

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** McMillen, x376  
**Subject:** Minutes of the July 30, 2014, Board Meeting  
**Date:** August 6, 2014  
**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: Technical Corrections and Improvements

Basis for Discussion: FASB Memo Nos. 1, 2, and 3 (revised)

Length of Discussion: 9:00 a.m. to 10:40 a.m.

Attendance:

Board members present: Golden, Kroeker, Buck, Linsmeier, Schroeder, Siegel, Smith  
Board members absent: None  
Staff in charge of topic: Cafini  
Other staff at Board table: Cospers, Proestakes, Esposito, Brown, A. Smith, Laungani, Cole, Winkler, Guasp, McMillen  
Outside participants: None

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

The Board met to discuss proposed technical corrections to the *FASB Accounting Standards Codification*<sup>®</sup>. An Exposure Draft will be issued in the fourth quarter of 2014.

**Tentative Board Decisions**

The Board discussed various proposed technical corrections to the FASB Codification, including:

*Employee Stock Ownership Plans*

The Board decided to amend Subtopic 718-40 on employee stock ownership plans to link the term *fair value* as used therein to the definition of fair value in Topic 820 instead of the definition of fair value in FASB Statement No. 123 (revised 2004), *Share-Based Payment*.

The Board decided that entities affected by this change would apply the guidance prospectively to plan financial statements issued after the effective date.

(FASB: unanimous)

The Board also decided to propose that plan sponsors affected by this amendment would disclose the following in the period of change:

1. The fact that they were using a framework other than the framework in Topic 820 in prior valuation of the ESOP plan(s)
2. A qualitative description of how the valuation methodology that was used differs from that of Topic 820 and the possible effect on prior valuations.

(FASB: 4 [both disclosures] to 3 [disclosure 1 only])

*Fair Value*

The Codification currently contains two different definitions of fair value, one originating from Statement 123(R) (used within Topic 718 on stock compensation and Subtopic 505-50 on equity-based payments to nonemployees) and a second definition originating from FASB Statement No. 157, *Fair Value Measurements* (used within Topic 820). The Board decided to retain the two definitions because they do not appear to be causing confusion in practice.

(FASB: 4 [retain both definitions] to 2 [conform to one definition based on Topic 820] to 1 [retain both definitions but rename the first term to *share-based payment value*])

*Transition Guidance*

The Board decided to provide transition guidance for the six specific amendments described in paragraph 9 of Memo 3 (revised). In addition, the Board decided to provide transition guidance for an amendment that changes the structure of the headings that relate to loan impairment in Section 310-10-35.

(FASB: unanimous)

Changes arising from these amendments would be initially accounted for as a change in accounting principle, with the cumulative effect of the change reflected as an adjustment to the opening balance of retained earnings.

(FASB: unanimous)

The Board also decided to require disclosure of the nature of and reason for the change as well as the cumulative effect of the change. Entities will be able to elect to apply the changes retrospectively.

(FASB: unanimous)

*Amendments to SEC Materials*

The Board decided to update references within the SEC content of the Codification.

(FASB: unanimous)

*Next Steps*

The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot. The Board decided that the comment period for the proposed Update would be 75 days.

(FASB: unanimous)

**General Announcements:** None.