

REPORT OF THE FASB CHAIRMAN  
TO THE FINANCIAL ACCOUNTING FOUNDATION  
July 1, 2012 through September 30, 2012

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**ITEM 1: TECHNICAL ACTIVITIES**

**BOARD AND STAFF ACTIVITIES**

- a. The following Accounting Standards Updates were issued:
- Accounting Standards Update No. 2012-01, *Health Care Entities (Topic 954): Continuing Care Retirement Communities—Refundable Advance Fees* (issued July 2012)
  - Accounting Standards Update No. 2012-02, *Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment* (issued July 2012)
  - Accounting Standards Update No. 2012-04, *Technical Corrections and Improvements* (issued October 2012).
- b. In August, the FASB issued Accounting Standards Update No. 2012-03, *Technical Amendments and Corrections to SEC Sections*, amending the nonauthoritative SEC content in the *FASB Accounting Standards Codification*<sup>®</sup>.
- c. The following Exposure Documents were issued:
- Invitation to Comment, *Disclosure Framework* (issued July 12, 2012). Comments deadline: November 16, 2012
  - Invitation to Comment, *Private Company Decision-Making Framework: A Framework for Evaluating Financial Accounting and Reporting Guidance for Private Companies* (issued July 31, 2012). Comment deadline: October 31, 2012.
  - Proposed Accounting Standards Update, *Presentation of Financial Statements (Topic 205): The Liquidation Basis of Accounting* (issued July 2, 2012). Comment deadline: October 1, 2012.
  - Proposed Accounting Standards Update, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements* (a consensus of the FASB Emerging Issues Task Force) (issued July 23, 2012). Comment deadline: September 20, 2012.
  - Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Personnel Services Received from an Affiliate for Which the Affiliate Does Not Seek Compensation* (a consensus of the FASB Emerging Issues Task Force) (issued July 23, 2012). Comment deadline: September 20, 2012.

- Proposed Accounting Standards Update, *Comprehensive Income (Topic 220): Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income* (issued August 16, 2012). Comment deadline: October 15, 2012.
- d. The following issues were added to the EITF's agenda:
- Issue No. 12-G, "Accounting for the Excess in the Fair Value of Assets over Liabilities of a Consolidated Collateralized Financing Entity" (July 2012)
  - Issue No. 12-H, "Accounting for Service Concession Arrangements" (September 2012).
- e. The FASB project on contingency disclosures was removed from the agenda in July.
- f. The Board decided not to spin off and accelerate a tentative decision in the financial instruments classification and measurement project on the presentation of changes in fair value attributable to changes in own credit risk for financial liabilities for which the fair value option has been elected.
- g. Four Board members participated in the September 11, 2012, EITF meeting.
- h. FASB Standing Advisory Groups:
1. Financial Accounting Standards Advisory Council (FASAC): The FASAC did not meet during this period (last meeting was held in June 2012). It will meet on October 2, 2012, to discuss the reasons non-GAAP measures are used and to continue the discussion about the FASB's approach to evaluating costs and benefits.
  2. Investors Technical Advisory Committee (ITAC):
    - a. All Board members and several FASB staff members met with the ITAC in July 2012. Matters discussed included the projects on the accounting for financial instruments, disclosure framework, pushdown accounting, and leases. Committee members also discussed the use of purchase accounting by banks and the FASB's approach to evaluating costs and benefits.
    - b. Two Board members and several FASB and IASB staff members met with the ITAC in September 2012. Matters discussed included the Board's projects on the accounting for financial instruments, liquidity and interest rate risk disclosures, revenue recognition, and disclosure framework. Committee members also discussed the use of debt valuation adjustments.
  3. Not-for-Profit Advisory Committee (NAC): All Board members and several staff members participated in the September 2012 public meeting of the NAC. Matters discussed included the Board's projects on the nonpublic entity definition, not-for-profit financial reporting (both financial statements and other financial communications), liquidity and interest rate risk disclosures, and disclosure framework.
- i. Advisory Group Membership Changes:

- a. Gregory J. Jonas resigned from the Investors Technical Advisory Committee on August 8, 2012. New candidates will be considered in the fourth quarter of 2012 for appointment at the beginning of 2013.
  - b. Gail Harranty resigned from the Not-for-Profit Advisory Committee on August 30, 2012. Replacement candidates are currently being considered for appointment.
  - c. The EITF welcomed three new EITF members: Ms. Terri Z. Campbell, Liberty Mutual Group Asset Management Inc.; Mr. Jackson Day, Ernst and Young LLP; and Mr. Lawrence J. Salva, Comcast Corporation. The new members replaced members whose terms ended in the previous quarters.
- j. General Outreach Activities—Meetings with Industry or Other Representative Groups:
1. AICPA’s Auditing Standards Board (ASB). Four Board members and several FASB staff members met with the ASB’s Audit Issues Task Force members in a September public meeting. Matters discussed included the AICPA’s clarity project and its guide on auditing fair value, the FAF’s private company initiative, and the FASB’s projects on going concern and not-for-profit financial reporting. An AICPA representative also provided an update on the AICPA’s other comprehensive basis of accounting project.
  2. National Investor Relations Institute (NIRI). Two Board members and several FASB staff members met privately with representatives of NIRI in September. Key discussion topics included the FASB standard-setting process, international convergence, XBRL, and the disclosure framework project.
  3. Institute of Management Accountants (IMA): Six Board members and several FASB staff members met with the IMA’s Financial Reporting Committee in a September public meeting. IMA representatives shared their general perspectives on convergence. Other matters discussed included the Board’s projects on disclosure framework, revenue recognition, the accounting for financial instruments, leases, and liquidity and interest rate risk disclosures.
  4. Financial Executives International (FEI): A Board member met privately with FEI’s Committee on Corporate Reporting in September 2012. Topics discussed included international convergence and the Board’s projects on the presentation of other comprehensive income, disclosure framework, liquidity and interest rate risk disclosures, leasing, revenue recognition, and the accounting for financial instruments.
  5. AICPA Private Companies Practice Section Technical Issues Committee (TIC): Board members and several FASB staff members participated in a public meeting with TIC in September. Matters discussed included private company financial reporting developments (the private company decision-making framework and the newly formed Private Company Council) and the FASB’s projects on the disclosure framework and liquidity and interest rate risk disclosures.

6. The Chairman of the Private Company Financial Reporting Committee conducted in-depth interviews with a variety of authors and instructors of continuing professional development courses targeted toward preparers and auditors of private company financial statements. The purpose of those interviews was to discuss how the FASB or its staff might support the development of high-quality training materials.
- k. Project-Specific Outreach Activities. The FASB members and staff actively seek stakeholder input through a variety of outreach activities, the more significant of which are described below.
1. Accounting for financial instruments: Staff members conducted targeted outreach to learn about the interaction of tentative decisions on the accounting for deferred taxes and foreign currency. Staff also conducted targeted outreach to learn about the operability of proposed approaches to impairment, including meetings with the FASB's ITAC, IMA, and representatives of credit card issuers and other major financial institutions. Staff also conducted targeted outreach with selected private company groups.
  2. Liquidity and interest rate risk disclosures: The Board and staff discussed the Exposure Draft with a variety of stakeholders:
    - a. Staff and individual Board members met with the FASB's standing advisory groups (NAC, PCFRC, and ITAC) and staff representatives of the Securities and Exchange Commission and banking regulators.
    - b. An FASB member and the FAF vice president participated in a closed meeting with members of the Independent Community Bankers of America.
    - c. Workshops and other meetings were held with representatives of companies across a variety of industries including large and regional financial institutions, nonfinancial institutions, insurers, nonpublic entities, and employee benefit plans.
    - d. Staff also discussed the Exposure Draft with representatives of major public accounting firms.
  3. Disclosure framework: The Board and staff began outreach activities relating to the ITC issued in July:
    - a. The proposal was discussed with several FASB Advisory Groups (ITAC and NAC).
    - b. Staff and/or Board members discussed the proposal with various industry representative groups including the XBRL and Financial Reporting Committees of IMA, the AICPA's Auditing Issues Task Force and TIC, the Healthcare Financial Management Association, the Finance Subgroup of the National Association of Regulatory Utility Commissioners, representatives of the Independent Sector and United Way.
  4. Insurance contracts: Meetings were held with representatives of 13 different users/user representative groups; discussions primarily focused on presentation alternatives. Meetings were also held with various insurance companies and industry representative groups. Staff also discussed certain tentative decisions with users of not-for-profit financial statements and representatives of not-for-profit organizations.

