

REPORT OF THE FASB ACTING CHAIRMAN
TO THE FINANCIAL ACCOUNTING FOUNDATION
July 1, 2010 through September 30, 2010

ITEM 1: TECHNICAL ACTIVITIES

BOARD AND STAFF ACTIVITIES

a. Final Documents Issued:

1. Accounting Standards Update No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (issued July 21, 2010).
2. Accounting Standards Update No. 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure* (a consensus of the FASB Emerging Issues Task Force) (issued August 26, 2010).
3. Accounting Standards Update 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries* (a consensus of the FASB Emerging Issues Task Force) (issued August 27, 2010).
4. Accounting Standards Update No. 2010-25, *Plan Accounting—Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans* (a consensus of the FASB Emerging Issues Task Force) (issued September 28, 2010).
5. Concepts Statement No. 8, *Conceptual Framework for Financial Reporting*, including Chapter 1, “The Objective of General Purpose Financial Reporting,” and Chapter 3, “Qualitative Characteristics of Useful Financial Information” (issued September 28, 2010).

b. Exposure Drafts and Discussion Papers Issued:

1. Proposed Accounting Standards Update—*Contingencies (Topic 450): Disclosure of Certain Loss Contingencies* (issued July 20, 2010). Comment deadline: August 20, 2010.
2. Proposed Accounting Standards Update—*Leases (Topic 840)* (issued August 17, 2010). Comment deadline: December 15, 2010.
3. Proposed Accounting Standards Update—*Plan Accounting—Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans* (a consensus of the FASB Emerging Issues Task Force) (issued August 18, 2010). Comment deadline: September 7, 2010.
4. Proposed Accounting Standards Update—*Other Expenses (Topic 720)—Fees Paid to the Federal Government by Pharmaceutical Manufacturers* (a consensus

- of the FASB Emerging Issues Task Force) (issued 08/24/10). Comments deadline: October 8, 2010.
5. Proposed Accounting Standards Update—*Health Care Entities (Topic 954): Accounting for Legal Costs Associated with Medical Malpractice and Similar Claims* (a consensus of the FASB Emerging Issues Task Force) (issued August 24, 2010). Comment deadline: October 8, 2010.
 6. Proposed Accounting Standards Update—*Compensation—Retirement Benefits—Multiemployer Plans (Subtopic 715-80): Disclosure about an Employer's Participation in a Multiemployer Plan* (issued September 1, 2010). Comment deadline: November 1, 2010.
 7. Discussion Paper, *Preliminary Views on Insurance Contracts* (issued September 17, 2010). Comment deadline: December 15, 2010.
- c. Other Codification Updates Issued:
1. Accounting Standards Update No. 2010-21, *Accounting for Technical Amendments to Various SEC Rules and Schedules—Amendments to SEC Paragraphs Pursuant to Release No. 33-9026: Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies* (SEC Update) (issued August 2, 2010).
 1. Accounting Standards Update No. 2010-22, *Accounting for Various Topics—Technical Corrections to SEC Paragraphs* (SEC Update) (issued August 19, 2010).
- d. Projects Added to the Technical Agenda:
1. Troubled Debt Restructuring; a targeted clarification
 2. Transfers and Servicing—Repurchase Agreements; a targeted amendment relating to Collateral Maintenance Agreements
 3. EITF Issue No. 10-F, "Accounting for Legal Costs Associated with Medical Malpractice Claims"; a targeted amendment to remove industry-specific guidance on legal fees
 4. EITF Issue No. 10-G, "Disclosure of Supplementary Pro Forma Information for Business Combinations"; a targeted clarification
- e. Agenda Requests Considered but Declined:
1. None.
- f. Projects Removed from the Technical Agenda:
1. None.
- g. Emerging Issues Task Force. All FASB members participated in both the July 29, 2010, and September 16, 2010 EITF meetings.
1. At the July meeting, the EITF reached final consensuses on two Issues, and the Board subsequently approved the issuance of final Accounting Standards Updates

that amend the Codification to reflect that consensus guidance. The EITF also reached tentative consensus on three Issues, and the Board subsequently approved the issuance of Exposure Drafts seeking input on those consensus.

