0310FN

FINANCIAL ACCOUNTING STANDARDS BOARD
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April 9, 2010

TO: MEMBERS OF THE FASB EMERGING ISSUES TASK FORCE

Included are the final minutes of the March 18, 2010 meeting of the FASB Emerging Issues Task Force and an inventory of open issues for the next EITF meeting. Also included is a confidential version of the minutes that has been marked for changes from the March 31, 2010 Fatal Flaw draft. After your review, please discard the confidential marked version of the minutes.

Also included are versions of the proposed Accounting Standards Updates and final Accounting Standards Updates that have been marked for changes from the March 31, 2010 Fatal Flaw drafts. After your review, please discard the confidential marked versions of these documents. We expect the proposed Updates to be issued by April 16, 2010. The final Updates will be issued as soon as practicable depending on the finalization of other Board documents currently in our production department.

May and June Meetings

The staff is planning to hold a Working Group meeting on **May 6, 2010,** for Issue No. 10-A, "How the Carrying Amount of a Reporting Unit Should Be Determined When Performing Step 1 of the Goodwill Impairment Test." The staff also is planning to hold Working Group meetings in May for Issues No. 09-G, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts," and No. 09-H, "Health Care Entities: Revenue Recognition." We will update you on the scheduled dates for these meetings shortly.

The next EITF meeting will be held on **June 17, 2010,** at the FASB offices in Norwalk, Connecticut.

Minutes

For the June 2010 meeting, we plan to make minutes available **after 4:00 p.m.** on the following days:

Draft minutes available June 22, 2010
Final minutes available July 9, 2010.

Please call me at 203.956.5226 if you have any questions.

Sincerely,
Chad I. Bonn
Practice Fellow
cibonn@fasb.org

Emerging Issues Task Force
Meeting Minutes
March 18, 2010

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MINUTES OF THE MARCH 18, 2010 MEETING OF THE FASB EMERGING ISSUES TASK FORCE

Location: FASB Offices
401 Merritt 7
Norwalk, Connecticut

Thursday, March 18, 2010
Starting Time: 8:15 a.m.
Concluding Time: 2:30 p.m.

Task Force Members Present:
Russell G. Golden (Chairman)
Mark M. Bielstein
Mitchell A. Danaher
*James G. Campbell (by telephone)
Jay D. Hanson[1]
Stuart H. Harden
Jan R. Hauser
Carl Kampel
Mark LaMonte
Carlo D. Pippolo
Matthew L. Schroeder
R. Harold Schroeder
Ashwinpaul C. (Tony) Sondhi
Robert Uhl
Lawrence E. Weinstock
Paul A. Beswick (SEC Observer)

Task Force Members Absent:
None

*** For certain issues only.**

[1] Mr. Hanson also served as the AcSEC Observer.

Others at Meeting Table:
Robert H. Herz, FASB Board Member
Leslie F. Seidman, FASB Board Member
Larry W. Smith, FASB Board Member
Marc A. Siegel, FASB Board Member
Thomas J. Linsmeier, FASB Board Member
Shelly C. Luisi, SEC Senior Associate Chief Accountant
Chad I. Bonn, FASB Practice Fellow
* Kristofer E. Anderson, FASB Practice Fellow
* Kenneth B. Bement, FASB Project Manager
* Kevin W. Brower, FASB Practice Fellow
* Sriprasadh Cadambi, FASB Practice Fellow
* Trevor Farber, FASB Practice Fellow
* Michael T. Gonzales, FASB Associate Practice Fellow
* Danielle E. Helmus, FASB Project Research Assistant
* William D. Hildebrand, FASB Practice Fellow
* Bradley J. Homant, FASB Practice Fellow
* Jeffery D. Mechanick, FASB Assistant Director
* Adrian E. Mills, FASB Practice Fellow
* Robert Worshek, FASB Practice Fellow

* For certain issues only.

ADMINISTRATIVE MATTERS

- An FASB staff member announced that the FASB chairman made the following EITF agenda decisions regarding issues discussed at the February 2, 2010 Agenda Committee meeting, the February 2, 2010 FASB Administrative meeting, and the March 4, 2010 FASB Administrative meeting:
  - Issues added to the EITF agenda:
    - EITF Issue No. 10-A, "How the Carrying Amount of a Reporting Unit Should Be Determined When Performing Step 1 of the Goodwill Impairment Test"
    - EITF Issue No. 10-B "Accounting for Multiple Foreign Currency Exchange Rates"
  - Issue not added to the EITF agenda:
    - Offsetting (Netting) Receivables and Payables Associated with Securities Lending Transactions Cleared by a Regulated Central Counterparty (however, the FASB chairman added this issue to the FASB agenda).

- During the Task Force discussion of EITF Issue No. 09-H, "Selected Healthcare Organization Issues (Revenue Recognition; Presentation of Insurance Claims and Related Insurance Recoveries; and Measuring Charity Care for Disclosure)," the Task Force agreed to divide Issue 09-H into three separate Issues, thereby adding two new Issues to the EITF agenda. Refer to the discussion of EITF Issues No. 09-H, "Health Care Entities: Revenue Recognition," No. 09-K, "Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries," and No. 09-L, "Health Care Entities: Measuring Charity Care for Disclosure," elsewhere in these minutes.

- The SEC Observer made a staff announcement to provide interim guidance on foreign currency issues involving Venezuela in advance of Task Force deliberations of EITF Issue No. 10-B "Accounting for Multiple Foreign Currency Exchange Rates." Refer to the SEC staff announcement elsewhere in these minutes. Although minutes of the EITF meetings are the authoritative source for SEC staff announcements, all previously issued and effective staff announcements were included for reference in the SEC guidance section of the *FASB Accounting Standards Codification*™. The FASB will update the Codification for this most recent SEC staff announcement shortly after the March 18, 2009 EITF meeting minutes have been finalized. Staff announcements made at EITF meetings are effective as of the announcement date, unless otherwise specified.

- An FASB staff member announced that any consensuses-for-exposure reached at this meeting will be considered by the Board for ratification and exposure for public comment at the Board meeting on Wednesday, March 31, 2010. Any consensuses-for-exposure reached at prior meetings that are affirmed as consensuses at this meeting will also be considered by the Board for ratification at the Board meeting on Wednesday, March 31, 2010.

- May 2010 EITF meeting. An FASB staff member announced that the extra Task Force meeting will not be held on May 6, 2010.

- June 2010 EITF meeting. An FASB staff member announced that the next EITF meeting is expected to be held on June 17, 2010.

- Working Group on EITF Issue No. 09-D, "Application of the AICPA Audit and Accounting Guide, *Investment Companies*, by Real Estate Investment Companies." An FASB staff member reported that the EITF Issue 09-D Working Group had met in December 2009 and that a working group report was distributed to Task Force members. An FASB staff member reported that further Task Force discussion on this Issue has been indefinitely deferred pending the Board's deliberations on its investment properties project.

SEC STAFF ANNOUNCEMENT

Topic: Foreign Currency Issues

Date Discussed: March 18, 2010

At the March 18, 2010 EITF meeting, the SEC Observer announced the SEC staff's view regarding certain foreign currency issues and that the guidance in this announcement is effective pending EITF deliberations of EITF Issue No. 10-B, "Accounting for Multiple Foreign Currency Exchange Rates."

The SEC staff has received a number of inquiries regarding certain foreign currency issues related to investments in Venezuela. This announcement is in response to those inquiries that have been received by the SEC staff on the issues described below.

Amongst other requirements, current restrictions of foreign currency exchange in Venezuela provide that entities use the official rate of exchange (official rate) to exchange funds. The official rate is set by the Venezuelan government and in order to use the official rate to exchange currency, entities seek the ability to utilize the official rate from Venezuela's Commission for Administration of Foreign Currencies (CADIVI).

As an alternative to the use of the official rate it may also be legal to utilize the parallel rate. It is possible that the parallel rate provides entities with a more liquid exchange and entities can access the parallel rate using a series of transactions via a broker. The parallel rate has recently been significantly different from the official rate.

Reported Balances in an Entity's Financial Statements That Differ from Their Underlying U.S. Dollar Denominated Values

With respect to accounting for a subsidiary in Venezuela in cases where the parent's reporting currency is the U.S. dollar and the Venezuelan subsidiary's functional currency is the Venezuelan Bolivar ("Bolivar" or "BsF"), the staff has recently become aware of the following fact pattern: In years prior to 2010, certain entities may have used the parallel rate to remeasure certain U.S. dollar denominated balances that the Venezuelan subsidiary held and then subsequently translated the Venezuelan subsidiary's assets, liabilities, and operations using the official rate. The effect of this accounting treatment resulted in reported balances in an entity's financial statements that differed from their underlying U.S. dollar denominated values.[1] In order to illustrate the impact that these differences may have on different accounts within the financial statements, two illustrations are provided below.

First, assume that at a period end prior to January 1, 2010 (for a calendar year entity), a U.S. entity's Venezuelan subsidiary held $10 million of cash denominated in U.S. dollars. Further assume that at the period end, the parallel rate was 5 Bolivars to every 1 U.S. dollar and the official rate was 2 Bolivars to every 1 U.S. dollar. Upon the remeasurement of the U.S.

[1] The staff notes that these differences arise when different rates are used for remeasurement and translation.

denominated cash to Bolivars and the subsequent translation of the Venezuelan subsidiary's financial statements, an entity would have reported cash of $25 million[2] for financial reporting purposes.

