview and Background Section provides overview and background material for the guidance contained in the Subtopic. It does not provide the historical background or due process. It may contain certain material that users generally consider useful to understand the typical situations addressed by the standards. The Section does not summarize the accounting and reporting requirements.

General

270-10-05-1 The Interim Reporting Topic clarifies the application of accounting principles and reporting practices to interim financial information, including interim financial statements and summarized interim financial data of <u>publicly traded companies</u> issued for external reporting purposes. Interim financial information may include current data during a fiscal year on financial position, results of operations, comprehensive income, and cash flows. This information may be issued on a monthly or quarterly basis or at other intervals and may take the form of either complete financial statements or summarized financial data. Interim financial information often is provided for each interim period or on a cumulative year-to-date

270-10-05-2 The determination of the results of operations on a meaningful basis for intervals of less than a full year presents inherent difficulties. The revenues of some entities fluctuate widely among interim periods because of seasonal factors, while in other entities heavy fixed costs incurred

basis, or both, and for the corresponding periods of the preceding year.

in one interim period may benefit other periods. In these situations, financial information for periods of less than a full year may be of limited usefulness. In other situations costs and expenses related to a full year's activities are incurred at infrequent intervals during the year and need to be allocated to products in process or to other interim periods to avoid distortion of interim financial results. In view of the limited time available to develop complete information, many costs and expenses are estimated in interim periods. For example, it may not be practical to perform extensive reviews of individual inventory items, costs on individual long-term contracts and precise income tax calculations for each interim period. Subsequent refinement or correction of these estimates may distort the results of operations of later interim periods. Similarly, the effects of disposal of a segment of an entity and unusual or infrequently occurring events and transactions on the results of operations in an interim period will often be more pronounced than they will be on the results for the annual period. Special attention must be given to disclosure of the impact of these items on financial information for interim periods.

270-10-10 - Objectives

General Note: The Objectives Section provides the high-level objectives that the Subtopic is intended to accomplish or attain. The Section does not summarize or discuss the main principles of accounting and reporting requirements.

General

270-10-10-1 The principal objectives of the Interim Reporting Topic are to provide guidance on accounting and disclosure issues peculiar to interim reporting and to set forth minimum disclosure requirements for interim financial reports of <u>publicly traded companies</u>.

270-10-15 - Scope and Scope Exceptions

General Note: The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions, instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

General

Overall Guidance

270-10-15-**1** The Scope Section of the Overall Subtopic establishes the pervasive scope for the Interim Reporting Topic.

Entities

270-10-15-**2** The guidance in the Interim Reporting Topic applies to all entities.

Other Considerations

270-10-15-**3** The guidance in the Interim Reporting Topic applies whenever entities issue interim financial information. It provides guidance on the applicability of generally accepted accounting principles (GAAP) to interim financial information and indicates types of disclosures necessary to report on a meaningful basis for a period of less than a full year. This Topic is not intended to deal with unresolved matters of accounting related to annual reporting.

270-10-**20 - Glossary**

General Note: The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

Accounting Change

A change in an accounting principle, an accounting estimate, or the reporting entity. The correction of an

error in previously issued financial statements is not an accounting change.

Acquiree

The <u>business</u> or <u>businesses</u> that the <u>acquirer</u> obtains control of in a <u>business combination</u>. This term also includes a nonprofit activity or business that a not-for-profit acquirer obtains control of in an <u>acquisition</u> <u>by a not-for-profit entity</u>.

Acquirer

The entity that obtains control of the <u>acquiree</u>. However, in a <u>business combination</u> in which a <u>variable</u> <u>interest entity</u> (VIE) is acquired, the primary beneficiary of that entity always is the acquirer.



Transition Date: December 16, 2026; December 16, 2026 - **Transition Guidance** : 805-10-65-5

The entity that obtains control of the <u>acquiree</u>. See paragraphs <u>805-10-25-4 through 25-5</u> for guidance on determining the acquirer.

Acquisition by a Not-for-Profit Entity

A transaction or other event in which a not-for-profit acquirer obtains control of one or more nonprofit activities or businesses and initially recognizes their assets and liabilities in the acquirer's financial statements. When applicable guidance in Topic 805 is applied by a not-for-profit entity, the term business combination has the same meaning as this term has for a for-profit entity. Likewise, a reference to business combinations in guidance that links to Topic 805 has the same meaning as a reference to acquisitions by not-for-profit entities.

Business

Paragraphs <u>805-10-55-3A through 55-6</u> and <u>805-10-55-8 through 55-9</u> define what is considered a business.

Business Combination

A transaction or other event in which an <u>acquirer</u> obtains control of one or more <u>businesses</u>. Transactions sometimes referred to as true mergers or mergers of equals also are business combinations. See also <u>Acquisition by a Not-for-Profit Entity</u>.

Change in Accounting Estimate

A change that has the effect of adjusting the carrying amount of an existing asset or liability or altering the subsequent accounting for existing or future assets or liabilities. A change in accounting estimate is a necessary consequence of the assessment, in conjunction with the periodic presentation of financial statements, of the present status and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information. Examples of items for which estimates are necessary are uncollectible receivables, inventory obsolescence, service lives and salvage values of depreciable assets, and warranty obligations.

Change in Accounting Principle

A change from one generally accepted accounting principle to another generally accepted accounting principle when there are two or more generally accepted accounting principles that apply or when the accounting principle formerly used is no longer generally accepted. A change in the method of applying an accounting principle also is considered a change in accounting principle.

Change in the Reporting Entity

A change that results in financial statements that, in effect, are those of a different reporting entity. A change in the reporting entity is limited mainly to the following:

- a. Presenting consolidated or combined financial statements in place of financial statements of individual entities
- b. Changing specific subsidiaries that make up the group of entities for which consolidated financial statements are presented
- c. Changing the entities included in combined financial statements.

Neither a business combination accounted for by the acquisition method nor the consolidation of a variable interest entity (VIE) pursuant to Topic <u>810</u> is a change in reporting entity.

Contract

An agreement between two or more parties that creates enforceable rights and obligations.

Contract Asset

An entity's right to consideration in exchange for goods or services that the entity has transferred to a <u>customer</u> when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract Liability

An entity's obligation to transfer goods or services to a <u>customer</u> for which the entity has received consideration (or the amount is due) from the customer.

Customer

A party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Financial Asset

Cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following:

- a. Receive cash or another financial instrument from a second entity
- b. Exchange other financial instruments on potentially favorable terms with the second entity.

Financing Receivable

A financing arrangement that has both of the following characteristics:

- a. It represents a contractual right to receive money in either of the following ways:
 - 1. On demand
 - 2. On fixed or determinable dates.
- b. It is recognized as an asset in the entity's statement of financial position.

See paragraphs <u>310-10-55-13 through 55-15</u> for more information on the definition of financing receivable, including a list of items that are excluded from the definition (for example, debt securities).

Lease

A <u>contract</u>, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Legal Entity

Any legal structure used to conduct activities or to hold assets. Some examples of such structures are

corporations, partnerships, limited liability companies, grantor trusts, and other trusts.

Lessee

An entity that enters into a <u>contract</u> to obtain the right to use an <u>underlying asset</u> for a period of time in exchange for consideration.

Lessor

An entity that enters into a <u>contract</u> to provide the right to use an <u>underlying asset</u> for a period of time in exchange for consideration.

Net Realizable Value

Estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Not-for-Profit Entity

An entity that possesses the following characteristics, in varying degrees, that distinguish it from a business entity:

- a. Contributions of significant amounts of resources from resource providers who do not expect commensurate or proportionate pecuniary return
- b. Operating purposes other than to provide goods or services at a profit
- c. Absence of ownership interests like those of business entities.

Entities that clearly fall outside this definition include the following:

- a. All investor-owned entities
- b. Entities that provide dividends, lower costs, or other economic benefits directly and proportionately to their owners, members, or participants, such as mutual insurance entities, credit unions, farm and rural electric cooperatives, and employee benefit plans.

Performance Obligation

A promise in a <u>contract</u> with a <u>customer</u> to transfer to the customer either:

- a. A good or service (or a bundle of goods or services) that is distinct
- b. A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Public Business Entity

A public business entity is a business entity meeting any one of the criteria below. Neither a <u>not-for-profit</u> <u>entity</u> nor an employee benefit plan is a business entity.

