

2025 Financial Management Conference

Accounting Standards Panel or “Ask The Experts”

Moderator, Melissa Dunn, Aprio

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Jared Wolski, DOZ, LLC

Sept. 19, 2025

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New and Upcoming Accounting Standards Updates (ASU's)

Jared Wolski, Audit Principal, DOZ

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New & Upcoming Accounting Standards Updates

- [ASU 2023-08 \(October 2023\): Intangibles – Goodwill and Other – Crypto Assets \(Subtopic 350-60\)](#)
 - Effective for fiscal years beginning after Dec. 15, 2024, including interim periods. Early adoption is permitted.
 - The ASU requires reporting entities to measure certain crypto assets at fair value with changes recognized in net income.
 - Crypto assets must be presented separately on the balance sheet.
 - Gains and losses from fair value changes must be shown separately in net income on the income statement.
 - Previously, crypto assets were accounted for as indefinite-lived intangible assets, requiring impairment testing when the fair value fell below cost. This ASU eliminates that cost-less-impairment model, reducing complexity and aligning accounting with the nature of these assets.

New & Upcoming Accounting Standards Updates

- [ASU 2024-04 \(December 2024\): Debt with Conversion and Other Options \(Subtopic 470-20\)](#)
 - Effective for fiscal years beginning after Dec. 15, 2024, with early adoption allowed.
 - Clarifies the accounting treatment for certain settlements of convertible debt instruments, specifically addressing when such settlements should be accounted for as induced conversions rather than debt extinguishments.
 - Criteria for Induced Conversion Accounting:
 - The conversion occurs under conversion privileges that changed from original closing and are exercisable only for a limited period.
 - The inducement offer should preserve the form and amount of consideration issuable under the original conversion terms.
 - The convertible debt instrument must have contained a substantive conversion feature both at issuance and at the date the inducement offer is accepted.
 - Measurement of inducement expense:
 - If a settlement qualifies as an induced conversion, the issuer recognizes an inducement expense. This expense is measured as the fair value of all securities and other consideration transferred in excess of the fair value of the securities and other consideration issuable under the original conversion terms.

New & Upcoming Accounting Standards Updates

- [ASU 2024-03 - Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures \(Subtopic 220-40\)](#)
 - Effective for fiscal years beginning after Dec. 15, 2026, with early adoption allowed.
 - Provides more detailed information about the types of expenses in commonly presented expense captions on the face of the statement of operations of PBEs, such as “selling, general and administrative,” “cost of sales,” and “research and development.”

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New Auditing Standards & Audit Readiness

Tami Gambiza, Senior Manager, CohnReznick

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Polling Question

- *When was your organization's audit completed for FY 2024. By show of hands after each letter is called.*
 - A. Within 120 Days of FYE***
 - B. Within 150 Days of FYE***
 - C. Within 180 Days of FYE***
 - D. Later than 180 Days after FYE***

SAS 149 and Group Audits

- *SAS 149- Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)*
- Effective for audits of group financial statements for periods ending on or after December 15, 2026
- SAS No. 149, in superseding Section 600 of SAS No. 122, shifts the auditor's approach in determining the components at which to perform audit work from identifying "significant components" to using professional judgment based on assessed risk.
- Pre- SAS 149 – Focus was on significant components since didn't always consider amounts outside the significant components
- Now with SAS 149, Focus is on obtaining "enough" audit evidence
- Auditor used to take a vertical look, and going forward more of horizontal look

Audit Readiness Amid Challenges

- What is Audit Readiness and why does it matter?
- What are the Audit Challenges: Common - Internal & External?
- What are the key elements of Audit Readiness?
- What are some of the Audit Readiness Strategies?

Audit Readiness Amid Challenges

- What is Audit Readiness and why does it matter?
- What?
 - Organization's level of preparedness for an internal and external audit.
 - Having the necessary systems, documentation, processes and controls in place to ensure a smooth, accurate and efficient audit process.
- Why?
 - Reduces risk of non-compliance penalties and enhances trust with stake holders
 - Improves operational efficiency and financial transparency
 - Enhances strategic decision-making

Audit Readiness Amid Challenges

- What are the Audit Challenges: Common -Internal & External?

Common challenges	Internal challenges	External challenges
Regulatory changes	Inadequate internal controls	Economic uncertainty
Data integrity	Poor communication between departments	Remote work & hybrid models
Resource constraints	Limited audit trail visibility	Cybersecurity threats
Lack of documentation	Untrained staff	Supply chain disruptions
Technology gaps		

Audit Readiness Amid Challenges

- What are the key elements of Audit Readiness?
 - Complete and Accurate Documentation
 - Financial records, contract, policies and procedures
 - Established Internal Controls
 - Systems are in place to prevent errors, fraud, and non-compliance
 - Clear roles and responsibilities
 - Clear understanding of roles in the audit process and responding to auditor requests
 - Compliance with Regulations
 - Adherence to relevant laws, standards and industry guidelines
 - Audit Trail Visibility
 - Transactions and decisions are traceable and well documented
 - Technology and Tools
 - Use of audit management software & platforms to streamline the process
 - Training and Awareness
 - Staff is educated on the audit procedures and expectations

Audit Readiness Amid Challenges

- What are some of the Audit Readiness Strategies?
 - Early planning and risk assessment
 - Clear documentation protocols
 - Regular internal audits (if organization has internal audit function)
 - Training and awareness programs
 - Leveraging audit management tools
 - Workflow automation, Issue tracking, real-time dashboards

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Uniform Guidance Updates

Andrew Walton, Manager, Novogradac

Sept. 19, 2025

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Uniform Guidance Updates

- Threshold increased to \$1 Million for fiscal years beginning on or after October 1, 2024
- 2025 Compliance Supplement is still pending
- The AICPA and GAQC have advised against issuing audits until the final Supplement is available.

