

**Virtual Meeting (Audio)**  
**Participants - Dial 866-478-6348, enter code: 5425896358**  
**Tuesday, March 10, 2020**  
**Agenda**

- 8:30–8:35 am      **Introductions and Opening Remarks**  
(5 minutes)      (Mr. Michael Morrow)
- 8:35–9:30 am      **Administrative Session: FAF/FASB Post-Implementation Review**  
(55 minutes)      **(PIR)**  
Provide an overview and solicit members' views about changes to PIR  
(Ms. Kimberly Petrone)
- 9:30–9:45 am      **Topic 1—Highlights on Current Hot Topics**  
(15 minutes)
  - FASB Highlights (Mr. Russell Golden)
  - SEC Highlights (Mr. John Vanosdall)
  - PCAOB Highlights (Ms. Barbara Vanich)
- 9:45–10:00 am      **Closing Remarks and Adjournment**

***For discussion at the March 10, 2020 FASAC meeting***

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**EXECUTIVE SUMMARY**

This paper provides background on a proposal to modify the current post-implementation review (PIR) process. This proposal was presented by the FASB and the GASB to the FAF Standard-Setting Process Oversight Committee at its November 2019 meeting. The Oversight Committee expressed preliminary support for the proposed approach and agreed that the next step should be for the Boards to seek input on the proposal from their advisory councils.

In brief, the proposal envisions a three-stage approach to the PIR function that would embed the PIR process within the current standards-setting processes of the FASB and the GASB. The Board of Trustees (through the Oversight Committee) would retain PIR oversight responsibility, but the PIR function would be led by the standard-setting Boards and their respective staffs, rather than by the FAF staff as under the current model.

Public accountability and transparency are key to ensuring the PIR function continues to be viewed as credible. Thus, for example, the proposal provides that the standard-setting Boards would discuss progress on ongoing PIRs in their public Board meetings. Similarly, because Trustee oversight is key to a credible process, the Boards would report to the Oversight Committee at various PIR milestones and the Oversight Committee co-chairs would include FASB/GASB PIR activities in their report during the public portion of FAF Trustee meetings.

Discussion questions are included on page 8.

**BACKGROUND**

The current PIR process was established by the FAF Board of Trustees in 2010. Under that model, PIRs have been conducted by a FAF PIR Team comprising experienced members of the Standards Boards' staffs released to the FAF to devote full-time efforts to the PIR function. The PIR Team, led by the FAF Chief of Staff, reported to the FAF President (not the FASB and GASB Chairs) and to the Trustees' Oversight Committee. That model was intended to ensure that PIR activities would be independent from the activities of the Standards Boards and technical staff. That said, the FAF by-laws require that standard setting be independent, including independence from the Trustees' influence. Thus, PIR reports could not include standard-setting recommendations. Nevertheless, the PIR team would discuss research results and conclusions with the respective Standards Boards, who could then decide whether to undertake standard-setting action in response the PIR findings.

In total, 16 PIRs have been completed and all have been of standards that were issued prior to 2010. The last PIR was completed in November 2016. Appendix A includes the PIR objectives and sub-objectives as well as an outline of the existing PIR procedures. At a high level, the objectives of a PIR are as follows:

- To determine whether the pronouncements are accomplishing their stated purpose.
- To evaluate the implementation and continuing compliance costs and related benefits associated with the pronouncements.
- To provide feedback to improve the standards-setting process.

In 2014, with the FASB poised to issue its standard on revenue recognition and the GASB ready to issue the second of its two standards on pension accounting, the Oversight Committee agreed that FAF PIR staff should conduct ‘post-issuance’ activities on newly issued standards that will be subject to a PIR. (At that time, a PIR was not conducted until the pronouncement had been in effect for at least three years.) Those activities included monitoring implementation of the standards and gathering PIR-type information on a real-time basis with a goal of improving the efficiency and effectiveness of the eventual PIR of those standards. To assist the FAF PIR staff in preparing for those future PIRs, the FASB and the GASB agreed to conduct research in the years following issuance of a significant standard to provide data for the future PIR of that standard. Since that time (October 2014), the FASB and the GASB have been modifying their processes to include more post-issuance/post-effective date activities to support the future PIRs.

In November 2018, the Oversight Committee was asked to consider whether the post-issuance and post-effective date activities that have been added to the Boards’ standard-setting processes and their ‘real time’ process improvement approach might give the Committee reason to reconsider whether to continue having the FAF conduct PIRs or whether to have the FASB/GASB conduct PIRs. The Committee in turn asked the standard-setting Boards to determine what the PIR process would look like if it was led by the FASB/GASB, rather than the FAF.

