
REPORT OF THE FASB CHAIR

April 1, 2020 through June 30, 2020

ITEM 1: STANDARDS-SETTING ACTIVITIES

A. FINAL STANDARDS AND DOCUMENTS ISSUED FOR PUBLIC COMMENT

1. The Board issued the following final document:
 - a. Accounting Standards Update No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, issued June 3, 2020.
2. The Board issued the following proposed document for public comment:
 - a. Proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* (issued April 21, 2020). Comment deadline: May 6, 2020.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board added the following projects to its technical agenda:
 - a. Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities
 - b. Insurance—Deferral of the Effective Date and Amendments to Early Application in Update 2018-12.

C. SIGNIFICANT TECHNICAL DECISIONS

1. Effective date considerations due to Coronavirus Disease 2019 (COVID-19) disruptions:
 - a. In April, the Board decided to add a project to its technical agenda to amend the effective dates of Topic 606, Revenue from Contracts with Customers, and Topic 842, Leases, for certain entities and add a project to its research agenda to evaluate how to reduce implementation costs for the franchisor industry related to applying Topic 606 to initial franchise fees. At that meeting, the Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot with a 15-day comment period.

- b. In May, the Board discussed comments received and completed its redeliberations on proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, that was issued in April. For that final Update the Board decided:
 - i. To amend the effective date of Topic 606 for all entities that have not yet adopted the guidance (that is, entities that have not yet issued financial statements or made their financial statements available for issuance reflecting the adoption of Topic 606), including franchisors. For those entities, the effective date of Topic 606 will be for annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. Early application will continue to be permitted.
 - ii. To amend the effective date of Topic 842. For private companies and private not-for-profit (NFP) entities, the effective date of Topic 842 will be for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. For NFP entities that have issued or are conduit bond obligors for securities that are traded, listed, or quoted on an exchange or an over-the-counter market (public NFP entities) and that have not yet issued financial statements (or made their financial statements available for issuance) reflecting the adoption of Topic 842, the effective date will be fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption will continue to be permitted.
 - c. The Board concluded that the expected benefits would justify the expected costs of the effective date deferrals and directed the staff to draft a final Accounting Standards Update for vote by written ballot.
 - d. At the May meeting, the Board also decided to retain the effective date 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*.
2. Insurance accounting implementation:
- a. The Board discussed two agenda requests regarding the effective date of Accounting Standards Update No. 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*.
 - b. The Board decided to add a project to its technical agenda to amend the effective date of the amendments in Update 2018-12 by proposing a one-year deferral of the effective date of those amendments for all insurance entities and changing the early application provisions of Update 2018-12 whereby the early application transition date would be the beginning of the prior period.
 - c. The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot with a 45-day comment period.

3. Distinguishing liabilities from equity (including convertible debt):
 - a. The Board completed its redeliberations on the project and as part of that discussion clarified its intent about certain decisions in the proposal and decided to retain certain guidance that was previously deleted as part of the proposal.
 - b. The Board concluded that it had received sufficient information and analysis to make an informed decision on the perceived costs of the changes and that the expected benefits would justify the expected costs of the amendments in the final Update and directed the staff to draft a final Accounting Standards Update for vote by written ballot.
4. Not-for-profits (NFP) Gifts-in-kind:
 - a. The Board discussed feedback received and completed redeliberations on proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.
 - b. The Board affirmed its decisions about scope and presentation and made various decisions about specific disclosures.
 - c. The Board affirmed that an NFP should apply a retrospective method of transition and decided that the amendments will be effective for NFPs for annual reporting periods beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022, with early adoption permitted.
 - d. The Board concluded that it received sufficient information and analysis to make an informed decision on the perceived costs of the changes and that the expected benefits would justify the expected costs of the amendments in the final Update and directed the staff to draft a final Accounting Standards Update for vote by written ballot.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board added a project to its research agenda on Revenue Recognition—Initial Franchise Fees.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff performed research on:
 - a. Interest income
 - b. Lease modifications impacted by COVID-19
 - c. Hedging relationships forecasts impacted by COVID-19

- d. Paycheck Protection Program loans
- e. Disclosure of government assistance
- f. Fair value measurement
- g. Private company profit interests and partnership accounting
- h. Discussion/feedback on accounting for Federal Reserve Main Street Facility
- i. Borrower accounting for debt modifications
- j. Initial discussion on first quarter 2020 quarterly disclosures for credit losses
- k. Negative interest rates
- l. Purchased callable debt.

