MINUTES

To:	Board Members		
From:	Proctor (x462)		
Subject:	Minutes of the March 26, 2014 Board Meeting: Ratification of One EITF Consensus and One EITF Consensus-for-Exposure	**Date:**	March 28, 2014
cc:	Sutay		

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Boards' 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.

Topics: Board ratification of the consensus reached on EITF Issue No. 13-D and the consensus-for-exposure reached on EITF Issue No. 12-F.

Basis for Discussion: EITF Ratification Memorandum No. 1 (issued on March 20, 2014)

Length of Discussion: 1:00 p.m. to 1:15 p.m. EDT

Attendance:

Board members present:	Golden, Buck, Kroeker, Linsmeier, Schroeder, Siegel, and Smith
Board members absent:	None
Staff in charge of topic:	Or, Mottley, and Gupta
Other staff at Board table:	Schilb and Winters
Outside participants:	None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the potential issuance of an Accounting Standards Update addressing EITF Issue No. 13-D, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period." The Board also met to discuss the potential issuance of an Exposure Draft addressing EITF Issue No. 12-F, "Recognition of New Accounting Basis (Pushdown) in Certain Circumstances."

The Board's technical plan calls for the issuance of a final Update addressing Issue 13-D and an Exposure Draft addressing Issue 13-G in the first half of 2014.

Summary of Decisions Reached:

FASB Ratification of an EITF Consensus and an EITF Tentative Conclusion

The Board ratified the following consensus reached at the March 13, 2014 EITF meeting and approved issuance of the resultant Accounting Standards Update.

Issue 13-D, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period"

The amendments in the Update resulting from this Issue apply to all reporting entities that grant their employees share-based payments in which the terms of the award provide that a performance target that affects vesting could be achieved after the requisite service period.

A performance target that affects vesting and that could be achieved after the requisite service period should be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 on stock compensation as it relates to awards with performance conditions that affect vesting to account for such awards. That is, compensation cost attributable to the period in which requisite service has been rendered should be recognized when it is probable that the performance condition will be achieved. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest.

No incremental disclosures will be required to those already required by Topic 718.

For all entities (both public business entities and all other entities), the amendments will be effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption will be permitted. Entities may apply the amendments either (1) prospectively to all awards granted or modified after the effective date or (2) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements, and to all new or modified awards thereafter. If the amendments are applied retrospectively, the cumulative effect as of the beginning of the earliest annual period presented in the financial statements should be recognized as an adjustment to the opening retained earnings balance in that period. Additionally, if the amendments are applied retrospectively, entities may use hindsight in measuring and recognizing compensation cost.

(The Board voted unanimously for the above decision.)

FASB Ratification of an EITF Consensus-for-Exposure

The Board also ratified the following consensus-for-exposure reached at the March 13, 2014 EITF meeting and decided to expose the resultant proposed Update for public comment for a period of 90 days.

Issue 12-F, "Recognition of New Accounting Basis (Pushdown) in Certain Circumstances"

The amendments in the proposed Update resulting from this Issue would apply to an entity that is a business or nonprofit activity, both public and nonpublic, when an acquirer obtains control of the entity. While the recognition and measurement provisions of the proposed amendments are elective, to comply with the disclosure provisions, all entities would be required to assess at each reporting date whether an acquirer has obtained control of the entity.

An entity whose control has been obtained by an acquirer would be provided with an option to apply pushdown accounting in its separate financial statements. The option to apply pushdown accounting would be evaluated and can be elected by the acquired entity for each individual acquisition separately. If the acquired entity elects the option to apply pushdown accounting, it would follow the initial recognition and measurement guidance in Topic 805 on business combinations to recognize and measure its assets, including goodwill, liabilities, and equity. However, if the application of Topic 805 results in a bargain purchase gain, the acquired entity would not recognize that gain in its income statement.

The acquisition-related debt incurred by the acquirer would not be recognized in the acquired entity's separate financial statements unless the acquired entity is required to recognize a liability for such debt in accordance with other applicable Codification Topics. For subsequent measurement, the acquired entity would follow the guidance in Topic 805 and other applicable Codification Topics to account for its assets, including goodwill, liabilities, and equity instruments.

The acquired entity applying pushdown accounting would be required to provide the disclosures required in Topic 805 (except Subtopic 805-50), as applicable, as if the acquired entity were the acquirer. If the acquired entity does not elect to apply pushdown accounting, it would disclose (1) that the entity has undergone a change in control event whereby an acquirer has obtained its control during the reporting period and (2) its decision to continue to prepare its financial statements using its historical basis that existed before the acquirer obtaining control of the entity.

Pushdown accounting would be applied prospectively to an event in which an acquirer obtains control of the entity for which the acquisition date is on or after this Issue's effective date, which will be determined after the Task Force considers stakeholder feedback on the proposed Update.

(The Board voted 5-2 for the above decision.)

<u>General Announcements</u>: None