At the August 2019 Oversight Committee meeting, the FASB and GASB Chairs presented an approach that would embed the PIR process into the standards-setting process. As explained to the Committee, embedding PIRs into the standards-setting process affords transparency to FASB/GASB stakeholders and continues to subject the PIR process to oversight by the Board of Trustees through the Oversight Committee. The overall objective of their proposal was to embed the existing PIR objectives within a three-stage process and achieve harmonization between the post-issuance implementation monitoring and post-effective date procedures the Boards had put in place since the PIR function was first introduced. The Oversight Committee indicated interest in the overall approach and asked the Boards to make some modifications to that approach. In November 2019, the Committee expressed preliminary support for

the proposed approach and agreed that it would be appropriate at this time to discuss the proposed changes with and seek views from their respective advisory councils.

## **PROPOSED PIR APPROACH**

Consistent with the current PIR approach, pronouncements that are the result of a comprehensive or major standard-setting project would normally be subject to a PIR. The standard-setting boards would determine whether a pronouncement should be subject to a PIR before the final pronouncement is issued.

The proposed PIR process would comprise three stages:

- Stage 1. Post-issuance date implementation monitoring
- Stage 2. Post-effective date evaluation of costs and benefits
- Stage 3. Summary of research and reporting.

The commencement of a PIR and opportunities to participate in PIR activities would be announced publicly to stakeholders via public Board meetings, website, email (for instance, in FASB/GASB Outlook), and/or Board and staff presentations at stakeholder conferences.

The following is a summary of each stage and examples of activities within those stages.

### **Stage 1: Post-Issuance Date Implementation Monitoring**

This stage would begin after the issuance of the pronouncements and continue until at least 3 years after the latest effective date of the standards. During the post-issuance date implementation monitoring period (and *prior* to the effective date), at a macro level the Boards would

- a) Actively monitor practice as stakeholders prepare for initial implementation of the standards
- b) Develop and disseminate implementation guidance and educational material
- c) Communicate and perform outreach with stakeholder organizations, including outreach with the academic community (leveraging Advisory Councils, committees, and resource groups where applicable) to generate interest in research activities associated with the standards that are the subject of the PIR process.

*After* the effective date of the final pronouncement, the Boards would perform an archival review of financial reports and survey financial statement preparers, with the assistance of the academic community when needed.

The following steps represent examples of the activities in Stage 1.

1. Collect implementation questions from stakeholders following issuance of the final pronouncement. Consider requesting questions from stakeholders. Develop answers to the questions for possible inclusion in implementation guidance or for standards-setting consideration.
2. Discuss the implementation of the pronouncement with the Advisory Council(s) and committees, transition resource groups (if applicable), industry liaison groups (if applicable), implementation resource groups, and stakeholder organizations.
3. Monitor technical inquiries to identify major emerging issues arising from its implementation.
4. Incorporate major implementation issues into presentations at conferences and meetings.
5. Conduct archival research on the financial reports using a random sample and other volunteer entities (for example, entities that participated in field tests or field studies).

To ensure as much objectivity of the PIR process as possible, archival and survey research would be directly conducted by staff members who were not involved in the development of the pronouncement being reviewed.

## **Stage 2: Post-Effective Date Evaluation of Costs and Benefits**

This stage would commence after the effective date and continue for approximately 3-5 years. Stage 2 activities would consist of

- a) Understanding the costs an entity incurred in applying the standards
- b) Understanding the benefits of the standard from investors and other users as well as from the entities
- c) Monitoring of the ongoing application of the standards.

In this stage, the Boards may consider sponsoring academic research to assess certain aspects of the standards to provide information to the Boards on the effectiveness of the standards.

