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## REPORT OF THE FASB CHAIR

October 1, 2020 through December 31, 2020

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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. 2020-08, *Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs*, issued October 15, 2020.
  - b. Accounting Standards Update No. 2020-09, *Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762* (SEC Update), issued Oct 22, 2020.
  - c. Accounting Standards Update No. 2020-10, *Codification Improvements*, issued October 29, 2020.
  - d. Accounting Standards Update No. 2020-11, *Financial Services—Insurance (Topic 944): Effective Date and Early Application*, issued November 5, 2020.
2. The Board issued the following proposed documents for public comment:
  - a. Proposed Accounting Standards Update, *Leases (Topic 842): Targeted Improvements* (issued October 20, 2020). Comment deadline: December 4, 2020.
  - b. Proposed Accounting Standards Update, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivative and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Forwards and Options* (a consensus of the Emerging Issues Task Force) (issued October 26, 2020). Comment deadline: December 28, 2020.
  - c. Proposed Accounting Standards Update, *Reference Rate Reform (Topic 848): Scope Refinement* (issued October 29, 2020). Comment deadline: November 13, 2020.
  - d. Proposed Accounting Standards Update, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (issued December 15, 2020). Comment deadline: March 15, 2021.
  - e. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events* (issued December 21, 2020). Comment deadline: January 20, 2021.

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

1. The Board added the following projects to its technical agenda:
  - a. Reference Rate Reform—Topic 848 Scope Refinement.
  - b. Consolidation of a Not-for-Profit Entity by a For Profit Sponsor.
  - c. Goodwill Triggering Event Assessment Alternative for Private Companies and Not-for-Profit Entities.
  - d. Disclosure of Supplier Finance Programs Involving Trade Payables.
2. The Board considered but did not add the following projects to its agenda:
  - a. Digital Currencies
  - b. Change to Diluted Earnings per Share Reporting
  - c. Determining a Lessee’s Discount Rate: When Use of the Rate Implicit in a Lease is Required.

**C. SIGNIFICANT TECHNICAL DECISIONS**

1. Identifiable Intangible Assets and Subsequent Accounting for Goodwill:
  - a. The Board discussed the staff’s research and analysis on goodwill amortization periods and methods for an impairment-with-amortization model, as well as evolving amortization models.
  - b. The Board decided that:
    - i. An entity should amortize goodwill on a straight-line basis over a 10-year default period, unless an entity elects and justifies another amortization period based on the facts and circumstances of the acquisition.
    - ii. An entity that elects another amortization period would be subject to a cap.
    - iii. An entity would not be required to reassess the amortization period.
  - c. The Board directed the staff to perform additional research and outreach relating to (1) factors and criteria that would justify deviation from the default amortization period and (2) how the factors to consider for the amortization period and the criteria to justify a deviation would interact with the specifics of a cap.

2. Segment Reporting:

- a. The Board discussed alternative bases for developing a principles-based disclosure requirement that would require public entities to disclose significant segment expense categories by reportable segment.
- b. The Board decided to pursue a disclosure principle based on the significant segment expense categories that are (1) regularly provided to the chief operating decision maker and (2) included in the reported measure of segment profit or loss.
- c. The Board directed the staff to prepare an analysis of alternatives on how public entities might determine the level for identifying the significant segment expense categories.

3. Revenue Recognition—Practical Expedient for Private Company Franchisors:

- a. The Board discussed the comment letter feedback on the proposed Accounting Standards Update, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*. The Board also completed redeliberations on the project.
- b. The Board affirmed the following aspects of the proposed guidance:
  - i. Provide a practical expedient that allows a franchisor that is not a public business entity to account for pre-opening services as distinct if they are consistent with a predefined list of services. The Board affirmed the list that was included in the proposed Update.
  - ii. Require disclosure about the use of the practical expedient.
- c. The Board decided to change the following aspects of the proposed guidance:
  - i. Remove the screen criterion that was included in paragraph 952-606-25-3 of the proposed Update.
  - ii. Include an accounting policy election (and related disclosure) for entities to account for pre-opening services as a single bundled performance obligation or perform a Step 2 analysis to determine whether those pre-opening services are distinct from each other.
  - iii. Remove Case A in Example 1 in the proposed Update.
- d. The Board affirmed that entities that have not yet adopted Topic 606, Revenue from Contracts with Customers, should apply the transition provisions and effective date in Topic 606. Entities that previously adopted Topic 606 should apply a full retrospective method of transition that would include the entity's first reporting period under Topic 606 and provide the transition disclosures that were included in the proposed Update. For those entities, the amendments will be effective for annual

and interim reporting periods beginning after December 15, 2020. Early application will be permitted.

