

MINUTES



To: Board Members
From: FASB staff
Subject: Minutes of February 26, 2014, Board Meeting: Development Stage Entities
Date: March 3, 2014
cc: Stacey Sutay

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Development Stage Entities

Basis for Discussion: FASB Memorandums 2 and 3

Length of Discussion: 10:00 to 10:40 a.m. EST

Attendance:

Board members present: Golden, Buck, Kroeker, Linsmeier, Schroeder, Siegel, and Smith

Board members absent: None

Staff in charge of topic: Cafini

Other staff at Board table: Cospers, Mechanick, and Winkler

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the November 2013 Exposure Draft, addressing the elimination of certain financial reporting requirements for development stage entities and whether to affirm the decisions to eliminate inception-to-date information and certain disclosure requirements and to remove guidance on variable interest entities for development stage entities.

Tentative Board Decisions:

The Board redeliberated the November 2013 Exposure Draft, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements*. The Board affirmed the changes in the Exposure Draft, in which it proposed to:

1. Eliminate the requirement for a development stage entity (DSE) to present inception-to-date information on the statements of income, cash flows, and shareholder's equity. (Vote: 7 to 0)
2. Eliminate the remaining presentation and disclosure requirements in Topic 915 and amend Topic 275, Risk and Uncertainties, clarifying that the risk and uncertainty disclosure requirements should apply to entities that have not begun operations. (Vote: 6 to 1)
3. Eliminate the guidance variable interest entities for DSEs in paragraph 810-10-15-16. (Vote: 5 to 2)
4. Because the effect of those decisions is to eliminate from U.S. GAAP any special reporting by DSEs, to remove the definition of development stage entity from the Codification. (Vote: 5 to 2)

Transition and Effective Date

1. For inception-to-date information and the remaining disclosure requirements of Topic 915—The changes should be applied retrospectively, with the benefit of hindsight for any new disclosure requirements that are a result of clarifying Topic 275. For public business entities, the changes will be effective for interim and annual reporting periods beginning after December 15, 2014. For other entities, the changes will be effective for annual periods beginning after December 15, 2014, and interim and annual periods thereafter. Entities will be allowed to early apply the changes as of the first annual or interim period following the issuance of a final Accounting Standards Update. (Vote: 7 to 1)
2. For the elimination of paragraph 810-10-15-16—Public business entities should apply the amended guidance retrospectively for interim and annual reporting periods beginning after December 15, 2015. For other entities, the amended guidance should be applied retrospectively for annual periods beginning after December 15, 2016, and interim and annual periods thereafter. Early application would be permitted for any annual or interim

period for which the entity's financial statements have not yet been issued or made available for issuance. (Vote: 6 to 1)

The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot.

General Announcements: None.