- a. It is required by the U.S. Securities and Exchange Commission (SEC) to file or furnish financial statements, or does file or furnish financial statements (including voluntary filers), with the SEC (including other entities whose financial statements or financial information are required to be or are included in a filing).
- b. It is required by the Securities Exchange Act of 1934 (the Act), as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency other than the SEC.
- c. It is required to file or furnish financial statements with a foreign or domestic regulatory agency in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer.

- d. It has issued, or is a conduit bond obligor for, <u>securities</u> that are traded, listed, or quoted on an exchange or an over-the-counter market.
- e. It has one or more securities that are not subject to contractual restrictions on transfer, and it is required by law, contract, or regulation to prepare U.S. GAAP financial statements (including notes) and make them publicly available on a periodic basis (for example, interim or annual periods). An entity must meet both of these conditions to meet this criterion.

An entity may meet the definition of a public business entity solely because its financial statements or financial information is included in another entity's filing with the SEC. In that case, the entity is only a public business entity for purposes of financial statements that are filed or furnished with the SEC.

Publicly Traded Company

A publicly traded company includes any company whose securities trade in a public market on either of the following:

- a. A stock exchange (domestic or foreign)
- b. In the over-the-counter market (including securities quoted only locally or regionally), or any company that is a conduit bond obligor for conduit debt securities that are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local or regional markets).

Additionally, when a company is required to file or furnish financial statements with the SEC or makes a filing with a regulatory agency in preparation for sale of its securities in a public market it is considered a publicly traded company for this purpose. Conduit debt securities refers to certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing financing for a specific third party (the conduit bond obligor) that is not a part of the state or local government's financial reporting entity. Although conduit debt securities bear the name of the governmental entity that issues them, the governmental entity often has no obligation for such debt beyond the resources provided by a lease or loan agreement with the third party on whose behalf the securities are issued. Further, the conduit bond obligor is responsible for any future financial reporting requirements.

Restatement

The process of revising previously issued financial statements to reflect the correction of an error in those financial statements.

Revenue

Inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or other activities that constitute the entity's ongoing major or central operations.

Security

A share, participation, or other interest in property or in an entity of the issuer or an obligation of the issuer that has all of the following characteristics:

- a. It is either represented by an instrument issued in bearer or registered form or, if not represented by an instrument, is registered in books maintained to record transfers by or on behalf of the issuer.
- b. It is of a type commonly dealt in on securities exchanges or markets or, when represented by an instrument, is commonly recognized in any area in which it is issued or dealt in as a medium for investment.
- c. It either is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations.

Transaction Price

The amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a <u>customer</u>, excluding amounts collected on behalf of third parties.

Underlying Asset

An asset that is the subject of a <u>lease</u> for which a right to use that asset has been conveyed to a <u>lessee</u>. The underlying asset could be a physically distinct portion of a single asset.

Variable Interest Entity

A <u>legal entity</u> subject to consolidation according to the provisions of the Variable Interest Entities Subsections of Subtopic 810-10.

270-10-45 - Other Presentation Matters

General Note: The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

General

Accounting Principles and Practices

- 270-10-45-**1** Interim financial information is essential to provide investors and others with timely information as to the progress of the entity. The usefulness of such information rests on the relationship that it has to the annual results of operations. Accordingly, each interim period should be viewed primarily as an integral part of an annual period.
- In general, the results for each interim period shall be based on the accounting principles and practices used by an entity in the preparation of its latest annual financial statements unless a change in an accounting practice or policy has been adopted in the current year (see paragraphs 270-10-45-12 through 45-16). However, certain accounting principles and practices followed for annual reporting purposes may require modification at interim reporting dates so that the reported results for the interim period may better relate to the results of operations for the annual period. Paragraphs 270-10-45-4 through 45-11 sets forth the modifications that are necessary or desirable at interim dates in accounting principles or practices followed for annual periods.

Revenue

270-10-45-**3** Revenue from products sold or services rendered shall be recognized as the entity satisfies a performance obligation by transferring a promised good or service to a <u>customer</u>. Those revenues shall be recognized during an interim period on the same basis as followed for the full year in accordance with Topic <u>606</u> on revenue from <u>contracts</u> with customers. For example, revenues from a long-term construction contract with a customer that includes performance obligations that the entity satisfies over time in accordance with paragraphs <u>606-10-25-27 through 25-29</u> shall be recognized in interim periods on the same basis followed for the full year. Losses projected on contracts within the scope of Subtopic <u>605-35</u>, in accordance with paragraphs <u>605-35-25-45 through 25-49</u>, shall be recognized in full during the interim period in which the existence of such losses becomes evident.

Costs and Expenses

- 270-10-45-**4** Costs and expenses for interim reporting purposes may be classified as either of the following:
 - a. Costs associated with revenue those costs that are associated directly with or allocated to the products sold or to the services rendered and that are charged against income in those interim periods in which the related revenue is recognized

b. All other costs and expenses - those costs and expenses that are not allocated to the products sold or to the services rendered and that are charged against income in interim fiscal periods as incurred, or are allocated among interim periods based on an estimate of time expired, benefit received, or other activity associated with the periods.

Costs Associated with Revenue

- 270-10-45-**5** Those costs and expenses that are associated directly with or allocated to the products sold or to the services rendered for annual reporting purposes (including, for example, material costs, wages and salaries and related fringe benefits, manufacturing overhead, and warranties) shall be similarly treated for interim reporting purposes.
- 270-10-45-**6** Practices vary in determining costs of inventory. For example, cost of goods produced may be determined based on standard or actual cost, while cost of inventory may be determined on an average, first-in, first-out (FIFO), or last-in, first-out (LIFO) cost basis. While entities generally shall use the same inventory pricing methods and make provisions for writedowns at interim dates on the same basis as used at annual inventory dates, the following exceptions are appropriate at interim reporting dates:
 - a. Some entities use estimated gross profit rates to determine the cost of goods sold during interim periods or use other methods different from those used at annual inventory dates. These entities shall disclose the method used at the interim date and any significant adjustments that result from reconciliations with the annual physical inventory.
 - b. Entities that use the LIFO method may encounter a liquidation of base period inventories at an interim date that is expected to be replaced by the end of the annual period. In those cases the inventory at the interim reporting date shall not give effect to the LIFO liquidation, and cost of sales for the interim reporting period shall include the expected cost of replacement of the liquidated LIFO base.
 - c. Inventory losses from the application of the guidance on subsequent measurement in Subtopic 330-10 shall not be deferred beyond the interim period in which the decline occurs. Recoveries of such losses on the same inventory in later interim periods of the same fiscal year through market value recoveries (for inventory measured using LIFO or the retail inventory method) or net realizable value recoveries (for all other inventory) shall be recognized as gains in the later interim period. Such gains shall not exceed previously recognized losses. Some declines in the market value (for inventory measured using LIFO or the retail inventory method) or net realizable value (for all other inventory) of inventory at interim dates, however, can reasonably be expected to be restored in the fiscal year. Such temporary declines need not be recognized at the interim date since no loss is expected to be incurred in the fiscal year.
 - d. Entities that use standard cost accounting systems for determining inventory and product costs should generally follow the same procedures in reporting purchase price, wage rate, usage, or efficiency variances from standard cost at the end of an interim period as followed at the end of a fiscal year. Purchase price variances or volume or capacity cost variances that are planned and expected to be absorbed by the end of the annual period, should ordinarily be deferred at interim reporting dates. The effect of unplanned or unanticipated purchase price or volume variances, however, shall be reported at the end of an interim period following the same procedures used at the end of a fiscal year.