- e. The Board directed the staff to draft an Accounting Standards Update for vote by written ballot.

4. Disclosure Framework: Disclosures—Interim Reporting:

- a. The Board completed discussions on this project, including whether to remove specific disclosure requirements from Topic 270, Interim Reporting, and decided not to remove those requirements.
- b. The Board directed the staff to draft a proposed Accounting Standards Update on interim reporting for vote by written ballot. The Board decided to provide a 90-day comment period for the proposed Update.

5. Goodwill Triggering Event Evaluation Alternative for Certain Private Companies and Not-for-Profit Entities:

- a. The Board added a project to its technical agenda to address the cost and complexity associated with interim goodwill impairment testing for private companies and not-for-profit entities.
- b. The Board decided to:
  - i. Introduce an accounting alternative that would allow entities within the scope of the guidance to perform a goodwill triggering event evaluation on the annual reporting date only.
  - ii. Limit the scope of the alternative to entities that meet the definition of *private companies* and *not-for-profit entities* as those terms are defined in the Codification's Master Glossary.
  - iii. Limit the scope of the alternative to entities that only report goodwill that subsequently is accounted for in accordance with Subtopic 350-20 (or accounts that would be affected by an impairment such as retained earnings and net income) on an annual basis.
  - iv. Limit the scope of the alternative to goodwill that is tested for impairment in accordance with Subtopic 350-20, Intangibles—Goodwill and Other—Goodwill.
  - v. Not limit the guidance to a specified time period but instead make it available on an ongoing basis.

- vi. Require no additional disclosures beyond the current requirements in Topic 235, Notes to Financial Statements, and Subtopic 350-20.
  - c. The Board decided that the amendments should be applied prospectively and be effective for annual reporting periods beginning after December 15, 2019. Early application would be permitted for financial statements that have not yet been issued or made available for issuance.
  - d. The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot with a 30-day comment period.
6. Reference Rate Reform—Topic 848 Scope Refinement
- a. The Board discussed its ongoing monitoring of reference rate reform initiatives, including changes in the interest rate used for margining, discounting, or contract price alignment for derivative instruments as a result of reference rate reform. The Board added a project to its technical agenda to refine the scope of Topic 848, Reference Rate Reform, to include derivative instruments subject to the discounting transition.
  - b. The Board issued a proposed Accounting Standards Update, *Reference Rate Reform (Topic 848): Scope Refinement* on October 29, 2020 with a 15-day comment period due to the time-sensitive and narrow nature of the proposed guidance. Comments were due November 13, 2020.
  - c. The Board discussed comment letter feedback received on the proposed ASU and affirmed its decision to clarify the scope of Topic 848 with certain changes to improve the clarity and operability. In addition, the Board decided to provide additional optional relief to allow receive-variable-rate, pay-variable-rate cross-currency interest rate swaps that are affected by reference rate reform to continue to qualify as eligible hedging instruments in net investment hedges.
  - d. The Board affirmed its decision that the optional relief guidance should be effective immediately with retrospective application available as of the date of application of the amendments in Accounting Standards Update No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*.
  - e. The Board directed the staff to draft an Accounting Standards Update for vote by written ballot. ASU 2021-01, *Reference Rate Reform (Topic 848): Scope* was issued on January 7, 2021.

