

REPORT OF THE FASB CHAIRMAN
TO THE FINANCIAL ACCOUNTING FOUNDATION
January 1, 2012 through March 31, 2012

ITEM 1: TECHNICAL ACTIVITIES

BOARD AND STAFF ACTIVITIES

- a. No final documents were issued.
- b. Exposure Documents Issued:
 1. Proposed Accounting Standards Update—*Revenue Recognition (Topic 605): Revenue from Contracts with Customers—Proposed Amendments to the FASB Accounting Standards Codification*[®] (issued January 4, 2012). Comment deadline: March 13, 2012.
 2. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment* (issued January 25, 2012). Comment deadline: April 24, 2012.
- c. From time-to-time, the FASB issues Accounting Standards Updates to amend the nonauthoritative portions of the *FASB Accounting Standards Codification*[®] (such as the nonauthoritative SEC content). No such Updates were issued this quarter.
- d. New projects added to the FASB and EITF agendas:
 1. Definition of a Nonpublic Entity (February/March 2012). The objective of this standards-setting project is to (a) reexamine and simplify the definition of a nonpublic entity, (b) address a few known practice issues, and (c) help identify the scope of entities that would be considered in future discussion about potential differences in requirements for nonpublic entities.
 2. Repurchase Agreements and Similar Transactions (March 2012). The objective of this standards-setting project is to reexamine the guidance in *FASB Accounting Standards Codification*[®] Topic 860, Transfers and Servicing, that is specific to the assessment of effective control for repurchase agreements and similar transactions, with the objective of differentiating between those transactions that are secured borrowings and those that are more clearly sales of the transferred financial assets with forward purchase agreements. This approach presents opportunities for increased convergence with IFRS. In addition, in light of investor requests for expanded disclosure about the credit and liquidity risks arising from these transactions, the Board will explore potential improvements to current disclosure requirements for repurchase agreements and similar transactions.

3. EITF Issue No. 12-A, “Not-for-Profit Entities: Classification of Gifts of Securities Immediately Sold in the Statement of Cash Flows” (February 2012).
 4. EITF Issue No. 12-B, “Not-for-Profit Entities: Contributed Services from an Affiliate” (February 2012).
 5. EITF Issue No. 12-C, “Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of an Acquisition of a Lending” (February 2012).
 6. EITF Issue No. 12-D, “Accounting for Joint and Several Liability for Which the Total Amount of the Obligation Is Fixed” (February 2012).
 7. EITF Issue No. 12-E, “Accounting for Information That Arises Subsequent to the Fair Value Measurement Date and Its Inclusion in the Impairment Analysis” (February 2012).
- e. New projects considered but not added to the EITF’s agenda:
1. A proposal that the EITF address accounting for the early termination of a contract that initially qualified for equity classification under Subtopic 815-40.
 2. Several proposals for the EITF to address relating to not-for-profit entities as follows:
 - a. Reporting the Contribution Portion of Charitable Gift Annuities—this issue will be considered within the FASB standards-setting project on not-for-profit financial reporting: financial statements.
 - b. Reporting Investment Expenses—this issue will be considered within the Board’s project on technical corrections. The disclosure of investment expenses will be considered within the standards-setting project on not-for-profit financial reporting: financial statements, which addresses not-for-profit specific disclosure requirements.
 - c. Recognition of Beneficial Interests in Trusts Held by Others When Information to Measure Is Unavailable—this issue will be considered within the Board’s technical corrections project.
 - d. Subsequent Measurement of Other Investments—this issue will be considered within the standards-setting projects on accounting for financial instruments, investment companies, and investment property entities.
- f. No projects were removed from the technical agenda.
- g. Six Board members participated in the March 15, 2012 EITF meeting.
- h. Outreach Activities—Meetings of FASB Standing Advisory Groups:
1. Financial Accounting Standards Advisory Council (FASAC): All Board members and several staff members participated in the March 2012 meeting of the FASAC. Council members discussed a variety of topics including the FAF Trustees’ plan for private company standard-setting. Participants also discussed their preliminary views about issues the FASB should consider in setting its future agenda, once it completes the current priority projects.