All Other Costs and Expenses

- 270-10-45-**7** Charges are made to income for all other costs and expenses in annual reporting periods based upon any of the following:
 - a. Direct expenditures made in the period (salaries and wages)

- b. Accruals for estimated expenditures to be made at a later date (vacation pay)
- c. Amortization of expenditures that affect more than one annual period (such as insurance premiums, interest, and rents).
- 270-10-45-8 The objective in all cases is to achieve a fair measure of results of operations for the annual period and to present fairly the financial position at the end of the annual period. The following standards shall apply in accounting for costs and expenses other than product costs in interim periods:
 - a. Costs and expenses other than product costs shall be charged to income in interim periods as incurred, or be allocated among interim periods based on an estimate of time expired, benefit received or activity associated with the periods. Procedures adopted for assigning specific cost and expense items to an interim period shall be consistent with the bases followed by the entity in reporting results of operations at annual reporting dates. However, if a specific cost or expense item charged to expense for annual reporting purposes benefits more than one interim period, the cost or expense item may be allocated to those interim periods (see paragraph <u>270-10-45-9</u>).
 - b. Some costs and expenses incurred in an interim period, however, cannot be readily identified with the activities or benefits of other interim periods and shall be charged to the interim period in which incurred. Disclosure in the notes to financial statements shall be made as to the nature and amount of such costs unless items of a comparable nature are included in both the current interim period and in the corresponding interim period of the preceding year. (See paragraph 270-10-50-1B.)
 - c. Arbitrary assignment of the amount of such costs to an interim period shall not be made.
 - d. Gains and losses that arise in any interim period similar to those that would not be deferred at year end shall not be deferred to later interim periods within the same fiscal year.
- 270-10-45-**9** A complete listing of examples of application of paragraphs <u>270-10-45-7 through 45-8</u> is not practical; however, the following examples of applications may be helpful:
 - a. If a cost that is expensed for annual reporting purposes clearly benefits two or more interim periods, each interim period shall be charged for an appropriate portion of the annual cost by the use of accruals or deferrals.
 - b. If quantity discounts are allowed to customers based upon annual sales volume, the amount of such discounts charged to each interim period shall be based on the sales to customers during the interim period in relation to estimated annual sales.
 - c. Property taxes (and similar costs such as interest and rent) may be accrued or deferred at annual reporting date, to achieve a full year's charge of taxes to costs and expenses. Similar procedures shall be adopted at each interim reporting date to provide an appropriate cost in each period.
 - d. Advertising costs may be deferred within a fiscal year if the benefits of an expenditure made clearly extend beyond the interim period in which the expenditure is made. Advertising costs may be accrued and assigned to interim periods in relation to sales prior to the time the service is received if the advertising program is clearly implicit in the sales arrangement.
- 270-10-45-**10** The amounts of certain costs and expenses are frequently subjected to year-end adjustments even though they can be reasonably approximated at interim dates. To the extent possible such adjustments should be estimated and the estimated costs and expenses assigned to interim periods so that the interim periods bear a reasonable portion of

the anticipated annual amount. Examples of such items include inventory shrinkage, allowance for uncollectible accounts, allowance for quantity discounts, and discretionary year-end bonuses.

Seasonal Revenue, Costs, or Expenses

270-10-45-**11** Revenues of certain entities are subject to material seasonal variations. To avoid the possibility that interim results with material seasonal variations may be taken as fairly indicative of the estimated results for a full fiscal year, such entities shall disclose the seasonal nature of their activities, and consider supplementing their interim reports with information for 12-month periods ended at the interim date for the current and preceding years.

Unusual or Infrequent Items and Disposals of Components

270-10-45-**11A** Effects of disposals of a component of an entity and unusual or infrequently occurring transactions and events that are material with respect to the operating results of the interim period shall be reported separately. Gains or losses from disposal of a component of an entity and unusual or infrequently occurring items shall not be prorated over the balance of the fiscal year.

Accounting Changes in Interim Periods

- 270-10-45-**12** Each report of interim financial information shall indicate any <u>change in accounting principles</u> or practices from those applied in any of the following:
 - a. The comparable interim period of the prior annual period
 - b. The preceding interim periods in the current annual period
 - c. The prior annual report.

(PENDING CONTENT

Transition Date: ② June 30, 2027; **№** June 30, 2027 **- Transition Guidance :** <u>105-</u>10-65-7

Each report of interim financial information shall indicate any <u>change in accounting</u> <u>principles</u>, change in practices, or <u>change in the reporting entity</u> from those applied in any of the following:

- a. The comparable interim period of the prior annual period
- b. The preceding interim periods in the current annual period
- c. The prior annual report.
- 270-10-45-**13** Changes in an interim or annual accounting practice or policy made in an interim period shall be reported in the period in which the change is made, in accordance with the provisions of Topic <u>250</u>.
- 270-10-45-**14** The effect of a <u>change in accounting estimate</u>, including a change in the estimated effective annual tax rate, shall be accounted for in the period in which the change in estimate is made. No <u>restatement</u> of previously reported interim information shall be made for changes in estimates, but the effect on earnings of a change in estimate made in a current interim period shall be reported in the current and subsequent interim periods, if material in relation to any period presented and shall continue to be reported in the interim financial information of the subsequent year for as many periods as necessary to avoid misleading comparisons. Such disclosure shall conform with paragraph <u>250-10-50-4</u>.
- 270-10-45-**15** Whenever possible, entities should adopt any <u>accounting changes</u> during the first interim period of a fiscal year. Changes in accounting principles and practices adopted after the first

interim period in a fiscal year tend to obscure operating results and complicate disclosure of interim financial information.

270-10-45-**16** As indicated in paragraph <u>250-10-45-27</u>, in determining materiality for the purpose of reporting the correction of an error, amounts shall be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings shall be separately disclosed in the interim period.

Adjustments Related to Prior Interim Periods of the Current Fiscal Year

- 270-10-45-**17** As indicated in paragraph <u>250-10-45-25</u>, an adjustment related to prior interim periods of the current fiscal year is an adjustment or settlement of litigation or similar claims, of income taxes (except for the effects of retroactive tax legislation), of renegotiation proceedings, or of utility revenue under rate-making processes provided that the adjustment or settlement meets all of the following criteria:
 - a. The effect of the adjustment or settlement is material in relation to income from continuing operations of the current fiscal year or in relation to the trend of income from continuing operations or is material by other appropriate criteria.
 - All or part of the adjustment or settlement can be specifically identified with and is directly related to business activities of specific prior interim periods of the current fiscal year.
 - c. The amount of the adjustment or settlement could not be reasonably estimated prior to the current interim period but becomes reasonably estimable in the current interim period.

Criterion (b) above is not met solely because of incidental effects such as interest on a settlement. Criterion (c) would be met by the occurrence of an event with currently measurable effects such as a final decision on a rate order. Treatment as adjustments related to prior interim periods of the current fiscal year shall not be applied to the normal recurring corrections and adjustments that are the result of the use of estimates inherent in the accounting process. Changes in provisions for doubtful accounts shall not be considered to be adjustments related to prior interim periods of the current fiscal year even though the changes result from litigation or similar claims.

- 270-10-45-**18** As indicated in paragraph <u>250-10-45-26</u>, if an item of profit or loss occurs in other than the first interim period of the entity's fiscal year and all or a part of the item of profit or loss is an adjustment related to prior interim periods of the current fiscal year, as defined in the preceding paragraph, the item shall be reported as follows:
 - a. The portion of the item that is directly related to business activities of the entity during the current interim period, if any, shall be included in the determination of net income for that period.
 - b. Prior interim periods of the current fiscal year shall be restated to include the portion of the item that is directly related to business activities of the entity during each prior interim period in the determination of net income for that period.
 - c. The portion of the item that is directly related to business activities of the entity during prior fiscal years, if any, shall be included in the determination of net income of the first interim period of the current fiscal year.

Guidance Related to Presentation of Other Topics at Interim Dates

- 270-10-45-**19** The following may not represent all references to interim reporting:
 - a. For accounting changes, see paragraphs <u>250-10-45-14 through 45-16</u>.
 - b. For comprehensive income, see paragraph 220-10-45-18.

- c. For incurred but not reported liability and interim reporting, see paragraphs <u>720-20-35-3 through 35-5</u> and <u>720-20-35-8</u>.
- d. For income tax provisions, see Subtopic 740-270.
- e. For inventory, see paragraphs <u>330-10-55-2</u> and <u>610-30-25-3</u>.
- f. For pensions and other postretirement benefits, see paragraphs <u>715-20-55-18 through</u> <u>55-19</u> and <u>715-60-35-40</u>.

(L) PENDING CONTENT

Transition Date: ② June 30, 2027; **③** June 30, 2027 **- Transition Guidance :** <u>105-</u>10-65-7

The following may not represent all references to interim reporting:

- a. For accounting changes, see paragraphs <u>250-10-45-14 through 45-16</u> and <u>250-10-45-21</u>.
- b. For comprehensive income, see paragraph <u>220-10-45-18</u>.
- c. For incurred but not reported liability and interim reporting, see paragraphs <u>720-20-35-3 through 35-5</u> and <u>720-20-35-8</u>.
- d. For income tax provisions, see Subtopic 740-270.
- e. For inventory, see paragraphs <u>330-10-55-2</u> and <u>610-30-25-3</u>.
- f. For pensions and other postretirement benefits, see paragraphs 715-20-55-18 through 55-19 and 715-60-35-40.