2. At the September meeting, the EITF reached consensus on two Issues, and the Board subsequently approved the issuance of final Accounting Standards Updates that amend the Codification to reflect that consensus guidance (refer to item (a) above)). The EITF also reached tentative consensus on three Issues, and the Board subsequently approved the issuance of Exposure Drafts seeking input on those consensus (refer to item (b) above).

h. Outreach Activities—Meetings of FASB Standing Advisory Groups:

1. Investors Technical Advisory Committee (ITAC): Five Board members and several FASB staff members met with ITAC in July in an open meeting and rotating Board members met during the closed portion of the meeting to discuss the Board's projects on Revenue Recognition, Accounting for Financial Instruments, Balance Sheet Offsetting, and Disclosure of Certain Loss Contingencies.

Four Board members and several FASB staff members met with ITAC in September in an open meeting and rotating Board members met during the closed portion of the meeting to discuss the Board's projects on Leases and Accounting for Financial Instruments. ITAC also discussed resolving differences in major projects and the U.S. Securities and Exchange Commission (SEC) work plan.

2. Private Company Financial Reporting Committee (PCFRC): One Board member and several staff members met with the PCFRC in June in an open meeting to discuss the Board's projects on Conceptual Framework, Accounting for Financial Instruments, Statement of Comprehensive Income, and Revenue Recognition. In addition, the PCFRC was updated on the FASB and IASB's new work plan related to the convergence projects and the status of several projects including Financial Instruments with Characteristics of Equity, Leases, Fair Value, Disclosure of Certain Loss Contingencies, Consolidations, Disclosures about an Employer's Participation in a Multiemployer Plan, Going Concern, Disclosures about Credit Quality and the Allowance for Credit Losses, Reporting Discontinued Operations, Balance Sheet Offsetting, Investment Properties, and Disclosure Framework. The PCFRC also met with the staff of the AICPA/Financial Accounting Foundation ("FAF")/National Association of State Boards of Accountancy ("NASBA") Blue Ribbon Panel on private company accounting to review various models of the future of private company accounting that the panel is considering. The PCFRC decided to recommend that the FAF conduct a post-implementation review on the current requirement to test goodwill for impairment annually (Codification Topic 350).

One Board member and several staff members met with the PCFRC in September in an open meeting to discuss the Board's projects on Accounting for Financial Instruments, Investment Properties, Fair Value Measurements, Disclosures about

- an Employer's Participation in a Multiemployer Plan, Balance Sheet Offsetting, Conceptual Framework, Revenue Recognition, Consolidations, Financial Statement Presentation, Leases, Effective Date and Transition, Financial Instruments with Characteristics of Equity, Discontinued Operations, Going Concern, Troubled Debt Restructuring, and Disclosure Framework. The Committee also discussed changes at the FASB, the Blue Ribbon Panel on Private Company Accounting, and EITF projects that might affect private companies.
3. Not-for-Profit Advisory Committee (NAC): Board members and several staff members met with the NAC in September in an open meeting to discuss environmental trends and their implications, definitions of public and nonpublic, the current FASB financial reporting model for not-for-profit entities, and current FASB agenda projects of interest to not-for-profit entities.
- i. Outreach Activities—Other Consultations with Stakeholders:
 1. Institute of Management Accountants (IMA): Four Board members met with the IMA's Financial Reporting Committee in an open meeting in September. Participants discussed their general perspectives on the changes at the FASB, Codification feedback, user input-evaluating conflicting views, and the pace of standard setting. They also discussed the Board's projects on the Statement of Comprehensive Income, Disclosure of Certain Loss Contingencies, Accounting for Financial Instruments, Fair Value Measurement, Revenue Recognition, and Leases.

