

MINUTES



**To:** Board Members

**From:** Disclosure Framework Team (Nolan  
Ext. 353)

**Subject:** Minutes of the August 24, 2011,  
Board Meeting: Disclosure Framework      **Date:** August 31, 2011

**cc:** Cosper, Bielstein, Lott, Proestakes, Stoklosa, Mechanick, Bossio,  
Ampofo, Brower, Nolan, C. Smith, Brickman, Hood, Glotzer, Gabriele,  
Sutay, FASB Intranet, McGarity, Klimek

*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: Disclosure Framework

Basis for Discussion: FASB Memo 11 – Cover Memo for  
Disclosure Framework

FASB Memo 13 – Decision Process for  
Disclosures about Line Items

FASB Memo 14 – Application of the  
Draft Decision Process to Existing  
Disclosures

FASB Memo 15 – Follow up on August  
3, 2011, Education Session

Length of Discussion: 9:00 a.m. to 10:00 a.m. EDT

Attendance:

Board members present:	Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, Smith
Board members absent:	None
Staff in charge of topic:	Ampofo and Lott
Other staff at Board table:	Bossio, Cospes, Glotzer, Nolan, C. Smith
Outside participants:	Abela, Poli, White

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of a Discussion Paper addressing disclosure framework.

The Board has not yet determined the timing of the release of that Discussion Paper.

**Summary of Decisions Reached:**

1. The Board discussed a first draft of a decision process for use in establishing disclosure requirements for financial statement line items (the decision process). Although its final form has not yet been determined, the decision process would be more closely akin to a Concepts Statement than a reporting requirement.
2. The goal of the decision process is to improve the efficiency and effectiveness of financial statement disclosures by focusing on matters that are most important to users of a particular entity's financial statements. The desired result is a net reduction in disclosure volume and a net increase in the utility of the information disclosed.
3. Achieving that result would require decisions by the Board in standard-setting projects about a range of possible disclosure sets that would be customized by each reporting entity to focus on what is important in its own circumstances. For example, an entity with a pension plan that is barely material would be expected to provide less information about its plan than an entity with a pension plan that requires future payments that are so large that they are extremely important to the future of the entity.
4. The staff has tested the decision process by applying it to selected Topics of the *FASB Accounting Standards Codification*® and comparing the indicated disclosures with existing requirements. The results of those limited tests, which indicated some disclosures that could be eliminated and a few that

could be added, had been discussed with Board members at an educational meeting. Board members provided some suggested revisions to details of the decision process at that meeting.

5. Board members stated that the decision process generally is appropriate and workable. The Board directed the staff to evaluate the suggested revisions, change the process as necessary, and test the process further by applying it to additional Codification Topics. After satisfactory completion of those steps, the staff will begin consultation with stakeholders after revising the draft based on Board member comments.
6. This decision process is one of three parts of the disclosure framework project. The other two parts, which the Board has not yet considered in detail, are:
  - a. A decision process for disclosures about other events and conditions that affect prospects for future cash flows but that are not yet recognized in the financial statements (including many matters usually referred to as risks and opportunities)
  - b. A decision process for general information about the reporting entity.
7. Other matters that the Board will discuss in future meetings include:
  - a. What guidance to provide to a reporting entity in judging which disclosures are important in its own financial statements and the extent of the information to be disclosed
  - b. How to judge whether the benefits of specific disclosures would justify their cost
  - c. How to identify information that could be harmful to the entity if disclosed
  - d. How to apply the decision processes to not-for-profit entities
  - e. Characteristics of nonpublic entities that might require disclosure decisions different from those of public entities.

**General Announcements:** The Board directed the staff to develop a plan for completing the additional steps necessary to issue an initial due process discussion document early in 2012.