

REPORT OF THE FASB CHAIRMAN
TO THE FINANCIAL ACCOUNTING FOUNDATION
January 1, 2013 through March 31, 2013

ITEM 1: TECHNICAL ACTIVITIES

BOARD AND STAFF ACTIVITIES

- a. The following Accounting Standards Updates were issued:
1. Accounting Standards Update No. 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* (issued January 2013)
 2. Accounting Standards Update No. 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (issued February 2013)
 3. Accounting Standards Update No. 2013-03, *Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities* (issued February 2013)
 4. Accounting Standards Update No. 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date* (a consensus of the FASB Emerging Issues Task Force) (issued February 2013)
 5. Accounting Standards Update No. 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* (a consensus of the FASB Emerging Issues Task Force) (issued March 2013).
- b. The following Exposure Documents were issued:
1. Proposed Accounting Standards Update, *Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities* (issued January 7, 2013). Comment deadline: January 22, 2013.
 2. Proposed Accounting Standards Update, *Transfers and Servicing (Topic 860): Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings* (issued January 15, 2013). Comment deadline: March 29, 2013.
 3. Proposed Accounting Standards Update, *Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (issued February 14, 2013). Comment deadline: May 15, 2013.

4. Proposed Accounting Standards Update, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists* (a consensus of the FASB Emerging Issues Task Force) (issued February 21, 2013). Comment deadline: April 22, 2013.
 5. Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes* (a consensus of the FASB Emerging Issues Task Force) (issued February 21, 2013). Comment deadline: April 22, 2013.
- c. No projects were added or removed from the FASB agenda during the quarter, nor were any new projects added or removed from the EITF agenda.
 - d. The Board discussed the following two potential agenda projects at the March 20, 2013 Education Session: (A decision whether to add these projects to the agenda will be made at a future Board meeting.)
 1. Fair Value Measurement Disclosures of Private Company Employer Securities Held by Employee Benefit Plans
 2. Application of Asset- or Entity-Based Guidance to Nonfinancial Assets in an Entity.
 - e. All seven Board members participated in the January 17, and March 14, 2013 EITF meetings.
 - f. Emerging Issues Task Force (EITF)
 1. The EITF chairman appointed Mr. Alex Corl, chief financial officer and treasurer, The Lee Company, to the EITF, replacing Larry Weinstock, Mana Products, Inc., who stepped down to become a member of the PCC.
 - g. Meetings of FASB Advisory Councils and Committees:
 1. Private Company Council (PCC)
 - a. At its February meeting, the PCC voted to add the following items to its agenda:
 1. Consolidating variable interest entities, specifically when applied to related party arrangements, as referenced in the FASB Accounting Standards Codification Topic 810, Consolidation (formerly Interpretation 46(R) and Statement 167)
 2. Accounting for “plain vanilla” interest rate swaps with single counterparties, which are used to convert variable interest rates on loans to fixed interest rates as referenced in Topic 815, Derivatives and Hedging (formerly Statement 133)
 3. Recognizing and measuring various identifiable intangible assets acquired in business combinations, including the use of Level 3

fair value measurements and the disclosures associated with them, as referenced in Topic 805, Business Combinations, and Topic 350, Intangibles—Goodwill and Other (formerly Statements 141(R) and 142).

