
REPORT OF THE FASB CHAIRMAN

July 1, 2014 through September 30, 2014

ITEM 1: STANDARDS-SETTING ACTIVITIES

A. FINAL STANDARDS AND DOCUMENTS ISSUED FOR PUBLIC COMMENT

1. The following final documents were issued:
 - a. Accounting Standards Update No. 2014-13, *Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity* (a consensus of the Emerging Issues Task Force; issued August 5, 2014).
 - b. Accounting Standards Update No. 2014-14, *Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure* (a consensus of the Emerging Issues Task Force; issued August 8, 2014).
 - c. Accounting Standards Update No. 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue As a Going concern* (issued August 27, 2014).
2. The following Exposure Drafts were issued for public comment:
 - a. Proposed Accounting Standards Update, *Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items* (issued July 15, 2014). Comment deadline: September 30, 2014.
 - b. Proposed Accounting Standards Update, *Inventory (Topic 330): Simplifying the Measurement of Inventory* (issued July 15, 2014). Comment deadline: September 30, 2014.
 - c. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement* (issued August 20, 2014). Comment deadline: November 18, 2014.

- d. Proposed Accounting Standards Update, *Technical Corrections and Improvements* (issued September 15, 2014). Comment deadline: December 1, 2014.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board made the following agenda decisions:
 - a. The Board added the following projects to its agenda:
 - i. Four projects that are part of the simplification initiative—reducing the cost and complexity of GAAP while maintaining or improving the usefulness of the information:
 - (1) Simplifying the Balance Sheet Classification of Debt
 - (2) Simplifying the Presentation of Debt Issuance Costs
 - (3) Simplifying the Measurement Date for Plan Assets
 - (4) Improvements to Accounting for Income Taxes.
 - b. The Board added the following projects to the EITF's agenda:
 - i. Fair Value Hierarchy Levels for Certain Investments Measured at Net Asset Value
 - ii. Effects on Historical Earnings per Unit of Master Limited Partnerships Dropdown Transactions.

C. SIGNIFICANT TECHNICAL DECISIONS

1. The Board made decisions on the insurance short-duration and consolidation: principal vs. agent analysis projects (both nearing completion) to perform an extended external review of the final Accounting Standard Updates. In both instances, the Board concluded that reexposure of the standards was not needed.
2. The Board is in the final stages of initial deliberations and redeliberations on several key projects, and while a number of decisions were made by the Board, none of those decisions were individually significant.

D. ACTIVITIES OF THE FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL (FASAC) AND FASB ADVISORY COMMITTEES

1. FASAC Meeting: September 11, 2014

- a. All Board members, the FASB technical director, certain other FASB staff, and several invited guests participated. The meeting topics included the process for developing disclosures and financial reporting issues related to future developments in E-commerce and technology.

The following advisory committee meetings were held:

- a. Private meeting of the Investor Advisory Committee (IAC) (July): Two Board members, the technical director, and several FASB staff participated; topics included the proposed lease accounting model and possible disclosure requirements.
 - b. IAC meeting (August): Three Board members attended the private sessions, and several FASB staff participated on a rotational basis; topics included discussion of the FASB's agenda strategy, new areas of investor concern, and several FASB projects including financial performance reporting, leases, liabilities and equity, amortization of callable bonds, and accounting for financial instruments. Following the private sessions, all Board members and several FASB staff participated in a public meeting on those same topics.
 - c. Public meeting of the Not-for-Profit Advisory Committee (NAC) (September): All Board members and several FASB staff participated in portions of this meeting; topics focused on FASB's project on financial statements of not-for-profit entities, as well as potential implementation issues for not-for-profit organizations related to FASB Accounting Standards Update (ASU) 2014-09: *Revenue from Contracts with Customers (Topic 606)*.
 - d. FASB-IASB Joint Transition Resource Group for Revenue Recognition meeting: The resource group held its first public meeting on July 18, 2014. The group comprises financial statement preparers, auditors, and users from diverse industries, geographical locations, and private and public companies. The purpose of the group is to help the Boards monitor implementation of the new revenue standard and to educate stakeholders about the new standard.
2. Advisory committee membership changes:
 - a. There were no advisory committee membership changes during this period.

