
REPORT OF THE FASB CHAIRMAN

January 1, 2019 through March 31, 2019

ITEM 1: STANDARDS-SETTING ACTIVITIES

A. FINAL STANDARDS AND DOCUMENTS ISSUED FOR PUBLIC COMMENT

1. The Board issued the following final documents:
 - a. Accounting Standards Update No. 2019-01, *Leases (Topic 842): Codification Improvements*, issued March 5, 2019.
 - b. Accounting Standards Update No. 2019-02, *Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials* (a consensus of the FASB Emerging Issues Task Force), issued March 6, 2019.
 - c. Accounting Standards Update No. 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, issued March 21, 2019.
2. The Board issued the following proposed documents for public comment:
 - a. Proposed Accounting Standards Update, *Targeted Transition Relief for Topic 326, Financial Instruments—Credit Losses* (issued February 6, 2019). Comment deadline: March 8, 2019.
 - b. Proposed Accounting Standards Update, *Business Combinations (Topic 805): Revenue from Contracts with Customers—Recognizing an Assumed Liability* (a consensus of the Emerging Issues Task Force) (issued February 14, 2019). Comment deadline: April 30, 2019.
 - c. Proposed Accounting Standards Update, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer* (issued March 4, 2019). Comment deadline: April 18, 2019.
 - d. Proposed Accounting Standards Update (Revised), *Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes* (issued March 25, 2019). Comment deadline: May 31, 2019.

3. The Board issued the following Invitation to Comment for public comment:
 - a. Invitation to Comment, *Measurement and Other Topics Related to Revenue Contracts with Customers under Topic 805* (issued February 14, 2019).
Comment deadline: April 30, 2019.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board added one of its research projects to its technical agenda:
 - a. Disclosure Improvements in Response to the SEC’s Release on Disclosure Update and Simplification (March).

C. SIGNIFICANT TECHNICAL DECISIONS

1. Distinguishing Liabilities and Equity
 - a. The Board made a number of disclosure decisions for convertible debt, convertible preferred shares, and the derivative scope exception.
2. Disclosure Framework: Disclosure Review—Income Taxes
 - a. The Board decided not to require that an entity disclose the amount of the transition tax liability resulting from the Tax Cuts and Jobs Act and the line item in the statement of financial position in which the liability is presented.
 - b. The Board also decided not to require that an entity disclose a description of a legally enforceable agreement with a government, including the duration of the agreement, the commitments made with the government under that agreement, and the amount of benefit that reduces or may reduce its income tax burden.
3. Simplifying the Balance Sheet Classification of Debt
 - a. The Board affirmed its previous decision that an unused long-term financing arrangement in place at the balance sheet date should be disregarded in determining the classification of debt.
 - b. The Board directed the staff to draft a revised proposed Accounting Standards Update.
4. Financial Instruments—Credit Losses—Targeted Transition Relief
 - c. The Board decided to exclude debt securities classified as held-to-maturity from the scope of a proposed Accounting Standards Update that would address targeted transition relief for Topic 326, Financial Instruments—Credit Losses.

5. The Board is in the final stages of initial deliberations and redeliberations on several other projects, and while the Board made a number of decisions, none of those decisions were individually significant.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board moved its research project on disclosure improvements in response to the SEC's Release on Disclosure Update and Simplification to its technical agenda. See Item B1 above. (March).

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff performed research on:
 - a. Valuation of gifts-in-kind (particularly, donated pharmaceuticals)
 - b. The application of the measurement alternative in transitioning to and from the equity method of accounting
 - c. Disclosure of the effect of share buybacks on earnings per share
 - d. Share repurchase disclosures—price of repurchase
 - e. Subsequent accounting for in-process research and development and contingent consideration recognized upon the initial consolidation of a variable interest entity that is not a business
 - f. Accounting for contract modification involving licenses of intellectual property that include extensions of the original license term.

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

1. FASAC meeting:
 - a. Four Board members, the technical director, and several FASB staff members participated in the March 29, 2019 FASAC meeting. The following topics were discussed: the role of the conceptual framework, accounting for highly inflationary economies, and the implementation of major standards.
2. The following advisory committee meeting was held:
 - a. A public meeting of the Not-for-Profit Advisory Committee (NAC) was held on March 4 and 5, 2019. Six Board members, the technical director, and several FASB staff members participated. The meeting topics included implementation of

Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; implementation of other recent standards; and FASB projects on updating the definitions of collections and extending private company alternatives on certain identifiable intangible assets and goodwill to not-for-profit entities. FASB staff members also provided updates on recent Accounting Standards Updates and other FASB projects, and a participating observer from the AICPA provided updates on the AICPA's projects on management discussion and analysis (MD&A) and cryptocurrency.

