
REPORT OF THE FASB CHAIRMAN

October 1, 2013 through December 31, 2013

ITEM 1: STANDARDS-SETTING ACTIVITIES

A. FINAL STANDARDS AND DOCUMENTS ISSUED FOR PUBLIC COMMENT

1. The following final documents were issued:
 - a. Accounting Standards Update No. 2013-12, *Definition of a Public Business Entity—An Addition to the Master Glossary* (issued December 2013).
 - b. *Private Company Decision-Making Framework: A Guide for Evaluating Financial Accounting and Reporting for Private Companies* (issued December 2013).
2. The following Exposure Documents were issued for public comment:
 - a. Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity* (a consensus of the FASB Emerging Issues Task Force) (issued October 23, 2013). Comment deadline: December 13, 2013.
 - b. Proposed Accounting Standards Update, *Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* (a consensus of the FASB Emerging Issues Task Force) (issued October 23, 2013). Comment deadline: December 13, 2013.
 - c. Proposed Accounting Standards Update, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements* (issued November 7, 2013). Comment deadline: December 23, 2013.

B. CHANGES TO THE FASB AND EITF STANDARDS-SETTING AGENDA

1. After endorsing the PCC proposal on accounting for goodwill by private companies, the Board added a project on accounting for goodwill by public business entities and not-for-profits.

C. SIGNIFICANT TECHNICAL DECISIONS

1. **Transfers and Servicing: Repurchase Agreements and Similar Transactions**—The Board affirmed its decision that a repurchase to maturity transaction should be accounted for as a secured borrowing and enhanced disclosures.
2. **Not-for-Profit Financial Statements**—The Board decided to require that not-for-profit organizations report cash flows using the direct method.
3. **Consolidation: Principal versus Agent Analysis**—The Board decided that certain money market funds should be exempt from consolidation requirements.
4. **Definition of a Nonpublic Entity**—The Board finalized the definition as exposed with only minor changes.
5. **Accounting for Financial Instruments: Classification and Measurement**—The Board separately discussed cost, benefits, and complexity associated with the cash flow characteristics assessment of solely payments of principal and interest (SPPI) and decided to discontinue pursuing the SPPI model and to retain current bifurcation requirements for embedded derivative features in hybrid financial assets.
6. **Accounting for Financial Instruments: Impairment**—The Board discussed and agreed to pursue the current expected credit loss model as exposed with refinements and clarifications that will be discussed at a future meeting.
7. The Board completed deliberations of the following projects, directing the staff to prepare drafts of Exposure Drafts or final ASUs for vote by written ballot:
 - a. **Transfers and Servicing: Repurchase Agreements and Similar Transactions (ASU)**
 - b. **Disclosure Framework (Exposure Draft of a Concepts Statement)**

- c. Investment Company Disclosures (Exposure Draft)
- d. Definition of a Nonpublic Entity (ASU)
- e. Discontinued Operations (ASU)
- f. Revenue Recognition (ASU).

D. ACTIVITIES OF FASB ADVISORY COMMITTEES

1. The following Advisory Committee meetings were held:
 - a. Closed meeting of the Investor Advisory Committee (December): Three Board members and several FASB staff participated; topics included the FASB's projects on the accounting for financial instruments, leases, revenue recognition, and going concern disclosures. Committee members also discussed the IASB's Conceptual Framework Discussion Paper.
 - b. Public meeting of the Small Business Advisory Committee (November): Six Board members and several FASB staff participated; topics included the FASB's projects on going concern disclosures, leases, and reporting discontinued operations. Committee members also discussed private-company-specific projects of the Board and PCC, including the accounting for goodwill, identifiable intangible assets, interest rate swaps, variable interest entities, and the definition of a nonpublic entity.
 - c. Conference call with the Not-for-Profit Advisory Committee: One Board member, several FASB staff, and a GASB staff member participated; the discussion focused on issues in the FASB's project on not-for-profit financial reporting: financial statements.
2. Advisory committee membership changes:
 - a. Teresa Gordon and Bill Titera completed their service on the NAC on December 31, 2013.
 - b. Gary Buesser, Adam Compton, Dane Mott, and Brian Foran completed their service on the IAC on December 31, 2013.