The following steps are examples of the activities in Stage 2:

1. Conduct surveys to assess the cost of transition to the new pronouncement, differentiating between those costs that will be non-recurring compared to costs that will be recurring.
2. Solicit feedback from Advisory Councils and committees/regulators/liaison groups about their experience with the costs to apply the pronouncement

3. Conduct one-on-one outreach meetings with preparers and auditors to gather information on the costs to apply the pronouncement and how it compared with their plan
4. Conduct workshops and/or roundtables to discuss costs with a cross section of stakeholders
5. Assess and monitor financial statement user perceptions to understand whether the pronouncement achieved its expected benefits and the information utility to financial statement users
6. Monitor accounting and analyst publications
7. Review financial statement disclosures for consistency and transparency; leverage XBRL where possible
8. Conduct discussions with the Investor Advisory Committee (IAC) and other Advisory Council(s), committees, regulators, liaison groups etc. to gather data on the perceived benefits of the pronouncement
9. Conduct archival research on financial reports
10. Consider sponsoring academic research related to achievement of the pronouncement objectives

### **Stage 3: Summary of Research and Reporting**

Following the completion of Stages 1 and 2, the Boards would summarize their research in a final report that would be submitted and discussed with the Oversight Committee. This final report would be a culmination of previous reports to the Oversight Committee and describe the activities conducted and actions taken to address any identified issues. That final report would be posted on the FASB/GASB and FAF websites. In addition, a memorandum summarizing the PIR findings would be prepared and discussed by the FASB/GASB in a public meeting.

### **Potential Standards-Setting Action by the Boards**

Stages 1 and 2 individually or in combination could result in the need for the FASB/GASB to take standards-setting action to address (a) areas of the pronouncement that are not understandable, (b) unintended consequences that were not foreseen during development of the pronouncement, and/or (c) unexpected costs (either one-time or ongoing) based on the actual results observed as compared to the expectations documented in the Boards' Basis for Conclusions. Like all aspects of the Boards' standard-setting activities, actions resulting from a PIR would be subject to the Boards' normal due process.

One of the primary benefits of having the PIR process embedded within the overall standards-setting process and led by the FASB/GASB is that it is a more efficient and effective way to continually improve the standard-setting process and the resulting

pronouncements. For example, if it becomes evident during a PIR that portions of a given pronouncement are not understandable or unexpected costs arise during implementation, the Boards can address these issues on a timely basis and any needed improvements to pronouncements can be immediately achieved through due process activities. Because the FAF cannot be involved in standard-setting activities, in the past it was not until *after* the FAF completed a PIR and gave the results to the FASB/GASB that the Boards could conduct additional research and begin any necessary standards-setting activities.

### **Oversight of the PIR Process**

The PIR process would be subject to FAF Board of Trustee oversight throughout all three stages, culminating in a final report to the Oversight Committee. To assist the Trustees in their oversight role, the FASB and GASB PIR teams would consult with the FAF Chief of Staff during each phase and stage of the PIR (for example, consulted on the plan, progress, and potential necessary actions as issues arise) and would provide copies of key PIR materials (memos, surveys, and so forth) as progress is made on each PIR.

To ensure the credibility of the PIR process, the Boards would report their progress on in-process PIRs at each quarterly Oversight Committee meeting. This reporting would include the following:

1. The plan for conducting a PIR on a recently issued pronouncement.
2. Updates on the status of ongoing PIRs, including any significant concerns that arise with a pronouncement being reviewed and the Boards' response to those concerns.
3. Plans to conduct pre-agenda research to provide clarity to existing standards as a result of PIR activities conducted.

## **PIR Objectives**

The PIR process has three main objectives:

1. To determine whether a standard is accomplishing its stated purpose
2. To evaluate the selected standard’s implementation and continuing compliance costs and related benefits
3. To provide feedback to improve the standard-setting process (as opposed to recommending standard-setting actions).

To determine whether a standard is accomplishing its stated purpose, the PIR team will assess whether:

- The standard resolved the issues underlying its need
- Decision-useful information is being reported to, and being used by, investors, creditors, and other users of financial statements
- The standard is operational: that is, stakeholders are able to apply the standard as intended, the standard is understandable, and preparers are able to report the information reliably
- Any significant unexpected changes to financial reporting or operating practices resulted from applying the standard
- Any significant unanticipated consequences resulted from applying the standard.

To evaluate the selected standard’s implementation and continuing compliance costs and related benefits, the PIR team will assess whether:

- Implementation and continuing compliance costs are consistent with the costs that the Board considered, and stakeholders expected
- Benefits are consistent with what the Board intended, and stakeholders expected.

To provide feedback to improve the standard-setting process, the PIR team will assess whether the results of the review suggest that improvements are needed.