270-10-50 - Disclosure

General Note: The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

General

Disclosure of Summarized Interim Financial Data by Publicly Traded Companies

- 270-10-50-1 Many <u>publicly traded companies</u> report summarized financial information at periodic interim dates in considerably less detail than that provided in annual financial statements. While this information provides more timely information than would result if complete financial statements were issued at the end of each interim period, the timeliness of presentation may be partially offset by a reduction in detail in the information provided. As a result, certain guides as to minimum disclosure are desirable. (It should be recognized that the minimum disclosures of summarized interim financial data required of publicly traded companies do not constitute a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles [GAAP].) If publicly traded companies report summarized financial information at interim dates (including reports on fourth quarters), the following data should be reported, as a minimum:
 - Sales or gross revenues, provision for income taxes, net income, and comprehensive income
 - b. Basic and diluted earnings per share data for each period presented, determined in accordance with the provisions of Topic <u>260</u>
 - c. Seasonal revenue, costs, or expenses (see paragraph 270-10-45-11)

- d. Significant changes in estimates or provisions for income taxes (see paragraphs 740-270-30-2, 740-270-30-6, and 740-270-30-8)
- e. Disposal of a component of an entity and unusual or infrequently occurring items (see paragraphs <u>270-10-45-11A</u> and <u>270-10-50-5</u>)
- f. Contingent items (see paragraph 270-10-50-6)
- g. <u>Changes in accounting principles</u> or <u>changes in accounting estimates</u> (see paragraphs 270-10-45-12 through 45-16)
- h. Significant changes in financial position (see paragraph <u>270-10-50-4</u>)
- i. All of the following information about reportable operating segments determined according to the provisions of Topic <u>280</u>, including provisions related to restatement of segment information in previously issued financial statements:
 - 1. Revenues from external customers
 - 2. Intersegment revenues
 - 3. A measure of segment profit or loss
 - 4. Total assets for which there has been a material change from the amount disclosed in the last annual report
 - 5. A description of differences from the last annual report in the basis of segmentation or in the measurement of segment profit or loss
 - 6. A reconciliation of the total of the reportable segments' measures of profit or loss to the entity's consolidated income before income taxes and discontinued operations. However, if, for example, an entity allocates items such as income taxes to segments, the entity may choose to reconcile the total of the segments' measures of profit or loss to consolidated income after those items. Significant reconciling items shall be separately identified and described in that reconciliation.
- j. All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of Subtopic <u>715-20</u>:
 - The amount of net periodic benefit cost recognized, for each period for which a statement of income is presented, showing separately the service cost component, the interest cost component, the expected return on plan assets for the period, the gain or loss component, the prior service cost or credit component, the transition asset or obligation component, and the gain or loss recognized due to a settlement or curtailment
 - 2. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to paragraph <u>715-20-50-1</u>. Estimated contributions may be presented in the aggregate combining all of the following:
 - i. Contributions required by funding regulations or laws
 - i. Discretionary contributions
 - ii. Noncash contributions.
- k. The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to Section 820-10-50

- The information about derivative instruments as required by Sections <u>815-10-50</u>, <u>815-20-50</u>, <u>815-30-50</u>, and <u>815-35-50</u>
- m. The information about financial instruments as required by Section 825-10-50
- n. The information about certain investments in debt and equity securities as required by Sections 320-10-50, 321-10-50, and 942-320-50
- The information about credit losses and impairments as required by Topic 326 on measurement of credit losses and impairments as required by Section 321-10-50
- p. All of the following information about the credit quality of <u>financial assets</u> and the allowance for credit losses determined in accordance with the provisions of Subtopic 326-20 on financial instruments measured at amortized cost:
 - 1. Nonaccrual and past due financial assets (see paragraphs <u>326-20-50-14 through</u> <u>50-18</u>)
 - 2. Allowance for expected credit losses related to financial assets (see paragraphs 326-20-50-10 through 50-13)
 - 3. Subparagraph superseded by Accounting Standards Update No. 2016-13.
 - 4. Credit-quality information related to instruments within the scope of Subtopic 326-20 (see paragraphs 326-20-50-4 through 50-9)
 - 5. Modifications of financing receivables (see paragraphs <u>310-10-50-42 through 50-44</u>).
- q. The gross information and net information required by paragraphs $\underline{210-20-50-1}$ $\underline{through\ 50-6}$.
- r. The information about changes in accumulated other comprehensive income required by paragraphs <u>220-10-45-14A</u> and <u>220-10-45-17 through 45-17B</u>.
- s. The carrying amount of foreclosed residential real estate property as required by the last sentence of paragraph <u>310-10-50-11</u> and the amount of loans in the process of foreclosure as required by paragraph <u>310-10-50-35</u>.

If summarized financial data are regularly reported on a quarterly basis, the foregoing information with respect to the current quarter and the current year-to-date or the last 12 months to date should be furnished together with comparable data for the preceding year.

U PENDING CONTENT

Many <u>publicly traded companies</u> report summarized financial information at periodic interim dates in considerably less detail than that provided in annual financial statements. While this information provides more timely information than would result if complete financial statements were issued at the end of each interim period, the timeliness of presentation may be partially offset by a reduction in detail in the information provided. As a result, certain guides as to minimum disclosure are desirable. (It should be recognized that the minimum disclosures of summarized interim financial data required of publicly traded companies do not constitute a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles [GAAP].) If publicly traded companies report summarized financial information at interim dates (including reports on fourth quarters), the following data should be reported, as a minimum:

- a. Sales or gross revenues, provision for income taxes, net income, and comprehensive income
- b. Basic and diluted earnings per share data for each period presented, determined in accordance with the provisions of Topic $\underline{260}$
- c. Seasonal revenue, costs, or expenses (see paragraph <u>270-10-45-11</u>)
- d. Significant changes in estimates or provisions for income taxes (see paragraphs 740-270-30-2, 740-270-30-6, and 740-270-30-8)
- e. Disposal of a component of an entity and unusual or infrequently occurring items (see paragraphs <u>270-10-45-11A</u> and <u>270-10-50-5</u>)
- f. Contingent items (see paragraph <u>270-10-50-6</u>)
- g. <u>Changes in accounting principles</u> or <u>changes in accounting estimates</u> (see paragraphs <u>270-10-45-12 through 45-16</u>)
- h. Significant changes in financial position (see paragraph <u>270-10-50-4</u>)
- i. All of the information about reportable segments required by paragraph $\underline{280-10-50-32}$, including provisions related to the recasting of segment information in previously issued financial statements.
 - 1. Subparagraph superseded by <u>Accounting Standards Update No. 2023-07</u>.
 - 2. Subparagraph superseded by <u>Accounting Standards Update No. 2023-07</u>.
 - 3. Subparagraph superseded by Accounting Standards Update No. 2023-07.
 - 4. Subparagraph superseded by Accounting Standards Update No. 2023-07.
 - 5. Subparagraph superseded by <u>Accounting Standards Update No. 2023-07</u>.
 - 6. Subparagraph superseded by <u>Accounting Standards Update No. 2023-07</u>.
- j. All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of Subtopic 715-20:
 - The amount of net periodic benefit cost recognized, for each period for which
 a statement of income is presented, showing separately the service cost
 component, the interest cost component, the expected return on plan
 assets for the period, the gain or loss component, the prior service cost or
 credit component, the transition asset or obligation component, and the gain
 or loss recognized due to a settlement or curtailment
 - 2. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to paragraph <u>715-20-50-1</u>. Estimated contributions may be presented in the aggregate combining all of the following:
 - i. Contributions required by funding regulations or laws
 - i. Discretionary contributions
 - ii. Noncash contributions.

- k. The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to Section 820-10-50
- l. The information about derivative instruments as required by Sections <u>815-10-50</u>, <u>815-20-50</u>, <u>815-25-50</u>, <u>815-30-50</u>, and <u>815-35-50</u>
- m. The information about financial instruments as required by Section 825-10-50
- n. The information about certain investments in debt and equity securities as required by Sections <u>320-10-50</u>, <u>321-10-50</u>, and <u>942-320-50</u>
- The information about credit losses and impairments as required by Topic 326 on measurement of credit losses and impairments as required by Section 321-10-50
- p. All of the following information about the credit quality of <u>financial assets</u> and the allowance for credit losses determined in accordance with the provisions of Subtopic <u>326-20</u> on financial instruments measured at amortized cost:
 - 1. Nonaccrual and past due financial assets (see paragraphs 326-20-50-14 through 50-18)
 - 2. Allowance for expected credit losses related to financial assets (see paragraphs 326-20-50-10 through 50-13)
 - 3. <u>Subparagraph superseded by Accounting Standards Update No. 2016-13.</u>
 - 4. Credit-quality information related to instruments within the scope of Subtopic 326-20 (see paragraphs 326-20-50-4 through 50-9)
 - 5. Modifications of financing receivables (see paragraphs <u>310-10-50-42 through</u> <u>50-44</u>).
- q. The gross information and net information required by paragraphs <u>210-20-50-1</u> through 50-6.
- r. The information about changes in accumulated other comprehensive income required by paragraphs <u>220-10-45-14A</u> and <u>220-10-45-17 through 45-17B</u>.
- s. The carrying amount of foreclosed residential real estate property as required by the last sentence of paragraph 310-10-50-11 and the amount of loans in the process of foreclosure as required by paragraph 310-10-50-35.