5. Investment companies: Staff conducted targeted outreach with selected users, major auditing firms, investment companies, and regulators about various aspects of the investment companies Exposure Draft.
6. Leases: The leasing proposal was discussed with three of the FASB's Advisory Groups (PCFRC, NAC, and ITAC). The staff also conducted targeted outreach with preparers, including the Retail Industry Leaders Association, and the major public accounting firms.
7. Revenue recognition: The staff and Board continued its outreach relating to its revenue recognition proposals including:
  - a. A private roundtable to discuss proposed disclosures with representatives of the user and preparer communities.
  - b. Meetings with other investors and user representative groups.
  - c. Meetings with individual corporations and preparer representative groups such as FEI, IMA, and the AICPA's TIC.
  - d. Meetings with representatives of the major accounting firms to discuss selected issues.

#### COLLABORATION WITH THE INTERNATIONAL ACCOUNTING STANDARDS BOARD

- a. The FASB and the IASB held several multi-day joint Board meetings by video conference.
- b. The FASB and the IASB held private, small-group video-conference meetings on the joint insurance, revenue recognition, leases, and the accounting for financial instruments projects.
- c. The FASB and the IASB directors met periodically to discuss technical and administrative matters.

#### OTHER INTERNATIONAL ACTIVITIES

- a. The FASB chairman and the FASB technical director met privately with the chairman of EFRAG to discuss matters of mutual interest.
- b. The FASB chairman and a Board member met privately with representatives of the Accounting Regulatory Department of the Ministry of Finance in Beijing.
- c. The FASB chairman and a Board member met privately with the Accounting Standards Board of Japan and representatives of Japan's Financial Services Agency in Tokyo. They also met with members of FEI's Tokyo Chapter and the Keidanren.
- d. The FASB chairman and the FASB technical director met privately with representatives of the Basel Committee Accounting Task Force to discuss the accounting for financial instruments 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. In August, the FASB released for official public comment the draft 2013 US GAAP Financial Reporting Taxonomy with supporting collateral.
- b. XBRL staff participated in a variety of outreach activities, including:
  - Meetings (by conference call) of the IASB XBRL XQRT. This group provides input and guidance for the IFRS taxonomy effort.
    - Monthly conference call and a face-to-face meeting of the FASB Taxonomy Advisory Group.
    - Twice monthly conference calls with an XBRL Insurance Working Group to facilitate taxonomy improvements for the insurance industry.
    - The July meeting of FASB's ITAC.
    - A private meeting of IMA's XBRL Committee to answer questions and solicit feedback relating to the FASB's disclosure framework project.
    - A private meeting with Thomson Reuters (data aggregator) representatives to gain a better understanding of their requirements for XBRL tagged data and the standard-setting implications of their methods for collecting and using financial information (FASB members also participated).
    - A private meeting with NIRI, providing a status report on XBRL and to discuss cost-benefit issues raised by NIRI representatives.
    - Monthly XBRL US Best Practice conference calls.
- c. Staff representatives also spoke at various XBRL conferences, including:
  - MIT Information Quality Symposium, Boston, MA (XBRL quality)
  - XBRL US conference in Austin, Texas.
- d. September 30, 2012—All XBRL team members completed and passed XBRL Foundation Certificate from XBRL International.