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. Members of the Board and its staff participated in the following meetings with industry liaison groups:
 - a. Private meeting with American Gas Association (AGA) and Edison Electric Institute (EEI) members (October). Two Board members and several FASB staff participated; topics included the FASB's projects on leases, revenue recognition, and disclosure framework. AGA and EEI members also provided input on the IASB's rate regulation project and industry trends.
 - b. Public meeting with the AICPA's Auditing Standards Board's (ASB) Audit Issues Task Force (October). All Board members and several FASB staff participated; topics included the FASB's private company activities and its projects on going concern disclosures, leases, revenue recognition, and disclosure framework. ASB representatives updated the Board on the ASB's work on audit reports and the AICPA's special purpose framework.
 - c. Public meeting with the Institute of Management Accountants (IMA): All Board members and several FASB staff participated; topics included convergence, the FASB's and PCC's private company initiatives, the FASB's future agenda, revenue recognition, financial instruments, leases, insurance, going concern disclosures, and disclosure framework.
 - d. Private meeting with the Financial Executives International's Committee on Corporate Reporting's FASB Subcommittee (November): Two Board members and FASB staff participated; topics included the FASB's projects on revenue recognition, leasing, insurance, accounting for financial instruments, reporting discontinued operations, and disclosure framework and potential future projects on segment reporting and income tax accounting.
 - e. Conference call with IMA's Small Business Regulatory and Financial Affairs Committee (October). One Board member and several FASB staff participated; topics included the FASB's and PCC's private company accounting initiatives.
 - f. Private meeting with representatives of the Independent Community Bankers of America. The FASB chairman, FAF president & CEO, and FAF VP participated; the meeting focused on

the status of the FASB’s project on accounting for financial instruments.

- g. Private meeting with representatives of the American Bankers Association. The FASB chairman, FAF president & CEO, and FAF VP participated; topics included the FASB’s ongoing projects and activities including convergence and accounting for financial instruments.
 - h. Private meeting with members of the American Benefits Council. The FASB assistant director of technical activities and FAF VP participated; topic included an update on accounting for pensions.
2. Significant project-specific outreach activities follow:
- a. Financial Instruments: impairment—The staff explained and sought feedback on the proposed Current Expected Credit Loss (CECL) model from:
 - i. Representatives of federal banking and securities regulators.
 - ii. Various banking, credit union, and financial services trade organizations.
 - b. Disclosure Framework—In addition to meetings with FASB Advisory Committees and industry liaison groups:
 - i. The staff conducted field visits and discussed field tests results with representatives of about 20 different entities.
 - ii. Staff met with representatives of several major accounting firms.
 - c. Insurance Contracts—In addition to discussions with Advisory Committees:
 - i. The staff held 11 different outreach meetings with financial statements users.
 - ii. Individual Board members and staff met with representatives of 17 companies to discuss field test results.
 - iii. The Board held four different public roundtable meetings.
 - d. Leases—outreach related to the 2013 Exposure Draft continued, including:

- i. Public roundtable meetings, one of which was focused on nonpublic entities.
- ii. Outreach meetings with eight different user groups.
- iii. Field visits with more than a half-dozen preparers, including several nonpublic entities.

F. COLLABORATION WITH THE FASB’S PRIVATE COMPANY COUNCIL

1. Three FASB Board members, three PCC members, the FASB technical director, and several FASB staff participated in a closed, Private Company Townhall meeting at Ohio State University on November 4, 2013. Matters discussed included the projects and other work of the PCC, and FASB projects on leases, financial instruments—classification and measurement, financial instruments—impairment, revenue recognition, and insurance.
2. The Board participated in the November 12, 2013 PCC meeting.
 - a. The PCC completed its deliberations of a proposed alternative to applying variable interest entity guidance to common control leasing arrangements and sent a final recommended alternative to the FASB for endorsement. The FASB plans to discuss that recommendation in the 1st quarter of 2014.
 - b. Board members and the PCC discussed the staff research on accounting for identifiable intangible assets in a business combination and the combined instruments approach to accounting for certain receive-variable, pay-fixed interest rate swaps.
 - c. Board members and the PCC discussed the FASB projects on reporting discontinued operations, leases, and the definition of public business entity.
3. Endorsement of PCC Decisions—The Board endorsed two PCC recommendations concerning the subsequent accounting for goodwill and simplifications to the goodwill impairment test and recommendations to simplify hedge accounting.