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One or more Board members met with the following industry liaison groups:

- a. Public meeting with the Institute of Management Accountants' Financial Reporting Committee (September): Six Board members, the technical director, and several staff members participated; topics included the implementation of revenue recognition, impairment of financial instruments, classification and measurement of financial instruments, leases, disclosure framework, and projects within the Board's simplification initiative.
- b. Private meeting with the Financial Executives International's Committee on Corporate Reporting (CCR) (September): One Board member participated; topics included the implementation of revenue recognition and FASB's projects on leases, financial instruments, disclosure framework, financial performance reporting, and the simplification initiative.

Public meeting with the AICPA's Private Companies Practice Section (PCPS) Technical Issues Committee (TIC) (September): Five Board members, the technical director, and certain FASB staff participated; topics included (i) the FASB's simplification initiative, (ii) customer's accounting for fees paid in a cloud computing arrangement, (iii) accounting for identifiable intangible assets in a business combination (PCC Issue No. 13-01A), (iv) accounting for financial instruments: classification and measurement, (v) pushdown accounting, (vi) partnership accounting, (vii) technical corrections, (viii) clarifying certain existing principles on the statement of cash flows, and (ix) classification of debt.

2. Significant project-specific outreach activities follow:
 - a. Insurance: The staff met with more than 20 members of the American Council of Life Insurers (September 9).
 - b. Employee benefit plan financial statements: The staff met with the AICPA Employee Benefits Expert Panel (August 6).
 - c. Staff held outreach meetings with a number of different representatives of users, preparers, and auditors to talk about issues in the following projects:
 - i. Impairment of financial assets
 - ii. Hedging
 - iii. Clarifying the definition of a business
 - iv. Disclosure framework

- v. Disclosures about government assistance
- vi. Leases
- vii. Short-term improvements to liabilities and equity
- viii. Not-for-profit financial reporting: financial statements
- ix. Short-term improvements: share-based compensation
- x. Simplifying the measurement of inventory.

F. COLLABORATION WITH THE FASB'S PRIVATE COMPANY COUNCIL (PCC)

1. All seven FASB members participated in the July 15, 2014 PCC meeting, and five FASB members participated in the September 16, 2014 PCC meeting. Meeting highlights follow:
 - a. Accounting for identifiable intangible assets in a business combination (PCC Issue 13-01A): At the July meeting, the PCC discussed various alternatives and tentatively voted for one of them pending additional research relating to its scope. At the September meeting, the PCC reached a final consensus after also discussing and rejecting an additional proposed alternative.
 - b. Share-based compensation. At the July meeting, PCC members briefly discussed the FASB staff's preagenda research and the overall relevance of share-based compensation expense to users of financial statements. At the September meeting, the FASB staff provided an update on the preagenda research.
 - c. Accounting for partnerships. PCC members briefly discussed issues related to partnership accounting brought to the PCC's attention during recent outreach.
 - d. The PCC and the FASB discussed (i) recent decisions in the FASB's projects on credit impairment and leases and (ii) feedback received on the proposed ASU for EITF Issue No. 12-F, "Pushdown Accounting."
2. AICPA Private Companies Practice Section Technical Issues Committee meeting (TIC). On September 16, the PCC, three FASB members, and FASB staff met with the TIC to discuss PCC and FASB projects.
3. *AICPA National Advanced Accounting and Auditing Technical Symposium Conference (NAAATS)*. Three PCC members, two FASB members, and several FASB staff participated in a PCC-sponsored town hall meeting at the NAAATS

conference, updating attendees on recently issued Accounting Standards Updates that are applicable to private companies and to solicit input on private company issues.

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. The EITF met on September 18, 2014, with five FASB members participating, and discussed the following topics:
 - a. Issue No. 12-F, "Pushdown Accounting." A consensus was reached.
 - b. Issue No. 13-G, "Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity." A consensus was reached.
 - c. Issue No. 14-A, "Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions." A consensus-for-exposure was reached.
 - d. Issue No. 14-B, "Fair Value Hierarchy Levels for Certain Investments Measured at Net Asset Value." A consensus-for-exposure was reached.
2. James Dolinar, Crowe Horwath LLP, was appointed as the Financial Reporting Executive Committee EITF Observer effective September 18, 2014.