If summarized financial data are regularly reported on a quarterly basis, the foregoing information with respect to the current quarter and the current year-to-date or the last 12 months to date should be furnished together with comparable data for the preceding year.

(PENDING CONTENT

Transition Date: ② June 30, 2027; ③ June 30, 2027 - **Transition Guidance**: 105-10-65-7

Many <u>publicly traded companies</u> report summarized financial information at periodic interim dates in considerably less detail than that provided in annual financial statements. While this information provides more timely information than would result if complete financial statements were issued at the end of each interim period, the timeliness of presentation may be partially offset by a reduction in detail in the information provided. As a result, certain guides as to minimum disclosure are desirable. (It should be recognized that the minimum disclosures of summarized interim financial data required of publicly traded companies do not constitute a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles

[GAAP].) If publicly traded companies report summarized financial information at interim dates (including reports on fourth quarters), the following data should be reported, as a minimum:

- a. Sales or gross revenues, provision for income taxes, net income, and comprehensive income
- b. Basic and diluted earnings per share data for each period presented, determined in accordance with the provisions of Topic $\underline{260}$
- c. Seasonal revenue, costs, or expenses (see paragraph <u>270-10-45-11</u>)
- d. Significant changes in estimates or provisions for income taxes (see paragraphs 740-270-30-2, 740-270-30-6, and 740-270-30-8)
- e. Disposal of a component of an entity and unusual or infrequently occurring items (see paragraphs <u>270-10-45-11A</u> and <u>270-10-50-5</u>)
- f. Contingent items (see paragraph <u>270-10-50-6</u>)
- g. <u>Changes in accounting principles, changes in accounting estimates, or changes in the reporting entity</u> (see paragraphs <u>270-10-45-12 through 45-16</u>)
- h. Significant changes in financial position (see paragraph 270-10-50-4)
- All of the information about reportable segments required by paragraph <u>280-10-50-32</u>, including provisions related to the recasting of segment information in previously issued financial statements.
 - 1. Subparagraph superseded by <u>Accounting Standards Update No. 2023-07</u>.
 - 2. Subparagraph superseded by <u>Accounting Standards Update No. 2023-07</u>.
 - 3. Subparagraph superseded by Accounting Standards Update No. 2023-07.
 - 4. Subparagraph superseded by Accounting Standards Update No. 2023-07.
 - 5. Subparagraph superseded by Accounting Standards Update No. 2023-07.
 - 6. Subparagraph superseded by Accounting Standards Update No. 2023-07.
- j. All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of Subtopic <u>715-20</u>:
 - The amount of net periodic benefit cost recognized, for each period for which
 a statement of income is presented, showing separately the service cost
 component, the interest cost component, the expected return on plan
 assets for the period, the gain or loss component, the prior service cost or
 credit component, the transition asset or obligation component, and the gain
 or loss recognized due to a settlement or curtailment
 - 2. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to paragraph <u>715-20-50-1</u>. Estimated contributions may be presented in the aggregate combining all of the following:
 - i. Contributions required by funding regulations or laws
 - i. Discretionary contributions

- ii. Noncash contributions.
- k. The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to Section 820-10-50
- l. The information about derivative instruments as required by Sections <u>815-10-50</u>, <u>815-20-50</u>, <u>815-25-50</u>, <u>815-30-50</u>, and <u>815-35-50</u>
- m. The information about financial instruments as required by Section 825-10-50
- n. The information about certain investments in debt and equity securities as required by Sections 320-10-50, 321-10-50, and 942-320-50
- o. The information about credit losses and impairments as required by Topic <u>326</u> on measurement of credit losses and impairments as required by Section <u>321-10-50</u>
- p. All of the following information about the credit quality of <u>financial assets</u> and the allowance for credit losses determined in accordance with the provisions of Subtopic 326-20 on financial instruments measured at amortized cost:
 - Nonaccrual and past due financial assets (see paragraphs 326-20-50-14 through 50-18)
 - 2. Allowance for expected credit losses related to financial assets (see paragraphs 326-20-50-10 through 50-13)
 - 3. Subparagraph superseded by Accounting Standards Update No. 2016-13.
 - 4. Credit-quality information related to instruments within the scope of Subtopic 326-20 (see paragraphs 326-20-50-4 through 50-9)
 - 5. Modifications of financing receivables (see paragraphs <u>310-10-50-42 through</u> <u>50-44</u>).
- q. The gross information and net information required by paragraphs <u>210-20-50-1</u> through 50-6.
- r. The information about changes in accumulated other comprehensive income required by paragraphs <u>220-10-45-14A</u> and <u>220-10-45-17 through 45-17B</u>.
- s. The carrying amount of foreclosed residential real estate property as required by the last sentence of paragraph 310-10-50-11 and the amount of loans in the process of foreclosure as required by paragraph 310-10-50-35.

If summarized financial data are regularly reported on a quarterly basis, the foregoing information with respect to the current quarter and the current year-to-date or the last 12 months to date should be furnished together with comparable data for the preceding year.

- 270-10-50-**1A** Consistent with paragraph <u>270-10-50-1</u>, a <u>public business entity</u>, a <u>not-for-profit entity</u> that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, or an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission, shall disclose all of the following information about <u>revenue</u> from <u>contracts</u> with <u>customers</u> consistent with the guidance in Topic <u>606</u>:
 - a. A disaggregation of revenue for the period, see paragraphs <u>606-10-50-5 through 50-6</u> and paragraphs <u>606-10-55-89 through 55-91</u>.

- b. The opening and closing balances of receivables, <u>contract assets</u>, and <u>contract liabilities</u> from contracts with customers (if not otherwise separately presented or disclosed), see paragraph <u>606-10-50-8(a)</u>.
- c. Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period, see paragraph 606-10-50-8(b).
- d. Revenue recognized in the reporting period from <u>performance obligations</u> satisfied (or partially satisfied) in previous periods (for example, changes in <u>transaction price</u>), see paragraph <u>606-10-50-12A</u>.
- e. Information about the entity's remaining performance obligations as of the end of the reporting period, see paragraphs 606-10-50-13 through 50-15.
- 270-10-50-**1B** Costs and expenses incurred in an interim period that cannot be readily identified with the activities or benefits of other interim periods shall be charged to the interim period in which incurred. Disclosure in the notes to financial statements shall be made as to the nature and amount of such costs unless items of a comparable nature are included in both the current interim period and in the corresponding interim period of the preceding year. (See paragraph 270-10-45-8(b).)
- 270-10-50-**2** If interim financial data and disclosures are not separately reported for the fourth quarter, users of the interim financial information often make inferences about that quarter by subtracting data based on the third quarter interim report from the annual results. In the absence of a separate fourth quarter report or disclosure of the results (as outlined in the preceding paragraph) for that quarter in the annual report, disposals of components of an entity and unusual or infrequently occurring items recognized in the fourth quarter, as well as the aggregate effect of year-end adjustments that are material to the results of that quarter (see paragraphs 270-10-05-2 and 270-10-45-10) shall be disclosed in the annual report in a note to the annual financial statements. If a <u>publicly traded company</u> that regularly reports interim information makes an accounting change during the fourth quarter of its fiscal year and does not report the data specified by the preceding paragraph in a separate fourth quarter report or in its annual report, the disclosures about the effect of the accounting change on interim periods that are required by paragraphs 270-10-45-12 through 45-14 or by paragraph 250-10-45-15, as appropriate, shall be made in a note to the annual financial statements for the fiscal year in which the change is made.
- 270-10-50-3 Disclosure of the impact of the financial results for interim periods of the matters discussed in paragraphs 270-10-45-12 through 45-16 and 270-10-50-5 through 50-6 is desirable for as many subsequent periods as necessary to keep the reader fully informed. There is a presumption that users of summarized interim financial data will have read the latest published annual report, including the financial disclosures required by generally accepted accounting principles (GAAP) and management's commentary concerning the annual financial results, and that the summarized interim data will be viewed in that context. In this connection, management is encouraged to provide commentary relating to the effects of significant events upon the interim financial results.
- Publicly traded companies are encouraged to publish balance sheet and cash flow data at interim dates since these data often assist users of the interim financial information in their understanding and interpretation of the income data reported. If condensed interim balance sheet information or cash flow data are not presented at interim reporting dates, significant changes since the last reporting period with respect to liquid assets, net working capital, long-term liabilities, or stockholders' equity shall be disclosed.