2. Investors Technical Advisory Committee (ITAC): Five Board members and several staff members met with the ITAC in January 2012 in a public meeting to discuss a variety of topics. ITAC members discussed investor outreach materials on the proposed revenue recognition guidance and investor concerns about the proposed guidance, including the proposed disclosures. ITAC members also discussed tentative decisions reached on impairment of financial instruments and leasing.
 3. Not-for-Profit Advisory Committee (NAC): All Board members and several staff members participated in the March 2012 public meeting of the NAC. Committee members discussed a variety of financial accounting and reporting issues of importance to not-for-profit entities (NFPs). Those discussions included the FASB's two NFP financial reporting projects on financial statements and other financial communications, opportunities for reducing complexity and increasing relevance of general GAAP, characteristics helpful in distinguishing NFP organizations from business entities and public NFPs from private NFPs, and recent trends and concerns of NAC members, including the reporting of gifts-in-kind.
- i. General Outreach Activities—Meetings with Industry or Other Representative Groups:
1. The FASB chairman participated in a conference call with representatives from Associated General Contractors of America Tax & Fiscal Committee to discuss various projects of mutual interest (closed meeting, January 2012).
 2. A Board member participated in a meeting of the Financial Reporting Committee of the Institute of Management Accountants (IMA) to discuss various projects of mutual interest (closed meeting, March 2012).
 3. Three Board members met with representatives of the Accounting Committee of the American Bankers' Association to discuss several projects of mutual interest (closed meeting, March 2012).
 4. A Board member participated in a meeting of the Financial Executive Institute's Committee on Corporate Reporting to discuss various projects of mutual interest (closed meeting, March 2012).
- j. Project-Specific Outreach Activities. Summaries of outreach activities on priority projects follow.
1. Accounting for financial instruments: Representatives of the FASB conducted targeted outreach on the possible impairment approaches with a major accounting firm and various types of lenders. FASB Board members and staff also met privately with various representatives of the insurance, banking, and credit card industries to discuss the overall project.
 2. Accounting for insurance contracts: An FASB member and a staff member attended the AIFA conference and discussed tentative decisions in the project with various investor groups during breakout sessions. FASB representatives also discussed the project in various private meetings with auditors and industry preparer groups (such as the ACLI, GNAIE property casualty group, and the AICPA Insurance Expert Panel).

3. Leases: FASB Board members and staff discussed the project with the FASB's ITAC and with representatives of major mutual fund groups in a private meeting. The project also was discussed in private meetings with several companies with significant leased properties and a major lessor.
4. Revenue recognition: The FASB and the IASB conducted a joint educational webinar focused on the pharmaceuticals industry and hosted two broad discussion forums in Brazil and Malaysia. Representatives of the Board discussed the Exposure Draft with users through a CFA Institute-sponsored webcast and several private meetings with buy and sell side analysts following the banking, media, and entertainment industries. Representatives also discussed the project in private meetings with various companies representing a wide variety of industries including entertainment, energy, technology, telecommunications, health care, semiconductors, hotels, and financial services (including asset management). Staff or Board members also discussed the project in private meetings with representatives of the major accounting firms. The project team also conducted outreach specifically focused on private entities, including meetings with the AICPA's Technical Issues Committee, the FASB's Private Company Financial Reporting Committee and NAC, and through private meetings with representatives of the hotel, agricultural cooperative, and health care industries.
5. Consolidation: principal versus agent analysis: Project issues were discussed in private meetings with representatives of the asset management industry, including users, private equity industry representatives, and the large accounting firms. Two Board members and the technical director attended the meetings with the industry groups. The Board's proposals also were discussed with staff of the SEC's Office of the Chief Accountant.
6. Investment properties and Investment companies: The Board discussed its proposals with representatives of the user, preparer, and auditing communities through various public roundtable meetings. The project also was discussed in private meetings with various investors including analysts covering the REIT sector, several other buy-side investor representatives, and members of the CFA Institute. The project also was discussed in various private meetings with various financial services companies, a major public accounting firm, and selected SEC staff.
7. Presentation of other comprehensive income: The project issues were discussed with the FASB's ITAC. The staff sought practical input on the issues from the perspective of preparers through various closed meetings with companies in the financial services, manufacturing, and technology industries.
8. Accounting for repurchased agreements: The project staff met privately with staff representatives of the SEC and representatives of major accounting firms to obtain their perspectives on current practice issues. The staff also held a number of private meetings with various investors to learn their perspectives on current financial reporting and disclosure requirements.

