

MINUTES



To: Board Members
From: Eckerle (Ext. 462)
Subject: Minutes of the July 13, 2011 Board Meeting: Revenue Recognition **Date:** July 19, 2011
cc: Sutay

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

Topic: Revenue Recognition: Transition requirements for nonpublic entities

Basis for Discussion: FASB Memorandum 149

Length of Discussion: 1:00 p.m. to 1:45 p.m. EDT

Attendance:

Board members present: FASB: Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, and Smith

Board members absent: FASB: None

Staff in charge of topic: FASB: Gagnon and Catalano

Other staff at Board table: FASB: Bagwell, Breen, Cadambi, Eckerle, Hood, and Proestakes
IASB: Rees

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a revised Exposure Draft. The Board's technical plan calls for that document to be issued in the third quarter of 2011.

Summary of Decisions Reached:

The Board discussed whether to provide nonpublic entities with an alternative method of applying the transition guidance in the final revenue recognition standard. The Board decided that a nonpublic entity should initially apply the guidance in the proposed Update on revenue recognition on a retrospective basis. The Board acknowledged that nonpublic entities are not required under U.S. GAAP to include comparable periods in their financial statements. However, the Board felt that if a nonpublic entity includes comparable periods in its financial statements, then it is important that revenue be recognized consistently from period to period. The Board noted that nonpublic entities would be afforded certain reliefs including (1) not requiring restatement for contracts that begin and end in the same prior annual accounting period, (2) allowing the use of hindsight in estimating variable consideration, and (3) only requiring the onerous test as of the effective date unless an onerous liability was previously recognized. In addition, the Board expressed its commitment to consider at a future meeting whether the effective date for public entities should be deferred for nonpublic entities.

General Announcements: None