COLLABORATION WITH THE INTERNATIONAL ACCOUNTING STANDARDS BOARD

- a. The FASB held multi-day joint Board meetings with the IASB in July and August via video conference.
- b. FASB staff participated in IASB Board meetings and discussed various technical issues on the Boards' joint projects on Insurance Contracts, Fair Value Options, Impairment, Financial Instruments with Characteristics of Equity, Asset and Liability Offsetting, Fair Value Measurement, and Emissions Trading Schemes.
- c. FASB Board members participated in joint Board advisor meetings on Leases by telephone and video conference.
- d. The FASB and IASB Board members participated in joint education sessions on Impairment of Financial Assets.
- e. FASB Board members and directors discussed with the IASB the FASB/IASB Outreach Conferences.
- f. Two Board members participated in a joint outreach meeting with Microsoft.
- g. The FASB and IASB directors met periodically to discuss technical and administrative matters.

OTHER INTERNATIONAL ACTIVITIES

- a. The FASB chairman attended the International Integrated Reporting Committee meeting in London.
- b. The FASB chairman and a Board member met with the Ministry of Finance in Shanghai.
- c. The FASB chairman and a Board member met with the Accounting Standards Board of Japan.
- d. A Board member and research director participated in the National Standard Setters meeting in Rome.
- e. The FASB chairman, a Board member, and the research director participated in the World Standard Setters meeting in London.
- f. Two FASB fellows provided an overview of U.S. GAAP accounting for business combinations to a group of senior financial executives of Chinese companies.

XBRL ACTIVITIES

The FAF is responsible for the ongoing maintenance of the taxonomy applicable to public issuers registered with the SEC. The FAF has delegated those maintenance responsibilities to the FASB staff.

- a. XBRL staff has been analyzing taxonomy extensions used by public reporting entities to determine whether additional elements should be added to the U.S. GAAP Taxonomy.
- b. The proposed 2011 U.S. GAAP Financial Reporting Taxonomy was released in August 2010. The comment deadline is October 30, 2010.

That proposal contains updates for recently issued accounting standards and other recommended improvements to the official taxonomy currently in use by SEC issuers. The 60-day comment period is intended to solicit feedback on these updates from users of the taxonomy and to provide SEC filers, service providers, software vendors, and other interested parties with the opportunity to become familiar with and incorporate new element names for current filings.

The 2011 U.S. GAAP Financial Reporting Taxonomy is expected to be finalized and published in early 2011.

PROFESSIONAL DEVELOPMENT

- a. The following professional development sessions were presented to the Board and staff:
 1. Hamilton Lin, CFA, President and Founder of Wall Street Training and Adjunct Professor at Baruch College, NYU Stern School of Business, and Hunter College. Normalizing Financial Statements for Valuation: The objective of this session was to provide an overview and discussion of the major valuation methodologies, their nuances, and application. In addition, the session covered the analysis of trading and deal comparables. The session also covered how to adjust financial statements to consider charges such as asset impairments, write-downs, changes in accounting principles, and discontinued operations.
 2. Mr. Jeremy Perler, CFA, CPA. Mr. Perler is co-Director of Research at CFRA and coauthor of *Financial Shenanigans*. CFRA is the leading global provider of forensic accounting research, helping clients identify differences between the reported financial results and the underlying business performance of their portfolio companies. He currently is a member of the advisory council to the FASB (FASAC). He discussed the most prevalent accounting themes and tricks seen in how companies are responding to today's volatile economy. He also highlighted sensitive accounting areas that warrant extra scrutiny because abuse of these areas was prevalent in many of the major frauds that unraveled over the last decade. Using real-world case studies, he presented instructive anecdotes of financial shenanigans. Throughout the seminar, he highlighted interesting similarities between the prevalent issues in past frauds and the themes seen today.
 3. Ms. Pam Thomas, Certified Life and Corporate Coach. What's Within U, LLC. Living the Life You Want and Not Settling for Less: This interactive training covered the following key components: Developing a Positive Mindset, Effective Communication, and Removing Tolerations, Obstacles, and Blocks. The objective was for participants to walk away with helpful tools that they can utilize right away in to enhance their personal and professional lives, as well as support them in achieving greater positive results.