## **Description of FAF PIR Procedures**

- Step 1. Review project/standard-related archives
  - a. The final standard and basis for conclusions
  - b. Materials related to any significant issues that arose after the standard was issued (such as implementation guidance, amendments to the standard, EITF issues)
  - c. Technical inquiry data
- Step 2. Review standard-specific academic research performed (often engage an academic consultant to summarize that research).
- Step 3. Other research—FASB: Review selection of SEC comment letters and financial statement restatements related to the standard; GASB: Review of CAFRs; FASB/GASB: Review relevant analyst reports.
- Step 4. Seek stakeholder input by interviewing informal resource group members and sometimes FASB/GASB members and staff.
- Step 5. Summarize what we learn through research and interviews in a Findings document; that document includes PIR team views on preliminary conclusions (as to whether the standard met its objective) and standard-setting process recommendations.
- Step 6. Review Findings document with FASB/GASB Chair; FAF President/CEO and Oversight Committee co-chairs (and modify if needed based on input).
- Step 7. Draft final PIR Report and review with the Oversight Committee.
- Step 8. Review final PIR Report with the Trustees; Oversight Committee recommends acceptance of that Report.
- Step 9. FASB/GASB respond to that Report in writing.

**Discussion Questions:**

Question 1: What are Council members views about the pros and cons of the revised FAF PIR approach?

Question 2: Do Council members have additional thoughts, comments, or suggestions about the revised FAF PIR Approach?

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## REPORT OF THE FASB CHAIRMAN

October 1, 2019 through December 31, 2019

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### **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. 2019-08, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer*, issued November 11, 2019
  - b. Accounting Standards Update No. 2019-09, *Financial Services—Insurance (Topic 944): Effective Date*, issued November 15, 2019
  - c. Accounting Standards Update No. 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, issued November 15, 2019
  - d. Accounting Standards Update No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, issued November 26, 2019
  - e. Accounting Standards Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, issued December 18, 2019.
2. The Board issued the following proposed documents for public comment:
  - a. Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Codification Improvements to Hedge Accounting* (issued November 12, 2019). Comment Deadline: January 13, 2020.
  - b. Proposed Accounting Standards Update, *Codification Improvements* (issued November 26, 2019). Comment Deadline: December 26, 2019.

#### **B. CHANGES TO THE STANDARDS-SETTING AGENDA**

1. The Board did not add any new projects to its agenda in the fourth quarter.
2. The Board considered but decided not to add to its technical agenda a project to require exposure disclosures related to reference rate reform (November).

3. The Board considered but decided against moving its active project on Financial Performance Reporting—Disaggregation of Performance Information to its research agenda (December).

C. SIGNIFICANT TECHNICAL DECISIONS

1. Effective Date Considerations for Private Companies, Not-for-Profit Organizations, and Smaller Public Companies—Credit Losses (CECL), Leases, and Hedging
  - a. The Board discussed comments received on its August 2019 proposed Accounting Standards Update, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, and completed redeliberations.
  - b. The Board affirmed its decisions on amendments to the effective dates for (1) Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, (2) Accounting Standards Update No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, and (3) Accounting Standards Update No. 2016-02, *Leases (Topic 842)*.
  - c. The Board directed the staff to draft a final Update for vote by written ballot.
2. Insurance—Effective Dates
  - a. The Board discussed comments received on its August 2019 proposed Accounting Standards Update, *Financial Services—Insurance (Topic 944): Effective Date*, and completed redeliberations.
  - b. The Board affirmed its previous decisions on the effective date of Accounting Standards Update No. 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*.
  - c. The Board directed the staff to draft a final Update for vote by written ballot.
3. Financial Instruments—Hedge Accounting
  - a. The Board made a number of decisions on its hedge accounting last-of-layer project about multiple layer issues and fair value hedge basis adjustment issues.
  - b. The Board directed the staff to draft a proposed Accounting Standards Update and distribute that staff draft for external review. Following external review, the staff will present to the Board any additional issues and an analysis of costs and benefits.
4. Not-for-Profit (NFP) Reporting of Gifts-in-Kind (GIKs)
  - a. The Board deliberated the scope, presentation, and disclosures of GIKs. The Board decided that the scope of the project should be limited to GIKs of nonfinancial assets, to require an NFP to present GIKs of nonfinancial assets received in a separate line item in revenue in the statement of activities, and to require an NFP to disclose GIKs received by category in the notes to the financial statements. Additionally, the Board decided that an NFP should apply a retrospective method of transition.