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, the incoming FASB chair, and several FASB staff members participated in the June 23, 2020 virtual public FASAC meeting. The meeting topics focused on FAF/FASB Post-Implementation Review (PIR) and highlights on current hot topics and accounting standards and financial statements in the current environment.
- 2. The following advisory committee meetings were held:
 - a. Seven Board members, the acting technical director, the incoming FASB chair, and several FASB staff members participated in the April 7 virtual public meeting of the Not-for-Profit Advisory Committee (NAC). Meeting topics focused on reporting of contributed nonfinancial assets (gifts-in-kind) by not-for-profit entities (NFPs); implementation of major/other updates; the FASB's project on goodwill and intangibles; and recent trends, concerns, and observations of NAC members (especially COVID-19-related matters). One Board member, the acting technical director, and other staff subsequently met twice by videoconference with a subgroup of NAC members regarding COVID-19-related matters.
 - b. Three Board members, the acting technical director, the incoming FASB chair, and several FASB staff members participated in the May 7 virtual private meeting of the Small Business Advisory Committee (SBAC). The SBAC members received an update on the Board's recent decisions on matters related to the effect of COVID-19 and on future standard-setting activities for current project deliberations. The SBAC members also provided feedback about the accounting issues that the small business community currently faces.

- c. Three Board members, the acting technical director, the incoming FASB chair, and several FASB staff members participated in the May 14 virtual private Investor Advisory Committee (IAC) meeting. The IAC members received an update on the implications of COVID-19 on the FASB's standard-setting efforts and on the implementation status of both Leases and credit losses (CECL). The IAC members also provided feedback on investor emerging issues and trends and provided input on what the future priorities should be for FASB standard setting.
3. Advisory committee membership changes:
 - a. None.

D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One Board member and the incoming FASB chair participated in the April 6, 2020 discussion with the Financial Executives Institute on Corporate Reporting (CCR). The topics included an overview of the operational challenges in the current environment, the CARES Act, as well as discussions on impairment, CECL, tax provisions, and disclosures.
2. Two Board members and the incoming FASB chair participated in the June 9, 2020 Institute of Management Accountants Financial Reporting Committee (FRC) virtual meeting. The meeting topics included COVID-19 challenges, PIR plans for revenue recognition, leases and CECL, and updates on the conceptual framework elements Exposure Draft and convertible debt versus equity.
3. Three Board members, the incoming FASB chair, and the acting technical director participated in the June 25, 2020 CCR virtual meeting. The meeting included an update on segment reporting, government assistance, income tax disclosures and accounts payable programs, as well as COVID-19 discussions.

E. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

1. Seven Board members, the acting technical director, the incoming FASB chair, and several FASB staff members participated in the April 17, 2020 Private Company Council (PCC) meeting. The PCC discussed and provided input on FASB projects, including revenue recognition and the conceptual framework—elements, measurement, and presentation. The PCC also discussed current issues in financial reporting affecting private companies arising from the COVID-19 pandemic in the areas of leases, fair value measurement, interest income recognition, and Small Business Administration loans. The PCC considered the progress on PCC Issue No. 2018-01, "Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards." Previously, in February 2020, the Board endorsed the PCC's decision to issue a proposed Update on that practical expedient. However, because many private company stakeholders currently are experiencing resource constraints and may be unable to provide feedback at this time, the

PCC unanimously agreed to delay the issuance of the proposed Update until later in the second quarter of 2020. The PCC member from academia presented some of his private company research findings for the PCC to consider.