- b. Professional staff attended the following external conferences:
 - a. Skill Path Seminar on Managing Multiple Projects

ITEM 2: ADMINISTRATIVE MATTERS AND STRATEGIC ACTIVITIES

- a. All Board members attended the August FAF Trustees meeting.
- b. FASB members and senior staff met in several closed administrative meetings to discuss strategies and plans for completing the joint projects on the FASB-IASB Memorandum of Understanding.
- c. Several FASB members and directors met with the IASB members and staff to coordinate outreach activities on various joint projects.

- d. The FASB chairman and certain senior staff participated in closed meetings of the Financial Accounting Foundation's Standards-Setting Process Oversight Committee.
- e. Robert H. Herz retired effective September 30, 2010. Leslie F. Seidman was named acting chairman. Russell G. Golden, technical director, was appointed an FASB Board member, effective October 1, 2010.

ITEM 3: WASHINGTON ACTIVITIES

- a. The FAF chairman, FAF president, FASB acting chairman, and FAF vice president of external relations & communications met with Federal Reserve Chairman Bernanke, Federal Reserve Governor Tarullo, Treasury Assistant Secretary Lago, Treasury Deputy Assistant Secretary Sobel, U.S. Chamber SVP, David Hirschmann, and SEC Chief of Municipal Securities, Martha Haines, and SEC General Counsel David Becker. The purpose of meetings was introduce the FASB's acting chairman and provide a brief update on major technical activities including the convergence process with the IASB, the financial instruments project, and implementation of the new GASB funding mechanism.
- b. The FAF vice president of external relations & communications met with Gigi Highland, Commissioner of the National Credit Union Administration (NCUA), and Karen Kelbly, CFO of NCUA to provide an update on the financial instruments project. Outside counsel briefed the FASB members and senior staff about the Financial Stability Oversight Board (FSOC).
- c. An FASB Board member, the technical director, an assistant technical director, and the FAF vice president of external relations & communications participated in a quarterly meeting with representatives of various bank regulators, providing an update on both technical projects and the FASB Board changes.
- d. An FASB Board member, the technical director, and an assistant technical director participated in a quarterly meeting with representatives of the SEC staff, providing an update on both technical projects and the FASB Board changes.
- e. The FAF president, the technical director, and the FAF vice president of external relations & communications met with Labor Assistant Secretary Phyllis Borsi and her direct reports to explain the FASB's recently issued Exposure Draft proposing improvements to disclosures about multiemployer plans. We expressed interest in understanding more about their views and encouraged them to submit written comments.
- f. The FAF vice president of external relations & communications held a series of meetings to brief Senate and House staff members on current FASB projects and answer questions about the status of emerging issues. Members briefed included Senator Enzi, Senator Menendez, Senator Corker, House Financial Services

Committee Staff Director, Congressman Baca, Congressman Donnelly, Congressman Foster, Congressman Garrett, Congresswoman Biggert, Congresswoman Mahoney, and Congressman Himes.

- g. FASB practice fellow Kristen Bauer provided an overview of the FASB's leasing proposal at the Federal Budget Scoring Summit in Washington, D.C.

ITEM 4: FASB EDUCATIONAL OUTREACH ACTIVITIES

In accomplishing its mission, the FASB strives to guide and educate the public about the nature and purpose of financial reporting, the structure and organization of the FASB, and its ongoing efforts to improve financial reporting. The Board uses a variety of different means to accomplish those educational objectives, principally speeches, FASB-sponsored webcasts and webinars, and podcasts.