Unusual or Infrequent Items

270-10-50-**5** Matters such as unusual seasonal results, business combinations, and <u>acquisitions by not-for-profit entities</u> shall be disclosed to provide information needed for a proper understanding of interim financial reports.

Contingencies

270-10-50-**6**

Contingencies and other uncertainties that could be expected to affect the fairness of presentation of financial data at an interim date shall be disclosed in interim reports in the same manner required for annual reports. Such disclosures shall be repeated in interim and annual reports until the contingencies have been removed, resolved, or have become immaterial. The significance of a contingency or uncertainty should be judged in relation to annual financial statements. Disclosures of such items shall include, but not be limited to, those matters that form the basis of a qualification of an independent auditor's report.

Leases

270-10-50-**6A** A <u>lessor</u> shall disclose a table of all lease-related income items in its interim financial statements (see paragraph <u>842-30-50-5</u> for lease-related income items).

Guidance Related to Disclosure of Other Topics at Interim Dates

270-10-50-**7** The following may not represent all references to interim disclosure:

- a. For business combinations and combinations accounted for by not-for-profit entities, see Sections 805-10-50, 805-20-50, 805-30-50, 805-740-50, and 958-805-50.
- b. For compensation-related costs, see paragraphs 715-60-50-3 and 715-60-50-6.
- c. For disclosures required for entities with oil- and gas-producing activities, see paragraph 932-270-50-1.
- d. For disclosures related to prior interim periods of the current fiscal year, see paragraph 250-10-50-11.
- e. For fair value requirements, see Section 820-10-50.
- f. For guarantors, see Section 460-10-50.
- g. For pensions and other postretirement benefits, see paragraphs <u>715-20-50-6 through</u> <u>50-7</u>.
- h. For reportable segments, see paragraphs <u>280-10-50-39</u> and <u>280-10-55-16</u>.
- i. For suspended well costs and interim reporting, see Section <u>932-235-50</u>.
- j. For applicability of disclosure requirements related to risks and uncertainties, see paragraph <u>275-10-15-3</u>.
- k. For discontinued operations, see paragraphs <u>205-20-50-1 through 50-7</u>.
- l. For disposals of individually significant components of an entity, see paragraph $\underline{360-10}$ - $\underline{50-3A}$.
- **I.** For disclosure requirements on the amount of obligations outstanding under a supplier finance program, see paragraph <u>405-50-50-4</u>.
- m. For insurance entities that account for short-duration contracts, see paragraphs $\underline{944}$ - $\underline{40-50-3}$ and $\underline{944-40-50-4E}$.

(PENDING CONTENT

Transition Date: December 16, 2022; December 16, 2024 - **Transition Guidance:** 944-40-65-2The following may not represent all references to interim disclosure:

a. For business combinations and combinations accounted for by not-for-profit entities, see Sections 805-10-50, 805-30-50, 805-740-50, and 958-30-50, 805-30-50, <a href=805-30, <a href=805

- b. For compensation-related costs, see paragraphs <u>715-60-50-3</u> and <u>715-60-50-6</u>.
- c. For disclosures required for entities with oil- and gas-producing activities, see paragraph <u>932-270-50-1</u>.
- d. For disclosures related to prior interim periods of the current fiscal year, see paragraph <u>250-10-50-11</u>.
- e. For fair value requirements, see Section 820-10-50.
- f. For guarantors, see Section 460-10-50.
- g. For pensions and other postretirement benefits, see paragraphs <u>715-20-50-6</u> through 50-7.
- h. For reportable segments, see paragraphs <u>280-10-50-39</u> and <u>280-10-55-16</u>.
- i. For suspended well costs and interim reporting, see Section <u>932-235-50</u>.
- j. For applicability of disclosure requirements related to risks and uncertainties, see paragraph <u>275-10-15-3</u>.
- k. For discontinued operations, see paragraphs <u>205-20-50-1 through 50-7</u>.
- l. For disposals of individually significant components of an entity, see paragraph 360-10-50-3A.
- **I.** For disclosure requirements on the amount of obligations outstanding under a supplier finance program, see paragraph <u>405-50-50-4</u>.
- m. For insurance entities that account for short-duration contracts, see paragraphs 944-40-50-3 and 944-40-50-4E.
- n. For insurance entities that account for long-duration contracts, see paragraphs 944-30-50-2A through 50-2B, 944-40-50-6 through 50-7C, and 944-80-50-1 through 50-2.

(PENDING CONTENT

Transition Date: December 16, 2023 (P); December 16, 2024 (N) - **Transition Guidance**: <u>323-740-65-2</u>The following may not represent all references to interim disclosure:

- a. For business combinations and combinations accounted for by not-for-profit entities, see Sections 805-10-50, 805-30-50, 805-740-50, and 958-805-50.
- b. For compensation-related costs, see paragraphs 715-60-50-3 and 715-60-50-6.
- c. For disclosures required for entities with oil- and gas-producing activities, see paragraph <u>932-270-50-1</u>.
- d. For disclosures related to prior interim periods of the current fiscal year, see paragraph <u>250-10-50-11</u>.
- e. For fair value requirements, see Section 820-10-50.
- f. For guarantors, see Section 460-10-50.

- g. For pensions and other postretirement benefits, see paragraphs <u>715-20-50-6</u> through 50-7.
- h. For reportable segments, see paragraphs <u>280-10-50-39</u> and <u>280-10-55-16</u>.
- i. For suspended well costs and interim reporting, see Section <u>932-235-50</u>.
- j. For applicability of disclosure requirements related to risks and uncertainties, see paragraph <u>275-10-15-3</u>.
- k. For discontinued operations, see paragraphs <u>205-20-50-1 through 50-7</u>.
- l. For disposals of individually significant components of an entity, see paragraph 360-10-50-3A.
- **I.** For disclosure requirements on the amount of obligations outstanding under a supplier finance program, see paragraph <u>405-50-50-4</u>.
- m. For insurance entities that account for short-duration contracts, see paragraphs 944-40-50-3 and 944-40-50-4E.
- n. For insurance entities that account for long-duration contracts, see paragraphs 944-30-50-2A through 50-2B, 944-40-50-6 through 50-7C, and 944-80-50-1 through 50-2.
- For disclosure requirements on investments that generate income tax credits and other income tax benefits from a tax credit program, see paragraphs <u>323-740-50-1</u> through 50-2.

(PENDING CONTENT

Transition Date: ● December 16, 2024; N December 16, 2024 - **Transition**

Guidance: 350-60-65-1

The following may not represent all references to interim disclosure:

- a. For business combinations and combinations accounted for by not-for-profit entities, see Sections 805-10-50, 805-20-50, 805-30-50, 805-740-50, and 958-805-50.
- b. For compensation-related costs, see paragraphs <u>715-60-50-3</u> and <u>715-60-50-6</u>.
- c. For disclosures required for entities with oil- and gas-producing activities, see paragraph <u>932-270-50-1</u>.
- d. For disclosures related to prior interim periods of the current fiscal year, see paragraph <u>250-10-50-11</u>.
- e. For fair value requirements, see Section 820-10-50.
- f. For guarantors, see Section 460-10-50.
- g. For pensions and other postretirement benefits, see paragraphs <u>715-20-50-6</u> through <u>50-7</u>.
- h. For reportable segments, see paragraphs <u>280-10-50-39</u> and <u>280-10-55-16</u>.
- i. For suspended well costs and interim reporting, see Section <u>932-235-50</u>.
- j. For applicability of disclosure requirements related to risks and uncertainties, see paragraph <u>275-10-15-3</u>.