7. Conceptual Framework—Presentation:

- a. The Board discussed the feedback from comment letter respondents on several issues related to proposed FASB Concepts Statement No. 8, *Conceptual Framework for Financial Reporting*—Chapter 7, *Presentation*. The Board decided that:
  - i. Distinguishing between *revenues* and *gains* and *expenses* and *losses* should be addressed in the elements chapter of the conceptual framework.
  - ii. No additional aggregation factors for grouping line items need to be included in the chapter and the factors do not need to be in any order of priority.
  - iii. Determining comprehensive income subtotals and the ordering of presentation should be addressed at the standards level, rather than as part of the conceptual framework.
  - iv. The decision that there is no conceptual basis for other comprehensive income should be retained.
  - v. No additional detail should be added about the articulation and relationship between financial statements.
  - vi. Regarding *full set of financial statements*:
    1. The term *full set of financial statements* should be defined based on its required contents rather than specific statements and notes should be excluded from the term's definition.
  - vii. Regarding *general purpose financial statements*:
    1. The term *general purpose financial statements* should be defined as financial statements, related notes, supplementary information, and other means of financial reporting that are consistent with the objective of general purpose financial reporting.
    2. There is no distinction between *general purpose financial statements* and *general purpose financial reporting*. In addition, *general purpose financial reporting* should be used instead of *general purpose financial statements*, and previous references to *general purpose financial statements* should be changed in the Concepts Statements.
  - viii. Clarify that netting is not the aggregation of individual items into line items and that assets and liabilities should not be aggregated.
- b. The Board also decided not to address the following:

- i. Operating income at the conceptual framework level, subtotals or how the factors are applied to them any further in the proposed Chapter 7, and cost-benefit.
  - c. The Board directed the staff to draft the final Concepts Statement chapter on presentation of financial statements for vote by written ballot.
- 8. Agenda Prioritization:
  - a. The Board discussed the results of staff research and outreach on five potential projects related to recent agenda requests.
  - b. The Board decided to add projects to its technical agenda related to (1) disclosure of supplier finance programs involving trade payables and (2) consolidation of a not-for-profit entity by a for-profit sponsor.
  - c. The Board decided not to add potential projects to its agenda related to (1) digital currencies, (2) change to diluted earnings per share reporting and (3) determining a lessee's discount rate: when use of the rate implicit in a lease is required.
- 9. Post-Implementation Review (PIR):
  - a. The Board discussed feedback received to date during the PIR activities related to Accounting Standards Update No. 2016-12, Leases (Topic 842).
    - i. The staff provided the Board with a report of the staff's activities as part of the PIR process and summarized feedback received to date based on its outreach meetings with financial statement users, agenda requests, and the September 2020 public roundtable.
    - ii. While no technical decisions were made, the staff discussed feedback related to the importance of leasing information to financial statement users, the lessee's application of the incremental borrowing rate and nonpublic lessee's application of the risk-free rate, embedded leases, lease modifications, allocation of lease payments, and other ancillary issues.
    - iii. The staff will perform additional research and outreach on the practical expedient that allows nonpublic lessees to use the risk-free rate as the lease discount rate. Specifically, the staff's research will consider the appropriateness of the risk-free rate and whether the practical expedient should be applied at the underlying class of asset level rather than at an entity-wide level. That research will be considered at a future date as part of agenda request activities. The staff also will consider providing additional educational materials to clarify some aspects of Topic 842 for certain groups of stakeholders.

- iv. The staff will continue to perform general outreach with stakeholders and continue to accumulate their feedback for presentation to the Board at future meetings.
    - b. The Board discussed feedback received to date during the PIR activities related to Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*.
      - i. The staff provided the Board with a report of the staff’s activities as part of the PIR process and summarized feedback received to date based on its direct outreach with stakeholders and monitoring of publicly available information.
      - ii. While no technical decisions were made, the staff discussed feedback related to areas such as purchased financial assets that do not qualify for purchased financial assets with credit deteriorated (PCD) accounting treatment, the accounting and disclosure of troubled debt restructurings (TDRs), scope of financial assets included in Update 2016-13 (including trade receivables), and disclosures.
      - iii. The staff will perform additional research and outreach on the accounting for non-PCD financial assets and TDRs to be considered at a future date as part of agenda request activities. In addition, the staff will continue to monitor feedback related to the scope of financial assets included in and disclosures under Update 2016-13.
      - iv. The staff also will continue to perform general outreach with stakeholders and continue to accumulate their feedback for presentation to the Board at future meetings. This will include continuing dialogue seeking feedback from prudential regulators.
10. 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 chair added an Agenda Consultation project to its research agenda. The objective of the 2021 Agenda Consultation is to solicit feedback about the financial reporting issues that the Board should consider adding to its agenda and the priority of those issues.
2. The chair removed the following projects from its research agenda:
  - a. Disclosure Review—Share-based Payment

- b. Disclosure Review—Foreign Currency
  - c. Income Taxes—Backwards Tracing
  - d. Inventory and Cost of Sales
  - e. Variable Interest Entity Related Party Guidance.
3. The chair broadened the scope of its research project on Disclosure Review—Intangibles to include the accounting for and disclosure of intangibles.