- a. Significant speeches made by FASB Board members or staff included:

- AAA 2010 Annual Meeting
- AGA Accounting Principles Committee Meeting
- AICPA National Advanced Accounting & Auditing Technical Symposium
- AICPA National Conference on Banks & Savings Institutions
- Baker Tilly Virchow Krause, LLP
- Baruch College (CUNY) Workshop
- Derivatives & Fair Value Conference
- Illinois Society of CPAs – Midwest Financial Reporting Symposium
- Inside NGO Annual Meeting
- Insurance Conference
- Investment Company Institute (ICI)
- Keefe, Bruyette & Woods Community Bank Conference
- National Association of Regulatory Utility Commissioners
- NY State Society of CPAs (NYSSCPA)
- SEC Financial Reporting Conference
- University of Connecticut
- University of Siena, School of Economics
- Virginia Technical University

- b. The FASB created and posted the following podcasts to its website:

1. July: FASB member Tom Linsmeier and FASB Practice Fellow Bill Hildebrand discuss the Exposure Draft on Loss Contingency Disclosures
2. August: FASB member Leslie Seidman and FASB Project Manager Danielle Zeyher discuss the Exposure Draft on Leases
3. September: FASB member Larry Smith and FASB Practice Fellow Bill Hildebrand discuss the Exposure Draft on Multiemployer Plans
4. September: FASB member Marc Siegel and Assistant Director of Technical Activities Peter Proestakes talk about the Discussion Paper on Improving Financial Reporting for Insurance Contracts

5. September: Research director Ron Lott discusses the Conceptual Framework project
- c. The FASB hosted the following webcasts and webinars:
1. Financial Statement Presentation: Presenting Cash Flow Information (09/09/10)
 2. Revenue Recognition Project: Potential Effects on the Construction Industry (09/08/10)
 3. Financial Statement Presentation Staff Draft Update (08/10/10)
 4. Revenue Recognition Project: Impact on Real Estate Contracts (8/26/10)
 5. Revenue Recognition Project: Potential Effects on the Technology Industry (8/12/10)
 6. Webinar: Fair Value Measurement Project Update (8/2010)
 7. Webinar: Financing Receivables Disclosures Update 7/2010)
 8. Revenue Recognition Project Webcast (7/8/10)
 9. Progress Report on Commitment to Convergence of Accounting Standards and a Single Set of High Quality Global Accounting Standards Webcast (7/1/10)
 10. Financial Instruments Proposal: An Overview (6/30/10)
- d. The FASB uses its publications FASB in Focus and FASB Update—User Edition to broadly explain the key features of FASB Exposure Drafts and final Statements. Publications issued this quarter included:
1. FASB in Focus: Leases
 2. FASB in Focus: Disclosures about an Employer's Participation in a Multiemployer Plan
 3. FASB in Focus: Loss Contingencies Disclosures
 4. FASB in Focus: Revenue Recognition
 5. FASB in Focus: Disclosures about Credit Quality and the Allowance for Credit Losses
 6. FASB Update—User Edition: September 30, 2010

ITEM 5: ADDITIONAL COMMUNICATIONS ACTIVITIES

- e. The FASB issued the following press releases:
1. 7-21-10: FASB Issues Accounting Standards Update No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*
 2. 8-16-10: Representatives of the Accounting Standards Board of Japan and the U.S. Financial Accounting Standards Board Meet to Discuss Global Convergence
 3. 8-17-10: IASB and US FASB Publish Proposals to Improve the Financial Reporting of Leases
 4. 8-18-2010: FASB Extends Comment Period for Disclosure of Certain Loss Contingencies Exposure Draft
 5. 9-1-10: FASB Issues Proposed Accounting Standards Update to Improve Disclosure about Entities Participating in Multiemployer Plans