- k. For discontinued operations, see paragraphs 205-20-50-1 through 50-7.
- l. For disposals of individually significant components of an entity, see paragraph 360-10-50-3A.
- **I.** For disclosure requirements on the amount of obligations outstanding under a supplier finance program, see paragraph <u>405-50-50-4</u>.
- m. For insurance entities that account for short-duration contracts, see paragraphs 944-40-50-3 and 944-40-50-4E.
- n. For insurance entities that account for long-duration contracts, see paragraphs 944-30-50-2A through 50-2B, 944-40-50-6 through 50-7C, and 944-80-50-1 through 50-2.
- For disclosure requirements on investments that generate income tax credits and other income tax benefits from a tax credit program, see paragraphs <u>323-740-50-</u> <u>1 through 50-2</u>.
- p. For disclosure requirements for crypto assets, see paragraphs <u>350-60-50-1</u> and <u>350-60-50-6 through 50-7</u>.

(PENDING CONTENT

The following may not represent all references to interim disclosure:

- a. For business combinations and combinations accounted for by not-for-profit entities, see Sections 805-10-50, 805-30-50, 805-740-50, and 958-805-50.
- b. For compensation-related costs, see paragraphs <u>715-60-50-3</u> and <u>715-60-50-6</u>.
- c. For disclosures required for entities with oil- and gas-producing activities, see paragraph <u>932-270-50-1</u>.
- d. For disclosures related to prior interim periods of the current fiscal year, see paragraph <u>250-10-50-11</u>.
- e. For fair value requirements, see Section 820-10-50.
- f. For guarantors, see Section 460-10-50.
- g. For pensions and other postretirement benefits, see paragraphs <u>715-20-50-6</u> through 50-7.
- h. For reportable segments, see paragraphs <u>280-10-50-39</u> and <u>280-10-55-16</u>.
- i. For suspended well costs and interim reporting, see Section 932-235-50.
- j. For applicability of disclosure requirements related to risks and uncertainties, see paragraph <u>275-10-15-3</u>.
- k. For discontinued operations, see paragraphs <u>205-20-50-1 through 50-7</u>.
- I. For disposals of individually significant components of an entity, see paragraph 360-10-50-3A.
- **I.** For disclosure requirements on the amount of obligations outstanding under a supplier finance program, see paragraph <u>405-50-50-4</u>.

- m. For insurance entities that account for short-duration contracts, see paragraphs 944-40-50-3 and 944-40-50-4E.
- n. For insurance entities that account for long-duration contracts, see paragraphs 944-30-50-2A through 50-2B, 944-40-50-6 through 50-7C, and 944-80-50-1 through 50-2.
- For disclosure requirements on investments that generate income tax credits and other income tax benefits from a tax credit program, see paragraphs <u>323-740-50-1</u> through 50-2.
- p. For disclosure requirements for crypto assets, see paragraphs <u>350-60-50-1</u> and <u>350-60-50-6</u> through 50-7.
- q. For income statement expense disaggregation, see Subtopic 220-40.

270-10-**60 - Relationships**

General Note: The Relationships Section contains links to guidance that may be helpful to, but not required by, a user of the Subtopic. This Section may not be all-inclusive. The relationship items are organized according to the Topic structure in the Codification.

General

Fair Value Measurements and Disclosures

270-10-60-**1** For additional disclosure guidance for the reporting entity, see Section 820-10-50.

270-10-**S00 - Status**

General Note: The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

General

270-10-S00-1 The following table identifies the changes made to this Subtopic.

_		•	
Paragraph	Action	Accounting Standards	Date
		Update	
270-10-	Amended	Accounting Standards Update	10/22/2020
<u>S99-1</u>		No. 2020-09	
270-10-	Amended	Accounting Standards Update	07/26/2019
<u>S99-1</u>		No. 2019-07	
270-10-	Amended	Accounting Standards Update	08/27/2012
<u>S99-1</u>		No. 2012-03	
270-10-	Amended	Accounting Standards Update	08/02/2010
<u>S99-1</u>		No. 2010-21	
270-10-	Amended	Accounting Standards Update	08/19/2010
S99-2		No. 2010-22	

270-10-S45 - Other Presentation Matters

General Note: The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

General

Form and Content

- 270-10-S45-**1** See paragraph <u>220-10-S99-1(d)</u>, Regulation S-X Rule 3-03(d), for requirements to reflect adjustments in interim financial statements.
- 270-10-S45-**2** See paragraph <u>270-10-S99-1</u>, Regulation S-X Rule 10-01, for requirements for form and content of interim financial statements. Smaller reporting companies, as defined in Item 10(f) (1) of Regulation S-K, should comply with the similar requirements in Regulation S-X Rule 8-03.

Separately Presented Captions Previously Combined

270-10-S45-**3** See paragraph <u>270-10-S99-2</u>, SAB Topic 6.G.2, Question 1, for SEC Staff views on separately presenting captions in the Form 10Q that were previously combined.

Separate Presentation of Inventory Components

270-10-S45-**4** See paragraph <u>270-10-S99-2</u>, SAB Topic 6.G.2.a, Question 3, for SEC Staff views regarding separate presentation of inventory components.

270-10-**S50 - Disclosure**

General Note: The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

General

Inclusion of Certain Necessary Adjustments in Interim Financial Statements

270-10-S50-**1** See paragraph <u>220-10-S99-1(d)</u>, Regulation S-X Rule 3-03(d), for disclosure requirements when including certain required adjustments in interim financial statements.

Required Various Disclosure in Interim Financial Statements

270-10-S50-**2** See paragraph 270-10-S99-1(b), Regulation S-X Rule 10-01(b), for various disclosure requirements in interim financial statements. Smaller reporting companies, as defined in Item 10(f)(1) of Regulation S-K, should comply with the similar requirements in Regulation S-X Rule 8-03.

270-10-S55 - Implementation Guidance and Illustrations

General Note: The Implementation Guidance and Illustrations Section contains implementation guidance and illustrations that are an integral part of the Subtopic. The implementation guidance and illustrations do not address all possible variations. Users must consider carefully the actual facts and circumstances in relation to the requirements of the Subtopic.

General

Computation of when Major Income Statement Captions May Be Combined

270-10-S55-**1** See paragraph <u>270-10-S99-2</u>, SAB Topic 6.G.2.a, Question 2, for SEC Staff views on the meaning of "net income" as used in the calculation of combining income statement captions for compliance with Regulation S-X Rules 10-01(a)(2) and (3).

Computation of Cash Flows Provided by Operations for the Three Most Recent Years

270-10-S55-**2** See paragraph <u>270-10-S99-2</u>, SAB Topic 6.G.2.a, Question 4, for SEC Staff views on the calculation of determining what sources and applications of cash and cash equivalents must be presented separately in order to comply with Regulation S-X Rule 10-01(a)(4).

270-10-**S99 - SEC Materials**

General Note: As more fully described in <u>About the Codification</u>, the Codification includes selected SEC and SEC Staff content for reference by public companies. The Codification does not replace or affect how the SEC or SEC Staff issues or updates SEC content. SEC Staff content does not constitute Commission-approved rules or

General

SEC Rules, Regulations, and Interpretations

Regulation S-X

Regulation S-X Rule 10-01, Interim Financial Statements

- 270-10-S99-**1** The following is the text of Regulation S-X Rule 10-01, Interim Financial Statements (17 CFR 210.10-01).
 - (a) Condensed statements. Interim financial statements shall follow the general form and content of presentation prescribed by the other sections of this Regulation with the following exceptions:
 - (1) Interim financial statements required by this rule need only be provided as to the registrant and its subsidiaries consolidated and may be unaudited. Separate statements of other entities which may otherwise be required by this regulation may be omitted.
 - (2) Interim balance sheets shall include only major captions (i. e., numbered captions) prescribed by the applicable sections of this Regulation with the exception of inventories. Data as to raw materials, work in process and finished goods inventories shall be included either on the face of the balance sheet or in the notes to the financial statements, if applicable. Where any major balance sheet caption is less than 10% of total assets, and the amount in the caption has not increased or decreased by more than 25% since the end of the preceding fiscal year, the caption may be combined with others.
 - (3) Interim statements of comprehensive income shall also include major captions prescribed by the applicable sections of part 210 of this chapter (Regulation S-X). When any major statement of comprehensive income (or statement of net income if comprehensive income is presented in two separate but consecutive financial statements) caption is less than 15% of average net income for the most recent three fiscal years and the amount in the caption has not increased or decreased by more than 20% as compared to the corresponding interim period of the preceding fiscal year, the caption may be combined with others. In calculating average net income, loss years should be excluded. If losses were incurred in each of the most recent three years, the average loss shall be used for purposes of this test. Notwithstanding these tests, §210.4-02 applies and de minimis amounts therefore need not be shown separately, except that registrants reporting under § 210.9 shall show investment securities gains or losses separately regardless of size.
 - (4) The statement of cash flows may be abbreviated starting with a single figure of net cash flows from operating activities and showing cash changes from investing and financing activities individually only when they exceed 10% of the average of net cash flows from operating activities for the most recent three years. Notwithstanding this test, § 210.4-02 applies and de minimis amounts therefore need not be shown separately.
 - (5) The interim financial information shall include disclosures either on the face of the financial statements or in accompanying footnotes sufficient so as to make the interim information presented not misleading. Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual report to security holders or latest audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, and detailed disclosures prescribed by §210.4-08

may be omitted.