G. INTERNATIONAL ACTIVITIES

1. The FASB and the IASB held a joint public Board meeting by video conference.
2. The FASB and the IASB held private, small-group video-conference meetings on the joint revenue recognition, leases, financial instruments—classification and measurement, and financial instruments—impairment projects.
3. The FASB and the IASB directors met periodically to discuss technical and administrative matters.
4. The FASB chairman and a Board member participated in a meeting of the IASB’s Accounting Standards Advisory Forum held in London.
5. A Board member participated in the IASB’s Leases roundtable in Singapore.
6. A Board member participated in the IASB’s ACLI Insurance Contracts roundtable in New York.
7. Representatives of the IASB participated in the FASB’s Insurance roundtable in Chicago.
8. The FASB chairman, a Board member, and the technical director met privately with the Accounting Standards Board of Japan and representatives of Japan’s Financial Services Agency in Tokyo.
9. The chairman and two Board members met with the Canadian Accounting Standards Board by video-conference to discuss matters of mutual interest.
10. A Board member participated in a meeting of the International Integrated Reporting Committee held in London.
11. A Board member participated in the Corporate Reporting Dialogue meeting in London.
12. An FASB director participated in a meeting of the IASB’s Effects Analysis Working Group.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE PREAGENDA RESEARCH AGENDA

1. The Board added a preagenda research project on whether EITF Issue 13-B should be extended to other types of tax credit investments.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. Staff research work on potential issues related to pension accounting, segment reporting, and income tax accounting continued.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. EDUCATIONAL WEBCASTS AND PODCASTS DELIVERED

1. The FASB hosted the following educational webinar:
 - a. IN FOCUS: FASB Update for Nonpublic Entities.
2. Videocast posted to the website:
 - a. FASB Members Tom Linsmeier and Hal Schroeder Discuss the Final Private Company Decision-Making Framework and Definition of a Public Business Entity.

B. SPEECHES DELIVERED

1. FASB members or staff delivered speeches at the following conferences and events:
 - a. American Petroleum Institute Accounting Subcommittee Meeting
 - b. AAA Annual Conference
 - c. AICPA Credit Union Conference
 - d. AICPA Governmental and NFP Training Program
 - e. AICPA SEC & PCAOB Developments Conference
 - f. AICPA SIFMA
 - g. AICPA Financial Executive Forum
 - h. AICPA Health Industry Conference
 - i. ACG Construction Financial Management Conference

- j. Foundation Financial Officers Group
- k. Fraizer & Deeter Accounting and Tax Update
- l. Missouri Synod Joint Business Administration Conference
- m. KYCPA NFP Conference
- n. Michigan State University Financial Reporting Decisions
- o. Mortgage Bankers Association Financial Management Conference
- p. Illinois CPA NFP Conference
- q. National Association of State Board of Accountancy
- r. NJCPA Education Foundation Non Profit Conference
- s. Oklahoma State University Financial Reporting Conference
- t. PKF North America Summit
- u. South Carolina Association of CPAs
- v. SEC Historical Society University of Florida Accounting Conference
- w. University of Nebraska Financial Analysis and Policy Conference
- x. University of Oklahoma
- y. Washington State Society of CPAs Accounting and Auditing Conference
- z. Washington State Society of CPAs NFP Conference
- aa. Virginia Bankers Association CFO Conference.

C. PRESS RELEASES, MEDIA ADVISORIES, AND TWEETS

1. FASB and PCC Issue Private Company Framework; FASB Issues Definition of Public Business Entity
2. U.S. GAAP Financial Reporting Taxonomy Now Available
3. Reminder: Registration Is Open for Dec. 16 Webcast, In Focus: FASB Update for Nonpublic Entities
4. FASB to Webcast Technical Forum for Continuing Professional Education Providers
5. FASB Responds to Post-Implementation Review of Statement 109 on Income Taxes

6. Financial Accounting Foundation Appoints 10 New Members to the Financial Accounting Standards Advisory Council
7. Registration Opens for December 16 Webcast, IN FOCUS: FASB Update for Nonpublic Entities
8. Summary of Board Decisions—Joint FASB/IASB Videoconference Board Meeting
9. Private Company Council Media Meeting Recap
10. FASB Issues Exposure Draft to Improve Financial Reporting about Development Stage Entities
11. FASB Votes to Move Forward with Final Standard on Revenue Recognition.

