

MINUTES



To: Board Members
From: Passalugo (x462)
Subject: Minutes of the March 20, 2013 Board Meeting
Date: March 20, 2013
cc: Sutay

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Boards' 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.

Topics: Disclosures, Transition, Effective Date, and Early Application—Nonpublic Entity Considerations; Effective Date—Public Entity Considerations
Basis for Discussion: FASB Memorandums 168A

Length of Discussion: 8:00 a.m. to 9:52 a.m. EST

Attendance:

Board members present: FASB: Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, and Smith
Board members absent: None
Staff in charge of topic: FASB: Bauer, Gagnon
Other staff at Board table: FASB: North, Schilb, Harris, Mechanick, Proestakes, and Cospier
IASB: McManus
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 final standard. The Boards' technical plan calls for that document to be issued in the second quarter of 2013.

Summary of Decisions Reached:

The FASB continued redeliberating the revised Exposure Draft, *Revenue from Contracts with Customers* (the 2011 ED). The Board discussed the disclosure, transition, effective date, and early application requirements of the revenue standard for nonpublic entities. Additionally, the Board discussed the effective date for public entities.

NONPUBLIC ENTITIES

Annual Disclosures

Disaggregation of Revenue

The Board tentatively decided to:

1. Retain the guidance in the 2011 ED that a nonpublic entity should disclose qualitative information about how economic factors (such as type of customer, geographical location of customers, and type of contract) and significant changes in those economic factors affect the nature, amount, timing, and uncertainty of revenue and cash flows;
2. Clarify that a nonpublic entity may elect not to disclose the quantitative disclosure requirements of disaggregating revenue in accordance with paragraphs 114 and 115 of the 2011 ED, as amended at the February 2013 joint Board meeting; and
3. Clarify that if a nonpublic entity elects not to disclose the quantitative disclosure requirements in paragraphs 114 and 115 of the 2011 ED, then a nonpublic entity should, at a minimum, disclose quantitative information about the disaggregation of revenue in accordance with the timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods and services transferred over time).

Disclosure of Contract Balances and Costs

The Board tentatively decided to retain the guidance in paragraph 130(a) and (d) of the 2011 ED that a nonpublic entity may elect not to provide the disclosures about contract balances and assets recognized from the costs to obtain or fulfill a contract with a customer (paragraphs 117 and 128 of the 2011 ED, as amended at the February 2013 joint Board meeting).

The Board tentatively decided to require nonpublic entities to provide the opening and closing balances of contract assets, contract liabilities, and receivables from contracts with customers (if not separately presented).

Disclosure of Remaining Performance Obligations

The Board tentatively affirmed its decision in paragraph 130(b) of the 2011 ED that a nonpublic entity may elect not to disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognize that amount as revenue (paragraphs 119–121 of the 2011 ED, as amended at the February 2013 joint Board meeting).

Disclosure about Judgments, Assumptions, Methods, and Inputs

The Board tentatively decided that a nonpublic entity should comply with the requirement in paragraph 124 of the 2011 ED that an entity should disclose the judgments, and changes in judgments, made in applying the requirements that significantly affect the determination of the amount and timing of revenue from contracts with customers. An entity should explain the judgments, and changes in the judgments, used in determining the following:

1. The timing of satisfaction of performance obligations. For performance obligations that an entity satisfies over time, an entity should disclose the methods used to recognize revenue (for example, a description of the output method or input method).
2. The transaction price and the amounts allocated to performance obligations.
3. The methods and assumptions an entity uses when determining the amount of the transaction price that will not be subject to a revenue reversal (that is, the constrained amount).

A nonpublic entity may elect not to disclose the following:

1. For performance obligations that an entity satisfies over time, an explanation of why such methods used to recognize revenue are a faithful depiction of the transfer of goods or services (paragraph 125(b) of the 2011 ED).

2. For performance obligations satisfied at a point in time, the significant judgments made in evaluating when the customer obtains control of promised goods or services (paragraph 126 of the 2011 ED).
3. The information about the methods, inputs, and assumptions used to:
 - a. Determine the transaction price
 - b. Estimate standalone selling prices of promised goods or services
 - c. Measure obligations for returns, refunds, and other similar obligations
 - d. Measure the amount of the liability recognized for onerous performance obligations (paragraph 127 of the 2011 ED).

Interim Disclosures

The Board tentatively affirmed its decision in the 2011 ED not to amend Topic 270, Interim Reporting, to specify interim disclosures on revenue from contracts with customers for nonpublic entities.

Transition

The Board tentatively affirmed its decision in the 2011 ED not to prescribe an alternative transition method for nonpublic entities.

Effective Date

The Board tentatively decided to require a nonpublic entity to apply the revenue standard for an annual reporting period beginning after December 15, 2017, and interim and annual reporting periods thereafter.

Early Application

The Board tentatively decided that a nonpublic entity may elect to apply the requirements of the revenue standard no earlier than an annual reporting period beginning after December 15, 2016, including interim reporting periods therein, as required for public companies. Additionally, a nonpublic entity may elect to apply the requirements of the revenue standard for:

1. An annual reporting period beginning after December 15, 2016, and interim and annual reporting periods thereafter, or
2. An annual reporting period beginning after December 15, 2017, including interim reporting periods therein.

PUBLIC ENTITIES

Effective Date

The Board tentatively decided to require a public entity to apply the revenue standard for annual reporting periods beginning after December 15, 2016, including interim reporting periods therein. In February 2013, the Board reaffirmed its tentative decision in the 2011 ED to prohibit early application for public entities.

General Announcements: None