Second, assume that at a period end prior to January 1, 2010 (for a calendar year entity), a U.S. entity's Venezuelan subsidiary held $15 million of accounts payable denominated in U.S. dollars (please also assume the exchange rates are the same as in the example above). Upon the remeasurement of the U.S. denominated accounts payables to Bolivars and the subsequent translation of the Venezuelan subsidiary's financial statements, an entity would have reported accounts payable of $37.5 million[3] for financial reporting purposes.

Finally, the staff has noted that Venezuela has met the thresholds for being considered highly inflationary and accordingly, calendar year entities that have not previously accounted for their Venezuelan investment as highly inflationary will begin applying highly inflationary accounting beginning January 1, 2010.

Disclosures

The staff believes that in cases where reported balances for financial reporting purposes differ from the actual U.S. dollar denominated balances (such as in the illustrations above), a registrant should make disclosures that inform users of the financial statements as to the nature of these differences. When material, the disclosures in both annual and interim financial statements should, at a minimum, consist of the following:[4]

- Disclosure of the rates used for remeasurement and translation.
- A description of why the actual U.S. dollar denominated balances differ from the amounts reported for financial reporting purposes, including the reasons for using two different rates with respect to remeasurement and translation.
- Disclosure of the relevant line items (e.g. cash, accounts payable) on the financial statements for which the amounts reported for financial reporting purposes differ from the underlying U.S. dollar denominated values.
- For each relevant line item, the difference between the amounts reported for financial reporting purposes versus the underlying U.S. dollar denominated values.
- Disclosure of the amount that will be recognized through the income statement (as well as the impact on the other financial statements) as part of highly inflationary accounting beginning in 2010 (see below).

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[2] The $25 million is calculated as follows. First, the $10 million of cash is remeasured using the parallel rate to 50 million BsF. Subsequently, the 50 million BsF is translated back to U.S. dollars using the official rate of 2 Bolivars to 1 U.S dollars, resulting in a translated reported balance of $25 million.

[3] The $37.5 million is calculated as follows. First, the $15 million of accounts payable is remeasured using the parallel rate to 75 million BsF. Subsequently, the 75 million BsF is translated back to U.S. dollars using the official rate of 2 Bolivars to 1 U.S. dollars, resulting in a translated reported balance of $37.5 million.

[4] The staff is aware that certain registrants have already filed their 2009 Form 10-K's and accordingly the staff would not necessarily expect these specific disclosures to be included in these registrant's 2009 Form 10-K's.

Impact of Highly Inflationary Accounting on Differences between Amounts Recorded for Financial Reporting Purposes versus the Underlying U.S. Denominated Values

The staff notes that upon application of highly inflationary accounting (January 1, 2010 for calendar year registrants), registrants must follow the accounting outlined in ASC Topic 830, Foreign Currency Matters, which states that "[t]he financial statements of a foreign entity in a highly inflationary economy shall be remeasured as if the functional currency were the reporting currency."

Accordingly, upon the application of highly inflationary accounting requirements, a U.S. reporting currency parent and subsidiary effectively utilize the same currency (U.S. dollars) and accordingly there should no longer be any differences between the amounts reported for financial reporting purposes and the amount of any underlying U.S. dollar denominated values that are held by the subsidiary. Therefore, the staff believes that any differences that may have existed prior to applying highly inflationary accounting requirements between the reported balances for financial reporting and the U.S dollar denominated balances should be recognized in the income statement, unless the registrant can document that the difference was previously recognized as a cumulative translation adjustment (in which case the difference should be recognized as an adjustment to the cumulative translation adjustment).

Furthermore, the staff believes that these differences should be recognized at the time of adoption of highly inflationary accounting.

Other

The SEC staff is aware that the EITF will be discussing certain issues related to foreign currency, including the accounting for multiple exchange rates in Venezuela, and accordingly the guidance in this staff announcement is intended to be interim guidance pending the EITF completing its deliberations.

DISCUSSION OF AGENDA TECHNICAL ISSUES

Issue No. 08-9

Title: Milestone Method of Revenue Recognition

Dates Discussed: November 13, 2008; March 19, 2009; June 18, 2009; September 9–10, 2009; March 18, 2010

Background

1. The objective of allocating arrangement consideration to separate elements of the arrangement is to determine how much revenue to recognize for each element. As set forth in FASB Concepts Statement No. 5, *Recognition and Measurement in Financial Statements of Business Enterprises*, paragraph 83, revenue recognition "involves consideration of two factors, (a) being realized or realizable and (b) being earned, with sometimes one and sometimes the other being the more important consideration." For SEC registrants, revenue is considered both realizable and earned when each one of the following four conditions is met:

   a. Persuasive evidence of an arrangement exists.
   b. The arrangement fee is fixed or determinable.
   c. Delivery or performance has occurred.
   d. Collectibility is reasonably assured.

2. When and if a vendor will receive additional arrangement consideration that is not considered fixed at the inception of the arrangement (for example, arrangement consideration contingent upon achievement of a specified event), depends on whether the arrangement consideration is fixed or determinable and whether collectibility is reasonably assured. This Issue does not address the issue of whether collectibility is reasonably assured.

3. Typically, contingent arrangement consideration becomes fixed or determinable only after the contingency is resolved. At the time the contingency is resolved or the event is achieved, a vendor must determine how to allocate the additional consideration. For arrangements in which a vendor satisfies its obligations to a customer over a period of time, the determination of whether the additional arrangement consideration relates to past performance, future performance, or both can be very difficult. The purpose of this Issue is to examine the use of the milestone method as one possible method for determining how to allocate the contingent arrangement consideration once it becomes fixed or determinable. Under the milestone method, arrangement consideration related to the achievement of a milestone may be deemed to be related solely to past performance.

Prior EITF Discussion

4. Prior to the November 13, 2008 EITF meeting, this Issue was discussed by the Task Force as part of EITF Issue No. 08-1, "Revenue Recognition for a Single Unit of Accounting." Beginning with the November 13, 2008 EITF meeting, this Issue was separated from Issue 08-1 for further discussion. The Task Force reached tentative conclusions on various issues at the November 13, 2008 EITF meeting that it later finalized as a consensus-for-exposure at the March

19, 2009 EITF meeting, as discussed below.

5. At the March 19, 2009 EITF meeting, the Task Force considered the following Issues:

Issue 1—Whether a license has standalone value in a research and development arrangement

Issue 2— How an entity should account for arrangements with contingent consideration in an arrangement consisting of a single deliverable or unit of accounting.

6. The Task Force agreed not to address Issues 1 and 2. Task Force members expressed a concern that both Issue 1 and Issue 2 encompass broader practice concerns than were originally intended to be addressed by this Issue. Rather, the Task Force reached a consensus-for-exposure to affirm the tentative conclusions reached at the November 13, 2008 EITF meeting. In addition, the Task Force reached a consensus-for-exposure that the scope of this Issue should be based on the following:

> This Issue may be applied to a single deliverable or unit of accounting arising from arrangements under which a vendor satisfies its performance obligations to a customer over a period of time, and when a portion or all of the arrangement consideration is contingent upon uncertain future events or circumstances, except when the guidance in this Issue conflicts with other authoritative literature that provides guidance with respect to the revenue recognition convention for the single deliverable or unit of accounting.

7. The Task Force reached a consensus-for-exposure that when applying the guidance in this Issue, a vendor may make an accounting policy election to recognize the arrangement consideration that is contingent upon the achievement of a substantive milestone in its entirety in the period in which the milestone is achieved.

8. The Task Force reached a consensus-for-exposure that for purposes of this Issue, a milestone is defined as an event for which there is substantial uncertainty at the date the arrangement is entered into that the event will be achieved when that event can only be achieved based in whole or in part on the vendor's performance or a specific outcome resulting from the vendor's performance and, if achieved, would result in additional payments being due to the vendor.

9. The Task Force reached a consensus-for-exposure that the determination of whether a milestone is substantive is a matter of judgment. However, the following principle shall be used in making a determination as to whether a milestone is substantive:

> The consideration earned from the achievement of a milestone is commensurate with either the vendor's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the vendor's performance to achieve the milestone. The consideration earned from the achievement of a milestone relates solely to past performance and is reasonable relative to all of the deliverables and payment terms (including other potential milestone consideration) within the arrangement.

10. The Task Force reached a consensus-for-exposure that a milestone shall not be considered substantive if any portion of the associated milestone consideration relates to the remaining deliverables in the unit of accounting (that is, it does not relate solely to past performance). In order to recognize the milestone consideration in its entirety as revenue in the period in which the milestone is achieved, the milestone must be substantive in its entirety. It is not appropriate to bifurcate milestone consideration into substantive and nonsubstantive components. In addition, if a portion of the consideration earned from achieving a milestone may be refunded or adjusted based on future performance (for example, through a penalty or clawback), the contingent consideration is not considered to relate solely to past performance and thus the related milestone cannot be considered substantive. If the arrangement consideration from an individual milestone is not considered to relate solely to past performance, the vendor would not be precluded from using the milestone method for other milestones in the arrangement.

11. The Task Force reached a consensus-for-exposure that to be considered a milestone, an event must be achieved based in whole or in part on the vendor's performance or a specific outcome resulting from the vendor's performance; therefore, a milestone does not include events for which the occurrence is contingent solely upon the passage of time or events that are the result of a counterparty's performance.

12. The Task Force reached a consensus-for-exposure that the guidance in this Issue is not the only acceptable revenue attribution model for arrangement consideration contingent upon achievement of a milestone (whether or not the milestone is substantive). A vendor's policy for recognizing arrangement consideration contingent upon achievement of a milestone shall be applied consistently to similar arrangements.

13. At the April 1, 2009 meeting, the Board ratified the consensuses-for-exposure reached by the Task Force in this Issue and approved the issuance of a draft abstract for public comment.