D. OTHER COMMUNICATIONS ACTIVITIES

1. The FASB issued “FASB in Focus” documents for the following:
 - a. Private Company Decision-Making Framework and Definition of a Public Business Entity
 - b. Proposed Accounting Standards Update—Development Stage Entities.
2. The FASB issued Q&A: FASB's Disclosure Framework Project.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. The FASB chairman participated in meetings about the FAF's strategic planning process.

B. ADMINISTRATIVE MATTERS

1. The FASB chairman presented the proposed 2014 FASB operating budget to the Board of Trustees.
2. The FASB issued an updated policy on technical inquiries.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. How Am I Doing? (TIAA-CREF), Garrett Eaton, Relationship Manager, Institutional Relationships, TIAA-CREF.
2. ESG (Environmental, Social, and Governance) and Sustainability, Mark Tulay, Program Manager, GISR (Global Initiative for Sustainability Ratings).

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. MEETINGS WITH MEMBERS OF CONGRESS, THE ADMINISTRATION, AND THEIR STAFFS

1. The FASB chairman, FAF president & CEO, and FAF VP met with Congressman Brad Sherman to discuss the FASB's ongoing projects and activities.
2. FASB Board members and the FAF VP held a series of conference calls with Congressman Brad Sherman and his staff and provided an update on the FASB's leases project.
3. The FASB chairman, FAF president & CEO, and FAF VP met with US Treasury Assistant Secretary of International Markets and Development Marisa Lago and additional Treasury staff to discuss international convergence and build ongoing relationships with international counterparts.

B. LIAISON WITH REPRESENTATIVES OF FEDERAL REGULATORY BODIES (SEC, PCAOB, BANKING REGULATORS, AND OTHERS)

1. An FASB member participated in a meeting of the PCAOB's Standards Advisory Committee.
2. SEC Commissioner Daniel M. Gallagher visited in Norwalk and met with the FASB Chairman and vice chairman.
3. The FASB chairman, vice chairman, an FASB member, and the technical director participated in quarterly liaison meetings with representatives of the SEC and PCAOB.

4. An FASB director and staff member met with PCAOB Chief Auditor Martin Baumann to learn about the PCAOB's center for economic analysis.

ITEM 6: FAF/FASB/GASB INTERACTION

A. FASB MINUTES

1. GASB and FASB meeting minutes were shared with the FASB and GASB directors.

B. MEETINGS

1. The GASB and FASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest.
2. The FASB and GASB chairmen and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest.

C. DOCUMENT DRAFT REVIEWS

1. The FASB staff provided the GASB staff with comments on drafts of the following:
 - a. Final GASB Statement on Pension Transition for Contributions Made Subsequent to the Measurement Date
 - b. Proposed GASB Statement on GAAP Hierarchy.
2. The FASB staff distributed the following drafts for the GASB's review:
 - a. Final Accounting Standards Update, Definition of a Public Business Entity: An Amendment to the Master Glossary
 - b. Final Accounting Standards Update, Presentation of Financial Statements (Topic 205): Reporting Discontinued Operations
 - c. Final Accounting Standards Update, Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps (a final proposal of the Private Company Council)

- d. Final Accounting Standards Update, Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill (a final proposal of the Private Company Council)
- e. Final Accounting Standards Update, Technical Corrections and Improvements Related to Glossary Terms
- f. Final Accounting Standards Update, Service Concession Arrangements (Topic 853) (a consensus of the EITF)
- g. Final Accounting Standards Update, Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the EITF)
- h. Final Accounting Standards Update, Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (a consensus of the EITF)
- i. Final Accounting Standards Update, Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financial Entity (a consensus of the EITF)
- j. Final Guide, Private Company Decision-Making Framework: A Guide for Evaluating Financial Accounting and Reporting for Private Companies
- k. Proposed Accounting Standards Update, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements
- l. Proposed Accounting Standards Update, Financial Services—Investment Companies (Topic 946): Disclosure about Investments in Other Investment Companies
- m. Proposed Accounting Standards Update, Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government Insured Residential Mortgage Loans upon Foreclosure (a consensus of the EITF)
- n. Proposed Concepts Statement, Conceptual Framework for Financial Reporting: Notes to Financial Statements.

