
REPORT OF THE FASB CHAIRMAN

April 1, 2014 through June 30, 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. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (issued April 10, 2014).
 - b. Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (issued May 28, 2014).
 - c. Accounting Standards Update No. 2014-10, *Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation* (issued June 10, 2014).
 - d. Accounting Standards Update No. 2014-11, *Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures* (issued June 12, 2014).
 - e. Accounting Standards Update No. 2014-12, *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 June 19, 2014).
2. The following Exposure Draft was issued for public comment:
 - a. Proposed Accounting Standards Update, *Business Combinations (Topic 805): Pushdown Accounting* (a consensus of the FASB

Emerging Issues Task Force; issued April 28, 2014). Comment deadline: July 31, 2014.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board made the following agenda decisions:
 - a. The Board added the following projects to its agenda:
 - i. Customer's Accounting for Fees in a Cloud Computing Arrangement
 - ii. Clarifying Certain Existing Principles on Statement of Cash Flows
 - iii. Two projects that are part of the simplification initiative—reducing the cost and complexity of GAAP while maintaining or improving the usefulness of the information:
 - (1) Simplifying the Subsequent Measurement of Inventory
 - (2) Simplifying Income Statement Presentation by Eliminating Extraordinary Items
 - b. The Board considered but decided not to undertake projects relating to the following:
 - i. Disclosures about Carbon Content Fossil Fuel
 - ii. Accounting for Other Tax Credits.

C. SIGNIFICANT TECHNICAL DECISIONS

1. Disclosure Framework: The Board began a review of existing disclosure requirements in certain specific areas. The objectives of the review are to (a) determine whether and, if so, how the Board might provide entities with the discretion to report only those items that are relevant or material to users of their financial statements and (b) test how application of the concepts in the Exposure Draft, *Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements*, would change and ultimately improve the disclosures. The four areas chosen for the review include:
 - a. Defined benefit plans

- b. Income taxes
 - c. Fair value
 - d. Inventory.
2. Conceptual Framework: The Board decided the project should first consider presentation and measurement and then consider the liability-equity distinction. The Board decided that two presentation concepts should be developed:
- a. Information should be grouped into reasonable homogeneous groups.
 - b. The association between changes in assets, liabilities, and equity instruments and the items that changed should be made apparent in the financial statements (or in the financial statements and notes).

For measurement, the Board agreed to develop concepts that include:

- a. The meaning of key terms and what the objective and qualitative characteristics imply of measurement
 - b. Identifying the appropriate types of measurements
 - c. Determining which measurement to use in specific circumstances.
3. Financial Performance Reporting: The Board decided that the primary objective of the research project should be to evaluate ways it might improve the relevance of information presented in the performance statement. The Board decided that the research should focus on a framework for determining an operating performance metric and distinguishing between recurring and nonrecurring or infrequently occurring items within the performance statement. In addition, the research will focus on:
- a. Additional disaggregation in the performance statements
 - b. Transparency of remeasurements
 - c. Related changes in segment reporting
 - d. Linkages across the primary statements.
4. Insurance Contracts: The Board decided that the targeted improvements for long-duration contracts should focus on the liability

for future policy, benefits, deferred acquisition costs, premium deficiency and loss recognition, and revenue recognition. For short-duration contracts, the Board will focus on disclosure improvements in the incurred and paid loss development tables, claims reserve duration in time bands, information about the frequency and severity of claims, qualitative and quantitative information about claims estimates, information about premium deficiency testing, and the effects of discounting.

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

1. FASAC Meeting

- a. All FASB members, the FASB technical director, and certain other FASB staff participated in the June 17, 2014 FASAC meeting. The meeting topics focused on non-GAAP metrics and financial statement presentation and the implementation of the revenue recognition standard.

