
REPORT OF THE FASB CHAIRMAN

January 1, 2014 through March 31, 2014

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. 2014-01, *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects* (a consensus of the Emerging Issues Task Force) (issued January 15, 2014).
 - b. Accounting Standards Update No. 2014-02, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill* (a consensus of the Private Company Council) (issued January 16, 2014).
 - c. Accounting Standards Update No. 2014-03, *Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach* (a consensus of the Private Company Council) (issued January 16, 2014).
 - d. Accounting Standards Update No. 2014-04, *Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure* (a consensus of the Emerging Issues Task Force) (issued January 17, 2014).
 - e. Accounting Standards Update No. 2014-05, *Service Concession Arrangements (Topic 853)* (a consensus of the Emerging Issues Task Force) (issued January 23, 2014).
 - f. Accounting Standards Update No. 2014-06, *Technical Corrections and Improvements Related to Glossary Terms* (issued March 14, 2014).

- g. Accounting Standards Update No. 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements* (a consensus of the Private Company Council) (issued March 20, 2014).
- 2. The following Exposure Drafts were issued for public comment:
 - a. Proposed Accounting Standards Update, *Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Residential Mortgage Loans upon Foreclosure* (a consensus of the Emerging Issues Task Force) (issued January 17, 2014). Comment deadline: April 30, 2014.
 - b. Proposed Statement of Financial Accounting Concepts, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements* (issued March 4, 2014). Comment deadline: July 14, 2014.

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

- 1. The Board discussed the FASB’s agenda prioritization and made the following decisions:
 - a. The Board added a project to its agenda to improve disclosures about government assistance.
 - b. The Board considered but decided not to undertake projects relating to the following:
 - i. Disclosures about Operating Segments
 - ii. Pensions and Other Postretirement Benefit Plans
 - iii. Troubled Debt Restructuring.
 - c. The chairman, in consultation with the Board, decided to commence research on potential accounting issues in:
 - i. Employee Benefit Plan Financial Statements
 - ii. Accounting for Financial Instruments—Hedging
 - iii. Accounting for Financial Instruments—Interest Rate Disclosures
 - iv. Conceptual Framework

- v. Financial Statement Presentation
 - vi. Liabilities and Equity—Short-Term Improvements
 - vii. Simplification Initiatives.
- d. The Board decided to remove the following inactive projects from its agenda:
- i. Earnings per Share
 - ii. Emissions Trading
 - iii. Income Taxes
 - iv. Not-for-Profit Financial Reporting: Other Financial Communications
 - v. Investment Property Entities
 - vi. Investment Companies: Real Estate Property Investments Application of the AICPA Audit and Accounting Guide, *Investment Companies*, by Real Estate Investment Companies (EITF 09-D)
 - vii. Commodity Inventories of Brokers and Dealers (EITF 06-12)
 - viii. Interpretation of Constraining Conditions of a Transferee in a CBO Structure (EITF 03-15)
 - ix. Multiple Foreign Exchange Rates (EITF 10-B)
 - x. Potential EITF Issues on Application of EITF 99-20 When a Special-Purpose Entity Holds Equity Securities.
1. SIGNIFICANT TECHNICAL DECISIONS Accounting for Financial Instruments—Classification and Measurement
- a. After considering stakeholder feedback on the proposed model (which included a cash flow characteristics test and a business model test), the Board decided to retain and improve existing GAAP.
 - b. The Board also decided that equity investments will be measured at fair value with corresponding changes recognized in net income and that a fair value option for hybrid financial instruments (both assets and liabilities) will be allowed when an entity has determined that the instruments contain embedded derivative features requiring bifurcation and separate accounting.

2. Accounting for Financial Instruments—Impairment

- a. The Board decided that the current expected credit loss model (CECL) should apply to financial assets measured at amortized cost and decided to allow an exception when certain conditions exist for financial assets measured at fair value with qualifying changes in fair value recognized in other comprehensive income.