**B. SIGNIFICANT RESEARCH ACTIVITIES**

1. The staff performed research on:
- a. Measurement basis in common control transactions
  - b. Equity indexed annuities
  - c. Practical expedient that allows nonpublic lessees to use the risk-free rate as the lease discount rate
  - d. Purchased financial assets that do not qualify for purchased financial assets with credit deteriorated (PCD) accounting treatment and disclosure of troubled debt restructurings.
  - e. Underwriter restrictions
  - f. Stock buybacks
  - g. License modifications
  - h. Accounting for embedded derivatives within long-duration insurance contracts
  - i. Reporting by finance companies of loans in the statement of cash flows

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

1. FASAC meeting
- a. Seven Board members, the technical director, and several other FASB staff members participated in the December 15, 2020 virtual public FASAC meeting. The meeting topics focused on complexity and differences in the perceived precision involved in financial reporting and accounting standards and financial statements in the current environment.
2. The following advisory committee meetings were held:
- a. Four Board members (on a rotational basis), the technical director, and several other FASB staff members participated in the virtual closed sessions of the Investor Advisory Committee (IAC) meeting on November 10, 2020. The remaining three

Board members joined for the virtual public session that summarized the closed session discussions. Meeting topics focused on the presentation and disclosure of supplier finance programs, disclosures by business entities about government assistance, and the accounting for research and development and other intangible assets. IAC members also provided feedback on emerging issues and trends.

- b. Six Board members, the technical director, and several other FASB staff members participated in the virtual meeting open session of the Small Business Advisory Committee (SBAC) on November 12, 2020. Meeting topics focused on implementation of and proposed targeted improvements to the leasing guidance (ASC 842), reference rate reform and interim reporting. Three board members also participated in the virtual closed session.
3. Advisory committee membership changes
    - a. NAC members Kelly Frank, David Gagnon and Dennis Morrone completed their terms ending December 2020.
    - b. IAC members Trevor Harris, Katherine Hensel, Shripad Joshi and Steven Yang completed their terms ending December 2020.
    - c. SBAC members Shannon Greene, Cortney Johnson, Frank Cesario, Doug Reynolds and Robert Hoffman completed their terms ending December 2020. James Rotherham was appointed to the committee in November 2020.

#### D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. Public meeting with the AICPA Auditing Standards Board Audit Issues Task Force (AITF) (October). Seven Board members, the technical director, and several other FASB staff members participated. Topics included discussion of the FASB's recently revised post implementation review (PIR) process, and the ongoing PIRs on credit losses (CECL), revenue recognition and leases. Other significant discussions included: current financial reporting matters related to COVID-19(e.g., going concern, impairment of non-financial assets) and reference rate reform; goodwill and intangibles; the recently issued ASU on convertible debt; and accounting for asset acquisitions and business combinations.
2. Private meeting with the American Bankers Association (ABA) (November). Two board members and the technical director participated. Topics included CECL, goodwill and income taxes.
3. Private meeting with the Financial Executives International (FEI) Committee on Corporate Reporting (CCR) (December). Three Board members participated. Topics included: segment reporting; goodwill and intangibles; accounting for asset acquisitions and business combinations; interim reporting; deferred revenue in a business combination;

accounting by a joint venture for nonmonetary assets received from investors; PIR – CECL, leases and revenue; current EITF projects; conceptual framework: elements; and leases.