2. The following advisory committee meetings were held:

- a. Public meeting of the Small Business Advisory Committee (SBAC) (May): All FASB members and several FASB staff participated; topics included (i) FASB projects on going concern disclosures and disclosure framework, (ii) how to simplify and improve the accounting for income taxes, and (iii) developments in small businesses access to capital markets.
- b. Public meeting of the Not-for-Profit Advisory Committee (June): Two Board members and several FASB staff participated; topics included the FASB projects on financial statements of not-for-profit entities and leases.
- c. Private meeting of the Investor Advisory Committee (IAC) (June): Three Board members and several FASB staff participated; topics included (i) FASB projects on repurchase agreements and similar transactions, disclosure framework, revenue recognition, and financial instruments, (ii) cash flow presentation issues, (iii) the FASB's simplification initiative, and (iv) new areas of investor concern and focus. Committee members also discussed the Committee's effectiveness and how it might better serve the Board.

3. Advisory committee membership changes:
 - a. Jill Lehman and Matthew Schechter were appointed to the IAC effective April 2014.
 - b. Lawrence Wizel completed his service on the SBAC on May 2, 2014.

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One or more Board members met with the following industry liaison groups:
 - a. Public meeting with the Healthcare Financial Management Association’s Principles & Practices Board (April). The vice chairman, two Board members, and several FASB staff members participated; topics included (i) the FASB’s projects on leases, revenue recognition, financial statements of not-for-profit entities, and disclosure framework, (ii) member experiences with implementing recent accounting standards, and (iii) current issues in the healthcare sector.
 - b. Private meeting with the American Bankers Association’s Accounting Committee (May). The vice chairman and two Board members participated; topics included the FASB’s projects on financial instruments and disclosure framework.
 - c. Private meeting with the Public Company Accounting Oversight Board (May). The full FASB Board and the technical director participated in this meeting to discuss strategic matters of mutual interest. Additionally, three Board members participated in a separate meeting focused on (i) FASB projects on revenue recognition and going concern and (ii) fair value measurements.
 - d. Private meeting with the International Banking Federation (June). Three Board members and several staff members participated; topics included the FASB’s financial instruments project.
 - e. Public meeting with the Financial Executives International’s Committee on Corporate Reporting (CCR) (June). The chairman, three Board members, and an FASB staff member participated; topics included the FASB’s projects on revenue recognition, leases, financial instruments, insurance, disclosure framework, goodwill, and the simplification initiative.

- f. Private meeting with the Institute of Management Accountants' Financial Reporting Committee (June). The vice chairman participated; topics included the FASB's projects on revenue recognition, financial instruments, leases, insurance, disclosure framework, consolidation, going concern, goodwill for public entities, low-income housing tax credits, and issues within the FASB's simplification initiative.
 - g. Private meeting with members of Securities Industry & Financial Markets Association GFI Leadership in Norwalk.
 - h. Private meeting with staff representatives of the LIFO Coalition.
2. Significant project-specific outreach activities follow:
- a. Financial instruments: The Board and staff conducted outreach with a variety of users and other stakeholders, including a workshop with preparers, auditors, and regulators focused on the operationality of the impairment model.
 - b. Disclosures about short-duration insurance contracts: Board members and staff participated in outreach meetings with more than a dozen different financial statement users and insurance company representatives. The staff also met with representatives of the AICPA, PCAOB, and audit firms to discuss the audit implications of proposed loss development disclosures.
 - c. Leases: The staff met with more than a dozen companies and several users to discuss issues in this project.

F. COLLABORATION WITH THE FASB'S PRIVATE COMPANY COUNCIL

- 1. All FASB members participated in the April 29, 2014 PCC meeting. Meeting highlights follow:
 - a. Accounting for identifiable intangible assets in a business combination: After reviewing alternatives, the PCC directed the FASB staff to conduct further outreach and analysis.
 - b. The PCC added a project to its agenda to consider how the new definition of a public business entity could affect certain areas of existing GAAP.

- c. The PCC and FASB discussed recent decisions in (i) the FASB's projects on going concern and leases and (ii) EITF Issue No. 12-F, "Recognition of New Accounting Basis (Pushdown) in Certain Circumstances."
2. The PCC and FASB jointly hosted a May 8, 2014, Town Hall Meeting at the University of Washington.

