

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** Garrett, x353  
**Subject:** Minutes of the January 22, 2020,  
Conceptual Framework: Elements Board Meeting  
**Date:** January 29, 2020  
**cc:** Tosches

*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: Conceptual Framework: Elements

Basis for Discussion: FASB Memos No. 70, *Definitions of Revenues, Expenses, Gains, and Losses*, and No. 71, *Definitions of Investments by and Distributions to Owners; Comment Period and Permission to Ballot*

Length of Discussion: 9:50 a.m. to 10:25 a.m. (EST)

Attendance:

Board members present: Golden, Kroeker, Schroeder, Botosan, Hunt, Buesser, Cosper

Board members absent: None

Staff in charge of topic: Switter

Other staff at Board table: Kuhaneck, Leisenring, Proestakes, Carter, Garrett, Chang

Outside participants: None

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

The Board discussed the definitions of several elements to be included in a proposed Concepts Statement chapter on elements of financial statements.

**Tentative Board Decisions:**

The Board decided that:

1. The elements *revenues*, *expenses*, *gains*, and *losses* should be defined as follows:
  - a. Revenues are inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities.
  - b. Expenses are outflows or other using up of assets of an entity or incurrences of its liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities.
  - c. Gains are increases in equity (net assets) from transactions and other events and circumstances affecting the entity except those that result from revenues or investments by owners.
  - d. Losses are decreases in equity (net assets) from transactions and other events and circumstances affecting the entity except those that result from expenses or distributions to owners. **(Vote: 5-2)**
2. Subject to drafting improvements, the elements *investments by owners* and *distributions to owners* should be defined as follows:
  - a. Investments by owners are increases in equity of a particular business enterprise resulting from transfers to it from other entities of something valuable to obtain or increase ownership interests (or equity) in it.
  - b. Distributions to owners are decreases in equity of a particular business enterprise resulting from transferring assets, rendering services, or incurring liabilities by the enterprise to owners. Distributions to owners decrease ownership interest (or equity) in an enterprise. **(Vote: 7-0)**

*Next Steps*

The Board directed the staff to draft a proposed Concepts Statement chapter on elements of financial statements for vote by written ballot. **(Vote: 6-1)** The Board decided on a comment period of 120 days. **(Vote: 7-0)**

**General Announcements:**

None.