

FASB CLARIFIES INTERIM REPORTING GUIDANCE

DECEMBER 2025

SUMMARY

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-11, *Narrow-Scope Improvements*, to clarify the scope, form and content, and disclosures required under Accounting Standards Codification (ASC) 270, *Interim Reporting*. The amendments affect all entities that provide interim financial statements and notes in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

BACKGROUND

Over time, ASC 270 has become difficult for entities to navigate due to its lack of structure and many amendments. Further, in 2018 the Securities and Exchange Commission (SEC), through a disclosure update and simplification, removed language from one of its rules that required disclosure of material events in interim financial statements. This highlighted a need for a similar principle in ASC 270. ASU 2025-11 improves the navigability of ASC 270 and codifies a disclosure principle like the one that previously existed in the SEC rules. The FASB noted¹ that ASU 2025-11 is not intended to change the fundamental nature of interim reporting, nor the extent of interim disclosure requirements.

MAIN PROVISIONS

Scope of ASC 270

ASU 2025-11 clarifies that ASC 270 applies to all entities “that provide interim financial statements and notes in accordance with GAAP.” To meet this threshold, the interim financial statements must have **all** required financial statements, including a balance sheet, income statement and statement of other comprehensive income, statement of cash flows, and statement of changes in equity.

¹ As discussed in BC2 of ASU 2025-11.

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BDO INSIGHTS: SCOPE OF ASC 270 CLARIFIED

Entities provide a variety of interim financial information to their users, raising questions about when ASC 270 applies. ASU 2025-11 clarifies that ASC 270 does **not** apply to less extensive information than a full set of financial statements, such as ratio information, single statements (for example, only the income statement), selected account balances, or other limited interim data.

Some industry-specific ASC Topics allow entities within their scope to omit specific financial statements. For example, some investment companies are exempt from providing a statement of cash flows under ASC 230, *Statement of Cash Flows*, and the requirement to disclose investments by and distributions to owners does not apply to not-for-profit entities (NFPs). ASU 2025-11 clarifies that those entities are in the scope of ASC 270 when they otherwise provide all required financial statements.

Form and Content of Interim Financial Statements

ASU 2025-11 clarifies the form and content of interim financial statements for SEC registrants and non-SEC registrants. It also includes more guidance for NFPs considering their specialized financial statement presentation framework.

TYPE OF ENTITY	FORM AND CONTENT OF INTERIM FINANCIAL STATEMENTS
SEC registrant	<p>▶ Present interim financial statements and notes in accordance with Regulation S-X (S-X), including Rules 8-03 and 10-01.</p>
Non-SEC registrant	<p>▶ Present either:</p> <ul style="list-style-type: none"> • Financial statements using the same aggregation level as annual financial statements, with notes prepared in accordance with annual U.S. GAAP disclosure requirements. • Financial statements at a more aggregated level than annual financial statements, or with limited notes prepared in accordance with ASC 270, or both (defined in ASU 2025-11 as condensed statements). <p>▶ For condensed statements, apply either S-X Rules 10-01(a) or 8-03(a) for smaller reporting companies, or the following requirements:</p> <ul style="list-style-type: none"> • Balance sheet: Present separate captions for each balance sheet component in the annual financial statements that is 10% or more of total assets. However, an entity must always present cash and retained earnings regardless of significance. Also, if the entity presents a classified annual balance sheet, present total current assets and liabilities. • Income statement: Present net sales or gross revenue and each cost and expense category from the annual financial statements that exceeds 20% of sales or gross revenues (or of net interest income for financial institutions). Also, present income taxes and discontinued operations. • Statement of cash flows: Present totals for operating, investing, and financing activities, cash as of the beginning and end of each period, and the increase or decrease in cash. • Statement of changes in equity: Present in a note or separate statement changes in each caption presented on the balance sheet, reconciling beginning balance to ending balance. Also, separately present contributions from or distributions to owners.

TYPE OF ENTITY

FORM AND CONTENT OF INTERIM FINANCIAL STATEMENTS

However, if the entity is required by the SEC to follow specific SEC form and content requirements (for example, Rule 210.3-05, *Financial Statements of Businesses Acquired or to Be Acquired* as discussed in BDO's Publication, [Financial Statements of Acquired Businesses: A Snapshot](#)), the entity must follow those requirements.

- ▶ Present condensed statements only if the entity has issued or made available for issuance its prior annual financial statements.