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. The EITF met on June 12, 2014, with all FASB members participating, and discussed the following topics:
 - a. Issue No. 12-G, "Measuring the Financial Assets and Financial Liabilities of a Consolidated Collateralized Financing Entity." A consensus was reached.
 - b. Issue No. 13-F, "Accounting for the Effect of a Federal Housing Administration Guarantee." A consensus was reached.
 - c. Issue No. 13-G, "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." No decisions were made.
2. Bret Dooley was appointed to the EITF effective June 1, 2014.

H. INTERNATIONAL ACTIVITIES

1. Cooperative activities among the FASB and IASB follow:
 - a. The FASB and the IASB held a joint video-conference Board meeting on the leases project.
 - b. The FASB and the IASB held a joint webcast on the new revenue recognition standards.
 - c. The FASB chairman and a Board member participated in a meeting of the IASB's Accounting Standards Advisory Forum.
2. A Board member participated in a meeting with representatives of the International Integrated Reporting Council in New York to discuss matters of mutual interest.
3. A Board member participated in the Grant Thornton International IFRS Interpretations Group meeting in New York.

4. As part of an initiative to enhance international relationships, FASB members and staff met privately with representatives of the following organizations to discuss matters of mutual interest:
 - a. Canadian Accounting Standards Board (FASB chairman, two Board members, and technical director).
 - b. Israel's Banking Supervision Department to discuss matters of mutual interest (Two Board members and staff).
 - c. Accounting Standards Board of Japan (FASB chairman, two Board members, and several staff).

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. None.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff conducted research to evaluate potential financial reporting issues in the following areas:
 - a. accounting for certain tax credits and other aspects of income tax accounting
 - b. cash balance pension plans
 - c. reporting cash flows
 - d. disclosures about the carbon content in fossil fuel reserves, and
 - e. potential GAAP simplifications

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. EDUCATIONAL WEBCASTS AND FEATURED VIDEOS

1. The FASB held three educational webinars:
 - a. In Focus: Board Member Perspective on Structured Data and U.S. Securities and Exchange Commission and Staff U.S. GAAP Taxonomy Updates
 - b. In Focus: Revenue Recognition from Contracts with Customers

- c. In Focus: FASB Update for Private Companies and Not-for-Profit Organizations.
- 2. The FASB posted featured videos to its website covering:
 - a. Newly issued standards for (i) repurchase agreements and similar transactions, (ii) revenue recognition (3-part series), and (iii) discontinued operations
 - b. Investor perspectives on the XBRL taxonomy.

B. SPEECHES DELIVERED

- 1. FASB members or staff delivered speeches at the following conferences and events:
 - a. AICPA Not-for-Profit Conference
 - b. Association for Corporate Growth
 - c. Baruch College
 - d. Connecticut Society of CPAs
 - e. Deloitte Hospitality and Finance
 - f. Deloitte Professional Practice Directors
 - g. Edison Electric and American Gas Association
 - h. EY Not-for-Profit Conference
 - i. Florida Institute of CPAs
 - j. Houston, Texas Society of CPAs
 - k. Institute of Management Accountants
 - l. Michigan Association of CPAs
 - m. Maryland Society of CPAs
 - n. North Carolina Society of CPAs
 - o. Oklahoma State University
 - p. Pennsylvania Society of CPAs
 - q. Society of Corporate Secretaries
 - r. South Carolina Association of Certified Public Accountants
 - s. University of Southern California

- t. University of Tulsa
- u. University of Washington
- v. University of Wisconsin
- w. Wichita State University
- x. Webfilings XBRL.

C. PRESS RELEASES, MEDIA ADVISORIES, AND TWEETS

1. FASB Improves Financial Reporting of Repurchase Agreements
2. FASB Launches Initiative to Simplify Accounting Standards
3. FASB Issues Standard to Improve Financial Reporting for Development Stage Entities
4. Now Available for Viewing: Archive of IASB/FASB Webcast on New Revenue Recognition Standard
5. Registration Opens for June 23 Webcast on FASB Update for Private Companies and Not-For-Profits
6. FASB and IASB Announce the Formation of the Joint Transition Resource Group for Revenue Recognition
7. IASB and FASB Host Live Webcast on New Revenue Recognition Standard
8. IASB and FASB Issue Converged Standard on Revenue Recognition
9. Bret Dooley Appointed to the Emerging Issues Task Force
10. FASB Issues Guidance to Improve Financial Reporting of Discontinued Operations.