3. Leases

- a. After considering stakeholder feedback on the proposed model, for lessees, the Board decided to retain a dual approach for lease classification that differentiates between capital and operating leases. Leases, other than those that qualify for the short-term lease exception, would be recognized on balance sheet.
- b. For lessors, the Board decided to classify leases based on whether they are effectively a financing or a sale and align with the new revenue recognition standard. Measurement will be substantially similar to U.S. GAAP today.

4. Insurance Contracts

- a. After considering stakeholder feedback on the proposed model, the Board decided to retain and improve existing GAAP and limit the scope to insurance entities (from insurance contracts).

5. Going Concern

- a. After considering stakeholder feedback on the proposed model, the Board decided to define substantial doubt when “probable” with an assessment period one year from the date financial statements are issued.
- b. The Board also decided to require disclosures only when there is substantial doubt about an entity’s ability to continue as a going concern (reduced from the more-likely-than-not threshold included in the proposal).

ACTIVITIES OF THE FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL (FASAC) AND FASB ADVISORY COMMITTEES

1. Activities of FASAC

- a. The FAF Trustees appointed Steven E. Buller, managing director and former chief financial officer of BlackRock, Inc., as chairman of FASAC for a two-year term concluding on December 31, 2015.
 - b. All FASB members, the FASB technical director, and certain other FASB staff participated in the March 25, 2014 FASAC meeting. The meeting topics focused on the boundaries of financial reporting and forward-looking trends in financial information.
 - c. FASAC completed an annual self-assessment, affirming its basic operating procedures.
2. The following advisory committee meetings were held:
- a. Public meeting of the Not-for-Profit Advisory Committee (March): all FASB members and several FASB staff participated; topics included the FASB's projects on financial statements of not-for-profit organizations, the accounting for goodwill, the Private Company Council's project on the accounting for intangible assets, and the FASB's simplification initiatives. Committee members also discussed recent trends in the not-for-profit sector and recent changes to the FASB's technical agenda. NAC members also discussed an annual self-assessment, affirming the Committee's operating procedures.
3. Advisory committee membership changes:
- a. Harvey Dale, Bob Mims, Norman Mosrie, and Linda Parsons were appointed to NAC and began their terms on January 30, 2014.
 - b. Gary Cademartori completed his service on the Small Business Advisory Committee on March 31, 2014.

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 the Financial Executives International's Committee on Corporate Reporting (CCR) (March). The vice chairman participated by phone; topics included the FASB's project on revenue recognition, leases, financial instruments (impairment, classification and measurement, and hedging),

insurance contracts, disclosure framework, and accounting for goodwill.

- b. Private meeting with the FASB Subcommittee of CCR (February). The vice chairman, a Board member, and two FASB staff participated by audio-conference; topics included the FASB's project on revenue recognition, leases, financial instruments (impairment, classification and measurement, and hedging), disclosure framework, and simplification initiatives. The Committee also discussed the FASB's agenda prioritization, including the conceptual framework research project.
 - c. Private meeting with the Institute of Management Accountants' Financial Reporting Committee (March). One Board member participated by audio-conference; topics included the FASB's project on revenue recognition, financial instruments (impairment and classification and measurement), leases, insurance contracts, disclosure framework, and consolidation. The Committee also discussed recent activities of the Private Company Council, including its discussions on accounting for goodwill, simplified hedge accounting, and intangible assets.
 - d. Private conference call with representatives of the American Bankers Association (ABA). The FASB chairman, the FASB technical director, and the FAF VP participated. The conference call focused on the status of the FASB's project on accounting for financial instruments.
 - e. Private meeting with representatives of First Energy, a diversified energy company headquartered in Akron, Ohio. Three FASB members, an FASB assistant technical director, an FASB project manager, and the FAF VP participated. The meeting focused on the discount rate for defined benefit pension plans.
2. Significant project-specific outreach activities follow:
- a. Financial Instruments—Classification and Measurement: FASB staff members discussed the issues with representatives of large financial institutions and major accounting firms.
 - b. Financial Instruments—Impairment: The FASB staff discussed with representatives of several larger banks the impact of the

proposed CECL approach on the accounting for troubled debt restructurings.