6. 9-3-10: MEDIA ADVISORY: Financial Accounting Standards Board Amendments to the FASB Accounting Standards Codification
 7. 9-10-10: MEDIA ADVISORY: FASB Announces Series of Public Roundtables to Solicit Input on Proposal for Accounting for Financial Instruments and Other Proposed Standards
 8. 9-13-10: Financial Accounting Standards Board Announces Public Roundtable Meetings to Solicit Input on Private Company Accounting and Reporting Issues
 9. 9-17-10: FASB Discussion Paper Seeks Input on Improving the Financial Reporting for Insurance Contracts
 10. 9-28-10: FASB Announces Public Roundtable Meetings to Solicit Input on the IASB Staff Draft on Consolidated Financial Statements
 11. 9-28-10: IASB and US FASB Complete First Stage of Conceptual Framework
 12. 9-30-10: MEDIA ADVISORY: Financial Accounting Standards Board Announces Public Roundtable Meetings to Solicit Input on Proposal to Improve Revenue Recognition
- f. FASB Board member Leslie Seidman discussed the Board's leasing proposal with Reuters, New York Times, BNA, Wall Street Journal, WebCPA Thomson Reuters, and Journal of Accountancy.
 - g. The FAF communications department participated in media interviews with a number of major daily and trade media on issues including Bob Herz's retirement, the appointment of Russ Golden to the FASB, and the expansion of the FASB from 5 to 7 members. Media outlets we worked with include the NY Times, Wall Street Journal, Reuters, AP, CFO.com, Accounting Today, BNA, Thomson Reuters, and many others. In addition, the department answered questions and participated in interviews regarding several FASB projects and Board meetings.
 - h. The FASB published a document explaining the nature and extent of our user outreach on the financial instruments proposal, entitled "An Overview of Outreach Provided through Meetings and Teleconferences with Users of Financial Statements for the FASB's Accounting for Financial Instruments Proposal."
 - i. Before his retirement, former FASB chairman Bob Herz was interviewed by CFO.com for an upcoming piece about his tenure with the FASB and his thoughts about the future.

ITEM 6: GASB LIAISON ACTIVITIES

- a. FASB meeting minutes were sent to the GASB RTA director.
- b. GASB meeting minutes were sent to the FASB chairman and directors.
- c. The GASB RTA director and the FASB P&S director held monthly meetings and met quarterly with the FASB and GASB chairmen.
- d. The FASB staff distributed the following drafts to the GASB for review:

- Accounting Standards Update No. 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*
- Accounting Standards Update 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*
- Accounting Standards Update No. 2010-25, *Plan Accounting—Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans*
- Accounting Standards Update, *Financial Services—Insurance (Topic 944): Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts*
- Proposed Accounting Standards Update, *Leases*
- Proposed Accounting Standards Update, *Conforming Amendments to Various Topics: Conforming Amendments Related to Fair Value Measurements and Disclosures*
- Proposed Accounting Standards Update, *Receivables (Topic 310): Clarifications to Accounting for Troubled Debt Restructurings by Creditors*
- Proposed Accounting Standards Update, *Health Care Entities (Topic 954): Disclosure about Net Revenues and Allowance for Doubtful Accounts*
- Proposed Accounting Standards Update, *Compensation—Retirement Benefits—Multiemployer Plans (Subtopic 715-80): Disclosure about an Employer’s Participation in a Multiemployer Plan*
- Proposed Accounting Standards Update, *Other Expenses (Topic 720): Accounting for Certain Fees Paid to the Federal Government by Pharmaceutical Manufacturers*
- Proposed Accounting Standards Update, *Health Care Entities (Topic 954): Accounting for Legal Costs Associated with Medical Malpractice Claims*
- Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): How the Carrying Amount of a Reporting Unit Should Be Calculated When Performing Step 1 of the Goodwill Impairment Test*
- Proposed Accounting Standards Update, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*
- Discussion Paper, *Preliminary Views on Insurance Contracts*.