14. The draft abstract was posted to the FASB website on April 7, 2009 and requested comments on the draft abstract by May 5, 2009.

15. At the June 18, 2009 EITF meeting, the Task Force discussed the comment letters received on the draft abstract as well as transition guidance. The Task Force considered whether to modify the term *substantial uncertainty* as used in paragraph 7 of the draft abstract. Some Task Force members commented that the term *substantial uncertainty* suggested that there needed to be a considerable amount of uncertainty around whether the event will be achieved before the event could be considered a milestone. Those Task Force members observed that the language was only intended to convey a notion of more than the mere presence of uncertainty. After that discussion, the Task Force reached a tentative conclusion to change the terminology to indicate that the uncertainty must be substantive.

16. The Task Force discussed whether the application of the milestone method should be an accounting policy election or whether a vendor should be required to apply that method for all arrangements that include substantive milestones. Task Force members affirmed their prior consensus-for-exposure that the application of the milestone method is a policy election. Task

Force members noted that there are many factors an entity must consider in establishing its revenue recognition policies and that an entity should be afforded the opportunity to evaluate its facts and circumstances in determining whether to apply the milestone method or another proportional performance method.

17. Task Force members also discussed whether the milestone method is the only method available to an entity that chooses to recognize arrangement consideration that is contingent upon the achievement of a milestone in its entirety in the period in which the milestone is achieved. Task Force members questioned whether other methods are also available that may achieve the same accounting result.

18. Some Task Force members indicated that they believe that the milestone method is the only method available that would provide an entity with the opportunity to recognize arrangement consideration that is contingent upon the achievement of a milestone in its entirety in the period in which the milestone is achieved. Those Task Force members clarified their view that the policy election option provided by this Issue is not an option that provides an entity with the opportunity to apply a method other than the method described in this Issue, one that results in recognition of consideration from a milestone in its entirety in the period the milestone is achieved. Those Task Force members also observed that the optionality of this Issue relates to recognizing all of the contingent consideration in the period of achievement, instead of an alternative accounting method that would defer a portion of the contingent consideration. Other Task Force members noted that the Task Force had not previously discussed whether other proportional performance methods exist that could result in the same accounting result. The Task Force requested that the FASB staff perform additional analysis to determine the types of transactions that may be within the scope of this Issue and how this Issue may affect those transactions.

19. At the September 9–10, 2009 EITF meeting, the Task Force discussed the analysis provided by the FASB staff on the types of transactions that may be within the scope of this Issue. Some Task Force members expressed concerns that this Issue may now affect arrangements more broadly than the Task Force had originally intended. Some of those Task Force members questioned whether the scope of this Issue should be limited to arrangements that gave rise to the Issue originally, such as research and development arrangements. Other Task Force members observed that limiting the scope of this Issue to certain types of arrangements would not be preferable as it may be viewed as providing industry-specific guidance rather than broad guidance for contingent payments.

20. Other Task Force members questioned whether to modify the definition of a milestone such that substantive uncertainty would be a factor to consider as opposed to a requirement, based on facts and circumstances.

21. The Task Force requested that the FASB staff perform additional analysis on the scope of this Issue including discussion with the EITF Issue 08-9 Working Group, which was formed in response to the Task Force request.

Current EITF Discussion

22. At the March 18, 2010 EITF meeting, the Task Force agreed with the EITF Issue 08-9 Working Group recommendation to limit the scope of this Issue to arrangements that include milestones relating to research or development deliverables. Task Force members agreed with the Working Group that limiting the scope allows this Issue to address the practice issue that was brought to the Task Force without inadvertently affecting other transactions.

23. The Task Force also decided to clarify that the guidance in this Issue applies to milestones in arrangements within the scope of this Issue regardless of whether the arrangement is determined to have single or multiple deliverables or units of accounting. However, the Task Force observed that this clarification was not intended to provide guidance on how contingent consideration should be allocated in a multiple element arrangement. In prior meetings, Task Force members observed that diversity in practice exists in interpreting how such an allocation is to be made and that the Board's revenue recognition project is expected to address contingent consideration more broadly.

24. Additionally, the Task Force affirmed as a consensus its prior decisions reached, which include:

a. The guidance in this Issue must be met in order for a vendor to recognize consideration that is contingent upon achievement of a substantive milestone in its entirety in the period in which the milestone is achieved
b. The principle that must be considered in determining whether a milestone is substantive
c. The disclosures that a vendor would be required to disclose in its notes to the financial statements for each arrangement that contains a milestone.

Effective Date, Transition Method, and Transition Disclosures

25. The Task Force reached a consensus that the amendments resulting from this Issue shall be applied on a prospective basis to milestones achieved in fiscal years, and interim periods within those years, beginning after June 15, 2010, with earlier application permitted. However, if a vendor elects earlier application and the period of adoption is not the first reporting period in the vendor's fiscal year, the guidance in the amendments resulting from this Issue must be applied through retrospective application from the beginning of the vendor's fiscal year. The vendor must disclose the effect of the change to those previously reported interim periods in the year of adoption.

26. The Task Force also reached a consensus to provide entities with the option of applying the amendments resulting from this Issue on a retrospective basis following the guidance in Topic 250.

27. The Task Force reached a consensus on the transition disclosure requirements that an entity should apply the disclosure requirements in Section 250-10-50 for any change in accounting principle, including a change in the method of applying an accounting principle.

Board Ratification

28. At the March 31, 2010 meeting, the Board ratified the consensus reached by the Task Force in this Issue.

Status

29. No further EITF discussion is planned.

Issue No. 09-B

Title: Consideration of an Insurer's Accounting for Majority-Owned Investments When Ownership Is through a Separate Account

Dates Discussed: September 9–10, 2009; March 18, 2010

Introduction

1. Life insurance entities offer certain products that provide an investment return and, in some cases, insure mortality risk. To facilitate the pass through of investment return risk, a separate account is established by the insurance entity. A separate account is not a distinct legal entity, but rather an accounting entity created by and under the control of the insurance entity that owns 100 percent of the assets held in the separate account. The separate account arrangement legally isolates certain assets backing variable annuity contracts from the other assets of the insurance entity (the other assets of the insurance entity are held in the general account of the insurer). The main reason for this structure is to protect assets backing the separate account component of variable annuity contracts from the general creditors of the insurance entity should the insurance entity become insolvent.

2. While the insurance entity cannot make investment allocation decisions for contract holders, the insurance entity does hold title to the investments in a separate account and generally has certain rights associated with those investments, such as the ability to vote on behalf of the contract holder. In return, the insurance entity generally receives an asset management and/or administrative fee. Separate accounts operate similar to mutual funds and invest in assets that match the investment objective of the insurance contracts that the separate account assets fund, including individual securities, real estate, and mutual funds. An insurance entity also may invest separately in the same investments through its general account or through its interest in the separate account.

3. Assuming the separate account meets the criteria in paragraph 944-80-25-2, the separate account assets representing contract holder funds are measured at fair value and reported in the insurance entity's financial statements as a summary total, with an equivalent summary total reported for related liabilities. The related investment performance and amount credited to the contract holder is netted to zero in the same statement of operations line item.

4. Certain separate accounts are required to issue standalone financial statements and are considered investment companies as noted in paragraph 946-10-05-3. Paragraph 946-810-45-2 states that consolidation or use of the equity method by an investment company of a non-investment company investee is not appropriate, except for certain subsidiaries that provide services to the investment company. However, Topic 946 does not address whether consolidation of investment company investees is required. In practice, if a separate account holds a majority interest in a mutual fund, the separate account generally has not consolidated the mutual fund in its standalone financial statements.

5. Paragraph 810-10-25-15 states that if the specialized industry accounting principles are appropriate at the subsidiary level, those principles should be retained in consolidation.

Accordingly, if the separate account was a legal entity, the insurer would apply this guidance and not consolidate the mutual fund. However, because a separate account is not a separate legal entity and may be required to prepare separate financial statements, it is unclear whether this guidance applies to separate accounts. Additionally, with the issuance of FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, questions have arisen about how to present the noncontrolling interest if the investment were to be consolidated. It also is not clear whether the insurer should combine its general account interest with the separate account interest when assessing whether the insurer has a controlling interest in the investment.

Issue

6. The issues are:

Issue 1— How an insurer should account for a majority-owned investment in a mutual fund when that insurer's separate account holds the majority ownership interest

Issue 1a— If the Task Force concludes that the insurer should consolidate the mutual fund in Issue 1, how the consolidated mutual fund should be reflected in the financial statements of the insurer

Issue 2— How an insurer should account for a majority-owned investment in a mutual fund when majority ownership is through a combination of interests held by its separate and general accounts, but neither the separate account nor the general account individually has a majority interest

Issue 2a— If the Task Force concludes that the insurer should consolidate the mutual fund in Issue 2, how the consolidated mutual fund should be reflected in the financial statements of the insurer.

Prior EITF Discussion

7. The scope of this Issue at the September 9-10, 2009 EITF meeting was that the Issue applied to insurance entities that hold a majority-owned investment in a voting-interest mutual fund through a separate account that meets all of the conditions in paragraph 944-80-25-2 or through a combination of separate and general account interests. This Issue does not apply to insurance entities that hold a majority-owned investment in a mutual fund through their general account. The guidance in this Issue is applicable only to insurance entities within the scope of this Issue and should not be used by analogy in other investment situations.

8. At the September 9–10, 2009 EITF meeting, the Task Force reached a consensus-for-exposure on this Issue that an insurer would not be required to consolidate a mutual fund in situations in which that insurer holds a majority-owned investment in the mutual fund through its separate accounts pursuant to paragraph 810-10-25-15.