- c. **Disclosure Framework:** The FASB staff met with about a half-dozen companies to discuss their experiences in field testing a proposed disclosure framework.
- d. **Insurance Contracts:** The FASB staff held outreach meetings with several major insurance companies and several major accounting firms to discuss their ideas for targeted improvements to the existing accounting for insurance contracts. The staff also met with a field test participant to discuss field test results.
- e. **Leases:** The FASB staff conducted outreach meetings with representatives of energy, real estate, and financial firms.
- f. **Transfers and Servicing: Repurchase Agreements and Similar Transactions:** The FASB staff met with various representatives from the auditor, preparer, and user community as part of its external review for the upcoming issuance of a final Accounting Standards Update on the project.

C. COLLABORATION WITH THE FASB’S PRIVATE COMPANY COUNCIL

- 1. All FASB members participated in the January 28, 2014 PCC meeting at which the following Issues were discussed:
 - a. **Accounting for Identifiable Intangible Assets in a Business Combination:** The PCC directed the FASB staff to conduct further research and analysis of an alternative that would limit the separate recognition of intangible assets to those that can be sold or licensed independently from other assets of a business.
 - b. **Applying Variable Interest Entity Guidance to Common Control Leasing Arrangements:** The PCC finalized an alternative providing an exception to application of variable interest entity guidance for certain common control leasing arrangements of private companies.
 - c. **Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps—Combined Instruments Approach:** The PCC removed this project from its agenda after considering the additional

implementation of Dodd-Frank rules and simplifications already made.

- d. The PCC and the FASB discussed recent decisions in the FASB's project on accounting for financial instruments.
2. The PCC and FASB jointly announced plans to hold a Town Hall Meeting on May 8, 2014, at the University of Washington in Seattle, Washington.

D. INTERNATIONAL ACTIVITIES

1. Cooperative activities among the FASB and IASB included the following:
 - a. The FASB and the IASB held a joint public Board meeting by video conference and a face-to-face public meeting in Norwalk.
 - b. The FASB and the IASB held a private, small-group video-conference meeting on the leases project.
 - c. The FASB and the IASB directors and assistant directors met periodically to discuss technical and administrative matters.
 - d. The FASB chairman and two Board members participated in a meeting of the IASB's Accounting Standards Advisory Forum meeting.
 - e. The FASB chairman and a Board member participated in a meeting with representatives of the International Integrated Reporting Council in Norwalk to discuss matters of mutual interest.
2. The FASB chairman and a Board member participated in meetings with representatives from the European Commission in Brussels.
3. Two Board members and a staff member met privately by audio-conference with the Japanese Ministry of Economy, Trade, and Industry's Study Group on Disclosure Systems and Frameworks to discuss the FASB's project on disclosure framework.
4. A Board member attended a meeting with the chairman of the European Securities and Markets Authority in Paris.
5. As part of an initiative to enhance relationships with other significant national standards setters:

- a. The FASB chairman, vice chairman, a Board member, and a staff member met privately with representatives from the European Financial Reporting Advisory Group to discuss matters of mutual interest.
- b. The FASB chairman, two Board members, and two staff members met privately with representatives from the Canadian Accounting Standards Board to discuss matters of mutual interest.
- c. The FASB chairman, vice chairman, and a Board member met privately with representatives from national standard setters from the UK, Germany, France, and Italy in Rome to discuss matters of mutual interest.
- d. The FASB chairman, two Board members, and several staff members met privately with the Accounting Standards Board of Japan to discuss matters of mutual interest.
- e. Two FASB members participated in a meeting of the International Forum of Accounting Standards Setters in New Delhi, India.

ITEM 2: RESEARCH AGENDA

A. CHANGES TO THE RESEARCH AGENDA

1. As part of the agenda prioritization consideration, the chairman, in consultation with other Board members, decided to commence research on potential accounting issues in:
 - a. Employee benefit plan financial statements
 - b. Accounting for financial instruments—hedging
 - c. Accounting for financial instruments—interest rate disclosures
 - d. Conceptual framework
 - e. Financial statement presentation
 - f. Liabilities & equity—short-term improvements
 - g. Simplification initiatives.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff conducted research on the following potential issues related to accounting for certain tax credits, pensions (cash balance plans),

principal and agent arrangements, statement of cash flow presentation issues, accounting for income taxes (PIR findings and simplification initiatives), and other formal agenda requests.