NFP

- ▶ If condensed statements are presented, the NFP:
 - Must present net assets with and without donor restrictions on the statement of financial position, regardless of relative significance to total net assets.
 - May present the required disclosure of expenses by nature and function, either on the statement of activities, as a note, or in a separate statement of functional expenses.
 - Is not required to provide or disclose investments by and distributions to owners (which is not applicable to NFPs).

BDO INSIGHTS: SEC REGISTRANTS MUST CONTINUE TO PRESENT COMPARATIVE INTERIM FINANCIAL STATEMENTS

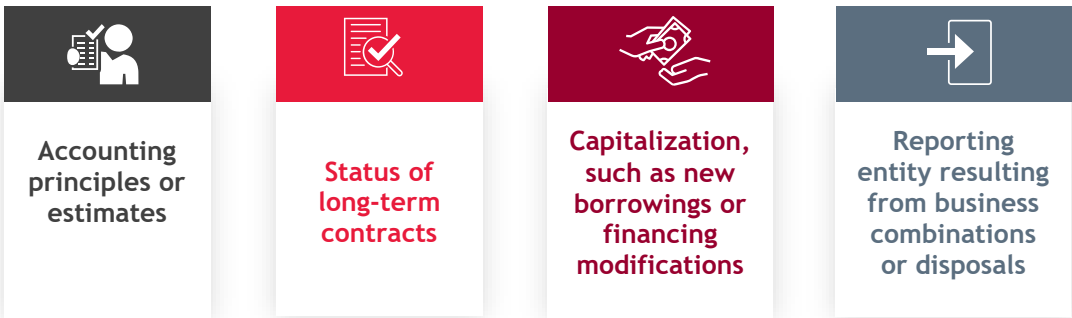
ASU 2025-11 removes a prior requirement in ASC 270 to present comparative quarter-to-date (QTD) and year-to-date (YTD) information. However, S-X still requires SEC registrants to provide comparative QTD and YTD information.

Interim Disclosure Requirements

ASU 2025-11 clarifies which disclosures are required for interim financial statements and notes prepared in accordance with U.S. GAAP by:

- ▶ Listing in one place the interim disclosures currently required by ASC 270
- ▶ Listing in ASC 270 and clarifying under other ASC Topics which disclosures are required for interim reporting
- ▶ Adding a disclosure principle.

Under ASU 2025-11, interim financial statements and notes prepared in accordance with U.S. GAAP are an **update** to the most recent annual financial statements. ASU 2025-11 therefore allows omission of disclosures that substantively duplicate the annual disclosures. However, the disclosure principle in ASC 270 requires an entity to disclose events and changes occurring after the last annual reporting period if they have a material effect on the entity. This principle requires that an entity determine whether to include disclosures in addition to those specifically required by ASC 270. Examples of events that may require disclosure under the new principle include changes in:



However, an entity must disclose material contingencies and uncertainties in interim financial statements even if there are no significant changes since year-end. Contingency disclosures must be provided until the contingencies are removed, resolved, or become immaterial. Significance is assessed relative to the annual financial statements.

BDO INSIGHTS: DISCLOSURE LIST NOT A SUBSTITUTE FOR REVIEWING UNDERLYING GUIDANCE

While the disclosure list added to ASC 270 makes the interim reporting requirements easier to navigate, the list is not a substitute for a thorough review of the underlying disclosure requirements in U.S. GAAP. Entities must refer to each ASC Topic to determine the scope of disclosures and related requirements. For example, some disclosures in other ASC Topics apply to only public business entities.

Additionally, an entity must refer to the relevant ASC Topics as a **starting point** and consider the disclosure principle in ASC 270 to determine which event-driven disclosures to provide. That is, not all annual disclosure requirements of other ASC Topics may be relevant under the disclosure principle in ASC 270 and therefore may be omitted. Reaching a conclusion about which event-driven disclosures to provide requires the application of professional judgment based on facts and circumstances.

EFFECTIVE DATES AND TRANSITION

The following table summarizes effective dates and transition for ASU 2025-11:

	PUBLIC BUSINESS ENTITIES	ALL OTHER ENTITIES
Effective Date	Interim reporting periods within annual reporting periods beginning after December 15, 2027.	Interim reporting periods within annual reporting periods beginning after December 15, 2028.
Early adoption	Allowed.	
Transition	Prospective, or retrospective to any or all prior periods presented.	

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Link to [ASU 2025-11](#)

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