D. OTHER COMMUNICATIONS ACTIVITIES

1. The FASB issued “FASB in Focus” documents for the following:
 - a. Accounting Standards Update—Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation
 - b. Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)

- c. Accounting Standards Update No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity
2. The second-quarter issue of FASB Outlook was published on April 30.
3. XBRL staff were interviewed for a two-part article in Dimensions, a Merrill Communications publication. First part published in June 2014.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. The FASB chairman, vice chairman, and two senior staff members participated in an FAF strategic planning meeting.

B. ADMINISTRATIVE MATTERS

1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. Investor Case Studies 2014. Marc Siegel, FASB Board Member
2. The CFA Institute: Its History and Views on Financial Reporting. Ms. Sandy Peters, CPA and CFA, Head of Financial Reporting Policy Group, CFA Institute, and Ms. Mohini Singh, ACA, Director of Financial Reporting Policy Group, CFA Institute
3. New York Law and Ethics. Timothy F. Gearty, Becker Gearty CPE
4. Funding Valuation Adjustments. Professors John Hull and Alan White, Professorites Tenure Stream, Joseph L. Rotman School of Management, University of Toronto.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. In connection with the May 2014 meeting of the FAF Trustees, held in Washington DC, FASB members and FAF Trustees met with various members of Congress to discuss matters of mutual interest.
2. The FASB chairman, vice chairman, technical director, and FAF VP met privately with the Chief Accountant, EBSA, at the Department of Labor.
3. The FASB chairman, vice chairman, FAF CEO, FAF SVP, and FAF VP participated on a conference call with Deputy Asst. Secretary for International Monetary & Financial Policy (Department of Treasury) on FAF/FASB meetings in Europe.
4. 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.

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 GASB staff did not distribute any drafts to the FASB for review.
2. The FASB staff distributed the following drafts for the GASB’s review:
 - a. Final Accounting Standards Update, Presentation of Financial Statements (Topic 205): Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern
 - b. Final Accounting Standards Update, Receivables—Troubled Debt Restructuring by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure (a consensus of the EITF)
 - c. Final Accounting Standards Update, Consolidation (Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity (a consensus of the EITF)
 - d. Proposed Accounting Standards Update, Inventory: Simplifying the Measurement of Inventory
 - e. Proposed Accounting Standards Update, Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating Extraordinary Items.

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. The SEC adopted the 2014 U.S. GAAP Financial Reporting Taxonomy effective June 16, 2014.
2. XBRL staff published the following XBRL Implementation Guides as final:
 - a. Notional Amount Disclosures
 - b. Segment Reporting (update of an existing guide)

- c. Liquidation Basis of Accounting
- d. Subsequent Events (update of an existing guide)

B. OUTREACH ACTIVITIES

1. XBRL Simplification Initiative: Interviewed 40 individuals representing preparers, filing agents, software companies, accountings firms, data aggregators, analysts/investors, regulators, and academics as the first phase of the XBRL Simplification Initiative. This phase involves assessing perceptions about XBRL complexity and identifying opportunities for making the taxonomy less complex or more “suitable for use.”
2. The more significant XBRL-related outreach activities this quarter included participation in meetings with the following organizations and conferences:
 - a. FASB’s Taxonomy Advisory Group
 - b. FASB XBRL industry working groups, IASB XBRL Quality Review Task Force, and the SEC Division of Economic and Risk Analysis (DERA) staff
 - c. XBRL International Conference in Orlando, Florida
 - d. XBRL US workshop in Orlando, Florida.
 - e. Webinar hosted by Workiva (formerly WebFilings) and related meeting with Woriva staff.