9. Some Task Force members indicated that they believe that specialized industry accounting that applies to investment companies and that is retained in consolidation by non-investment company parents pursuant to paragraph 810-10-25-15 should apply to separate account arrangements that meet the definition of an investment company in Topic 946. Other Task Force

members indicated that although the insurer may legally have the majority voting rights in the mutual fund through its management of the separate account, they were unsure whether control over the mutual fund resided with the insurer because the separate account contract holders bore the risks and rewards of the mutual fund investment and had the ability to direct the investments in the separate account, including whether or not to invest in the mutual fund.

10. The Task Force also reached a consensus-for-exposure on this Issue that an insurer would not be required to consolidate a mutual fund in situations in which an insurer holds a majority-owned investment in that mutual fund through a combination of interests held by its separate and general accounts, but neither the separate account nor the general account individually has a majority interest.

11. Some Task Force members indicated that they believe that the insurer's general account interest and contract holder's separate account interests should be viewed as two different interests when assessing whether the insurer has a controlling interest in the investment in the mutual fund. That is, the general account interest and the separate account interest should not be combined for determining whether a controlling interest exists. Other Task Force members noted that if the separate account interest did not result in consolidation, then the combination of a general account interest with a separate account interest should not require consolidation either.

12. The Task Force requested that a question for respondents be included in the proposed Accounting Standards Update (proposed Update) about whether constituents believe that additional guidance is required on how an insurer should consolidate a majority-owned investment in a mutual fund if some or all of that interest is held by a separate account and the insurer has determined that it should consolidate the investment.

13. No additional disclosure requirements were recommended for exposure. The Task Force reached a consensus-for-exposure that this Issue shall be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010. Early adoption would not be permitted. The consensus-for-exposure recommends retrospective application to all prior periods upon the date of adoption. The transition disclosures in paragraphs 250-10-50-1 through 50-3 would be required.

14. At its September 23, 2009 meeting, the Board ratified the consensuses-for-exposure reached by the Task Force in this Issue and approved the issuance of a proposed Update for public comment.

15. The proposed Update was posted to the FASB website on September 30, 2009, and requested comments on the proposed Update by October 26, 2009.

Current EITF Discussion

16. At the March 18, 2010 EITF meeting, the Task Force discussed the four comment letters received on the proposed Update. The Task Force affirmed as a consensus that an insurance entity should not be required to consolidate a voting-interest investment fund when it holds the majority of the voting-interests of the fund through its separate accounts or through a

combination of its general and separate accounts and the general account does not hold a controlling interest on its own.

17. Some comment letter respondents requested that the Task Force broaden the scope of this Issue to include an investment fund that may be a variable interest entity (VIE) in which separate accounts may be involved. The Task Force concluded that because similar consolidation issues could arise if the investment fund is deemed a VIE under the guidance on accounting for consolidations (Subtopic 810-10), it would be appropriate to broaden the scope of this Issue to include investment funds determined to be VIEs.

18. The Task Force concluded that the insurance entity should not consider investments held through separate accounts for the benefit of policyholders as its own interests in its evaluation under the variable interest subsections of Subtopic 810-10, unless the separate account contract holder is a related party (as defined in the variable interest subsections of Subtopic 810-10). Task Force members observed that this conclusion is consistent with the conclusion reached on whether an insurance entity should consider the separate account interests in determining whether to consolidate a voting-interest investment fund.

19. Task Force members observed that other factors may require an insurance entity to consolidate a VIE if the insurer determines that it otherwise has a controlling financial interest in the VIE.

20. The Task Force also discussed whether to provide additional guidance on how an insurer shall consolidate an investment fund in instances in which an insurer concludes that consolidation is required. The Task Force concluded that the insurer should consolidate the investment fund by including the portion of the fund assets representing the contract holder's interests as separate account assets and liabilities in accordance with paragraph 944-80-25-3, and the remaining portion of the fund assets (including the portion owned by any other investors) in the general account of the insurer on a line-by-line basis. Non-controlling interests should not be included in the separate account liability but rather classified as a liability or equity based on other applicable guidance.

21. Task Force members also noted that entities should be prohibited from analogizing to its consensus on this Issue in non-separate account arrangements.

Recurring Disclosures

22. The Task Force decided that no additional recurring disclosure requirements should be proposed by this Issue.

Effective Date, Transition Method, and Transition Disclosures

23. The Task Force affirmed as a consensus that the amendments resulting from this Issue shall be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010. The guidance in the amendments resulting from this Issue would be applied on a retrospective basis to all prior periods upon the date of adoption.

24. The Task Force reached a consensus that early adoption should be permitted.

Board Ratification

25. At the March 31, 2010 meeting, the Board ratified the consensus reached by the Task Force in this Issue.

Status

26. No further EITF discussion is planned.

Issue No. 09-F

Title: Casino Base Jackpot Liabilities

Dates Discussed: November 19, 2009; March 18, 2010

Introduction

1. Jackpots generally fall into either of two categories: non-progressive jackpots or progressive jackpots.

2. *Non-progressive jackpots* are the predetermined fixed payouts depicted on the pay table of the machine (such as payouts based on reel combinations in a mechanical slot machine). In most gaming jurisdictions, gaming entities are allowed to remove or replace any non-progressive slot machine from the casino floor as the gaming entity sees fit. Accordingly, the gaming entity is not required to award any specific payout or combination of payouts on a non-progressive slot machine prior to removing the machine (and related fixed jackpots) from the floor, whether a jackpot has been awarded during the normal reel cycle (the theoretical playing of a slot machine with each possible combination occurring once before there are any repetitions) or not. Rather, gaming regulators require slot machines to operate within their pre-approved payout percentage tolerances, which are programmed into the machine.

3. *Progressive jackpots* are payouts based on the machine's programmed payout percentage and pay table, but the amount of the progressive jackpot increases as customers play the machine. A progressive machine can also have numerous fixed jackpots, similar to a non-progressive machine, that may be won by customers through the normal reel cycle. The *base progressive jackpot* is the base or starting amount of the payout at the beginning of the reel cycle (the time when the machine is first played, or immediately after the progressive jackpot is won). *The incremental amount of a progressive jackpot* is the difference between the total progressive jackpot amount (at a point in time) and the base progressive jackpot amount.

4. In many gaming jurisdictions, gaming entities are required (by law or regulation) to award the incremental amount of a progressive jackpot (in the case of either a single machine or a local-area-linked network) whether the jackpot is won during the normal reel cycle or not. That requirement is based on the concept that the incremental amount was funded by the customers and therefore must be returned to them. If the gaming entity desires to remove the progressive machine(s) from the floor before the progressive jackpot has been won, gaming regulations typically allow the gaming entity to award the incremental amount in another form, such as either through transfer of the incremental amount to another machine on the gaming entity's floor or through some form of a prize drawing. The base amount of the progressive jackpot is funded by the gaming entity. While not common, some gaming jurisdictions also require the gaming entity to retain and award the base amount of any progressive jackpot, when such machines are removed from the gaming floor, whether a normal reel cycle has occurred or not. Jackpots are typically accrued in advance of the jackpot being won in those situations. As stated above, most gaming jurisdictions require only the incremental amount of a progressive jackpot to be retained and awarded. That has resulted in entities generally accruing the incremental amount of a progressive jackpot with an offset to revenue based on the number of coins played because the

gaming entity has a present obligation to award the incremental amount even if the jackpot is not won. For example, each time a one-dollar coin is played, the amount of the jackpot (and, under predominant practice, the casino's liability) is increased by five cents.

5. Diversity in practice has developed on whether casinos accrue for both progressive and non-progressive base jackpots prior to the jackpot being won. Some believe that no accrual is required for base jackpot liabilities if the gaming entity is not required to award the base amount because the entity does not have a present obligation to transfer assets in the future as a result of past transactions or events. They believe that paragraph 924-605-25-1 (formerly paragraph 2.02 of the AICPA Audit and Accounting Guide, *Casinos*), supports that notion, which is the underlying principle requiring that revenue be reported on the accrual basis. That paragraph states:

> Casino revenue is reported on the accrual basis. Revenue recognized and reported by a casino is generally defined as a win from gaming activities, that is, the difference between gaming wins and losses, not the total amount wagered.

6. However, others believe that paragraph 924-605-25-2 (formerly paragraph 2.09 of the casinos Guide), must be followed. That paragraph states:

> *Base jackpots* shall be charged to revenue ratably over the period of play expected to precede payout; however, if immaterial, they shall be charged to revenue when established. Any portion of the base jackpot not charged to revenue when the jackpot is paid shall be charged to revenue at that time.

Issue

7. The issue is how an entity should account for base jackpot liabilities if the entity can avoid payment of the jackpot.

Scope

8. This Issue applies to all entities that generate revenue from gaming activities.

Prior EITF Discussion

9. At the November 19, 2009 EITF meeting, the Task Force discussed the accounting for base jackpot liabilities for both non-progressive and progressive jackpots if the entity can avoid payment of the jackpot. The Task Force reached a consensus-for-exposure that entities should not accrue base jackpots if the entity can avoid payment because a base jackpot does not meet the definition of a liability until won. In discussing this Issue, some Task Force members questioned whether the entity had a constructive obligation to award the jackpot, in which case accrual accounting would be required prior to when the jackpot is won. Other Task Force members noted that there are relatively few situations in U.S. generally accepted accounting principles (GAAP) that require accrual of a liability prior to the occurrence of an obligating event. Those Task Force members considered the payment of the jackpot to be similar to other operating expenses that are not accrued until they occur.

10. Additionally, the Task Force decided that no additional recurring disclosure requirements should be proposed by this Issue. The Task Force reached a consensus-for-exposure that this Issue shall be effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, by recording a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption.