3. Advisory committee membership changes:
 - a. The appointments of the following two Small Business Advisory Committee (SBAC) members were announced in March 2019: Frank J. Cesario and Christopher J. Lafond.
 - b. The appointments of the following two Investor Advisory Committee (IAC) members were announced in March 2019: Nichole Burnap and Mark Hamel.

D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One or more Board members met with the following industry liaison groups:
 - a. Private meeting with members of the American Bankers Association. Three Board members and the technical director participated and discussed matters of mutual interest.
 - b. Private meeting with the Financial Executives International Committee on Corporate Reporting (CCR) (March). One Board member and an FASB staff member participated. Topics included FASB projects on government assistance, income tax disclosures, segment reporting, and interim reporting. Members also provided input on technology in financial reporting.
 - c. Private meeting with the Institute of Management Accountants' Financial Reporting Committee (FRC) (March). One Board member participated. Topics included the implementation of leases and credit losses and FASB projects on the SEC disclosure update, distinguishing liabilities from equity, segment reporting, interim reporting, hedging, financial performance reporting, income tax disclosures, balance sheet classification of debt, governmental assistance disclosures, consolidation improvements, improving the accounting for asset acquisitions and business combinations, and share-based consideration payable to a customer.
 - d. Private meeting with the Academic Resource Group (ARG) (March). Five Board members participated on a rotational basis. The technical director and several

FASB staff members also participated. The meeting topics were on the conceptual framework (elements, revenues, expenses, gains and losses, and measurement).

E. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

1. The Private Company Council (PCC) did not meet in the first quarter of 2019. The next meeting of the PCC will be held on April 1 and 2, 2019.

F. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. Board members and staff conducted 140 outreach meetings (13% with investors and other users, 41% with practitioners, 25% with preparers, 6% with regulators, and 15% with others*) to discuss issues in 30 different FASB and EITF active projects or final standards, most notably hedging, credit losses, and distinguishing liabilities from equity.

* Others (including trade group representatives, other standard setters, academics, consultants, and state societies of CPAs)

G. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. Through 74 comment letters and 28 external reviews, the Board received feedback from a range of stakeholder types (54% auditors, 29% financial statement preparers, 8% trade organizations, and 9% others*) on different FASB and EITF projects.

* Others (including academics, consultants, regulators, and state societies of CPAs)

H. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. Five Board members attended the January 17, 2019 EITF meeting. The Task Force reached a consensus on Issue No. 18-B, “Improvements to Accounting for Episodic Television Series.” The Board ratified the consensus on Issue 18-B at its January 30, 2019 Board meeting and directed the staff to draft a final Accounting Standards Update reflecting the consensus for vote by written ballot. The final Accounting Standards Update No. 2019-02, *Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350) Improvements to Accounting for Costs of Films and License Agreements for Program Materials*, was issued in March.
2. Previously, at the September 27, 2018 EITF meeting, the Task Force reached a consensus-for-exposure on Issue 18-A, “Recognition under Topic 805 for an Assumed Liability in a Revenue Contract.” The Board ratified that consensus-for-exposure at its October 10, 2018 meeting and directed the staff to draft a proposed Accounting Standards Update reflecting the consensus-for-exposure for vote by

written ballot. At that time, the Board also considered the Task Force's recommendation that the staff issue an Invitation to Comment to solicit input about measurement and other topics related to Issue 18-A. In March, both the proposed Accounting Standards Update on Issue 18-A and the Invitation to Comment, *Measurement and Other Topics Related to Revenue Contracts with Customers under Topic 805*, were issued concurrently.

I. INTERNATIONAL ACTIVITIES

1. Activities between the FASB and the IASB were as follows:
 - a. The FASB technical director had periodic meetings via phone with the IASB executive technical director to discuss matters of mutual interest.
2. Activities between the FASB and other national standards setters included the following:
 - a. The FASB chairman, two Board members, and the technical director met with the Accounting Standards Board Canada in Norwalk to discuss matters of mutual interest.
 - b. Two FASB Board members and a staff member participated in the International Forum of Accounting Standard Setters meeting in Buenos Aires, Argentina.
 - c. The FASB chairman and a Board member met with the ASBJ in Tokyo, Japan, and discussed matters of mutual interest.