## **ITEM 2: EDUCATION AND COMMUNICATIONS**

### EDUCATIONAL WEBCASTS AND PODCASTS DELIVERED

- a. The FASB hosted the following educational webinars:
  1. Leases (joint IASB/FASB webcast)
  2. IN FOCUS: The FASB Disclosure Framework Project
  3. IN FOCUS: The FASB Private Company Decision-Making Framework Project
  4. IN FOCUS: Expanded Coverage of Proposed 2013 Taxonomy Including XBRL Data in Use.
- b. Podcasts:

1. FASB Member Marc Siegel Discusses the Invitation to Comment on Disclosure Framework
2. FASB Board Member Daryl Buck Discusses the Accounting Standards Update on Indefinite-Lived Intangible Asset Impairment Testing
3. Jeffrey Mechanick, FASB Assistant Director—Nonpublic Entities, Discusses the Private Company Decision-Making Framework.

### SPEECHES DELIVERED

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

- ACPEN Accounting and Auditing Update Broadcast
- American Accounting Association Annual Meeting
- AICPA NAAATS Conference 2012
- AICPA 2012 National Conference on Banks & Savings
- Alabama CPA Society Financial Accounting & Auditing Conference
- American Gas Association Accounting Principles Committee Meeting
- American Petroleum Institute Accounting Subcommittee Biannual Meeting
- Arizona Society of CPAs (ASCPA) Annual Not-for-Profit Conference
- Boise State University Student Presentations
- Brigham Young University Student Presentations
- California State University Fullerton 11<sup>th</sup> Annual SEC Financial Reporting Conference
- CFA Institute Financial Statement Disclosures
- Connecticut CPA Society Friday Focus for Members in Industry
- Deloitte Professional Practice Directors Meeting
- Deloitte Convergence Summit
- Equipment Leasing & Finance Association Accountants Conference
- Illinois CPA Society Midwest Financial Reporting Symposium
- InsideNGO 2012 Annual Conference
- International Association of Insurance Supervisors Subcommittee Meeting
- Michigan State University Professional Speaker Series
- MIT Information Quality Symposium—XBRL
- NAREIT 2012 Senior Financial Officers Workshop
- National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee Meeting
- National Society of Accountants for Cooperatives (NSAC) Annual Tax & Accounting Conference for Cooperatives
- New York Society of Security Analysts IFRS Conference
- New York State Society of CPAs SEC Conference
- OCC Examiners Internal Training Update Conference
- Pennsylvania Institute of CPAs Accounting & Auditing Conference
- Rural Utilities Service RUS CPA Seminar
- SEC Institute 8<sup>th</sup> Annual SEC Reporting & FASB Forum for Mid-Sized & Smaller Companies
- Tax Executives Institute (TEI) Financial Reporting Seminar
- University of Texas Arlington Alumni CPE Event

- XBRL US Conference Panel Discussion

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

#### a. Administrative Matters:

1. Six Board members attended the August FAF Trustees meeting.

#### b. Professional Development—FASB Board and Staff

1. There were no professional development sessions presented in this quarter.

### **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. An FASB member and the FAF vice president participated in a closed meeting with members of the Financial Services Roundtable to discuss the accounting for affordable housing credits.
2. An FASB member, an FASB staff member, and the FAF vice president conducted several conference calls with senior staff of the Senate Permanent Subcommittee on Investigations to discuss technical interpretations of the accounting for tax effects of undistributed earnings of foreign subsidiaries of U.S. corporations.
3. The FASB technical director testified before the U.S. Senate Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations to explain the accounting for deferred U.S. incomes taxes attributed to unremitted earnings of a foreign subsidiary of a U.S. corporation.