#### E. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

4. Seven Board members, the technical director, and several other FASB staff members participated in the December 3, 2020 Private Company Council (PCC) meeting.
5. The PCC discussed comment letter feedback received on the proposed Accounting Standards Update: *Compensation—Stock Compensation (Topic 718): Determining the Current Price of an Underlying Share for Equity-Classified Share-Option Awards*, which resulted from PCC Issue No. 2018-01, “Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards,” and at a future meeting, will consider expanding the scope of the practical expedient, clarifying the basis of application, expanding the references to Internal Revenue Code Section 409A, and consider the difference between a direct and an indirect reference to Section 409A.
6. The PCC also discussed the comment letter feedback on the proposed Update: *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, and generally supported the Board’s efforts to reduce the cost of applying the revenue guidance for private company franchisors.
7. The PCC also discussed current issues in financial reporting affecting private companies arising from the COVID-19 pandemic including the FASB Staff Educational Paper, *Topic 470 (Debt): Borrower’s Accounting for Debt Modifications*, and the proposed Accounting Standards Update: *Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*.
8. The PCC discussed and provided input on other FASB projects and various other topics, such as identifiable intangible assets and subsequent accounting for goodwill; implementation issues related to leases including the practical expedient that allows nonpublic lessees to use the risk-free rate; private company considerations on disclosures of share-based payments; and the results of initial outreach conducted by the working group on profits interests and the interrelationship with partnership accounting.
9. The FASB’s technical director and several other FASB staff members met with the AICPA Private Companies Practice Section (PCPS) Technical Issues Committee (TIC) on November 10, 2020. Updates were provided by the FASB staff on several active projects. TIC provided feedback on those active projects and identified other topics for which potential improvements to the guidance could be made.

## F. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. The FASB members and staff conducted 193 outreach meetings (13% with investors and other users, 36% with practitioners, 35% with preparers, 7% with regulators, and 9% with others\*) to discuss issues in 30 different FASB and EITF active projects or final standards, most notably CECL, Segment Reporting, Leasing and Improving the Accounting for Asset Acquisition and Business Combinations.

\*Others (including trade group representatives, other standard setters, academics, consultants, and valuation professionals).

2. Through 136 comment letters and 19 external reviews, the Board received feedback from a range of stakeholder types (40% practitioners, 15% preparers, and 45% others\*) on different FASB and EITF projects.

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

## G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. The EITF did not meet in the fourth quarter of 2020.
2. As noted above under Item 1A. Final Standards and Documents Issued for Public Comment, the proposed Update, *Earnings Per Share (Topic 260)*, *Debt—Modifications and Extinguishments (Subtopic 470-50)*, *Compensation—Stock Compensation (Topic 718)*, and *Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)—Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Forwards and Options*, was issued on October 26 and the 60-day comment period ended on December 28.

## H. INTERNATIONAL ACTIVITIES

1. Activities between the FASB and the IASB were as follows:
  - a. Seven Board members, the technical director, and several other FASB staff members participated in a joint educational meeting with the IASB on November 19, 2020. Topics discussed were goodwill and intangible assets, leases, responding to the COVID-19 crisis, and supply chain financing.
  - b. Two Board members participated in the IASB’s World Standard Setters meeting by video conference.
  - c. A Board member participated in two IASB’s Accounting Standards Advisory Forum meetings by video conference.

- d. The technical director participated in a COVID-19 session with the IASB by video conference.
  - e. One Board members and the technical director participated in the FASB/IASB/TAR conference by video.
2. Activities between the FASB and other national standards setters included the following:
    - a. The chair, two Board members, and the technical director met by video conference privately with representatives of the Multi-Lateral Network.
    - b. Three Board members and two staff members participated in a meeting of the International Forum of Accounting Standard Setters by video conference.
    - c. The chair, a Board member, and the technical director met privately with representatives of the Canadian Accounting Standards Board by video conference.
    - d. Members of the FASB and the technical director met privately with representatives of the Accounting Standards Board of Japan by video conference.

#### I. VIDEOS AND WEBINARS

1. The FASB featured 4 webinars:
  - a. Webinar: CPE Provider Forum
  - b. Webinar: FASB's New Standard on Accounting for Convertible Instruments and Contracts in an Entity's Own Equity
  - c. Webinar: Governmental and Not-for-Profit Accounting Webcast for Academics (jointly with the GASB)
  - d. FASB Update for Private Companies and Not-for-Profit Organizations.