COLLABORATION WITH THE INTERNATIONAL ACCOUNTING STANDARDS BOARD

- a. The FASB and the IASB held several multi-day joint video-conference Board meetings and one face-to-face joint Board meeting (Norwalk and London).
- b. Board members and staff attended the Joint FASB/IASB investment companies roundtables in Toronto, London, and Kuala Lumpur (Board members only).
- c. Two Board members and the technical director attended the IASB Agenda Consultation roundtable in Norwalk.
- d. An FASB Board member attended the revenue recognition CFA Institute Joint FASB/IASB webcast in New York.
- e. The FASB and the IASB held small-group video-conference meetings on insurance, revenue recognition, financial instruments classification and measurement, and impairment.
- f. The FASB and the IASB directors met periodically to discuss technical and administrative matters.

OTHER INTERNATIONAL ACTIVITIES

- a. The FASB chairman, the FAF chairman, and the FAF president and CEO met with the Japanese Minister of State for Financial Services and Postal Reform and several representatives of the Business Accounting Council within the Financial Services Agency of Japan (closed meeting).
- b. The FASB chairman, a Board member, the FASB technical director, and several FASB staff members met with members of the Accounting Standards Board of Japan (closed meeting).
- c. The FASB chairman and the FASB technical director participated in two conference calls with representatives of the Financial Stability Board and the IASB chairman and the IASB technical director to discuss the status of the joint convergence projects (closed meeting).
- d. Two FASB Board members participated in the International Forum of Accounting Standard Setters (formerly called the NSS) meeting in Kuala Lumpur; the meeting focused on convergence activities, roles of national accounting standard setters, and other technical matters.
- e. The FASB research director attended a meeting of the EFRAG project team on disclosure framework and participated by phone in two meetings.
- f. The FASB research director attended meetings of the IFRS Advisory Council and the Capital Market Advisory Committee to discuss the tentative conclusions to date in the disclosure framework project.

XBRL ACTIVITIES

The FAF is responsible for the ongoing development and maintenance of the U.S. GAAP Financial Reporting Taxonomy applicable to public issuers registered with the SEC. The FAF has delegated these responsibilities to the FASB.

- a. The 2012 U.S. GAAP Financial Reporting Taxonomy was officially adopted and supported by the SEC, without change, effective March 26, 2012.
- b. The staff hosted three monthly conference call meetings for the FASB Taxonomy Advisory Group (TAG). The TAG includes participants from preparers, CPA firms, service providers, data aggregators, and analysts. This advisory group provides valuable input on the changes and directions taken with each taxonomy release.
- c. XBRL staff participated in the IASB XAC and XQRT meetings on March 7-8 in London by conference call. These two groups provide input and guidance for the IFRS taxonomy effort.
- d. XBRL staff participated in and chaired several presentations at the XBRL International 24th Conference held in Abu Dhabi.

ITEM 2: EDUCATION AND COMMUNICATIONS

EDUCATIONAL WEBCASTS AND PODCASTS DELIVERED

- a. Webcasts
 1. FASB and IASB Address Frequently Asked Questions on the Revenue Recognition Exposure Draft.
 2. Chairman's Outlook on the FASB, with Leslie F. Seidman.
- b. Podcasts:
 1. January: FASB Board Member Daryl Buck Discusses the Proposed Accounting Standards Update on Indefinite-Lived Intangible Asset Impairment Testing.