2. The FASB held its annual Financial Reporting Issues Conference in January 2014, inviting representatives of the IASB, members of academe involved in accounting education and research, and members of the business community. This year's conference focused on the FASB's Conceptual Framework.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. EDUCATIONAL WEBCASTS AND PODCASTS DELIVERED

- a. None.

B. SPEECHES DELIVERED

1. FASB members or staff delivered speeches at the following conferences and events:
 - a. AAA FARS, Plenary Session
 - b. AIFA, Insurance Conference
 - c. API, Accounting Subcommittee Meeting
 - d. Data Transparency Coalition and Object Management Group, Government Data Standards Summit
 - e. FDIC, 2014 Interagency Conference
 - f. FEI, Private Company Forum
 - g. McGladrey, National NFP Annual Meeting
 - h. NACUBO, Proposed NFP Reporting Model Changes
 - i. NARUC, Spring Meeting
 - j. National Council of Farmer Cooperatives Legal, Tax and Accounting Conference
 - k. NYSSCPAs, SEC/FASB Annual Conference
 - l. Rubin Brown, NFP Conference
 - m. TEI, 64th Midyear Conference

- n. Truck Renting and Leasing Association, TRALA Annual Meeting.

C. PRESS RELEASES, MEDIA ADVISORIES, AND TWEETS

1. FASB Issues Two Updates for Private Companies on Accounting for Goodwill, Interest Rate Swaps
2. FASB and PCC to Host Private Company Town Hall at The University of Washington
3. FAF Releases Updated Print Edition of FASB Accounting Standards Codification®
4. FASB Launches FASB Outlook Quarterly E-Newsletter
5. Financial Accounting Foundation to Provide Up to \$3 Million to IFRS Foundation to Aid Completion of Joint IASB Projects
6. Private Company Council Media Meeting Recap
7. Financial Accounting Foundation Names Steven E. Buller as Chairman of the Financial Accounting Standards Advisory Council
8. FASB Codification Online Platform Now Available on Tablet Devices
9. Post Implementation Review Concludes Fair Value Accounting Standard Meets Its Objectives
10. FASB Issues Proposal on Board Decision Process for Disclosure Framework Project
11. Registration Opens for April 3 Webcast on Structured Data (XBRL) in Financial Reporting
12. FASB Issues Update for Private Companies on Consolidation of Variable Interest Entities
13. Representatives of the Financial Accounting Standards Board and the Accounting Standards Board of Japan Hold Biannual Meeting.

D. OTHER COMMUNICATIONS ACTIVITIES

1. The FASB issued “FASB in Focus” documents for the following:
 - a. Updates for Private Companies on Accounting for Goodwill, Interest Rate Swaps

2. Conceptual Framework for Financial Reporting: Chapter 8: Notes to Financial Statements
3. Accounting Standards Update—Applying Variable Interest Entity Guidance to Common Control Leasing Arrangements.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. None.

B. ADMINISTRATIVE MATTERS

1. The technical director conducted training with the staff on improved project planning procedures.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. The Conceptual Framework Project: An Overview, led by FASB Senior Advisor Ron Lott and Jim Leisenring
2. SEC Structure and Research, James L. Kroeker, FASB Board Member and former SEC Chief Accountant; Jeffrey W. Rubin, FAF VP and General Counsel; and Charry D. Boris, FAF Manager, Library Services
3. A Commissioner's Experience at the U.S. Securities and Exchange Commission, Elisse B. Walter, 30th Chairperson of the SEC
4. Private Company Decision-Making Framework, Michael Cheng, Project Manager; Jeffrey Mechanick, Assistant Director; and Karlene Tipton, Postgraduate Technical Assistant
5. Educational Updates on Other FASB Projects: A Special Session for FASB Not-for-Profit Advisory Committee Members and Official Observers, led by various FASB staff.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

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

1. The FASB chairman, vice chairman, an FASB member, and the technical director participated in quarterly liaison meetings with representatives of the SEC, PCAOB, and inter-agency banking regulators.
2. SEC Director, Craig Lewis, Director and Chief Economist, Division of Economic and Risk Analysis (DERA), visited Norwalk and met with the FASB members. The purpose of the meeting was for the Board to gain insight into key DERA initiatives like the Accounting Quality Model (AQM) and related initiatives and issues for using structured data (aka XBRL).
3. The FASB Technical Director and the SEC Deputy Chief Accountant had periodic meetings to discuss items of mutual interest.