11. At the December 2, 2009 meeting, the Board ratified the consensuses-for-exposure reached by the Task Force in this Issue and approved the issuance of a proposed Accounting Standards Update (proposed Update) for public comment.

12. The proposed Update was posted to the FASB website on December 17, 2009, and requested comments on the proposed Update by February 12, 2010.

Current EITF Discussion

13. At the March 18, 2010 EITF meeting, the Task Force discussed the two formal comment letters as well as informal comments received from constituents on the proposed Update and the staff's analysis of those comments. The Task Force discussed the following issues relating to the comments received on the proposed Update:

Issue 1 Whether to affirm its consensus-for-exposure that entities should accrue a base jackpot at the time the entity has the obligation to pay that jackpot

Issue 2 Whether the scope of the proposed Update should be expanded to apply to both base jackpots and incremental amounts in progressive jackpots

Issue 3 Whether the Task Force should provide guidance on the accounting for transactions in situations in which payment of the liability cannot be avoided at the time a machine is put into play.

14. On Issue 1, the Task Force affirmed as a consensus its consensus-for-exposure that entities should accrue a jackpot at the time the entity has the obligation to pay that jackpot. Some Task Force members observed that the comments raised by a respondent who favored the constructive obligation approach for a base jackpot had been previously considered by the Task Force. Those Task Force members noted that accruing a jackpot at the time the entity has the obligation to pay the jackpot is more consistent with the conceptual definition of a liability. The FASB staff noted that the proposed Update does not provide guidance or otherwise conclude on the point in time when an entity incurs an obligation but indicated that the facts and circumstances of the entity and the regulatory environment will determine when an obligation has been incurred.

15. On Issue 2, the Task Force reached a consensus to modify the guidance in the proposed Update to address a respondent's comment that the principle equally applies to both base jackpots and incremental amounts in progressive jackpots because the timing of accrual for the jackpot liability is when the operator has an obligation to pay.

16. On Issue 3, the Task Force decided that additional guidance was not necessary.

Recurring Disclosures

17. The Task Force decided that no additional recurring disclosure requirements should be proposed by this Issue.

Effective Date, Transition Method, and Transition Disclosures

18. The Task Force affirmed as a consensus its consensus-for-exposure that the amendments resulting from this Issue shall be effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, with earlier application permitted. However, if an entity elects earlier application and the period of adoption is not the first reporting period in the entity's fiscal year, the guidance in the amendments resulting from this Issue must be applied through retrospective application from the beginning of the entity's fiscal year.

Board Ratification

19. At the March 31, 2010 meeting, the Board ratified the consensus reached by the Task Force in this Issue.

Status

20. No further EITF discussion is planned.

Issue No. 09-G

Title: Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

Dates Discussed: November 19, 2009; March 18, 2010

Introduction

1. Insurance entities often incur costs that meet the definition of acquisition costs included in Topic 944. The Glossary of Subtopic 944-30 defines acquisition costs as:

> Costs incurred in the acquisition of new and renewal insurance contracts. Acquisition costs include those costs that vary with and are primarily related to the acquisition of insurance contracts.

2. The implementation guidance in paragraph 944-30-55-1 provides the following three examples of acquisition costs that "vary with and are primarily related to" insurance contracts issued or renewed during the period in which those costs are incurred:

   a. Agent and broker commissions
   b. Salaries of certain employees involved in the underwriting and policy issue functions
   c. Medical and inspection fees.

3. Costs incurred by insurance entities that meet the definition of acquisition costs in Topic 944 are recognized as assets and are commonly referred to as deferred acquisition costs, or DAC. DAC assets are amortized over time using methods of amortization dependent upon the nature of the underlying insurance product (that is, proportional to revenues, based on a contract's estimated gross profit, or based on a contract's estimated gross margin). Other costs, such as those relating to investments, general administration, and policy maintenance that do not vary with and are not primarily related to the acquisition of new and renewal insurance contracts are charged to expense as incurred.

4. The accounting policies for DAC of insurance entities have varied in practice. That diversity can be partially attributed to interpretations of the phrase "vary with and are primarily related to" within the definition of acquisition costs. For example, some constituents believe that only costs that are both direct and incremental and that were incurred as a result of obtaining new or renewal contracts should be considered acquisition costs. Some constituents believe that only the costs incurred that are directly related to activities undertaken in the obtaining of new or renewal contracts should be considered acquisition costs. Others believe that only a causal relationship needs to exist for the costs to meet the criteria in the definition of acquisition costs.

5. As a result of the diversity in practice relating to the interpretation of what costs qualify as acquisition costs within the insurance industry, certain constituents initially raised the question of whether advertising costs meet the definition of acquisition costs. However, given that the conceptual issue of how to interpret the phrase, "vary with and are primarily related to" is broader and applies to more than advertising costs, this Issue is not limited to advertising costs.

Issue

6. The Issue is what types of costs should be included in the definition of acquisition costs for the acquisition of new or renewal insurance contracts.

Scope

7. This Issue is applicable to insurance entities that are within the scope of Topic 944 (which, as stated in paragraph 944-10-15-2, includes but is not limited to stock life insurance entities, mutual life insurance entities, and property and liability insurance entities) that incur costs in the acquisition of new and renewal insurance contracts.

Prior EITF Discussion

8. At the November 19, 2009 EITF meeting, the Task Force reached a consensus-for-exposure on this Issue that acquisition costs should include only those costs that are directly related to the acquisition or renewal of insurance contracts by applying a model similar to the accounting for loan origination costs in Subtopic 310-20.

9. The Task Force also clarified that this definition would not include any costs related to unsuccessful contract acquisition efforts. Additionally, the Task Force agreed that advertising costs incurred by insurance entities should not be included in deferred acquisition costs but rather should follow the guidance for advertising costs in Topic 720 or Subtopic 340-20, as applicable. Accordingly, advertising costs incurred by insurance entities would only be capitalized if they qualify as capitalized advertising costs under Subtopic 340-20.

10. In discussing this Issue, some Task Force members indicated that they believe that only costs that are both direct and incremental and are incurred as a result of obtaining new or renewal contracts should be considered acquisition costs, while others preferred expensing all contract acquisition costs, which is similar to the Board's current view in its joint insurance project with the IASB. Other Task Force members favored aligning the nature of capitalizable costs in contract acquisition activities with those capitalizable costs of loan origination activities in Topic 310. That model encompasses both direct and incremental costs as well as certain additional direct costs incurred to complete successful contract acquisitions or renewals. Some Task Force members noted that the loan origination model does not permit capitalization of costs relating to unsuccessful loan efforts, which, if applied by insurance companies, would result in a significant change from current practice. Other Task Force members questioned the conceptual basis for how costs relating to unsuccessful contract acquisition efforts could be considered to provide a future economic benefit to warrant asset recognition.

11. The Task Force reached a consensus-for-exposure to revise the recurring disclosure requirements of paragraph 944-30-50-1 as follows (added text is <u>underlined</u>):

> Insurance entities shall disclose all of the following in their financial statements:
>
> a. The nature <u>and type</u> of **acquisition costs** capitalized
> b. The method of amortizing capitalized acquisition costs
> c. The amount of acquisition costs amortized for the period.

12. The Task Force also reached a consensus-for-exposure that this Issue shall be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010. Early adoption would be permitted. The consensus requires prospective application upon the date of adoption. Retrospective application to all prior periods upon the date of adoption is also permitted, but not required.

13. The transition disclosures in paragraph 250-10-50-1 through 50-3 would be required.

14. At the December 2, 2009 meeting, the Board ratified the consensuses-for-exposure reached by the Task Force in this Issue and approved the issuance of a proposed Accounting Standards Update (proposed Update) for public comment.

15. The proposed Update was posted to the FASB website on December 17, 2009, and requested comments on the proposed Update by February 12, 2010.

Current EITF Discussion

16. At the March 18, 2010 EITF meeting, the Task Force discussed the 20 comment letters received on the proposed Update. The Task Force affirmed its consensus-for-exposure that acquisition costs should include only those costs that are directly related to the acquisition or renewal of insurance contracts by applying a model similar to the accounting for loan origination costs in Subtopic 310-20. The Task Force also affirmed its consensus-for-exposure that costs related to unsuccessful contract efforts should be expensed as incurred. Task Force members discussed whether to modify the proposed model as it relates to the capitalization criteria or provide further clarification as to the types of costs eligible for capitalization but decided not to revise the model at this time.

17. Task Force members discussed a comment received from a preparer who believes that the guidance in the proposed Update would require some property and casualty insurers to defer more costs under the revised model than what is currently being deferred in practice under the current model for DAC. Some Task Force members believe that if, as a result of the proposed Update, entities would be required to capitalize more costs than they are capitalizing currently, those entities should not be required to capitalize those additional costs. Specifically, those Task Force members did not believe it would be beneficial for insurers to incur costs to develop new systems to capitalize additional acquisition costs, particularly if they may potentially be required to expense all acquisition costs in the future as is currently the tentative conclusion of the Board in its insurance contracts project. Other Task Force members favored one capitalization model for DAC being applicable to all insurance entities to increase comparability between entities. The Task Force tentatively decided that entities should not be required to capitalize additional costs as a result of applying this Issue.

18. The Task Force also affirmed its consensus-for-exposure that advertising costs should only be capitalized if the criteria for capitalizing such costs pursuant to the direct-response advertising guidance in Topic 340 are met. The Task Force discussed how its decision to exclude capitalized direct response advertising costs from DAC affects the premium deficiency calculation and the realizability assessment of the amounts of capitalized direct-response

advertising. The Task Force requested that the staff perform additional analysis on the interaction of these impairment tests for discussion at a future meeting.

