

MINUTES



To: Board Members
From: Leases Team (Gillard x273)
Subject: Minutes of September 25, 2012,
FASB-only Board Meeting **Date:** September 27, 2012
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: Leases

Basis for Discussion: FASB Memo 249—Nonpublic Entities:
Lessee Incremental Borrowing Rate

FASB Memo 250—Nonpublic Entities:
Lessee Disclosures

FASB Memo 251—Private Companies:
Related Party Leases

Length of Discussion: September 25, 2012 8:00AM—9:50AM
EDT

Attendance:

Board members present:	Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, Smith
Board members absent:	None
Staff in charge of topic:	Donoghue
Other staff at Board table:	Cosper, Mechanick, Zeyher, Walsh, Capiello, Muehlbauer, Cranmer, Gillard

Staff participating via video: N/A

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Boards met to discuss questions about nonpublic entity issues relating to leases.

The Board's technical plan calls for a revised Leases Exposure Draft to be issued in the first quarter of 2013.

Summary of Decisions Reached:

The FASB discussed nonpublic entity issues relating to the lessee's incremental borrowing rate, lessee disclosures, and related party leases.

Lessee Incremental Borrowing Rate

The Board tentatively decided that nonpublic entities should be provided a practical expedient to use a risk-free discount rate, with a term comparable to that of the lease term, as an accounting policy election for all leases. If an entity elects to use a risk-free discount rate, that fact should be disclosed.

(FASB: 4-3)

Lessee Disclosures

The Board tentatively decided to exempt nonpublic entities from the requirement to provide a reconciliation of the opening and closing balances of the liability to make lease payments.

(FASB: 4-3)

The Board affirmed the previous decision, for both public and nonpublic entities, to disclose a maturity analysis of future contractual commitments associated with services and other non-lease components that are separated from a lease contract.

(FASB: 4-3)

Related Party Leases

The Board tentatively decided not to provide specific guidance on recognition and measurement for related party leases. The Board tentatively decided to emphasize the requirements for related party disclosures with, at a minimum, a link to related party guidance.

(FASB: 6-1)

Next Steps

The staff plans to solicit feedback from the Private Company Financial Reporting Committee and the Private Company Council to determine questions for the invitation to comment section in the Revised Exposure Draft on Leases. The plan is to publish the Revised Exposure Draft in the first quarter of 2013.

General Announcements: None.