### **ITEM 5: OTHER COMMUNICATIONS ACTIVITIES**

#### a. The FASB issued the following press releases/media advisories/Tweets:

1. FASB Seeks Input on Disclosure Framework
2. Media Advisory—FASB and IASB to Address Frequently Asked Questions on Leases Project in July 19 Webcast
3. FASB Issues Accounting Standards Update to Simplify Testing of Indefinite-Lived Intangible Assets for Impairment
4. FASB Seeks Input on Private Company Decision-Making Framework
5. Media Advisory—Registration Opens for September 5 Webcast *IN FOCUS: The FASB Disclosure Framework Project*
6. FASB Publishes Proposal for Presenting Items Reclassified Out of Accumulated Other Comprehensive Income
7. Registration Opens for September 14 Webcast, *IN FOCUS: The FASB Private Company Decision-Making Framework Project*



8. 2013 U.S. GAAP Financial Reporting Taxonomy Now Available for Public Review and Comment
  9. Financial Accounting Standards Board Announces Three New Members Appointed to the Emerging Issues Task Force
  10. Registration Opens for September 24 Webcast, *IN FOCUS: Expanded Coverage of Proposed 2013 Taxonomy including XBRL Data in Use*
  11. Financial Accounting Standards Board Announces “Encore” CPE Webcast on Private Company Decision-Making Framework Project
  12. Representatives of the Financial Accounting Standards Board and the Accounting Standards Board of Japan Hold Biannual Meeting
  13. Financial Accounting Foundation Appoints Members To Newly Created Private Company Council
- b. The FASB issued “FASB in Focus” documents for the following:
1. Proposed Accounting Standards Update (ASU), *Presentation of Financial Statements (Topic 205): The Liquidation Basis of Accounting*
  2. FASB’s Invitation to Comment on Disclosure Framework
  3. FASB Simplifies Guidance for Testing Indefinite-Lived Intangible Assets for Impairment
  4. Invitation to Comment—*Private Company Decision-Making Framework: A Framework for Evaluating Financial Accounting and Reporting Guidance for Private Companies*
  5. FASB Proposal on Improving the Presentation Requirements for Reclassifications Out of Accumulated Other Comprehensive Income
- c. Media Outreach:
1. During the quarter ended September 30, 2012, members of the FASB or its staff participated in numerous interviews with media.

#### **ITEM 6: GASB LIAISON ACTIVITIES**

- a. GASB and FASB meeting minutes were shared with the FASB and GASB 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.
- c. A GASB staff member participated in the FASB’s Not-for-Profit Advisory Committee meeting on September 6 and 7.
- d. The FASB’s liaison meeting with the AICPA’s Audit Issues Task Force (AITF) in September was coordinated with and preceded by a session between the AITF and GASB representatives.
- e. The GASB staff did not distribute any drafts to the FASB for review.

- f. The FASB staff distributed the following drafts for the GASB's review:
- Final Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*
  - Final Accounting Standards Update, *Technical Corrections and Improvements*
  - Final Accounting Standards Update, *Statement of Cash flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* (a consensus of the FASB Emerging Issues Task Force)
  - Final 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 Financial Institution* (a consensus of the FASB Emerging Issues Task Force)
  - Final 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)
  - Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Personnel Services Received from an Affiliate for Which the Affiliate Does Not Seek Compensation* (a consensus of the FASB Emerging Issues Task Force)
  - Proposed Accounting Standards Update, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements* (a consensus of the FASB Emerging Issues Task Force)
  - Proposed Accounting Standards Update, *Comprehensive Income (Topic 220): Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income*
  - Proposed Accounting Standards Update, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Group of Assets within a Foreign Entity* (a consensus of the FASB Emerging Issues Task Force)
  - Proposed Accounting Standards Update, *Consolidation (Topic 810): Accounting for the Difference between the Fair Value of the Assets and the Fair Value of the Liabilities of a Consolidated Collateralized Financing Entity* (a consensus of the FASB Emerging Issues Task Force).