SPEECHES DELIVERED

FASB Board members or staff delivered speeches at the following conferences and events:

- American Accounting Association Government & Not-for-Profit Mid-Year Conference
- American Accounting Association 2012 FARS Mid-Year Conference
- American Accounting Association International Accounting Section Mid-Year Meeting
- American Council of Life Insurers Executive Roundtable
- American Council of Life Insurers Refocus 2012

- American Petroleum Institute Accounting Subcommittee Biannual Meeting
- Association of Bioscience Financial Officers Breakfast Meeting
- Association of Insurance & Financial Analysts 2012 Annual Conference
- CBI Net Pharma/Biotech Webinar
- Council of Institutional Investors Information Accounting & Auditing Group Teleconference
- Cornell University Faculty/Student Meeting
- Connecticut Society of CPAs
- Deloitte Trueblood Seminar
- Financial Executives International San Diego Chapter
- McGladrey & Pullen National Not-for-Profit Conference
- Michigan State University Professional Speaker Series
- National Association of Real Estate Investment Trusts
- National Association of Regulatory Utility Commissioners
- National Association of Farmer Cooperatives/National Society of Accountants for Cooperatives
- PCAOB Inspections Training
- Q1 Productions IFRS and US GAAP Convergence Conference
- Tax Executives Institute Midyear Conference
- University of Montana Post-graduate Technical Assistant Program
- WebFilings Disclosure Overload Webinar

ITEM 3: ADMINISTRATIVE, PROCEDURAL, AND STRATEGIC ACTIVITIES

a. Administrative Matters:

1. All Board members attended the February FAF Trustees meeting.

b. Professional Development—FASB Board and Staff

1. The following professional development sessions were presented to the Board and staff:
 - a. Highlights of the GASB’s Preliminary Views, *Economic Condition Reporting: Financial Projections*. Lisa Parker, GASB Project Manager. This session provided details of the proposals in the GASB’s Preliminary Views, *Economic Condition Reporting: Financial Projections*, including the background of the project, details about the proposed requirements, and the next steps in the project. At the end of this session participants understood the Board’s preliminary views on what it believes are the most fundamental issues associated with the reporting of financial projections and related narrative discussions that will assist users in assessing a governmental entity’s economic condition.
 - b. The Conceptual Framework Project: Part 3—Cases in Recognition of Assets and Liabilities. Ron Lott, FASB Research Director, and Jim Leisenring, FASB Senior Advisor. In this session, Messrs. Lott and Leisenring

continued their discussion of fundamental asset and liability definition issues.

- c. FASB and GASB Rules of Procedure. Susan Cosper, FASB Technical Director and Chairman of the Emerging Issues Task Force, and David Bean, GASB Director. This session discussed the rules of procedure for both the FASB and the GASB. At the end of this session, participants understood and were able to explain the principles and requirements of the FASB and the GASB Rules of Procedure.
- d. The FAF's Post-Implementation Review (PIR) Process. Terri Polley, FAF President and CEO; Leslie Seidman, FASB Chairman; Mark Schroeder, FAF PIR Team Leader; Kim Petrone, FAF PIR Senior Project Manager; and Regenia Cafini, FAF PIR Project Manager. This session provided information about the FAF's Post Implementation Review Process, including details about the FIN 48 PIR report and the FASB's response.

ITEM 4: GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

- a. Members of the SEC, the PCAOB, Congress, their staffs, and the Administration were informed about the activities of the FASB through various meetings and other forums, including:
 1. The FASB chairman and FAF staff representatives participated in a conference call with Congressman Blaine Luetkemeyer, House Financial Services Committee member, to discuss the independence of the accounting standards-setting process as input for Mr. Luetkemeyer's pending legislation, H.R. 1697, Communities First Act of 2011 (closed meeting).
 2. An FASB Board member, the FASB technical director, and FAF staff updated the U.S. Treasury Deputy Assistant Secretary for International Markets and Development on FASB and IASB convergence projects (closed meeting).
 3. An FASB Board member and FAF staff representatives participated in several closed meetings with Congressional representatives to discuss matters of mutual interest:
 - a. The senior Majority staff of the House Financial Services Committee.
 - b. The Chairman of the House Financial Services Subcommittee on Capital Markets.
 - c. Senior Minority staff of the House Financial Services Committee.
 - d. The Ranking Minority Member of the House Financial Services Subcommittee on Oversight & Investigations.

