

MINUTES



To: Board Members
From: Varian (ext. 353)
Subject: Minutes of the September 15, 2004 Board Meeting **Date:** September 23, 2004
cc: Bielstein, Petrone, Polley, L. Smith, Westerlund, Vernuccio, Noll

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue a final Statement or Interpretation.

Topic: Time-Sharing Transactions: Proposed Amendment to FASB Statement No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects*

Basis for Discussion: Memorandum dated September 2, 2004

Length of Discussion: 1:15 p.m. to 1:20 p.m.

Attendance:

Board members present: Herz, Batavick, Crooch, Schieneman, Schipper, Seidman, and Trott

Board members absent: none

Staff in charge of topic: Westerlund

Other staff at Board table: L. Smith, Varian

Outside participants: none

Summary of Decisions Reached:

The Board approved the issuance of a final Statement that would amend FASB Statement No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects*, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects will not apply to real estate time-sharing transactions. This amendment is required to facilitate the issuance of the final AICPA Statement of Position (SOP), *Accounting for Real Estate Time-Sharing Transactions*, for which the Board provided final clearance at the August 25, 2004 Board meeting. The Board also decided that the final Statement should amend FASB Statement No. 66, *Accounting for Sales of Real Estate*, to include a footnote that refers to the interpretive guidance in the SOP for time-sharing transactions. The Board authorized the staff to proceed to a draft of a final Statement for vote by written ballot.

Objective of Meeting:

The objective of the meeting was to discuss the amendment to Statement 67 needed to facilitate issuance of the SOP.

Matters Discussed and Decisions Reached:

Mr. Smith began by stating that at the January 14, 2004 Board meeting, the Board decided that AcSEC should not include revenue recognition guidance in the SOP. He stated that AcSEC removed the revenue recognition guidance from the SOP, and the Board provided final clearance at the August 25, 2004 Board meeting. He recommended that the Board approve the issuance of a final Statement that would amend Statement 67 to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects will not apply to real estate time-sharing transactions. This amendment is required to facilitate the issuance of the SOP. The Board approved the issuance of a final Statement that would amend FASB Statement 67, and the Board also decided that the final Statement should amend FASB Statement No. 66, *Accounting for Sales of Real Estate*, to include a footnote that refers to the interpretive guidance in the SOP for time-sharing transactions. The Board authorized the staff to proceed to a draft of a final Statement for vote by written ballot.

Follow-up Items:

None

General Announcements:

None