- b. The PCC also voted to issue the private company decision-making framework for public comment.
 - c. The PCC asked the FASB staff to perform pre-agenda work on development stage entities and stock-based compensation.
2. All Board members and several staff members participated in the February 12, 2013 meeting of the Private Company Council (PCC).
3. One Board member and several staff members participated in the February 11, 2013 closed meeting of the Private Company Council (PCC).
4. Financial Accounting Standards Advisory Council (FASAC):
 - a. All Board members and several FASB staff members participated in the March 2013 meeting of the FASAC. Council members discussed the FASB's project on going concern disclosures, pre-agenda staff research on the accounting for government assistance, and the review of FASB Advisory Group review.
5. Investors Technical Advisory Committee (ITAC):
6. All Board members and several FASB staff members met with the ITAC in January 2013. Matters discussed included the projects on the accounting for financial instruments and revenue recognition and pre-agenda staff research on the accounting for government assistance. FASB staff also explained to committee members the FASB's general approach to investor outreach and the FAF's post-implementation review process.
7. Not-for-Profit Advisory Committee (NAC):
 - a. Five Board members and several staff members participated in the February/March 2013 public meeting of the NAC. Matters discussed included the development of an intermediate operating measure for not-for-profit entities, pre-agenda staff research on accounting for government assistance, accounting for financial instruments, and EITF Issue 12-B, "Services Received from Personnel of an Affiliate for Which the Affiliate Does Not Seek Compensation."
8. Small Business Advisory Committee (SBAC):
 - a. Six Board members and several FASB staff members met with the SBAC in January 2013. Matters discussed included the projects on going concern disclosures, disclosure framework, the private company decision-making framework, and consolidations. Committee members also discussed pre-agenda staff research on the accounting for government assistance.
9. Committee and Council Membership Changes:
 - a. Joyce Joseph resigned from the ITAC in January 2013.
 - b. The FASB chairman appointed six new ITAC members for terms that will begin on May 1, 2013—Frederick Cannon, Wallace Enman, Brian Foran, Jonathan Nus, Kevin W. Shea, and David Trainer.

- c. Two SBAC members concluded their service on the SBAC in January 2013—Mark Ellis and Robert Dyson.
 - d. Melanie Herman resigned from the NAC in March 2013. New candidates will be considered for appointment in the second quarter of 2013.
- h. Outreach Activities—Meetings with Industry or Other Representative Groups:
- 1. IMA’s Financial Reporting Committee (FRC). A Board member participated in a closed meeting (conference call) with IMA’s FRC. Matters discussed included the projects on financial instruments, revenue recognition, leases, disclosure framework, and consolidations. The FRC also discussed international convergence.
 - 2. FEI’s Committee on Corporate Reporting (CCR). A Board member met privately with FEI’s CCR in March 2013. Topics discussed included the projects on financial instruments, revenue recognition, leases, disclosure framework, consolidations, and discontinued operations.
- i. Project-Specific Outreach Activities. The more significant project-specific outreach activities undertaken included:
- 1. Project on classification and measurement of financial instruments: staff members discussed the Board’s proposals at a forum organized by KPMG, in a closed meeting with the American Bankers Association, and with the FASB’s NAC.
 - 2. Accounting for the impairment of financial assets: representatives of the FASB provided educational overviews of the Board’s proposed approach in about 20 closed meetings with 20 different groups of investors and other users. The proposed approach also was discussed with about a half-dozen major financial institutions in closed meetings.
 - 3. Accounting for leases: staff discussed decisions made in the leasing project with three of the four largest accounting firms. An FASB member and a FAF vice president met privately with members of the Leases Coalition to discuss progress on the leases project.
 - 4. Revenue recognition: staff discussed aspects of the revenue recognition project with representatives of over a dozen specific companies, a working group of FEI’s CCR, and the four major accounting firms.

COLLABORATION WITH THE INTERNATIONAL ACCOUNTING STANDARDS BOARD

- a. The FASB and the IASB held several multi-day joint public Board meetings by video conference.
- b. The FASB and the IASB held private, small-group video-conference meetings on the joint revenue recognition, leases, and insurance contracts projects.

- c. The FASB and the IASB directors met periodically to discuss technical and administrative matters.
- d. An FASB staff member participated in two IASB meetings on the IASB's conceptual framework project in London.

OTHER INTERNATIONAL ACTIVITIES

- a. The FASB chairman, a Board member, the FASB technical director, and several FASB staff members met privately with members of the Accounting Standards Board of Japan and its staff to discuss matters of mutual interest.
- b. The FASB chairman, a Board member, and the FASB technical director held a video conference with EFRAG to discuss matters of mutual interest.