#### J. SPEECHES DELIVERED

1. FASB members or staff delivered 40 speeches at different virtual events, including:
  - a. AICPA Conference on SEC and PCAOB Current Developments
  - b. AICPA Conference on Credit Unions
  - c. AICPA Governmental & Not-for-Profit Training Program
  - d. AICPA Healthcare FASB and GASB Update - Part 1
  - e. AICPA/FMS National Conference on the Securities Industry Virtual Event
  - f. American Society of Appraisers (ASA) International Conference
  - g. Bloomberg LP LIBOR/SOFR Transition & Hedge Accounting Impact

- h. Brigham Young University FASB Update
- i. COBAR Fall 2020 Meeting
- j. Connecticut Society of CPAs Accounting, Auditing & Financial Reporting Conference
- k. Duquesne University Annual Accounting CPE Conference
- l. Eide Bailly Virtual Bank Seminar
- m. Federal Reserve Bank of Atlanta Virtual Fall Meeting
- n. Financial Executives International CFRI Conference
- o. Grant Thornton HFMA Large System Controller Council - Accounting Topics Panel
- p. Illinois CPA Society Not-for-Profit Conference
- q. Minnesota Society of CPAs Not-for-Profit Conference
- r. Mortgage Bankers Association (MBA) Live Accounting and Financial Management Conference
- s. New Jersey CPA Society Not-for-Profit Conference
- t. 36th Annual SEC Institute SEC Reporting & FASB Forum
- u. University of Texas, Austin Academics in Government
- v. Virginia Society of CPAs Accounting and Auditing Conference
- w. Wake Forest School of Business Hylton Lecture Series.

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

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

**L. OTHER COMMUNICATIONS ACTIVITIES AND EDUCATION**

1. Provided FASB communications overview to National Association of Surety Bond Producers.
2. Created liabilities and equity section of implementation web portal.
3. Interviews, statements, and background interviews were conducted on credit losses and COVID-19, PIR, reference rate reform, goodwill, and other topics; Rich Jones and Hillary Salo participated in FEI CFRI conference press panel.
4. The FASB and FAF chairs participated in a Zoom call with Jeffrey Mahoney of the Council of Institutional Investors on November 8 to discuss investor concerns.

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

#### **A. STRATEGIC PLAN ACTIVITIES**

1. None.

#### **B. PROFESSIONAL DEVELOPMENT PROGRAMS**

1. Washington Update: An Overview on How DC Works—including an Update on Current Legislative Activity, and How Accounting Standards Setting Relates to DC Activity”
2. “Professional Ethics Part I: *New York*”
3. “Professional Ethics Part II: *Pressures & Perceptions*”
4. “Think Like an Investor Series—Part II: *The Sell-Side Analyst*”
5. “Think Like an Investor Series—Part III: *The Portfolio Manager*”
6. “International Public Sector Accounting Standards Board (IPSASB) Update”.

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

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

1. The FASB chair, two Board members, and the technical director participated in a quarterly, private liaison meeting with representatives of banking regulators to discuss matters of mutual interest.

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

- #### **A.** The FASB and GASB 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 chairs 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 sent FASB staff the following drafts to review:
  - a. Proposed Implementation Guide Update—2021

- b. Exposure Draft on Compensated Absences.
2. The FASB staff distributed the following drafts to the GASB for review:
    - a. Accounting Standards Update, *Financial Services—Insurance (Topic 944): Effective Date and Early Application*
    - b. Accounting Standards Update, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*.
    - c. Accounting Standards Update and Proposed Accounting Standards Update, *Reference Rate Reform (Topic 848): Scope*
    - d. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*
    - e. Proposed Accounting Standards Update, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*.

## **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 issued on October 1, 2020, proposed changes to the 2021 US GAAP Financial Reporting Taxonomy (Taxonomy), the 2021 SEC Reporting Taxonomy (SRT), and the 2021 XBRL DQC Rules Taxonomy. The FASB issued on October 9, 2020, proposed changes to the Taxonomy in connection with the current phase of its Reference Project.
2. The FASB released on December 17, 2020, the final 2021 Taxonomy and the 2021 SRT pending the SEC acceptance. In addition, the FASB published the 2021 XBRL DQC Rules Taxonomy.
3. The FASB staff published proposed Taxonomy Implementation Guide, *Extensible Lists: A Guide for Preparers*.
4. The FASB published Taxonomy Exposure Drafts for:
  - a. *Securities and Exchange Commission Release No. 33-10855; 34-89835-Update of Statistical Disclosures for Bank and Savings and Loan Registrants*
  - b. *Leases (Topic 842): Targeted Improvements*