H. INTERNATIONAL ACTIVITIES

1. Cooperative activities among the FASB and the IASB follow:
 - a. The FASB and the IASB held a joint videoconference Board meeting on the leases project.
 - b. The FASB and the IASB held a joint videoconference meeting of the Transition Resource Group for Revenue Recognition.
 - c. The FASB chairman and a Board member participated in a meeting of the IASB's Accounting Standards Advisory Forum.
2. A Board member participated in a roundtable meeting on risk disclosure hosted by the Financial Stability Board (Basel, Switzerland).
3. Two Board members participated in the IASB's World Standards Setters meeting in London.
4. As part of an initiative to enhance international relationships, FASB members and staff met privately in early September with representatives of the Canadian

Accounting Standards Board (FASB chairman, two Board members, and the technical director) to discuss matters of mutual interest.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board added to its research agenda a project on the presentation of income tax expense/benefit.
2. The Board removed from its research agenda a project on the accounting for cash balance features of pension plans based on the results of the staff research which indicated there was not a cost-effective alternative for the narrowly scoped project without considering more fundamentally the accounting for defined benefit plans as a whole.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. Significant research was conducted on the following potential projects: Short-term Improvements to Liabilities and Equity, Accounting for Share-Based Payments, Hedging, and other potential simplification initiatives.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. EDUCATIONAL WEBCASTS AND FEATURED VIDEOS

1. The FASB held one educational webinar:
 - a. IN FOCUS: Proposed 2015 GAAP Financial Reporting Taxonomy, ASU Taxonomy Changes, Taxonomy Implementation Guides, Taxonomy Simplification.
2. The FASB posted the following featured videos to its website or issued Outlook publications covering:
 - a. Who's Who interview with FASB project manager Michael Cheng
 - b. Views from the FASAC with Prat Bhatt, Alan Meder, and Samuel Levenson.

B. SPEECHES DELIVERED

1. FASB members or staff delivered speeches at 16 different conferences. The more significant follow:
 - a. AICPA NAATS Conference

- b. AICPA Banking Conference.

C. PRESS RELEASES, MEDIA ADVISORIES, AND TWEETS

1. The FASB issued 9 different press releases, media advisories, or tweets on a variety of topics.

D. OTHER COMMUNICATIONS ACTIVITIES

1. The FASB issued a “FASB in Focus” document for the following:
 - a. Accounting Standards Update—Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.
2. The third issue of FASB Outlook was published in July.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. The FASB chairman and the director of planning, development, and support participated in an FAF-led strategic planning meeting.

B. ADMINISTRATIVE MATTERS

1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. Financial Reporting Choices of U.S. Private Firms. Michael Minnis, Assistant Professor, University of Chicago—Booth School of Business, and Petro Lisowsky, Assistant Professor of Accounting, University of Illinois at Urbana-Champaign—Department of Accountancy.
2. The FASB’s Conceptual Framework Project: An Overview and Update. Jim Leisenring, FASB senior advisor.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The FASB chairman, FAF CEO, and FAF VP met with Congressman Scott Garrett, Chairman of the House Financial Services Subcommittee on Capital Markets, to discuss matters of mutual interest.
2. The FASB chairman, FAF CEO, and FAF VP met with Congressman Robert Hurt, Vice Chairman of the House Financial Services Subcommittee on Capital Markets, to discuss matters of mutual interest.
3. The FASB chairman, FAF CEO, FAF SVP, and FAF VP met with Department of Treasury Assistant Secretary for Financial Institutions, Amias Gerety, to discuss matters of mutual interest.

ITEM 6: FAF/FASB/GASB INTERACTION

A. FASB MINUTES

1. GASB and FASB meeting minutes were shared with the FASB and GASB Board members and staff.

B. MEETINGS

1. The GASB and FASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest.
2. The FASB and GASB chairmen and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest.

C. DOCUMENT DRAFT REVIEWS

1. The GASB staff distributed the following drafts for the FASB's review:
 - a. Proposed Statement, Tax Abatement Disclosure
 - b. Preliminary Views, Leases
 - c. Preliminary Views, Financial Reporting for Fiduciary Responsibility.
2. The FASB staff distributed the following drafts for the GASB's review:

- a. Final Accounting Standards Update, Business Combinations (Topic 805): Pushdown Accounting (a consensus of the EITF)
- b. Final Accounting Standards Update, Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity (a consensus of the EITF)
- c. Proposed Accounting Standards Update, Compensation—Retirement Benefits (Topic 715): Practical Expedient for Measuring an Employer’s Defined Benefit Obligation and Plan Assets
- d. Proposed Accounting Standards Update, Financial Services—Investment Companies (Topic 946): Disclosures about Investments in Other Investment Companies
- e. Proposed Accounting Standards Update, Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions (a consensus of the EITF)
- f. Proposed Accounting Standards Update, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (a consensus of the EITF)

ITEM 7: XBRL ACTIVITIES

The FASB is responsible for the ongoing development and maintenance of the U.S. GAAP Financial Reporting Taxonomy (Taxonomy) applicable to public issuers registered with the SEC.