19. The Task Force also discussed concerns raised by respondents relating to the costs and efforts involved in implementing the proposed model. Those respondents frequently cited system costs, particularly relating to allocating costs between successful efforts and unsuccessful efforts. The Task Force requested that the staff perform additional research on the efforts required and methodologies that could be used to implement the proposed model. The Task Force deferred discussion on the effective date and transition method pending the outcome of the staff's research.

Status

20. Further discussion is expected at a future meeting.

Issue No. 09-H

Title: Health Care Entities: Revenue Recognition[1]

Date Discussed: March 18, 2010

Introduction

1. Health care entities may perform services for which the ultimate collection of all or a certain portion of the amount billed or billable is not expected in its entirety, is doubtful, or cannot be determined at the time the services are rendered. In some situations (for example, charity care), health care entities record no revenue.

2. For billings to self-pay patients, it has been industry practice for health care entities to adopt a revenue recognition policy to record revenue at the gross charge along with a relatively high bad debt provision as provided for in paragraph 904-605-25-3. Health care entities that apply this policy also record revenue for insured patients when services are provided and adjust that revenue for contractual allowances (discounts) based on third-party payor or other arrangements. A bad debt provision is typically recorded for the amount due for deductibles and co-pays judged to be uncollectible. The bad debt provision is generally classified as an expense and not as a reduction to revenue.

Issue

3. The issue is whether collectibility must be reasonably assured prior to a health care entity recognizing revenue.

Scope

4. This Issue applies to all revenue transactions of health care entities.

Current EITF Discussion

5. The Task Force did not reach a consensus-for-exposure on this Issue. The Task Force discussed the three views that were included in the Issue Summary.

   a. View A: Collectibility must be reasonably assured prior to a health care entity recognizing revenue.
   b. View B: Collectibility does not need to be reasonably assured prior to a health care entity recognizing revenue.
   c. View C: Collectibility does not need to be reasonably assured prior to a health care entity recognizing revenue. Collectibility should be assessed in measurement rather than initial recognition.

6. Task Force members unanimously agreed that recognition of revenue on a gross basis without regard to collectibility is inconsistent with general revenue recognition guidance and

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[1] This Issue originally included two other issues that are now on the EITF agenda as separate Issues. Those Issues are: EITF Issues No. 09-K, "Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries," and No. 09-L, "Health Care Entities: Measuring Charity Care for Disclosure."

should be eliminated. Accordingly, no Task Force member supported View B.

7. Some Task Force members were supportive of View A because it would align the revenue recognition guidance in the health-care industry with general revenue recognition guidance applied by other industries. Other Task Force members were concerned that application of View A may often result in little or no recognition of revenue at the time a health care entity provides its services for self-pay patients. Those Task Force members did not believe that View A would best reflect the entity's economics.

8. Several Task Force members also observed that health care providers exhibit unique characteristics because in many situations they are obligated by law to provide services to a patient (customers) regardless of whether they know if that patient has the ability to pay or will be eligible for third-party coverage. Those Task Force members noted that View C would better reflect the economics of the industry. Those Task Force members also noted that View C was consistent with the direction of the FASB joint project on revenue recognition. For these reasons, those Task Force members were supportive of View C and were concerned that View A would require those entities to potentially change their policies twice within a relatively short period of time. Other Task Force members suggested that rather than requiring those entities to change to a completely new model, a more practical approach (referred to as View D) may be to require those entities to continue their current recognition policies, however, at inception require them to reflect bad debt expense as a reduction of revenues to eliminate the gross-up effect.

9. Several Task Force members questioned the operability of the various views including how a health care entity would recognize additional collections or bad debts subsequent to initial recognition. As a result, the Task Force asked the FASB staff to perform additional outreach to the industry on operability considerations of View C and View D.

Status

10. Further discussion is expected at a future meeting.

Issue No. 09-I

Title: Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset

Dates Discussed: November 19, 2009; March 18, 2010.

Introduction

1. Subtopic 310-30 provides guidance on accounting for acquired loans that have evidence of credit deterioration upon acquisition. Paragraph 310-30-15-6 allows for acquired assets with "common risk characteristics" to be accounted for in the aggregate as a pool. Upon establishment of the pool, the pool becomes the unit of accounting. When loans are accounted for as part of a pool, the purchase discount is not allocated to individual loans, thus all of the loans in the pool accrete at a pool rate (based on cash flow projections for the pool). Under Subtopic 310-30, the impairment analysis is also performed on the pool as opposed to each individual loan.

2. Paragraphs 310-40-15-4 through 15-12 (originally, FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*) establish the criteria for evaluating whether a loan modification should be classified as a troubled debt restructuring (TDR). Specifically, paragraph 310-40-15-5 states, "A restructuring of a debt constitutes a troubled debt restructuring for purposes of this Subtopic if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider."

3. Some in practice have questioned whether TDR accounting applies when acquired loans with credit deterioration are accounted for within a pool. If the loan modification is a TDR, some entities believe that the modified loan should be removed from the pool (or that the entire pool should be accounted for as a TDR). Once it is removed from the pool, the loan would no longer be accounted for under Subtopic 310-30. Other entities believe that a loan modification that is a TDR should not result in removal of that loan from the pool.

4. If an entity concludes that a modification of a loan that had evidence of credit deterioration at acquisition and that has been accounted for as part of a pool results in a TDR, there is a question as to how the removal of the modified loan from the pool should be performed—specifically, whether the entity should use the effective rate for the individual loan or the effective rate of the pool.

Issues

5. The issues are:

Issue 1— Whether entities that have modified acquired loans with deteriorated credit quality that were initially accounted for as part of a pool in accordance with paragraph 310-30-15-6 should apply the TDR guidance in paragraphs 310-40-15-4 through 15-12.

Issue 2— If the Task Force reaches a consensus-for-exposure on Issue 1 that modified acquired loans should be removed from the pool if the modification would be a TDR, whether entities

should use the pool's effective rate or the individual loan's effective rate to determine the carrying value of the modified loan to be removed from the pool.

Scope

6. The scope of this Issue includes modifications of loans within a group of loans accounted for as a pool established in accordance with paragraph 310-30-15-6.

7. Modifications of loans accounted for as individual assets under Subtopic 310-30 or loans that do not fall within the scope of Subtopic 310-30 are not within the scope of this Issue.

Prior EITF Discussion

8. At the November 19, 2009 EITF meeting, the Task Force reached a consensus-for-exposure that an entity should not apply TDR accounting guidance to loans accounted for as a pool under Subtopic 310-30. Some Task Force members indicated that they believe that once a pool is established, individual loans should not be removed from the pool unless the entity sells, forecloses, or otherwise receives assets in satisfaction of the loan or upon write-off of the loan in accordance with paragraph 310-30-40-1. Those Task Force members noted that Subtopic 310-30 precludes refinancings and restructurings that are not TDRs from being considered new loans. Those Task Force members also indicated that they believe that a TDR in the form of a modification or restructuring results in a continuation of the prior loan rather than the creation of a new loan and, accordingly, assets have not been received to satisfy the debt.

9. Some Task Force members observed that some modifications could result in an entity re-establishing the borrower's contractual obligation to an amount that the entity anticipated collecting at the time of the purchase of the loan. The Task Force did not believe that such modifications should result in the removal of the loans from the pool.

10. Finally, the Task Force noted that, to the extent that a significant level of modifications within a pool caused a deterioration in the cash flows expected from the pool, an impairment of the pool would likely occur under Subtopic 310-30.

11. Some Task Force members noted that the accounting for modifications of loans accounted for within a pool under Subtopic 310-30 was inconsistent with the treatment of a loan that is economically similar at the time of modification, but that was originated by an entity rather than acquired in a purchase. Those Task Force members expressed concern that over time, the loans within a pool may no longer have similar economic characteristics and that over-performing loans may mask the underperformance of other loans. The Task Force acknowledged the inconsistency, but noted that they believe accounting inconsistencies between originated and purchased loans, including whether pooled asset accounting should continue to be permitted, would be better addressed in the FASB's ongoing financial instruments project.

12. The Task Force requested that a question be included within the proposed Accounting Standards Update (proposed Update), on whether constituents need further guidance on how to measure the carrying amount of a loan that is removed from a pool when the entity receives assets in satisfaction of the debt or upon write-off of the loan.

13. The Task Force decided not to propose any additional recurring disclosures for modified loans that continue to be accounted for as a pool under Subtopic 310-30. During its discussion, the Task Force recommended that the Board's project related to loan loss disclosures could address concerns of users with regards to providing further transparency regarding loans accounted for under Subtopic 310-30, including enhancing disclosures for loans accounted for within a pool. The Task Force requested that the proposed Update include a question for constituents about what disclosures would provide useful information to users relating to loans accounted for as a pool. The Task Force reached a consensus-for-exposure that this Issue shall be effective for modification of loans accounted for within a pool under Subtopic 310-30 beginning in the first interim period after the amendments in the proposed Update are made to the Accounting Standards Codification. The amendments would be applied on a prospective basis only. Early application is permitted. The Task Force requested that the proposed Update include a question for constituents about whether an entity should be provided with a one-time election to change the unit of accounting from a pool basis to an individual loan basis for outstanding pools upon adoption of the amendments in the proposed Update.

14. At the December 2, 2009 meeting, the Board ratified the consensuses-for-exposure reached by the Task Force in this Issue and approved the issuance of a proposed Update for a public comment period.

15. The proposed Update was posted to the FASB website on December 17, 2009, and requested comments on the proposed Update by February 12, 2010.

