

## Memorandum

### Non-Agenda Topics

October 8, 2024

To: Members of the Board  
From: Monica R. Valentine, Executive Director  
Subject: **Non-Agenda Project Updates** (Topic D)

#### INTRODUCTION

Staff is providing project updates on all active projects currently on the Board's technical agenda that will not be discussed at the October 2024 meeting.

Attachment 1 of this memo includes brief project updates on the following topics.

- Intangible Assets Guidance
- Land Post-issuance
- Leases Post-issuance
- Management's Discussion and Analysis
- Omnibus Concepts Amendments 2024
- Public-Private Partnerships
- Reexamination
- Software Technology

#### REQUEST FOR FEEDBACK

These topics do not include any questions for the Board or requests for member feedback. These topics will not be on the Board's discussion agenda for October. Members may provide input and submit follow-up questions on any of these projects to the related staff member at any time.

#### ATTACHMENTS

1. Project updates

# Project Updates

## Non-Agenda Topics

October 8, 2024

Attachment 1

### INTANGIBLE ASSETS GUIDANCE

At the February 2022 meeting, staff proposed a non-authoritative definition of intangible assets for the Board's internal use. The Board overwhelmingly supported the proposed definition while providing thoughts and suggested edits that generally related to potential reporting requirement concerns. Staff is drafting a conceptual and accounting guidance framework for intangible asset guidance for the Board to consider at a future meeting.

### LAND POST-ISSUANCE

On September 24<sup>th</sup> staff met with representatives from the USDA, the USDA OIG, and an external audit firm to discuss the treatment of temporary land rights. The discussions concerned: conservation easements; stewardship land and G-PP&E land definitions; and whether temporary easements could be classified as Leases or Intangible assets. Staff provided general comments and disclaimers, along with a written email that for areas of potential disagreement, a formal technical inquiry request should be submitted.

### LEASES POST-ISSUANCE

As of September 26, staff has received six formal technical inquiries on leases during the fiscal year. Staff has addressed 29 informal and narrow-scope inquiries during the fiscal year. These inquiries are generally readily answerable based on the requirements of SFFAS 54 and Technical Release 20, *Implementation Guidance for Leases*. Common inquiry topics include paragraphs 14-21 (lease term topic area) and 96-98 (implementation topic area, including the transitional amendments). The volume and complexity of leases-related technical inquiry has increased considerably during the fourth quarter. Three of the six formal technical inquiries were submitted during the fourth quarter, and 9 of the 29 informal inquiries were submitted during the fourth quarter.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Board voted to approve the release of proposed SFFAS 64: *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*. The proposed SFFAS 64 was sent to sponsors for review on June 28, 2024. SFFAS 64 was issued as final on September 27, 2024.

## OMNIBUS CONCEPTS AMENDMENTS

The Board voted to approve the release of proposed Statement of Federal Financial Accounting Concepts (SFFAC) 10: *Omnibus Concepts Amendments 2024, Amending SFFAC 2 with Note Disclosures and MD&A Concepts and Rescinding SFFAC 3*. The proposed SFFAC 10 was sent to sponsors for review on June 28, 2024. SFFAC 10 was issued as final on September 27, 2024.

## PUBLIC-PRIVATE PARTNERSHIPS

On August 1<sup>st</sup>, staff briefed the Accounting and Auditing Policy Committee (AAPC) wherein the Committee reviewed for the second time, a draft Technical Release document. The Committee suggested improvements to (1) the flowchart when addressing consolidated entities that also meet the SFFAS 49 P3 definition and (2) the proposed question and answer concerning alignment of disclosures considering that SFFAS 49 is a supplemental Statement. The AAPC chair moved to further discuss the draft P3 implementation guidance at a future meeting. In the meantime, staff has been (1) working with members to make the updates suggested during the meeting and (2) considering if some issues identified by the task force are better suited for Board deliberations (that is, the issuance of level A or B GAAP guidance).

## REEXAMINATION

At the August 2024 meeting, the Board determined the top five reexamination issue areas that would be considered in the technical agenda session of the Board meeting. As a reminder, the prioritization is for the order in which the projects will be addressed, and the Board plans to continue going through the specific issue areas in a prioritized manner until all issues identified through the ITC have been addressed. Each year the Board will continue to reassess and determine priorities.

In the technical agenda session, the Board agreed that the following reexamination projects would be added to the current technical agenda:

- Federal GAAP Hierarchy
- Direct Loan & Loan Guarantee Disclosures
- Commitments

The Board agreed that Revenue would be added as a research topic.

The Board also agreed that the following reexamination projects are in the project queue:

- *Subtopic*: Liabilities and Legal Claims when there are Multiple Parties Involved
- Purchase versus Consumption Method
- Environmental Liabilities (*broadly*)

With the approval of the three reexamination projects to the technical agenda and one research topic, staff has been aligned for each and staff has initiated the new projects. Staff are in the

process of preparing project plans and other information for each. Going forward, each reexamination project will be presented with specific project information and details.

## **SOFTWARE TECHNOLOGY**

At the August 2024 meeting, the Board discussed an accounting guidance framework for software licenses. Based on the framework and working group input, staff is drafting a cost-benefit analysis of software license recognition options for the Board to deliberate at a future meeting.