4. FASB Board members, FASB senior staff, the FAF president and CEO, and FAF staff participated in a regularly scheduled update conference call conducted by FAF staff on pending and emerging Congressional activities and issues as well as Administration regulatory initiatives.
5. The FASB chairman appeared before the House Financial Services Capital Markets Subcommittee to present testimony on Accounting & Auditing Oversight: Pending Proposals and Emerging Issues Confronting Regulators, Standard Setters and the Economy. Other witnesses included the chairman of GASB, chairman of the PCAOB and SEC chief accountant.
6. The FASB technical director appeared before the House Financial Services Subcommittee on Oversight & Investigations to present testimony to educate the committee on the accounting standards relating to repurchase agreements. Other witnesses included the executives from MF Global; Deputy General Counsel, JP Morgan Chase; and the President of the National Futures Association.
7. The FASB chairman, an FASB Board member, and the FASB technical director participated in quarterly meetings with staff members of the SEC's Office of the Chief Accountant and the PCAOB
8. The FASB chairman, an FASB Board member, and the FASB technical director attended the quarterly meeting with the financial institutions regulators.

ITEM 5: OTHER COMMUNICATIONS ACTIVITIES

- a. The FASB issued the following press releases/media advisories:
 1. 1.18.12: U.S. GAAP Financial Reporting Taxonomy Now Available
 2. 1.25.12: FASB Publishes Proposal for Impairment of Indefinite-Lived Intangible Assets
 3. 1.27.12: IASB and FASB Seek to Reduce Differences in Classification and Measurement Models for Financial Instruments
 4. 2.10.12: Representatives of the Accounting Standards Board of Japan and the Financial Accounting Standards Board Hold Biannual Meeting
 5. 2.16.12: FAF Releases Updated Print Edition of FASB Accounting Standards *Codification*®
 6. 2.17.12: FASB and IASB to Host a Series of Outreach Meetings on Revised Revenue Recognition Proposals
 7. 2.24.12: Media Advisory—FASB and IASB to Address Frequently Asked Questions on Revised Exposure Draft, *Revenue from Contracts with Customers*, in February 29 Webcast
 8. 3.5.12: Media Advisory—FASB to Host March 12 Video Webcast, 2012 *Chairman's Outlook on the FASB*, with Leslie F. Seidman
 9. 3.7.12: FASB Chairman Adds an Agenda Project on Defining “Nonpublic Entities”

10. 3.14.12: Media Advisory—Registration Is Now Open for April 3 Webcast, IN *FOCUS: Using XBRL Tables*
11. 3.20.12: FASB Responds to Financial Accounting Foundation’s Post-Implementation Review Report on FIN 48
12. 3.21.12: FAF Publishes Learning Guide for *the FASB Accounting Standards Codification®* Research System
13. 3.27.12: 2012 U.S. GAAP Financial Reporting Taxonomy Adopted and Supported by SEC Effective March 26, 2012.

b. The FASB issued “FASB in Focus” documents for the following:

1. 1.25.12: FASB Proposes Simplified Guidance for Testing Indefinite-Lived Intangible Assets for Impairment.

c. Media Outreach:

1. During the quarter ended March 31, 2012, members of the FASB or its staff participated in numerous interviews with media.

ITEM 6: GASB LIAISON ACTIVITIES

a. GASB meeting minutes were sent to the FASB directors.

b. The GASB and FASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest. The FASB and GASB chairmen and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest. A GASB staff member participated in our NAC meeting.

c. The GASB staff distributed the following drafts to the FASB for review:

- GASB Statement No. 65, *Reporting Items Previously Recognized as Assets and Liabilities*
- Exposure Draft, *Technical Corrections, an amendment of GASB Statements No. 10 and No.62.*

d. The FASB staff distributed the following drafts for GASB’s review:

- Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*
- Proposed Accounting Standards Update, *Presentation of Financial Statements (Topic 205): The Liquidation Basis of Accounting*
- Proposed Accounting Standards Update, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale of Donated Securities in the Statement of Cash Flows* (a consensus of the FASB Emerging Issues Task Force)
- Proposed Accounting Standards Update, *Business Combinations (Topic 805): Subsequent Accounting for an Indemnification Asset Recognized at the*

Acquisition Date as a Result of a Government-Assisted Acquisition of a Lending Institution (a consensus of the FASB Emerging Issues Task Force)

- Proposed Accounting Standards Update, *Entertainment—Films (Topic 926): Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs* (a consensus of the FASB Emerging Issues Task Force).