XBRL ACTIVITIES

The FASB is responsible for the ongoing development and maintenance of the U.S. GAAP Financial Reporting Taxonomy (UGT) applicable to public issuers registered with the SEC.

- a. Technical activities:
 - 1. Published Taxonomy Exposure Draft (TED) for Proposed ASU—Transfers and Servicing (Topic 860): Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings.
 - 2. Published for public comment non-authoritative XBRL Implementation Guides and one Reference Guide, on the following topics:
 - a. Other Comprehensive Income
 - b. Insurance Industry: Concentration of Credit Risk
 - c. Insurance Industry: Reinsurance-Related Disclosures
 - d. Segment Reporting
 - e. Subsequent Event Disclosures
 - f. Definition Components & Structure.
- b. Outreach activities included the following:
 - 1. XBRL staff provided FASAC with an XBRL overview, explaining how the FASB uses XBRL data and the approach for integrating data modeling (XBRL) into the standard-setting process.
 - 2. XBRL staff discussed with the SEC OCA a process for integrating its review of XBRL taxonomy changes with its review of draft ASUs.
 - 3. Two conference calls with the FASB Taxonomy Advisory Group (TAG) were held. 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.
4. FASB staff participated in monthly XBRL US Best Practice conference calls.
 5. FASB staff made a presentation at an XBRL US-hosted closed meeting of representatives of the major data aggregators, including Bloomberg, FactSet, SNL Financial, Thomson Reuters, Morningstar, Dow Jones, and EDGAR Online. The purpose of that meeting was to learn about their requirements for XBRL tagged data and how they collect and use financial information. Other participants included staff from XBRL US, the SEC, and Morgan Stanley. The XBRL team met with Michal Piechocki, CEO, Business Reporting Advisory Group, for an update on the Data Point Model and how the Data Point Model might inform the XBRL teams' modeling methodology.
- c. Other XBRL activities:
1. XBRL staff participated in IASB XBRL Advisory Group and XBRL Quality Review Task Force meetings in London, providing input and guidance for the IFRS taxonomy effort.
 2. FASB staff participated in twice-monthly conference calls of a NFP industry working group focused on developing a NFP taxonomy built off the UGT.
 3. XBRL webpages were linked with FASB project pages to improve navigation by stakeholders.

ITEM 2: EDUCATION AND COMMUNICATIONS

EDUCATIONAL WEBCASTS AND PODCASTS DELIVERED

- a. The FASB hosted the following educational webinar:
 1. IN FOCUS: 2013 US GAAP Taxonomy Overview with Expanded Coverage of FASB XBRL Implementation Guides and SEC Update.
- b. Podcasts:
 1. FASB Member Russ Golden provided an overview of the FASB's Proposed ASU, *Transfers and Servicing (Topic 860): Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings*.
 2. FASB Member Hal Schroeder provided an overview of the FASB's proposed framework for classifying and measuring financial instruments.

SPEECHES DELIVERED

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

- AAA-APLG annual meeting, San Diego

- AAA FARS Midyear Meeting
- Department of Accounting and Law, University at Buffalo
- FDIC Interagency Accounting Conference
- Financial Executives International—Central Florida Chapter
- Financial Executives International—New Jersey Chapter
- Financial Executives International—Pittsburgh Chapter Meeting
- Florida Institute of CPA’s Health Care Industry Conference
- KPMG Audit Committee Institute
- McGladrey Annual Conference
- Michigan State University, East Lansing, MI
- NAREIT’s Law, Accounting & Finance Conference
- NYSSA IFRS Conference
- NYSSA 18th Annual Intl Financial Reporting Conference
- PWC, Texas A& M College
- PWC, Trinity University
- PCAOB Inspections Training, Washington, DC
- Southern Methodist University Cox School of Business—Accounting Distinguished Speaker Series
- XBRL US Update on US GAAP Taxonomy.