- b. The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot, with a comment period ending on the later of 60 days after issuance and February 28, 2020.
5. Reference Rate Reform
- a. The Board discussed comments received on its September 2019 proposed Accounting Standards Update, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, and completed redeliberations.
  - b. The Board affirmed its decisions on contract modification relief, hedge accounting relief, termination date, disclosures, and transition. Additionally, the Board decided to (1) clarify the examples of terms related and unrelated to reference rate reform to improve the operability and auditability of the guidance, (2) provide an additional optional relief to allow a one-time transfer of held-to-maturity securities that are affected by reference rate reform and (3) provide certain hedge accounting relief for entities that have not adopted the amendments in Accounting Standards Update No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*
  - c. The Board considered but rejected additional disclosure requirements related to an entity's application of optional expedients in the guidance and exposure related to reference rate reform.
  - d. The Board directed the staff to draft a final Update for vote by written ballot.
6. Distinguishing Liabilities from Equity (Including Convertible Debt)
- a. The Board discussed comments received on its July 2019 proposed Accounting Standards Update, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, and began redeliberations.
  - b. The Board affirmed its decisions to (1) account for convertible instruments as a single unit of account, except in circumstances in which the conversion features are required to be bifurcated under Topic 815, *Derivatives and Hedging*, (2) remove an entity's ability to overcome the presumption about share settlement when calculating diluted earnings per share (EPS) for a contract that may be settled in either cash or shares, and (3) remove certain settlement criteria.
  - c. The Board directed the staff not to conduct any further research on fair value disclosures for all equity-classified instruments, the effect of antidilutive instruments on the diluted EPS calculation, and other suggested EPS improvements beyond the scope of the proposed Update.
  - d. The Board plans to continue redeliberations in the first quarter of 2020.
7. The Board is engaged in 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 did not make any changes to its research agenda in the fourth quarter.

### B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff performed research on:
  - a. Embedded leases
  - b. Share-based payments in asset acquisitions
  - c. Supply chain finance.

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

1. FASAC meeting:
  - a. Seven Board members, the acting technical director, and several FASB staff members participated in the December 5, 2019 FASAC meeting. The meeting topics focused on disclosure framework: disclosure review—interim reporting and on impact of technology: current and potential future financial reporting.
2. The following advisory committee meetings were held:
  - a. Seven Board members (on a rotational basis), the acting technical director, and several FASB staff members participated in the closed meeting of the Investor Advisory Committee (IAC) meeting on November 12, 2019. A public meeting that summarized those discussions followed. Meeting topics focused on accounting for revenue contracts in a business combination, contract modifications of licenses of intellectual property, disclosure framework—interim reporting, reference rate reform, financial performance reporting—disaggregation.
  - b. Five Board members, the acting technical director, and several FASB staff members participated in the public joint meeting of the Private Company Council (PCC) and the Small Business Advisory Committee (SBAC) on December 17, 2019. Meeting topics focused on reference rate reform: facilitation of the effects of the interbank offered rate transition on financial reporting, equity method accounting for investments, leases (implementation), revenue from contracts with customers (implementation), identifiable intangible assets and subsequent accounting for goodwill, and accounting by a joint venture for nonmonetary assets contributed by investors.
  - c. Five Board members, the acting technical director, and several FASB staff members participated in the public SBAC meeting on December 17, 2019. Meeting topics focused on FASB updates on various projects, issuers' accounting for warrant modification, and disclosure framework: disclosures—interim reporting.

3. Advisory committee membership changes:

- a. NAC members Alice Antonelli, Cathy Clark, Jim Croft, Michael Forster, Andrew Prather, and Amy Robison completed their terms ending December 2019. Six NAC members were appointed in December 2019 to a four-year term beginning on January 1, 2020: Kevin Casey, Young Adult Institute; Jennifer Deger, Bill & Melinda Gates Foundation; Melisa Galasso, Galasso Learning Solutions; Dennis Gephardt, Moody's Investors Services; Barbara Potts, SSM Health; and Andrea Wright, Johnson Lambert LLP.
- b. SBAC member John Exline completed his term ending December 2019, and Marshall Minoux resigned in December 2019.
- c. IAC member Matthew Schechter completed his term ending December 2019.

D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. Private meeting with the Academic Resource Group (ARG) (Oct 24–25). Five Board members participated on a rotational basis. The acting technical director and several FASB staff members also participated. The meeting topics were goodwill; staff draft of definition of an asset, staff draft of definition of a liability, and potential way forward with reporting entity.
2. Private meeting with members of the American Petroleum Institute (November). Two Board members, the acting technical director, and several FASB staff members participated. Topics included a general update of active projects.
3. Private meeting with the Financial Executives International (FEI) Committee on Corporate Reporting (CCR) (December). Two Board members participated. Topics included segment reporting/financial performance reporting and goodwill and intangibles.

E. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

1. Five Board members, the acting technical director, and several FASB staff members participated in the December 16, 2019 Private Company Council (PCC) meeting. The PCC discussed and provided input on FASB projects, including Identifiable Intangible Assets and Subsequent Accounting for Goodwill, Distinguishing Liabilities from Equity (Including Convertible Debt), Warrant Modifications, and Simplifying the Balance Sheet Classification of Debt. The PCC also continued its discussion of PCC Issue No. 2018-01, "Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards," about a potential practical expedient in which the current price for equity-classified share-option awards could be determined using a valuation that meets the requirements of Section 409A of the U.S. Internal Revenue Code. The PCC and the Board discussed whether and how the practical expedient (1) would differ from current practice and (2) could reduce the cost and complexity associated with determining the current price input. The PCC unanimously voted to move forward with the project and asked the staff to draft an Exposure Draft to be submitted for endorsement by the Board.
2. In coordination with the December 16, 2019 PCC meeting, the PCC also met publicly with the SBAC on December 17, 2019. See Item C2b.

3. A PCC Private Company Town Hall was held on October 2019, in Burbank, CA. The Town Hall was hosted by the California Society of CPAs in conjunction with its Accounting & Auditing Conference. Certain PCC members and FASB staff, as well as one Board member, participated in the Town Hall.

F. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. Board members and staff conducted 160 outreach meetings (15% with investors and other users, 42% with practitioners, 27% with preparers, 3% with regulators, and 13% with others\*) to discuss issues in 27 different FASB and EITF active projects or final standards, most notably joint ventures, LIBOR-SOFR, warrant modifications, revenue recognition, and leases.

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

2. Through 208 comment letters and 11 external reviews, the Board received feedback from a range of stakeholder types (34% auditors, 32% financial statement preparers, and 8% trade organizations, and 26% others\*) on different FASB and EITF projects.

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

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. Seven Board members attended the November 7, 2019 EITF meeting. The Task Force reached a consensus on Issue No. 19-A, “Financial Instruments—Clarifying the Interactions between Topic 321, Topic 323, and Topic 815.” The Board ratified the consensus on Issue 19-A at its November 20, 2019 Board meeting and directed the staff to draft an Accounting Standards Update reflecting the consensus. The Accounting Standards Update No. 2020-XX, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*, is expected to be issued in January 2020. The Task Force discussed Issue No. 19-B, “Revenue Recognition—Contract Modifications of Licenses of Intellectual Property”. The Task Force was not able to reach a consensus-for-exposure and asked the staff to perform further research on the issues. Further discussion is expected at a future meeting.

H. INTERNATIONAL ACTIVITIES

1. Activities between the FASB and the IASB were as follows:
  - a. The FASB acting technical director had periodic meetings via phone with the IASB executive technical director to discuss matters of mutual interest.
  - b. The chairman and one Board member participated in the IASB’s Accounting Standards Advisory Forum in London in October. The vice chairman and one Board member participated in the IASB’s Accounting Standards Advisory Forum in London in December.
  - c. Two Board members participated in the IASB’s World Standard Setters meeting in London.
  - d. One Board member and FASB staff participated in the IASB’s Research Forum in New Jersey.

2. Activities between the FASB and other national standards setters included the following:
  - a. The chairman, four Board members (on a rotational basis), the acting technical director, and several FASB staff members met privately two days in Norwalk with representatives of the Multi-Lateral Network (MLN).
  - b. The chairman met privately with Tom Seidenstein, Chairman, International Auditing and Assurance Standards Board, to discuss matters of mutual interest.
  - c. The chairman, two Board members, the acting technical director, and several FASB staff members met privately in Norwalk with representatives of the Canadian Accounting Standards Board.
  - d. A Board member participated in the Autorite Des Normes Comptables Symposium by video to discuss accounting and long-term.
  - e. Two Board members and one staff member participated in the International Forum of Accounting Standard Setters meeting in London.

I. VIDEOS AND WEBINARS

1. The FASB featured 3 videos and 2 webinars:
  - a. Video: FASB Goodwill and Intangibles
  - b. Video: FASB Implementation Support
  - c. Video: FASB Variable Interest Entities and Private Companies
  - d. Webinar: IN FOCUS: Not-for-Profit and Governmental Accounting Webcast for Academics
  - e. Webinar: IN FOCUS: FASB Update for Private Companies and Not-for-Profit Organizations.