A. TECHNICAL ACTIVITIES

1. Published proposed 2015 GAAP Financial Reporting Taxonomy for public review and comment
2. Published the following Taxonomy Implementation Guide as final:
 - a. Insurance Industry: Concentration of Credit Risk Disclosures
3. Published the following Taxonomy Implementation Guide for public comment and review:
 - a. Disposal Groups and Discontinued Operations.

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. FASB's Taxonomy Advisory Group meeting
 - b. Meetings of the FASB Taxonomy industry working groups, the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff
 - c. XBRL US Conference in Bellevue, Washington
 - d. Data Transparency 2014 Conference, Washington, D.C.

Technical Agenda Overview

Revised October 13, 2014

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	Initial deliberations	
Disclosure Framework: Board's Decision Process	ED redeliberations	

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Accounting for Financial Instruments: Classification and Measurement	ED redeliberations	
Accounting for Financial Instruments: Impairment	ED redeliberations	
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts	ED redeliberations	
Leases	ED redeliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Accounting for Goodwill for Public Business Entities and Not-for-Profits	Initial deliberations	
Accounting for Identifiable Intangible Assets in a Business Combination (PCC Issue 13-01A)	Drafting final standard	Q4 2014
Accounting for Income Taxes: Intra-Entity Asset Transfers and Balance Sheet Classification of Deferred Taxes	Initial deliberations	
Clarifying the Definition of a Business	Initial deliberations	
Consolidation: Principal versus Agent Analysis	Drafting final standard	Q4 2014
Customer's Accounting for Fees in a Cloud Computing Arrangement	ED comment period deadline	Nov 18, 2014
Determining Whether the Host Contract in a Hybrid Financial Instrument Is More Akin to Debt or to Equity (EITF 13-G)	Drafting final standard	Q4 2014
Employee Share-Based Payment Accounting Improvements	Initial deliberations	
Pushdown Accounting (EITF 12-F)	Drafting final standard	Q4 2014
Simplifying the Measurement Date for Plan Assets	Drafting ED	Early Q4 2014

Simplifying the Subsequent Measurement of Inventory	ED redeliberations	
Technical Corrections and Improvements	ED comment period deadline	Dec 1, 2014
PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
Clarifying Certain Existing Principles on Statement of Cash Flows	Initial deliberations	
Definition of a Public Business Entity (phase 2) (PCC Issue 14-01)	Initial deliberations	
Disclosures by Business Entities about Government Assistance	Initial deliberations	
Disclosure Framework: Entity's Decision Process	ED redeliberations	
Disclosure Framework: Disclosure Review—Defined Benefit Plans	Initial deliberations	
Disclosure Framework: Disclosure Review—Fair Value Measurement	Initial deliberations	
Disclosure Framework: Disclosure Review—Income Taxes	Initial deliberations	
Disclosure Framework: Disclosure Review—Inventory	Initial deliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions (EITF 14-A)	Drafting ED	Q4 2014
Fair Value Hierarchy Levels for Certain Investments Measured at Net Asset Value (EITF 14-B)	Drafting ED	Q4 2014
Financial Statements of Not-for-Profit Entities	Drafting ED	Q1 2015
Insurance: Disclosures about Short-Duration Contracts	Drafting final standard	Q1 2015
Investment Companies: Disclosures about Investments in Another Investment Company	Drafting ED	Q4 2014
Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items	ED redeliberations	
Simplifying the Balance Sheet Classification of Debt	Initial deliberations	
Simplifying the Presentation of Debt Issuance Cost	Drafting ED	Early Q4 2014

RESEARCH PROJECTS
Accounting Issues in Employee Benefit Plan Financial Statements
Accounting for Financial Instruments—Hedging
Accounting for Financial Instruments: Interest Rate Risk Disclosures
Accounting for Income Taxes: Presentation of Tax Expense/Benefit
Financial Performance Reporting (<i>formerly Financial Statement Presentation</i>)
Liabilities & Equity—Short-term Improvements
Nonemployee Share-Based Payment Accounting Improvement