ITEM 3: ADMINISTRATIVE, PROCEDURAL, AND STRATEGIC ACTIVITIES

a. Administrative Matters:

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

- b. Procedural Matters: At the suggestion of the chairmen of the FASB and the GASB, the FAF Trustees amended by Foundation’s By-Laws to end the “leadership agenda process,” under which the FASB and GASB chairs had the authority to make agenda decisions. Effective February 26, 2013, all changes to the FASB agenda will be made upon the approval of a majority of the FASB. The FASB issued revised and amended Rules of Procedures reflecting that change.

- c. Procedural Matters: Review of FASB Advisory Groups: Members of the FASB were briefed on the results of the review of FASB Advisory Groups undertaken by the FASAC chairman in late 2012, agreeing to implement various recommendations to strengthen the oversight and administration of those groups.

- d. Professional Development—the following professional development sessions were presented to the Board and staff:

1. Not-for-Profit Update: Current and Future Reporting—The FASB not-for-profit team provided an update on the not-for-profit sector and two active projects on the FASB agenda, one focused on the presentation of financial statements and the other a research project on broader financial communications by NFP organizations.

2. FASB's Evolution: A Look into its Past, Present, and Future—Paul B.W. Miller, Ph.D., CPA, Professor of Accounting at the University of Colorado, and Paul R. Bahnson, Ph.D., CPA, Associate Professor of Accounting at Boise State University, provided their perspectives on the FASB's future and areas of US GAAP they believe need improvement.
3. The Conceptual Framework Project: An Overview (a special presentation for PTAs and other new staff)—Ron Lott, FASB Research Director, and Jim Leisenring, FASB Senior Advisor, discussed the history of the Conceptual Framework, including the issues that were in process when the framework project was suspended. They also discussed the issues the framework was intended to address and the reasons why early Board members thought establishing a framework was important.
4. Federal Reserve Update: Basel III—Steven P. Merriett, CPA, CFA, CISA, Deputy Associate Director and Chief Accountant of the Federal Reserve Board's Division of Banking Supervision and Regulation, Washington, DC, and JoAnne Wakim, CPA, Assistant Chief Accountant for the Federal Reserve Board's Division of Banking Supervision and Regulation, Washington, DC, provided an overview of the supervisory role played by the Federal Reserve as well as the regulatory point of view that underlies Federal Reserve staff positions on current accounting issues. They also discussed recent examples illustrating how the Federal Reserve addresses interactions between accounting standards and Federal Reserve public policy initiatives, and how its staff resolves practice challenges encountered while performing regulatory functions.

ITEM 4: GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

- a. Members of the SEC, the PCAOB, Congress, and the Administration and their staffs were informed about the activities of the FASB through various meetings and other forums, including:
 1. The FASB chairman and a FAF vice president met with Members of the Bi-Partisan Congressional CPA Caucus to discuss ongoing projects and activities important to the FASB (closed meetings).
 2. The FASB chairman and a FAF vice president met with staff of the House Financial Services Committee to provide an update on the leases project (closed meetings).
 3. The FASB chairman, an FASB member, and the FASB technical director participated in the quarterly meeting with the financial institutions regulators.
 4. An FASB member participated as an observer in the semiannual meeting of the PCAOB's Standards Advisory Group.
 5. An FASB member and a FAF vice president met with Members of the Senate Banking Committee to discuss the leases project (closed meeting).