J. SPEECHES DELIVERED

1. FASB members or staff delivered 37 speeches at different conferences/events. The more significant conferences follow:
  - a. AICPA Conference on Credit Unions
  - b. AICPA Conference on SEC and PCAOB Developments
  - c. AICPA Governmental & Not-for-Profit Training Program
  - d. AICPA Healthcare Industry Conference
  - e. American Accounting Association Regional Meeting
  - f. Associated General Contractors (AGC) of America Construction Financial Management Conference
  - g. Atlanta Federal Reserve Accounting Communications Network Fall Meeting
  - h. California and Nevada Credit Union Leagues REACH 2019 (CECL Workshop)
  - i. CalCPA Education Foundation Accounting and Auditing Conference

- j. Case Western Reserve University Department of Accountancy 2019 Annual Andrew D. Braden Award Ceremony
- k. Duquesne School of Business Eighth Annual Accounting CPE Sponsor
- l. Federal Reserve Bank of Philadelphia—CFO/CPA Roundtable
- m. Financial Executives International (FEI) CFRI Conference
- n. IFRS Foundation Fireside Chat
- o. Mortgage Bankers Association Accounting and Financial Management Conference
- p. New York University Stern School of Business Ross and Salomon Roundtable on CECL
- q. Oklahoma State University Accounting and Financial Reporting Conference
- r. Pennsylvania Institute of CPAs (PICPA) Accounting and Auditing Conference
- s. XBRL US Investor Forum 2019.

**K. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA**

- 1. The FASB issued 15 press releases, media advisories, or stakeholder emails on a variety of topics with accompanying social media.

**L. OTHER COMMUNICATIONS ACTIVITIES AND EDUCATION**

- 1. 4Q 2019 issue of the “FASB Outlook” newsletter was issued on November 14, 2019.
- 2. FASB Chairman Russ Golden delivered keynote speeches at the AICPA Conference on SEC and PCAOB Developments and the XBRL US Investor Forum.
- 3. Interviews, statements, and background interviews were conducted on credit losses, reference rate reform, goodwill, liabilities and equity, and other issues.

**ITEM 3: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES**

**A. STRATEGIC PLAN ACTIVITIES**

- 1. None.

**B. PROFESSIONAL DEVELOPMENT PROGRAMS**

- 1. “Introduction to Distinguishing Liabilities from Equity (including Convertible Debt)”
- 2. “Review of Crain Grant Findings—Capital Assets Reporting”
- 3. “Users and Uses of State and Local Government Financial Statements: Bond Analysts, Citizens Groups, and Academics”
- 4. “IFRS Foundation and the IASB”

5. “Academic Research on Government Assistance—Determinants and Consequences for Corporations”
6. “Renewable Energy—Global Trends and Smart Renewable Cities”
7. “Government Audit Issues”
8. “Municipal Division Issues.”

**ITEM 4: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES**

**A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES**

1. None.

**ITEM 5: FAF/FASB/GASB INTERACTION**

**A.** The 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. GASB sent the following drafts to the FASB staff for review:
  - a. Final standard, *Omnibus*
  - b. Exposure Draft, *Implementation Guide 2020*
  - c. Proposed Concepts Statement, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements*.
2. The FASB staff distributed the following drafts to the GASB for review:
  - a. Accounting Standards Update, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*
  - b. Accounting Standards Update, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates*
  - c. Accounting Standards Update, *Financial Services—Insurance (Topic 944): Effective Date*
  - d. Accounting Standards Update, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*
  - e. Accounting Standards Update, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815* (a consensus of the Emerging Issues Task Force)

- f. Accounting Standards Update, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*
- g. Proposed Accounting Standards Update, *Codification Improvements*
- h. Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.*

## **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 released on December 20, 2019, the final 2020 US GAAP Taxonomy and the 2020 SRT to the SEC for acceptance. In addition, new for 2020 the FASB released the XBRL DQC Rules Taxonomy.
2. The FASB published Taxonomy Updates as final (pending annual update) for:
  - a. Accounting Standards Update No. 2019-08—*Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Codification Improvements—Share-Based Consideration Payable to a Customer*
  - b. Accounting Standards Update No. 2019-09—*Financial Services—Insurance (Topic 944): Effective Date*
  - c. Accounting Standards Update No. 2019-10—*Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*
  - d. Accounting Standards Update No. 2019-11—*Codification Improvements to Topic 326, Financial Instruments—Credit Losses*
  - e. Accounting Standards Update No. 2019-12—*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.*
3. The FASB published Taxonomy Exposure Drafts for:
  - a. Proposed Accounting Standards Update—*Derivatives and Hedging (Topic 815): Codification Improvements to Hedge Accounting*
  - b. Proposed Accounting Standards Update—*Codification Improvements.*
4. The FASB published other Proposed Taxonomy Improvements for Proposed Technical and Other Conforming Improvements for the 2020 US GAAP Financial Reporting Taxonomy.
5. The FASB published other Proposed Taxonomy Improvements for Proposed Taxonomy Improvements:
  - a. *Variable Interest Entities Modeling (2020 US GAAP Financial Reporting Taxonomy)*
  - b. *Reference Project (2020 US GAAP Financial Reporting Taxonomy)*