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Going Concern Considerations

Andrew Walton, Manager, Novogradac

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GAAP & Audit Requirements

- GAAP: ASC 205-40-50
- Audit: AICPA AU-C 570, PCAOB AS 2415
- Evaluate conditions/events without considering unimplemented plans.

Responsibilities of Management & Auditors

- Management: Evaluate conditions/events.
- Auditor: Conclude on going concern based on judgment and evidence.

Key Considerations & Indicators

- Indicators: Working capital, negative cash flows, maturing debt, declining revenue.
- Evaluate conditions/events raising substantial doubt.

Management's Plans & Third-Party Support

- Assess plans for mitigation and implementation.
- Evaluate third-party support: intent and ability.

Audit Evidence, Documentation & Tips

- Gather sufficient evidence: projections, contracts, support letters.
- Document both corroborating and contradictory evidence.

Impairment Considerations

- Triggers
 - Negative NOI
 - Environmental
 - Natural disasters
- Valuations
- Permanent write down

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Cybersecurity, Automation, and AI

Jared Wolski, Audit Principal, DOZ

Sept. 19, 2025

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Polling Question

Is your organization focused on or dedicating resources to implement or explore implementation of AI to streamline processes? By show of hands after each letter is called.

- A. Thinking about it but nothing concrete at play*
- B. Starting to implement AI tools in Finance and other areas of Organization*
- C. Not implementing or thinking about implementing AI*

Automation vs AI

- Automation

- Focuses on executing predefined, repetitive tasks to increase efficiency.
 - If X, the computer, spreadsheet or robot does Y.
- Intent is to free up time that is otherwise spent on tedious, repetitive, and/or error-prone tasks.
- Humans have to tell the computer or robot what to do.
- This is what most of us actually use in our daily work lives. Excel alone has:
 - Vlookup formulas
 - Macros
 - Power queries (connecting/loading data from various sources, transforming it, and loading it into Excel for analysis)
 - And much more

Automation vs AI

- Automation
 - Example:

Addresses to send my Audition Tapes to:
1234 Panthers Way, Charlotte, NC 20207
9876 Falcons Road, Atlanta, GA 30306
555 Colts Drive, Indianapolis, IN 46203
8441 E Rams Pkwy, Beverly Hills, CA 90210
1600 Pennsylvania Ave, Washington, DC, 20003
4 Privet Drive, Little Whinging, Surrey, England
11 Wall Street New York, NY 10005
221 B Baker St, London, England
350 Fifth Avenue New York, NY 10118
526 Market St, Philadelphia, PA 19106
20 S. Entrance Rd., Grand Canyon Village, AZ 86023
742 Evergreen Terrace, Springfield, IL 12345
518 Crestview Drive, Beverly Hills, CA 90210
565 N. Clinton Drive, Milwaukee, Wisconsin 53212
124 Conch Street, Bikini Bottom, Pacific Ocean
3400 Warner Blvd., Burbank, CA 91505

Automation vs AI

- AI
 - Systems that emulate some form of human intelligence and cognition, such as learning and reasoning
 - Enables computers/robots to think, speak, and even act like human beings.
 - Understanding natural language, recognizing patterns, solving problems, and learning from experiences.

Automation vs AI

- AI

- Categories of AI

- **Narrow AI:** Also known as "weak AI."

- Designed to perform a narrow task (e.g., facial recognition, internet searches, driving a car). Narrow AI is programmed to perform specific tasks and does not possess consciousness, genuine understanding, or the broader cognitive abilities of humans. It operates under a limited set of constraints and contexts.
 - Examples: Siri, Alexa, Google – asking and answering questions based on web searches.
 - Apple watches dispatch EMS when a crash or fall is detected and the alert not cleared within a certain timeframe.

- **General AI:** Also known as "strong AI."

- Can understand, learn, and apply knowledge in a way that is indistinguishable from that of a human. This form of AI does not yet exist and would be capable of performing any intellectual task that a human being can do.
 - ChatGPT is close to this, but still fits under Narrow AI

Automation vs AI

- Narrow AI

- Chat GPT:

- *"ChatGPT, like me, is an example of narrow AI. It is specifically designed to generate human-like text based on the input it receives. It does this by processing and analyzing large amounts of text data and learning how to predict the most likely subsequent word in a sentence, based on the words that came before."* - [ChatGPT](#)
 - Not only text now
 - Example:



Polling Question

Has your organization experienced cyber fraud or other fraud? By show of hands after each letter is called.

- A. Attempted but not successful*
- B. Attempted and successful*
- C. No issues that we are aware of*

Cybersecurity

- Lots of focus on this over the last several years
- AI has allowed criminals the ability to increase their number of successes due to increased volume of “instances” by using Narrow AI.
 - Social Engineering, Password Hacking, Deepfakes, Investment Scams
- Don’t believe everything you see on the internet, especially social media
 - Videos of people saying things that aren’t true are prevalent now
 - Noted particularly in political videos (do your research)
 - [Example AI Video](#)
- If your organization does not have cybersecurity policies or regular training on it, consider implementing it (or increasing it) soon.