ITEM 5: OTHER COMMUNICATIONS ACTIVITIES

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

1. FASB Extends Comment Deadline on Proposal for Accounting for Credit Losses on Financial Assets
2. FASB Issues XBRL Implementation Guide on Other Comprehensive Income
3. Registration Reminder: April 2 Webcast In Focus: 2013 US GAAP Taxonomy and XBRL Overview
4. FASB to Add Additional Implementation Guide, Other Comprehensive Income, to the XBRL Series
5. FASB Staff Document Responds to Frequently Asked Questions about Proposal to Improve Accounting for Current Expected Credit Losses
6. FASB Adds Three Additional Implementation Guides to the XBRL Series
7. Registration Opens for April 2 Webcast, IN FOCUS: 2013 US GAAP Taxonomy Overview with Expanded Coverage of FASB XBRL Implementation Guides and SEC Update
8. FAF Releases Updated Print Edition of FASB Accounting Standards Codification®
9. Financial Accounting Standards Board Appoints New Members to Its Task Force and Advisory Groups
10. Representatives of the Financial Accounting Standards Board and the Accounting Standards Board of Japan Hold Biannual Meeting
11. FASB Responds to Financial Accounting Foundation’s Post-Implementation Review Report on Statement 131 on Segment Reporting
12. Financial Accounting Foundation Board of Trustees Reappoints Marc A. Siegel to a Second Term on the FASB
13. Financial Accounting Foundation Board of Trustees Approves New FASB/GASB Agenda-Setting Process, PIR Report
14. FASB Proposes Improvements to Recognition and Measurement of Financial Assets and Liabilities
15. Private Company Council Adds Three Projects to Its Agenda, Votes to Seek More Input on Private Company Decision-Making Framework
16. FASB Issues XBRL Implementation Guide for Subsequent Events
17. Media Advisory—FASB Issues Accounting Standards Update on Proposed Clarification to Fair Value Disclosure Exemption Affecting Private Companies and Not-for-Profit Organizations
18. Media Advisory—Private Company Council Holds Second Meeting on February 12
19. FASB Issues Accounting Standards Update on Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income
20. FAF to Conduct Post-Implementation Review of FASB Standard on Accounting for Income Taxes
21. FASB Issues Accounting Standards Update Clarifying Scope of Disclosures That Apply to Balance Sheet Offsetting of Assets and Liabilities
22. FASB Proposes Improvements to Accounting for Repurchase Agreements
23. Media Advisory—FASB Issues Proposed Clarification to Fair Value Disclosure Exemption Affecting Private Companies and Nonpublic Not-for-Profit Organizations.

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

1. Proposed Accounting Standards Update—Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities
 2. Accounting Standards Update On Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income
 3. Proposed Accounting Standards Update—Transfers and Servicing (Topic 860)—Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings
- c. Media Outreach:
1. During the quarter ended March 31, 2013, 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. The GASB staff distributed a draft of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions*, to the FASB for review.
- d. The FASB staff distributed the following drafts for the GASB's review:
 1. Final Accounting Standards Update, *Balance Sheet (Topic 210): Scope Clarification of Disclosures about Offsetting Assets and Liabilities*
 2. Final Accounting Standards Update, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*
 3. Final Accounting Standards Update, *Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities*
 4. Final Accounting Standards Update, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* (a consensus of the FASB Emerging Issues Task Force)
 5. Final Accounting Standards Update, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date* (a consensus of the FASB Emerging Issues Task Force)
 6. Final 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)
7. Final Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate* (a consensus of the FASB Emerging Issues Task Force)
 8. Final Accounting Standards Update, *Presentation of Financial Statements (Topic 205): The Liquidation Basis of Accounting*
 9. Final Accounting Standards Update, *Financial Services—Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements*
 10. Proposed Accounting Standards Update, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*
 11. Proposed Accounting Standards Update, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward or Tax Credit Carryforward Exists* (a consensus of the FASB Emerging Issues Task Force)
 12. Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes* (a consensus of the FASB Emerging Issues Task Force)
 13. Proposed Accounting Standards Update, *Presentation of Financial Statements (Topic 205): Reporting Discontinued Operations*
 14. Proposed Accounting Standards Update, *Technical Corrections and Improvements Related to Glossary Terms*
 15. Invitation to Comment (containing decisions of the Board), *Private Company Decision-Making Framework—A guide for Evaluating Financial Accounting and Reporting for Private Companies*
 16. Proposed Accounting Standards Update, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (Consequential Amendments)*
 17. Proposed Accounting Standards Update (Revised), *Leases (Topic 842): A Revision of the 2010 Proposed FASB Accounting Standards Update, Leases (Topic 840)*
 18. Proposed Accounting Standards Update, *Investments (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects* (a consensus of the FASB Emerging Issues Task Force).