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 Concepts Statement on Measurement of Elements of Financial Statements
 - b. Proposed GASB Statement on Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
 - c. Proposed GASB Statement on Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
 - d. Proposed GASB Statement on Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans
 - e. Proposed GASB Statement on Fair Value Measurement and Application.
2. The FASB staff distributed the following drafts for the GASB's review:
- a. Proposed Statement of Financial Accounting Concepts, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements
 - b. Final Accounting Standards Update, Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements (a consensus of the PCC)
 - c. Final Accounting Standards Update, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures
 - d. Final Accounting Standards Update, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity
 - e. Proposed Accounting Standards Update, Financial Services—Investment Companies (Topic 946): Disclosure about Investments in Other Investment Companies
 - f. Final Accounting Standards Update, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Guidance in Topic 810: Consolidation
 - g. Final 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 EITF)

- h. Proposed Accounting Standards Update, Business Combinations (Topic 805): Recognition of New Accounting Basis (Pushdown) (a consensus of the EITF).

D. POST IMPLEMENTATION REVIEW ACTIVITIES

- 1. In February, the FAF issued its post implementation review report on Statement 157 on fair value measurement, finding that it generally achieved its purpose. The FASB issued its formal response to that PIR review in March.

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. XBRL staff published on the FASB website Frequently Asked Questions to address general and common inquiries about the Taxonomy.

B. DOCUMENT DRAFT REVIEWS

- 1. XBRL staff provided the following for Taxonomy Advisory Group review:
 - a. Draft XBRL Implementation Guides:
 - i. Disclosures about Offsetting Assets and Liabilities
 - ii. Shareholder’s Equity
 - b. Revenue Recognition transition for Taxonomy Updates.
- 2. Action plan for 2014 and beyond.

C. OUTREACH ACTIVITIES

- 1. Established an XBRL Simplification Initiative to identify constituent concerns about perceived XBRL complexity and develop

recommendations for making the taxonomy less complex, or more “suitable for use”

2. The more significant XBRL-related outreach activities this quarter included:
 - a. Meetings of the FASB’s Taxonomy Advisory Group, Dimension Modeling Resource Group
 - b. Meetings of various other groups such as FASB XBRL industry working groups, XBRL US Best Practice conference calls, and the IASB XBRL Quality Review Task Force, as well as weekly status calls with SEC Division of Economic and Risk Analysis (DERA) staff.

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

FASB RESEARCH PROJECTS:	2014	
	2Q	2H
Accounting Issues in Employee Benefit Plan Financial Statements		
Accounting for Financial Instruments—Hedging ¹		
Accounting for Financial Instruments—Interest Rate Disclosures ¹		
Accounting for Tax Credits		
Conceptual Framework ¹		
Financial Statement Presentation ¹		
Liabilities & Equity—Short-term Improvements		
Pensions—Cash Balance Plans		
Simplification Initiative		

EMERGING ISSUES TASK FORCE PROJECTS:	2014	
	2Q	2H
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	
Recognition of New Accounting Basis (Pushdown) in Certain Circumstances (12-F)	E	
Accounting for the Effect of a Federal Housing Administration Guarantee (13-F)	C	
Measuring the Financial Liabilities of a Consolidated Collateralized Financing Entity (12-G)		F
Determining Whether the Host Contract in a Hybrid Financial Instrument Is More Akin to Debt or to Equity (13-G)		F

PRIVATE COMPANY COUNCIL PROJECTS:	2014	
	2Q	2H
PCC Issue No. 13-01A, Accounting for Identifiable Intangible Assets in a Business Combination		

¹ This project currently is on the Board's technical agenda.