Current EITF Discussion

16. At the March 18, 2010 EITF meeting, the Task Force considered 11 comment letters received on the proposed Update.

17. The Task Force affirmed as a consensus its consensus-for-exposure that an entity should not apply troubled debt restructuring accounting guidance to loans accounted for as a pool that were initially acquired with credit deterioration.

18. The Task Force discussed whether to provide guidance on how the carrying value of a loan should be determined upon removal of a loan from a pool when applying Subtopic 310-30. The Task Force concluded that further guidance was not necessary. The Task Force believes that the guidance in paragraph 310-30-35-15, which states that loans should be removed from the pool in a way that does not impact the accretable yield of the pool, provides a sufficient principle and that constituents appear to be applying reasonable methodologies in making that determination.

19. The Task Force decided not to require any additional recurring disclosures for modified loans that continue to be accounted for as a pool under Subtopic 310-30. The Task Force noted that the Board currently has on the FASB agenda a project on loan loss disclosures and that the Board is expected to consider whether additional disclosures should be provided for modifications of loans including those accounted for within a pool under Subtopic 310-30.

Effective date, Transition Method, and Transition Disclosures

20. The Task Force reached a consensus that the amendments resulting from this Issue shall be effective for modifications of loans accounted for within a pool under Subtopic 310-30 in interim or annual periods ending on or after July 15, 2010. The amendments should be applied on a prospective basis only. Early application is permitted. The Task Force decided to permit a one-time election to terminate pool accounting upon adoption of the amendments resulting from this Issue. The election may be made on a pool-by-pool basis and does not preclude application of pool accounting to acquisitions of loans occurring after the effective date.

Board Ratification

21. At the March 31, 2010 meeting, the Board ratified the consensus reached by the Task Force in this Issue.

Status

22. No further EITF discussion is planned.

Issue No. 09-J

Title: Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades

Dates Discussed: November 19, 2009; March 18, 2010

Introduction

1. Public companies often grant employee stock options with exercise prices denominated in the currency in which the underlying equity securities trade. In some cases, particularly for companies that regularly raise capital outside of their home country, this is a different currency from the functional currency of the issuer, the functional currency of the subsidiary employing the employee, or the payroll currency of the employee recipient. For instance, a public company doing business primarily in Canada with a Canadian-dollar functional currency may have its equity shares traded only on a U.S. stock exchange where trading is denominated in U.S. dollars. If such a company granted employee stock options with an exercise price fixed in U.S. dollars to employees whose pay is denominated in Canadian dollars, there is a question as to whether such awards should be classified as equity or liability awards.

2. Topic 718 provides guidance on the classification of a share-based payment award as either equity or a liability. However, that guidance does not explicitly indicate which currency to evaluate when determining whether an award is indexed to a factor in addition to the entity's share price. Paragraph 718-10-25-13 indicates that "an award may be indexed to a factor in addition to the entity's share price. If that additional factor is not a market, performance, or service condition, the award shall be classified as a liability for purposes of this Topic.…" Paragraph 718-10-25-14 goes on to specify acceptable exercise price currencies for awards to employees of an employer's foreign operation:

> For this purpose, an award of equity share options granted to an employee of an entity's foreign operation that provides for a fixed exercise price denominated either in the foreign operation's functional currency or in the currency in which the employee's pay is denominated shall not be considered to contain a condition that is not a market, performance, or service condition.

3. However, Topic 718 does not specify the ordinary currency of a share-based payment award that would be consistent with equity classification. Rather, when read in the context of the stock compensation guidance, it appears that paragraph 718-10-25-14 was designed to provide an exception to the guidance on liability classification of an award. However, Topic 718 does not address which currency denomination is the base case that would be consistent with equity classification. Some constituents have interpreted the basis for conclusions of FASB Statement No. 123 (revised 2004), *Share-Based Payment*, to allow an award with an exercise price denominated in the currency of the market in which the underlying equity instrument primarily trades to qualify for equity classification.

4. In the absence of specific authoritative guidance, diversity in practice has developed. Some entities consider that the base case is the functional currency of the issuer. Others consider the

base case to be the currency in which the issuer's shares primarily trade. As a result, similar share-based payment awards may be classified differently by entities as either a liability or equity. This latter interpretation has developed largely from the view that "typical" share-based awards should be considered to be within the guidance of Topic 718 and not within other financial instrument interpretations. Further, the literature surrounding the development of Topic 718 has viewed the relationship between share-based awards and the employer as unique. Thus, it is not unusual that the accounting for share-based payments has different applications than the accounting for financial instruments.

Issue

5. The issue is whether denominating the exercise price of an employee share-based payment award in the currency in which the underlying stock trades results in liability treatment if the trading currency is different from the functional currency of the issuer, the functional currency of the subsidiary employing the employee, or the payroll currency of the employee receiving the option.

Scope

6. This Issue applies to share-based payment awards within the scope of Topic 718.

Prior EITF Discussion

7. At the November 19, 2009 EITF meeting, the Task Force reached a consensus-for-exposure on this Issue that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should be considered an equity award assuming all other criteria for equity classification are met.

8. Certain Task Force members indicated that they believe that a share-based award with an exercise price denominated in a currency other than the functional currency of the foreign operations or in the currency in which an employee is paid should not be eligible for equity classification because they consider the award to contain a condition that is not a market, performance, or service condition. Those Task Force members indicated that they believe such an award contains an "other condition" because it is dual-indexed and, therefore, is required to be liability classified. Those Task Force members also noted that allowing a share-based payment award with this characteristic to be equity classified is not consistent with dual-indexation guidance in U.S. generally accepted accounting principles (GAAP) for other equity-linked financial instruments. They also indicated that they believe that any exception to the liability guidance should be related to a factor associated with the employment relationship.

9. Other Task Force members indicated that they believe a share-based award with an exercise price denominated in the currency of the market in which the underlying security trades is not precluded from equity classification because they believe that this condition is a market condition. Those Task Force members also indicated that Subtopic 815-40, which contains the guidance on indexation for equity-linked financial instruments, clearly scopes out share-based awards.

10. Several Task Force members indicated that the term "primarily" may be too restrictive when identifying a market that would permit an entity to apply this proposed guidance. Those Task

Force members believe that equity treatment should be appropriate as long as the award is denominated in the currency of a market in which a substantial portion of the entity's equity securities trades. The Task Force decided to use the term *substantial portion of* to describe the level of an entity's equity in a market that would meet the qualifications to apply this guidance. Certain Task Force members indicated that revising the words allows an entity to appropriately apply the principle of the proposed guidance, while limiting the potential abuse.

11. At the December 2, 2009 meeting, the Board ratified the consensuses-for-exposure reached by the Task Force in this Issue and approved the issuance of a proposed Update for public comment. A proposed Update for this Issue was posted to the FASB website on December 17, 2009, with a comment period that ended on February 12, 2010. There were no formal or informal comments received on the proposed Update.

Current EITF Discussion

12. At the March 18, 2010 EITF meeting, the Task Force affirmed its consensuses-for-exposure as a consensus.

Recurring Disclosure

13. The Task Force decided that no additional recurring disclosure requirements should be proposed by this Issue.

Effective Date, Transition Method, and Transition Disclosure

14. The Task Force affirmed as a consensus that the amendments resulting from this Issue shall be effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The guidance in the amendments resulting from this Issue would be applied by recording a cumulative effect adjustment to the opening balance of retained earnings for all outstanding awards as of the beginning of the fiscal year in which the amendments are initially applied. Early adoption is permitted. If an entity elects early adoption and the period of adoption is not the first reporting period of the entity's fiscal year, the entity is required to apply the guidance retrospectively from the beginning of the entity's fiscal year. The transition disclosures in paragraphs 250-10-50-1 through 50-3 are required.

Board Ratification

15. At the March 31, 2010 meeting, the Board ratified the consensus reached by the Task Force in this Issue.

Status

16. No further EITF discussion is planned.

Issue No. 09-K

Title: Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries

Date Discussed: March 18, 2010

Introduction

1. Subtopic 720-20 (previously EITF Issue No. 03-8, "Accounting for Claims-Made Insurance and Retroactive Insurance Contracts by the Insured Entity") addresses issues related to the accounting by an insured entity for claims incurred under claims-made insurance and retroactive insurance contracts. In Issue 03-8, the EITF observed that "unless the conditions of Interpretation 39 are met, offsetting prepaid insurance and receivables for expected recoveries from insurers against a recognized IBNR [incurred but not reported] liability or the liability incurred as a result of a past insurable event would not be appropriate." The application of this guidance generally results in liability claims and related insurance recoveries being recorded on a gross-basis.

2. Questions have been raised as to whether the guidance in Subtopic 720-20 applies to health care entities because the AICPA Audit and Accounting Guide, *Health Care Organizations*, included language that some have interpreted as requiring or permitting the netting of insurance recoveries with an organization's estimated accrual for medical malpractice claims.

Issue

3. The issue is how health care entities should record liabilities for medical malpractice and other similar claims and related insurance recoveries.

Scope

4. This Issue applies to entities with medical malpractice or similar liabilities.

Current EITF Discussion

5. The Task Force reached a consensus-for-exposure that all entities, including health care entities, are required to apply the guidance in Section 210-20-45 in determining whether claims and insurance recoveries are permitted to be presented on a net basis. Task Force members observed that this circumstance did not warrant accounting for health care entities that is different from what is required for entities in other types of industries.

6. Some Task Force members noted that gross presentation of the insurance receivable that results from applying Subtopic 210-20 better reflects the retained credit risk if the insurer is unable to pay the claim.