- c. *Accounting Standards Update Transition Methods (2020 US GAAP Financial Reporting Taxonomy)*
  - d. *Retirement Benefits Topical Focus Project—Phase 3 (2020 US GAAP Financial Reporting Taxonomy)*
6. The FASB published proposed Taxonomy Implementation Guides for:
- a. Accounting Standards Update Adoption Transition Modeling
  - b. Retirement Benefits—Phase 3.

**B. OUTREACH ACTIVITIES**

- 1. The more significant Taxonomy-related outreach activities this quarter included the following:
  - a. Taxonomy staff published on XBRL US website, “Building a taxonomy is a team effort.”
  - b. Taxonomy staff met with students from Marist College, Mercy College, and University of New Hampshire at the FASB offices in Norwalk, CT, to provide students with an overview of XBRL and the responsibilities of the FASB Taxonomy Team.
  - c. Taxonomy staff attended and presented at XBRL International Conference, Shanghai, China.
- 2. 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; and the XBRL Standards Board, staff participation), the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff.

## Technical Agenda Overview

Revised January 2, 2020

<b>FRAMEWORK PROJECTS</b>	<b>Current Stage</b>	<b>Timing</b>
Conceptual Framework: Elements	Initial deliberations	
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	ED redeliberations	

<b>RECOGNITION &amp; MEASUREMENT: BROAD PROJECTS</b>	<b>Current Stage</b>	<b>Timing</b>
Distinguishing Liabilities from Equity (including convertible debt)	ED redeliberations	
Identifiable Intangible Assets and Subsequent Accounting for Goodwill	Initial deliberations	

<b>RECOGNITION &amp; MEASUREMENT: NARROW PROJECTS</b>	<b>Current Stage</b>	<b>Timing</b>
Accounting by a Joint Venture for Nonmonetary Assets Contributed by Investors	Initial deliberations	
Codification Improvements	ED redeliberations	
Codification Improvements—Financial Instruments—Credit Losses (Vintage Disclosure: Gross Writeoffs and Gross Recoveries)	Initial deliberations	
Codification Improvements—Hedge Accounting	ED out for public comment	<b>Ends Jan 13, 2020</b>
Consolidation Reorganization and Targeted Improvements	ED redeliberations	
Financial Instruments—Clarifying the Interactions between Topic 321 and Topic 323 (EITF 19-A)	Drafting final standard	<b>Q1 2020</b>
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	
Reference Rate Reform: Facilitation of the Effects of the Interbank Offered Rate Transition on Financial Reporting	Drafting final standard	<b>Q1 2020</b>
Revenue Recognition—Contract Modifications of Licenses of Intellectual Property (EITF 19-B)	Initial deliberations	

Warrant Modifications: Issuers' Accounting for Modifications of Equity Classified Freestanding Call Options That are Not in the Scope of Topic 718 or Topic 815 (EITF 19-C)	Initial deliberations	
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<b>PRESENTATION &amp; DISCLOSURE PROJECTS</b>	<b>Current Stage</b>	<b>Timing</b>
Disclosure Framework: Disclosure Review—Income Taxes	Revised ED redeliberations	
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	ED redeliberations	
Disclosures by Business Entities about Government Assistance	ED redeliberations	
Financial Performance Reporting—Disaggregation of Performance Information	Initial deliberations	
Not-for-Profit Reporting of Gifts-in-Kind	Drafting ED	<b>Q1 2020</b>
Segment Reporting	Initial deliberations	
Simplifying the Balance Sheet Classification of Debt	Revised ED redeliberations	

<b>RESEARCH PROJECTS</b>
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
Recognition and Measurement of Revenue Contracts with Customers under Topic 805
Targeted Improvements to the Statement of Cash Flows
Variable Interest Entity Related Party Guidance