- (6) Detailed schedules otherwise required by this Regulation may be omitted for purposes of preparing interim financial statements.
- (7) Provide the information required by §210.3-04 for the current and comparative year-to-date periods, with subtotals for each interim period.
- (b) Other instructions as to content. The following additional instructions shall be applicable for purposes of preparing interim financial statements:
 - (1) Summarized statement of comprehensive income information shall be given separately as to each subsidiary not consolidated or 50 percent or less owned persons or as to each group of such subsidiaries or fifty percent or less owned persons for which separate individual or group statements would otherwise be required for annual periods. Such summarized information, however, need not be furnished for any such unconsolidated subsidiary or person which would not be required pursuant to §240.13a-13 or §240.15d-13 of this chapter to file quarterly financial information with the Commission if it were a registrant.
 - (2) The basis of the earnings per share computation shall be stated together with the number of shares used in the computation.
 - (3) If, during the most recent interim period presented, the registrant or any of its consolidated subsidiaries entered into a combination between entities under common control, supplemental disclosure of the separate results of the combined entities for periods prior to the combination shall be given, with appropriate explanations.

(4)-(5) [Reserved]

- (6) For filings on Form 10-Q (§249.308(a) of this chapter), a letter from the registrant's independent accountant shall be filed as an exhibit (in accordance with the provisions of 17 CFR 229.601 (Item 601 of Regulation S-K) in the first Form 10-Q after the date of an accounting change indicating whether or not the change is to an alternative principle which, in the accountant's judgment is preferable under the circumstances; except that no letter from the accountant need be filed when the change is made in response to a standard adopted by the Financial Accounting Standards Board that requires such change.
- (7) Any material retroactive prior period adjustment made during any period covered by the interim financial statements shall be disclosed, together with the effect thereof upon net income- total and per share-of any prior period included and upon the balance of retained earnings. If results of operations for any period presented have been adjusted retroactively by such an item subsequent to the initial reporting of such period, similar disclosure of the effect of the change shall be made.
- (8) Any unaudited interim financial statements furnished shall reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. A statement to that effect shall be included. If all such adjustments are of a normal recurring nature, a statement to that effect shall be made; otherwise, there shall be furnished information describing in appropriate detail the nature and amount of any adjustments other than normal recurring adjustments entering into the determination of the results shown.
- (9) The requirements of §210.3-10 are applicable to financial statements for a subsidiary of the registrant that issues securities guaranteed by the registrant or guarantees securities issued by the registrant. Disclosures about guarantors and issuers of guaranteed securities registered or being registered must be presented as required by §210.13-01.

(10) Disclosures about a registrant's affiliates whose securities collateralize any class of securities registered or being registered and the related collateral arrangement must be presented as required by §210.13-02.

[85 FR 22000, Apr. 20, 2020]

- (c) Periods to be covered. The periods for which interim financial statements are to be provided in registration statements are prescribed elsewhere in this Regulation (see §§ 210.3-01 and 3-02). For filings on Form 10-Q, financial statements shall be provided as set forth in this paragraph (c):
 - (1) An interim balance sheet as of the end of the most recent fiscal quarter and a balance sheet as of the end of the preceding fiscal year shall be provided. The balance sheet as of the end of the preceding fiscal year may be condensed to the same degree as the interim balance sheet provided. An interim balance sheet as of the end of the corresponding fiscal quarter of the preceding fiscal year need not be provided unless necessary for an understanding of the impact of seasonal fluctuations on the registrant's financial condition.
 - (2) Interim statements of comprehensive income shall be provided for the most recent fiscal quarter, for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter, and for the corresponding periods of the preceding fiscal year. Such statements may also be presented for the cumulative twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period.
 - (3) Interim statements of cash flows shall be provided for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter, and for the corresponding period of the preceding fiscal year. Such statements may also be presented for the cumulative twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period.
 - (4) Registrants engaged in seasonal production and sale of a single-crop agricultural commodity may provide interim statements of comprehensive income and cash flows for the twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period in lieu of the year-to-date statements specified in paragraphs (c)(2) and (3) of this section.
- (d) Interim review by independent public accountant. Prior to filing, interim financial statements included in quarterly reports on Form 10-Q (17 CFR 249.308(a)) must be reviewed by an independent public accountant using applicable professional standards and procedures for conducting such reviews, as may be modified or supplemented by the Commission. If, in any filing, the company states that interim financial statements have been reviewed by an independent public accountant, a report of the accountant on the review must be filed with the interim financial statements.
- (e) Filing of other interim financial information in certain cases. The Commission may, upon the informal written request of the registrant, and where consistent with the protection of investors, permit the omission of any of the interim financial information herein required or the filing in substitution thereof of appropriate information of comparable character. The Commission may also by informal written notice require the filing of other information in addition to, or in substitution for, the interim information herein required in any case where such information is necessary or appropriate for an adequate presentation of the financial condition of any person for which interim financial information is required, or whose financial information is otherwise necessary for the protection of investors.

[46 FR 12489, Feb. 17, 1981, as amended at 50 FR 25215, June 18, 1985; 50 FR 49533, Dec. 3, 1985; 57 FR 45293, Oct. 1, 1992; 64 FR 73401, Dec. 30, 1999; 73 FR 956, Jan. 4, 2008; 74 FR 18616, Apr. 23, 2009; 76 FR 50120, Aug. 12, 2011; 83 FR

SEC Staff Guidance

Staff Accounting Bulletins

SAB Topic 6.G.2, Amendments to Form 10Q

270-10-S99-**2** The following is the text of SAB Topic 6.G.2, Amendments to Form 10Q.

a. Form of condensed financial statements.

Facts: Rules 10-01(a)(2) and (3) of Regulation S-X provide that interim balance sheets and statements of income shall include only major captions (i. e., numbered captions) set forth in Regulation S-X, with the exception of inventories where data as to raw materials, work in process and finished goods shall be included, if applicable, either on the face of the balance sheet or in notes thereto. Where any major balance sheet caption is less than 10% of total assets and the amount in the caption has not increased or decreased by more than 25% since the end of the preceding fiscal year, the caption may be combined with others. When any major income statement caption is less than 15% of average net income attributable to the registrant for the most recent three fiscal years and the amount in the caption has not increased or decreased by more than 20% as compared to the corresponding interim period of the preceding fiscal year, the caption may be combined with others. Similarly, the statement of cash flows may be abbreviated, starting with a single figure of cash flows provided by operations and showing other changes individually only when they exceed 10% of the average of cash flows provided by operations for the most recent three years.

Question 1: If a company previously combined captions in a Form 10-Q but is required to present such captions separately in the Form 10-Q for the current quarter, must it retroactively reclassify amounts included in the prior-year financial statements presented for comparative purposes to conform with the captions presented for the current-year quarter?

Interpretive Response: Yes.

Question 2: If a company uses the gross profit method or some other method to determine cost of goods sold for interim periods, will it be acceptable to state only that it is not practicable to determine components of inventory at interim periods?

Interpretive Response: The staff believes disclosure of inventory components is important to investors. In reaching this decision the staff recognizes that registrants may not take inventories during interim periods and that managements, therefore, will have to estimate the inventory components. However, the staff believes that management will be able to make reasonable estimates of inventory components based upon their knowledge of the company's production cycle, the costs (labor and overhead) associated with this cycle as well as the relative sales and purchasing volume of the company.

Question 3: If a company has years during which operations resulted in a net outflow of cash and cash equivalents, should it exclude such years from the computation of cash and cash equivalents provided by operations for the three most recent years in determining what sources and applications must be shown separately?

Interpretive Response: Yes. Similar to the determination of average net income, if operations resulted in a net outflow of cash and cash equivalents during any year, such amount should be excluded in making the computation of cash flow provided by operations for the three most recent years unless operations resulted in a net outflow of cash and cash equivalents in all three years, in which case the average of the net outflow of cash and cash equivalents should be used for the test.

Copyright 2025 by Financial Accounting Foundation, Norwalk, Connecticut