Technical Agenda Overview

Updated July 17, 2014

FRAMEWORK PROJECTS	Due Process Stage	
Conceptual Framework: Measurement		
Conceptual Framework: Presentation		
Disclosure Framework: Board's Decision Process		

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Due Process Stage	
Accounting for Financial Instruments: Classification and Measurement		
Accounting for Financial Instruments: Impairment		
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts		
Leases		

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Due Process Stage	
Accounting for Goodwill for Public Business Entities and Not-for-Profits		
Accounting for Identifiable Intangible Assets in a Business Combination (PCC Issue 13-01A)		
Accounting for the Effect of a Federal Housing Administration Guarantee (EITF 13-F)	F	Q3 2014
Clarifying the Definition of a Business		
Consolidation: Principal versus Agent Analysis	F	Q4 2014
Customer's Accounting for Fees in a Cloud Computing Arrangement	E	Q3 2014
Determining Whether the Host Contract in a Hybrid Financial Instrument Is More Akin to Debt or to Equity (EITF 13-G)		
Measuring the Financial Liabilities of a Consolidated Collateralized Financing Entity (EITF 12-G)	F	Q3 2014
Recognition of New Accounting Basis (Pushdown) in Certain Circumstances (EITF 12-F)	C	Q3 2014
Simplifying the Subsequent Measurement of Inventory	C	Q3 2014
Technical Corrections and Improvements (<i>next phase</i>)		

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Technical Agenda Overview

Updated July 17, 2014

FRAMEWORK PROJECTS	Due Process Stage	
Conceptual Framework: Measurement		
Conceptual Framework: Presentation		
Disclosure Framework: Board's Decision Process		

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Due Process Stage	
Accounting for Financial Instruments: Classification and Measurement		
Accounting for Financial Instruments: Impairment		
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts		
Leases		

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Due Process Stage	
Accounting for Goodwill for Public Business Entities and Not-for-Profits		
Accounting for Identifiable Intangible Assets in a Business Combination (PCC Issue 13-01A)		
Accounting for the Effect of a Federal Housing Administration Guarantee (EITF 13-F)	F	Q3 2014
Clarifying the Definition of a Business		
Consolidation: Principal versus Agent Analysis	F	Q4 2014
Customer's Accounting for Fees in a Cloud Computing Arrangement	E	Q3 2014
Determining Whether the Host Contract in a Hybrid Financial Instrument Is More Akin to Debt or to Equity (EITF 13-G)		
Measuring the Financial Liabilities of a Consolidated Collateralized Financing Entity (EITF 12-G)	F	Q3 2014
Recognition of New Accounting Basis (Pushdown) in Certain Circumstances (EITF 12-F)	C	Q3 2014
Simplifying the Subsequent Measurement of Inventory	C	Q3 2014
Technical Corrections and Improvements (<i>next phase</i>)		

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PRESENTATION & DISCLOSURE PROJECTS	Due Process Stage	
Clarifying Certain Existing Principles on Statement of Cash Flows		
Definition of a Public Business Entity (phase 2) (PCC Issue 14-01)		
Disclosure Framework: Entity's Decision Process		
Disclosure Framework: Disclosure Review—Defined Benefit Plans		
Disclosure Framework: Disclosure Review—Fair Value		
Disclosure Framework: Disclosure Review—Income Taxes		
Disclosure Framework: Disclosure Review—Inventory		
Disclosure Framework: Disclosures—Interim Reporting		
Financial Statements of Not-for-Profit Entities		
Going Concern	F	Q3 2014
Government Assistance Disclosures		
Insurance: Disclosures about Short-Duration Contracts		
Investment Companies: Disclosures about Investments in Another Investment Company		
Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items	C	Q3 2014

RESEARCH PROJECTS
Accounting Issues in Employee Benefit Plan Financial Statements
Accounting for Financial Instruments—Hedging
Accounting for Financial Instruments: Interest Rate Disclosures
Financial Performance Reporting (<i>formerly Financial Statement Presentation</i>)
Liabilities & Equity—Short-term Improvements
Pensions—Cash Balance Plans

Key: C—comment period deadline, E—exposure document, F—final document, R—roundtable meeting.