D. POST IMPLEMENTATION REVIEW ACTIVITIES

1. All Board members and several staff met with the PIR team to discuss the Statement 109 PIR findings.
2. In November, the FAF issued its post implementation review report on Statement 109 on income taxes, finding that it generally achieved its purpose. The FASB issued its formal response to that PIR review in December.

ITEM 7: XBRL ACTIVITIES

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

A. TECHNICAL ACTIVITIES

1. Published the 2014 U.S. GAAP Financial Reporting Taxonomy pending final acceptance by the U.S. Securities and Exchange Commission (SEC).
2. Published XBRL Taxonomy Exposure Drafts for:
 - a. Proposed Accounting Standards Update—*Development Stage Entities (Topic 915)—Elimination of Certain Financial Reporting Requirements*.
3. Published the following final, nonauthoritative XBRL Implementation and Reference Guide to assist with Taxonomy use:
 - a. Insurance Industry: Reinsurance—Related Disclosures.
4. Published the following proposed, nonauthoritative XBRL Implementation and Reference Guide for public comment:
 - a. Notional Amount Disclosures.

B. OUTREACH ACTIVITIES

1. Established a Dimension Modeling Resource Group to provide FASB staff with guidance on dimension-specific Taxonomy modeling choices.
2. The more significant XBRL-related outreach activities this quarter included:

- a. XBRL staff attended and presented at various conferences hosted by XBRL US and others.
- b. XBRL staff hosted meetings of the FASB's Taxonomy Advisory Group and participated in meetings of various other groups such as XBRL industry working groups, XBRL US Best Practice conference calls, and the IASB XBRL Quality Review Task Force.

Technical Plan as of January 2014		2014	
ACTIVE JOINT FASB/IASB PROJECTS:		1H	2H
Revenue Recognition		F ¹	
Accounting for Financial Instruments			
Classification and Measurement			F
Impairment			F
Hedging			
Insurance Contracts			
Leases			
ACTIVE FASB PROJECTS:		2014	
ACTIVE FASB PROJECTS:		1H	2H
Reporting Discontinued Operations		F ¹	
Technical Corrections and Improvements		F ¹	
Development Stage Entities		F	
Transfers and Servicing: Repurchase Agreements and Similar Transactions		F	
Disclosure Framework			
Board's Decision Process		E ²	
Entity's Decision Process			
Investment Companies: Disclosures about Investments in Another Investment Co		E ²	
Not-for-Profit Financial Reporting: Financial Statements			E
Consolidation: Principal versus Agent Analysis			
Going Concern			
Clarifying the Definition of a Business			
Accounting for Goodwill for Public Business Entities and Not-for-Profits			
FASB RESEARCH PROJECTS:		2014	
FASB RESEARCH PROJECTS:		1H	2H
Accounting for Government Assistance			
Not-for-Profit Financial Reporting: Other Financial Communications			
Pensions and Other Postretirement Benefits			

	2014	
EMERGING ISSUES TASK FORCE PROJECTS:	1H	2H
Measuring the Financial Liabilities of a Consolidated Collateralized Financing Entity (12-G)	F ¹	
Accounting for Service Concession Arrangements (12-H)	F ¹	
Accounting for Investments in Tax Credits (13-B)	F ¹	
Reclassification of Collateralized Mortgage Loans upon a Troubled Debt Restructuring (13-E)	F ¹	
Accounting for Share-Based Payments When the Terms of an Award Allow a Performance Target to Be Achieved After the Requisite Service Period (13-D)	F	
Determining Whether the Host Contract in a Hybrid Financial Instrument Is More Akin to Debt or to Equity (13-G)	F	
Accounting for the Effect of a Federal Housing Administration Guarantee (13-F)	E ²	
Recognition of New Accounting Basis (Pushdown) in Certain Circumstances (12-F)	E	
	2014	
PRIVATE COMPANY COUNCIL PROJECTS:	1H	2H
PCC Issue No. 13-01B, Accounting for Goodwill	F ¹	
PCC Issue No. 13-03A, Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach	F ¹	
PCC Issue No. 13-02, Applying Variable Interest Entity Guidance to Common Control Leasing Arrangements	F	
PCC Issue No. 13-01A, Accounting for Identifiable Intangible Assets in a Business Combination		
PCC Issue No. 13-03B, Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Combined Instruments Approach		
¹ The final Accounting Standards Update is expected in the first quarter of 2014.		
² The exposure document is expected in the first quarter of 2014.		