2. Seven Board members, the acting technical director, the incoming FASB chair, and several FASB staff members participated in the June 25, 2020 PCC meeting. The PCC discussed and provided input on FASB projects, including FASB Accounting Standards Update No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, distinguishing liabilities from equity, and profits interests and their interrelationship with partnership accounting. The PCC also discussed current issues in financial reporting affecting private companies arising from the COVID-19 pandemic in the areas of impairment of nonfinancial assets, debt modifications and troubled debt restructurings, government assistance & related disclosures, and going concern. The PCC considered further delaying issuance of the proposed Update resulting from Issue 2018-01 because many private company stakeholders continue to experience resource constraints and still may be unable to provide feedback at this time. The PCC unanimously agreed to delay the issuance of the proposed Update for public comment until August 2020.
3. There were no Private Company Town Halls in the second quarter of 2020.

F. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. The FASB members and staff conducted 134 outreach meetings (11% with investors and other users, 41% with practitioners, 21% with preparers, 6% with regulators, and 21% with others*) to discuss issues in 22 different FASB and EITF active projects or final standards, most notably CECL, leases, revenue recognition for initial franchise fees, insurance, and revenue recognition under Topic 805.

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

2. Through 76 comment letters and 16 external reviews, the Board received feedback from a range of stakeholder types (45% auditors, 19% financial statement preparers, 5% trade organizations, and 31% others*) on different FASB and EITF projects.

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

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. The EITF did not meet in the second quarter of 2020.

H. INTERNATIONAL ACTIVITIES

1. Activities between the FASB and the IASB were as follows:
 - a. The chair, incoming chair, and a Board member participated in the IASB's Accounting Standards Advisory Forum by video conference.
2. Activities between the FASB and other national standards setters included the following:
 - a. The chair, incoming chair, and two Board members met twice by video conference privately with representatives of the Multi-Lateral Network (MLN).
 - b. The chair, incoming chair, and a Board member met by video privately with the Accounting Standards Board of Japan and discussed matters of mutual interest.
 - c. The chair, incoming chair, and a Board member met by video privately with the Korean Accounting Standards Board and discussed matters of mutual interest.
 - d. A Board member and the acting technical director participated in the International Accounting and Reporting Forum by video conference.
 - e. The International Forum of Accounting Standard Setters meeting in DC to be sponsored by the FASB was cancelled.

I. VIDEOS AND WEBINARS

1. The FASB featured 4 videos and 2 webinars:
 - a. Video: Meet the FASB Chair: Rich Jones
 - b. Text Video: COVID-19 support 1
 - c. Text Video: COVID-19 support 2
 - d. Text Video: Upcoming Liabilities & Equity/Convertible Debt standard
 - e. Webinar: *IN FOCUS*: FASB Update for Private Companies and Not-for-Profit Organizations (semiannual)
 - f. Webinar: *IN FOCUS*: 2020 GAAP and SEC Reporting Taxonomy Improvements and SEC Update.

J. SPEECHES DELIVERED

1. FASB members or staff delivered 24 speeches at different conferences/virtual events:
 - a. Accounting CPE Network (ACPEN) Not-for-Profit Update
 - b. AICPA Not-for-Profit Conference
 - c. American Society of Appraisers (ASA) 15th Annual Fair Value Conference

- d. California Society of CPAs (CalCPA) Not-for-Profit Organizations Conference
- e. CalCPA Accounting Principles & Assurance Services Annual Meeting
- f. Connecticut Society of CPAs Not-for-Profit Conference
- g. CFA Society of New York
- h. Evercore CECL Webinar
- i. EY 2020 Compliance Audit, OMB Uniform Guidance, Not-for-Profit, Health and Government and Public Sector Executive Event
- j. Florida Institute of CPAs Not-for-Profit Organizations Conference
- k. Georgia Society of CPAs Not-for-Profit Conference
- l. Gonzaga University
- m. Houston Texas Society of CPA Foundation Financial Reporting Symposium
- n. IIF International Accounting and Reporting Forum (IARF)
- o. International Franchise Association (IFA) Webinar
- p. Kansas Society of CPAs Governmental Nonprofit Accounting & Auditing Conference
- q. National Association of College and University Business Officers (NACUBO) Higher Education Forum
- r. SEC Institute 35th Midyear SEC Reporting & FASB Forum
- s. Tax Executives Institute Financial Reporting Seminar
- t. Texas Society of CPAs Nonprofit Organizations Conference
- u. University of South Florida Accounting Circle Conference
- v. University of Wisconsin Professional Practice Issues in Accounting, Auditing, and Taxation Course
- w. Wall Street Journal CFO Network Roundtable
- x. Wipfli LLP Rocky Mountain Check-In.

K. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

- 1. The FASB issued 14 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. 2Q 2020 issue of the “FASB Outlook” newsletter was issued on May 12, 2020.

2. FASB's COVID-19 stakeholder support web portal debuted in April.
3. Interviews, statements, and background interviews were conducted on credit losses and COVID-19, reference rate reform, goodwill, and other topics.

ITEM 3: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. None.

B. PROFESSIONAL DEVELOPMENT PROGRAMS

1. "Academic Research on Non-GAAP Reporting."

ITEM 4: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The chair and two FASB members met virtually with Treasury Department staff on June 6.

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. The GASB sent the following drafts to the FASB staff for review:
 - a. Final standard on Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans
 - b. Final standard on Subscription-Based Information Technology Arrangements
 - c. Exposure Draft on Postponement of Effective Dates on Certain Authoritative Guidance
 - d. Exposure Draft on Conceptual Framework: Recognition
 - e. Exposure Draft on Financial Reporting Model Reexamination

- f. Preliminary Views on Revenue and Expense Recognition
 - g. Proposed Technical Bulletin on Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 and COVID-19.
2. The FASB staff distributed the following drafts to the GASB for review:
- a. Proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*
 - b. Proposed Accounting Standards Update, *Financial Services—Insurance (Topic 944): Effective Date and Early Application*
 - c. Proposed Statement of Financial Accounting Concepts, *Conceptual Framework for Financial Reporting—Chapter 4: Elements of Financial Statements*.

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. 2020-05—*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*.
2. The FASB published a Taxonomy Exposure Draft for:
 - a. Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities.
3. The FASB published a Staff Q&A on the Application of the Taxonomy to COVID-19 Pandemic and Relief Disclosures.
4. The Taxonomy staff performed the following research projects supporting various Board-level projects:
 - a. Post Implementation Review of ASU 2016-02, Leases under Topic 842
 - b. Impact of the adoption of CECL on Trade Receivables of Fortune 500 companies
 - c. Effect of COVID-19 on going-concern disclosures
 - d. Effect on and interaction of business combinations and goodwill

- e. The effect of the CARES Act on a bank's decision to defer CECL and its impact on loan growth, that is whether banks that chose to defer had a different rate of loan growth than those that did not
- f. The impact of the adoption of SOFR.

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Taxonomy staff working with two academics developed two workshops for research and using XBRL in the classroom that were presented on June 11, 2020, virtually at the American Accounting Association Virtual SPARK Meeting.
 - b. Taxonomy staff presented "FASB Requirements for Extensible Enumerations in the US GAAP Taxonomy" at XBRL US webinar on April 13, 2020.
 - c. The Chief of Taxonomy Development participated as a panelist on XBRL US webcast, "SEC Filer Toolkit: FASB and XBRL US Resources for XBRL Preparation."
2. Hosted or 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.

Technical Agenda Overview

as of July 1, 2020

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Elements	Drafting ED	Q3 2020
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	ED redeliberations	

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Distinguishing Liabilities from Equity (including convertible debt)	Drafting final standard	Q3 2020
Identifiable Intangible Assets and Subsequent Accounting for Goodwill	Initial deliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
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 redeliberations	
Consolidation Reorganization and Targeted Improvements	ED redeliberations	
Distinguishing Liabilities from Equity Phase 2	Initial deliberations	
Hedging—Last-of-Layer Method	Initial deliberations	
Improving the Accounting for Asset Acquisitions and Business Combinations	Initial deliberations	
Insurance—Deferral of the Effective Date and Amendments to Early Application in Update 2018-12	Drafting ED	Q3 2020
PCC Issue No. 2018-01, Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards	Drafting ED	Q3 2020
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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PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
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 final standard	Q3 2020
Segment Reporting	Initial deliberations	
Simplifying the Balance Sheet Classification of Debt	Revised ED redeliberations	

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
Recognition and Measurement of Revenue Contracts with Customers under Topic 805
Revenue Recognition—Initial Franchise Fees
Targeted Improvements to the Statement of Cash Flows
Variable Interest Entity Related Party Guidance