- c. *Debt (Topic 470): Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762*
  - d. *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Forwards and Options Reference Rate Reform (Topic 848): Scope Refinement*
  - e. *Reference Rate Reform (Topic 848): Scope Refinement*
  - f. *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*
  - g. *Intangibles-Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events.*
5. The FASB published Taxonomy Updates as final (pending annual update) for
- a. *Accounting Standards Update 2020-08—Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs*
  - b. *Accounting Standards Update 2020-09—Debt (Topic 470)—Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762*
  - c. *Accounting Standards Update 2020-10—Codification Improvements*
  - d. *Accounting Standards Update 2020-11—Financial Services—Insurance (Topic 944): Effective Date and Early Application.*
6. The Taxonomy staff performed research to support various Board level projects:

**B. OUTREACH ACTIVITIES SUPPORTING BOARD INITIATIVES**

1. The Taxonomy staff performed outreach in support of Board initiatives in this quarter which included the following:
- a. Hosted and participated in meetings of the FASB Taxonomy Advisory Group, XBRL US Data Quality Committee, various XBRL International technical working groups (including Taxonomy staff chairing the XBRL Standards Board and the Entity Specific Disclosure Task Force), the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff.
  - b. Presented at XBRL US webcast: DQC Rulesets 13 & 14 and FASB DQC Rules Taxonomy.

## Technical Agenda Overview

Revised January 1, 2021

<b>FRAMEWORK PROJECTS</b>	<b>Current Stage</b>	<b>Timing</b>
Conceptual Framework: Elements	ED redeliberations	
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	Drafting final Concepts	<b>Q4 2021</b>

<b>RECOGNITION &amp; MEASUREMENT: BROAD PROJECTS</b>	<b>Current Stage</b>	<b>Timing</b>
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 (next phase)	Initial deliberations	
Codification Improvements—Amendments to Remove References to the Concepts Statements	ED redeliberations	
Codification Improvements—Financial Instruments—Credit Losses (Vintage Disclosure: Gross Writeoffs and Gross Recoveries)	Initial deliberations	
Codification Improvements—Hedge Accounting	ED redeliberations	
Consolidation of a Not-for-Profit Entity by a For Profit Sponsor	Initial deliberations	
Consolidation Reorganization and Targeted Improvements	ED redeliberations	
Distinguishing Liabilities from Equity Phase 2	Initial deliberations	
Effect of Underwriter Restrictions on Fair Value Measurements	Initial deliberations	
Goodwill—Triggering Event Assessment Alternative for Private Companies and Not-for-Profit Entities	ED out for public comment	<b>Ends Jan 20, 2021</b>
Hedging—Last-of-Layer Method	Initial deliberations	
Improving the Accounting for Asset Acquisitions and Business Combinations	Initial deliberations	

Issuer's Accounting for Certain Modifications of Freestanding Equity Classified Forwards and Options (EITF 19-C)	ED redeliberations	
Leases—Targeted Improvements	ED redeliberations	

<b>RECOGNITION &amp; MEASUREMENT: NARROW PROJECTS (continued)</b>	<b>Current Stage</b>	<b>Timing</b>
PCC Issue No. 2018-01, Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards	ED redeliberations	
Recognition and Measurement of Revenue Contracts with Customers under Topic 805	ED out for public comment	<b>Ends Mar 15, 2021</b>
Reference Rate Reform—Fair Value Hedging	Initial deliberations	
Reference Rate Reform—Topic 848 Scope	Final standard issued	<b>January 7, 2021</b>
Revenue Recognition—Contract Modifications of Licenses of Intellectual Property (EITF 19-B)	Initial deliberations	
Revenue Recognition—Practical Expedient for Private Company Franchisors	Final standard issued	<b>January 28, 2021</b>

<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	Drafting ED	<b>Q1 2021</b>
Disclosure Improvements in Response to the SEC's Release on Disclosure Update and Simplification	ED redeliberations	
Disclosure of Supplier Finance Programs Involving Trade Payables	Initial deliberations	
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	Revised ED redeliberations	

<b>RESEARCH PROJECTS</b>
Accounting for and Disclosure of Intangibles
Agenda Consultation
Effect of Sale Restrictions on Fair Value Measurements
Financial Performance Reporting: Financial Statements of Not-for-Profit Entities—Phase 2 Structure of the Performance Statement
Hedge Accounting—Phase 2
Targeted Improvements to the Statement of Cash Flows

<b>POST-IMPLEMENTATION PROJECTS</b>
Credit Losses
Leases
Revenue Recognition