J. VIDEOS AND WEBINARS

1. The FASB featured three videos and one webinar:
 - a. Video: Episodic TV Costs
 - b. Video: AAA GNP Section Conference
 - c. Video: Revenue Recognition for Franchisors
 - d. Webinar: CPE Provider Forum.

K. SPEECHES DELIVERED

1. FASB members or staff delivered 14 speeches at different conferences/events. The more significant conferences follow:
 - a. American Accounting Association (AAA) Financial Accounting and Reporting Section (FARS) Midyear Meeting

- b. American Accounting Association (AAA) Government and Nonprofit Section Midyear Meeting
- c. American Petroleum Institute Spring Accounting Meeting
- d. CFANY and CFA Institute What's New in 2019
- e. COBAR/Regions Bank Spring Meeting
- f. Connecticut Society of CPAs Educators "For Your Own Development" Session
- g. FDIC 2019 Interagency Accounting Conference
- h. International Franchise Association Annual Convention
- i. Massachusetts Society of CPAs Nonprofit Conference
- j. Moss Adams LLP Spring FASB Deeper Dive into Upcoming Accounting Standards
- k. National Association of Regulatory Utility Commissioners (NARUC) Spring 2019 Meeting of the Subcommittee on Accounting & Finance
- l. New York State Society of CPAs (NYSSCPAS) Non-Profit Conference
- m. University of Illinois Urbana Champaign Accounting Symposium
- n. University of North Texas Research Conference.

L. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

- 1. The FASB issued 14 press releases, media advisories, or stakeholder emails on a variety of topics with accompanying social media.

M. OTHER COMMUNICATIONS ACTIVITIES AND EDUCATION

- 1. FASB members and staff participated in a CECL roundtable on January 28, 2019.
- 2. FASB staff issued a Q&A document on estimating credit loss reserves on January 10, 2019.
- 3. The FASB chairman and staff spoke at and co-hosted w/GASB the AAA Government and Nonprofit Section Midyear Meeting in Norwalk on March 8, 2019.
- 4. Interviews, statements, and background interviews were conducted on credit losses, revenue recognition, long-duration insurance, episodic TV costs, equity-based compensation, LIBOR and reference rate reform, government assistance disclosures, income tax disclosures, and definition of *collections*.

ITEM 3: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. None.

B. PROFESSIONAL DEVELOPMENT PROGRAMS

1. Accounting Standards Used in Japanese Markets and ASBJ Activities
2. Reflections of a Former Standards Setter
3. The FASB Conceptual Framework Project: An Overview and Update (A special presentation for PTAs)
4. IPO Accounting Challenges and Transformation
5. Introduction to Topic 842 with a Focus on Lessee Accounting
6. Application of Financial Reporting Standards in a Valuation Context
7. FASB Quarterly Update
8. Federal Financial Statements.

ITEM 4: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The FASB chairman, a Board member, and the technical director participated in meetings with members of Congress and other senior government officials, to discuss the financial instruments—credit losses standard.

ITEM 5: FAF/FASB/GASB INTERACTION

- #### **A. GASB and FASB meeting minutes were shared with the FASB and GASB Board members and staff.**

B. MEETINGS

1. The FASB and GASB 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 final *Implementation Guide Update—2019* to the FASB staff for review.
2. The FASB staff distributed the following drafts to the GASB for review:
 - a. Accounting Standards Update, *Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials* (a consensus of the Emerging Issues Task Force)
 - b. Accounting Standards Update, *Leases (Topic 842): Codification Improvements*
 - c. Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*
 - d. Accounting Standards Update, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*
 - e. Proposed Accounting Standards Update, *Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes*

Proposed Accounting Standards Update, *Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification*

ITEM 6: XBRL ACTIVITIES

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

A. TECHNICAL ACTIVITIES

1. The FASB published Taxonomy Updates as final (pending annual update) for:
 - a. Accounting Standards Update No. 2018-12—*Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*
 - b. Accounting Standards Update No. 2018-13—*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*
 - c. Accounting Standards Update No. 2018-16—*Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight*

Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes

- d. Accounting Standards Update No. 2018-17—*Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*
 - e. Accounting Standards Update No. 2018-18—*Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*
 - f. Accounting Standards Update No. 2018-19—*Codification Improvements to Topic 326, Financial Instruments—Credit Losses*
 - g. Accounting Standards Update No. 2016-13—*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*
 - h. Accounting Standards Update No. 2018-20—*Leases (Topic 842): Narrow-Scope Improvements for Lessors.*
2. The FASB published Taxonomy Exposure Drafts for:
- a. Proposed Accounting Standards Update—*Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*
 - b. Proposed Accounting Standards Update—*Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials (a consensus of the FASB Emerging Issues Task Force)*
 - c. *Proposed Accounting Standards Update—Codification Improvements—Financial Instruments*
 - d. *Proposed Accounting Standards Update—Leases (Topic 842): Codification Improvements for Lessors*
 - e. Proposed Accounting Standards Update—*Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities.*
3. The FASB published for exposure for a 30-day comment period the following 2019 Taxonomy Implementation Guide
- a. Financing Receivable and Current Expected Credit Loss Disclosures.

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Presented at XBRL International conference in Dubai, UAE
 - b. Interview with Chief of Taxonomy Development published in KALA, the official publication of the Hawaii Society of CPAs
 - c. Hosted or participated in meetings of the FASB Taxonomy Advisory Group (including a two-day face-to-face meeting in Norwalk), industry working groups, XBRL US Data Quality Committee, various XBRL International technical working groups (including the Entity Specific Disclosure Task Force, co-chaired by the FASB Chief of Taxonomy Development), the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff.

Technical Agenda Overview

Revised April 1, 2019

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Elements	Initial deliberations	
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	ED redeliberations	

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Distinguishing Liabilities from Equity (including convertible debt)	Initial deliberations	
Identifiable Intangible Assets and Subsequent Accounting for Goodwill	Drafting Invitation to Comment	

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Codification Improvements (<i>next phase</i>)	Initial deliberations	
Codification Improvements—Financial Instruments	Drafting final Standard	Q2 2019
Codification Improvements—Financial Instruments—Credit Losses (Vintage Disclosure: Gross Writeoffs and Gross Recoveries)	Drafting ED	
Codification Improvements—Hedge Accounting	Initial deliberations	
Codification Improvements—Share-Based Consideration Payable to a Customer	ED out for public comment	Ends Apr 18, 2019
Consolidation Reorganization and Targeted Improvements	ED redeliberations	
Extending Private Company Accounting Alternatives on Certain Identifiable Intangible Assets and Goodwill to Not-for Profit Entities	ED redeliberations	
Financial Instruments—Credit Losses—Targeted Transition Relief	ED redeliberations	
Hedging—Last of Layer Method	Initial deliberations	
Improving the Accounting for Asset Acquisitions and Business Combinations	Initial deliberations	
PCC Issue No. 2018-01, Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards	Initial deliberations	
Recognition under Topic 805 for an Assumed Liability in a Revenue Contract (EITF 18-A)	ED out for public comment	Ends Apr 30, 2019
Reference Rate Reform: Facilitation of the Effects of the Interbank Offered Rate Transition on Financial Reporting	Initial deliberations	

PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
Disclosure Framework: Disclosure Review—Income Taxes	Revised ED out for public comment	Ends May 31, 2019
Disclosure Framework: Disclosure Review—Inventory	ED redeliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
Disclosure Improvements in Response to the SEC’s Release on Disclosure Update and Simplification	Drafting ED	Q2 2019
Disclosures by Business Entities about Government Assistance	ED redeliberations	
Financial Performance Reporting—Disaggregation of Performance Information	Initial deliberations	
Segment Reporting	Initial deliberations	
Simplifying the Balance Sheet Classification of Debt	Drafting revised ED	Q2 2019

RESEARCH PROJECTS
Disclosure Review—Intangibles, Share-based Payment, and Foreign Currency
Financial Performance Reporting: Financial Statements of Not-for-Profit Entities Structure of the Performance Statement
Hedge Accounting—Phase 2
Income Taxes—Backwards Tracing
Inventory and Cost of Sales
Measurement Alternative and Observable Transactions Identified after the Reporting Date
Measurement and Other Topics Related to Revenue Contracts with Customers under Topic 805 (<i>Invitation to Comment out for public comment until April 30, 2019</i>)
Simplifications to Accounting for Income Taxes
Targeted Improvements to the Statement of Cash Flows
Variable Interest Entity Related Party Guidance