7. Other Task Force members observed that the practice of netting insurance recoveries with a liability may not be limited to health care entities and suggested that the proposed Accounting Standards Update (proposed Update) emphasize that the guidance in Subtopic 210-20 is applicable to all entities, including health care entities.

Recurring Disclosures

8. The Task Force decided that no additional recurring disclosure requirements should be proposed by this Issue.

Effective Date, Transition Method, and Transition Disclosures

9. The Task Force reached a consensus-for-exposure that the amendments resulting from this Issue should be applied as of the beginning of the period of adoption. A cumulative effect adjustment should be recorded in retained earnings as of the beginning of the period of adoption, if applicable. Task Force members observed that application of the amendments resulting from this Issue should generally only result in a gross-up of the balance sheet and that cumulative-effect adjustments would be rare. The effective date will be determined after the Task Force considers feedback on the proposed Update. Transition disclosures from paragraphs 250-10-50-1 through 50-3 are required in the period an entity adopts the provisions of the amendments resulting from this Issue.

Board Ratification

10. At the March 31, 2010 meeting, the Board ratified the consensus-for-exposure reached by the Task Force in this Issue and approved the issuance of a proposed Update for a 30-day public comment period.

Status

11. Further discussion is expected at a future meeting after the comment letter period for a proposed Update has ended.

Issue No. 09-L

Title: Health Care Entities: Measuring Charity Care for Disclosure

Date Discussed: March 18, 2010

Introduction

1. Health care entities provide services to certain patients without expectation of payment (or cash inflows). These services are called charity care and are generally provided to patients who meet certain guidelines established by the health care entity, such as prescribed financial criteria of the patient.

2. Guidance provided in paragraphs 954-605-25-10 through 25-11 discusses charity care in the health care industry as follows:

> Charity care does not qualify for recognition as revenue in the financial statements. Distinguishing charity care from bad-debt expense requires the exercise of judgment. Only the portion of a patient's account that meets the entity's charity care criteria shall be recognized as charity.
>
> Although it is not necessary for the entity to make this determination on admission or registration of an individual, at some point the entity must determine that the individual meets the established criteria for charity care.

3. Paragraph 954-605-50-3 describes the disclosure requirements for charity care.

> Management's policy for providing charity care, as well as the level of charity care provided, shall be disclosed in the financial statements. Such disclosure generally is made in the notes to financial statements and is measured based on the provider's rates, costs, units of service, or other statistical measure.

4. Some constituents believe that disclosure about a health care entity's policy for providing charity care, as well as the level of charity care provided, is useful because it provides an indication of the level of community benefit provided by the health care entity. Donors, regulators, and others are interested in the level of community benefit provided by a health care entity. The disclosure regarding charity care may also be useful for comparing health care entities that have different charity care policies or health care entities that serve different patient demographics. Other users may consider charity care disclosures when considering trends in patient account write-offs. Additionally, some health care entities may receive funding from state and local governments, or other sources, to compensate for services provided to patients who meet criteria to receive charity care.

5. Under the current requirements, measurement of charity care for disclosure may be presented using a variety of options. Measurement of charity care using the provider's standard rates (as an indication of charges foregone) has been the most prevalent. Some have used cost in their disclosures. Other measures are used less frequently in practice. Questions have been

raised about whether the measure used in providing this disclosure should be standardized to improve comparability of reporting by health care entities.

Issue

6. The issue is how the disclosure of charity care provided by health care entities should be measured.

Scope

7. This Issue applies to all health care entities.

Current EITF Discussion

8. The Task Force reached a consensus-for-exposure that cost should be the measurement basis for a health care entity's charity care disclosure. Cost should be determined consistent with the measurement used for reporting charity care for IRS regulatory purposes (that is, the direct and indirect costs related to providing the service). Some Task Force members observed that requiring a single measure of charity care would improve the usefulness of the disclosure by enhancing comparability. Other Task Force members noted that because many heath care entities are already tracking the costs of providing charity care for regulatory or management purposes, providing such disclosure should not be costly to implement.

9. The Task Force considered measuring charity care based on the average rate collected from paying patients for similar services because some members believe that this measure would be more meaningful. However, the Task Force decided not to use that measurement because it would require many health care entities to develop new systems or methods to collect the information for the disclosure. The Task Force did not believe the benefits of such a disclosure justified the costs of such system changes.

10. The Task Force considered whether to eliminate the requirement to disclose charity care. The Task Force decided to retain the disclosure requirement because it believes that disclosure provides useful information to users of a health care entity's financial statements.

Recurring Disclosures

11. The Task Force decided that no additional recurring disclosure requirements should be proposed by this Issue.

Effective Date, Transition Method, and Transition Disclosures

12. The Task Force reached a consensus-for-exposure that the amendments resulting from this Issue shall be applied retrospectively. Early adoption would be permitted. The effective date will be determined after the Task Force considers the comment letters received on the proposed Accounting Standards Update (proposed Update).

Board Ratification

13. At the March 31, 2010 meeting, the Board ratified the consensus-for-exposure reached by the Task Force for this Issue and approved the issuance of a proposed Update for a 30-day public comment period.

Status

14. Further discussion is expected at a future meeting after the comment letter period for a proposed Update has ended.

Status of Open Issues and Agenda Committee Items

The following represents the FASB staff's assessment of the status and immediate plans with respect to the open Issues on the Task Force's agenda. The Issues on the proposed agenda for the June 17, 2010 meeting are considered either high priority issues or issues on which meaningful progress can be made within the staff's given complement of resources. The staff's prioritization of issues is based primarily on the FASB staff's understanding of the level of diversity in practice created by each respective Issue, the financial reporting implications of that diversity, the current interaction, if any, of the Issues with active Board projects, and current resource availability among the staff (with respect to both time and relevant technical expertise).

Issue No.	Description	Date Added	Date(s) Discussed	Next Meeting	EITF Liaison	FASB Staff	Immediate Plans	Due Date - Next Deliverable
09-G	Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts	10/09	11/09, 3/10	6/10	Bielstein	Brower/ Bonn	The FASB staff will prepare a Working Group Report for a future meeting	May 2010 Working Group meeting; June 17, 2010 EITF meeting
09-H	Accounting by Health Care Entities: Revenue Recognition	10/09	3/10	06/10	Hanson	Hildebrand/ Cadambi	The FASB staff will prepare a Working Group Report for a future meeting	May 2010 Working Group meeting; June 17, 2010 EITF meeting

Issue No.	Description	Date Added	Date(s) Discussed	Next Meeting	EITF Liaison	FASB Staff	Immediate Plans	Due Date - Next Deliverable
09-K	Accounting by Health Care Entities: Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries	10/09	3/10	06/10	Hanson	Hildebrand/ Farber	The FASB staff will prepare an Issue Supplement for a future meeting	June 17, 2010 EITF meeting
09-L	Accounting by Health Care Entities: Measuring Charity Care for Disclosure	10/09	3/10	06/10	Hanson	Hildebrand/ Farber	The FASB staff will prepare an Issue Supplement for a future meeting	June 17, 2010 EITF meeting
10-A	How the Carrying Amount of a Reporting Unit Should Be Determined When Performing Step 1 of the Goodwill Impairment Test	2/10		6/10	Hauser	Worshek/ Anderson	The FASB staff will prepare a Working Group Report for a future meeting	May 6, 2010 Working Group Meeting; June 17, 2010 EITF meeting
10-B	Accounting for Multiple Foreign Currency Exchange Rates	3/10		6/10	Uhl	Farber/ Brower	The FASB staff will prepare an Issue Summary for a future meeting	June 17, 2010 EITF meeting

Other EITF Issues including Inactive Issues Pending Developments in Board Projects							
Issue No.	**Description**	**Date Added**	**Date(s) Discussed**	**Next Meeting**	**FASB Staff**	**Immediate Plans**	**Due Date - Next Deliverable**
03-15	Interpretation of Constraining Conditions of a Transferee in a Collateralized Bond Obligation Structure	11/02	N/A	Not scheduled	TBD	The Board's project on QSPE's is not expected to address this Issue and, therefore, the FASB staff will bring this Issue to the Agenda Committee at a future meeting to determine whether to begin discussions on this Issue or to request that the Issue be removed from the agenda.	Future Agenda Committee or EITF Meeting
06-12	Accounting for Physical Commodity Inventories for Entities within the Scope of the AICPA Audit and Accounting Guide, *Brokers and Dealers in Securities*	8/06	11/06	Not scheduled	TBD	Pending the outcome of the Board's project to amend ARB No. 43, *Restatement and Revision of Accounting Research Bulletins*.	Future EITF Meeting
09-D	Application of the AICPA Audit and Accounting Guide, *Investment Companies*, by Real Estate Investment Companies	2/09	N/A	N/A	Yang/ Mills	Pending the outcome of the Board's projects on consolidation and investment properties.	Future EITF Meeting

Issues Pending Further Consideration by the Agenda Committee							
Issue No.	**Description**	**Date Added**	**Date(s) Discussed**	**Next Meeting**	**FASB Staff**	**Immediate Plans**	**Due Date - Next Deliverable**
09-4	Seller Accounting for Contingent Consideration	5/09	6/09, 9/09	TBD	TBD	No further EITF discussion is expected on this Issue	Future Agenda Committee meeting
N/A	Application of EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets," When a Special-Purpose Entity Holds Equity Securities and Whether an Investment That Is Redeemable at the Option of the Investor Should Be Considered an Equity Security or Debt Security	9/00	N/A	Not scheduled	TBD	Statement 155 did not address this Issue. Therefore, the FASB staff will bring this Issue to the Agenda Committee at a future meeting to determine whether to begin discussions on this Issue.	Future Agenda Committee meeting