

REPORT OF THE FASB CHAIRMAN

January 1, 2015 through March 31, 2015

ITEM 1: STANDARDS-SETTING ACTIVITIES

A. FINAL STANDARDS AND DOCUMENTS ISSUED FOR PUBLIC COMMENT

1. The Board issued the following final documents:
 - a. Accounting Standards Update No. 2015-01, *Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*; issued January 9, 2015.
 - b. Accounting Standards Update No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*; issued February 18, 2015.
2. The Board issued the following Exposure Drafts for public comment:
 - a. Proposed Accounting Standards Update, *Income Taxes (Topic 740): Intra-Entity Asset Transfers and Balance Sheet Classification of Deferred Taxes* (issued January 22, 2015). Comment deadline: May 29, 2015.
 - b. Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Disclosures about Hybrid Financial Instruments with Bifurcated Embedded Derivatives* (issued February 24, 2015). Comment deadline: April 30, 2015.

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. Hybrid Bifurcated Embedded Derivatives (January 2015)
 - ii. Premium or Discount Associated with the Purchase of Callable Loans and Debt Securities (March 2015)
 - iii. Equity Method Simplifications (March 2015)
 - iv. Business Combinations—Accounting for the Measurement Period Adjustment (March 2015)

- v. Revenue Recognition—Identifying Performance Obligations and Licenses (February 2015)
- vi. Revenue Recognition—Narrow Scope Improvements and Practical Expedients on (March 2015):
 - (1) Non Cash Consideration
 - (2) Presentation of Sales Tax
 - (3) Contract Modification upon Initial Adoption
 - (4) Collectibility Criterion in Step 1.
- b. The Board added the following projects to the EITF’s agenda:
 - i. Simplification of Accounting for Embedded Put and Call Options in Debt Instruments (March 2015)
 - ii. Effect of Derivative Novations on Existing Hedge Accounting Relationships (March 2015).
- c. The Board decided not to add the following projects to its agenda or the EITF’s agenda:
 - i. Balance Sheet Offsetting
 - ii. Business Combinations—Reacquired Rights
 - iii. Classification of Credit Card Processing Fees.
- 2. The Board removed from its agenda a project on the definition of a public business entity (Phase 2), after the PCC decided to discontinue any further work on PCC Issue No. 14-01.

C. SIGNIFICANT TECHNICAL DECISIONS

- 1. Revenue Recognition: The Board made several decisions to improve the operability and understandability of the implementation guidance in the new revenue recognition standard including clarifying the guidance on licenses and on identifying performance obligations. Additionally, the Board added a separate project and made decisions to add practical expedients on how to present sales taxes, when to measure noncash consideration, how to apply the collectibility guidance when a contract has been terminated, and practical expedients for transitioning to the new standard.
- 2. Short-Duration Insurance Contracts: The Board approved for financial issuance in Q2 a standard that will improve the disclosures for short-duration insurance contracts. The Board decided to require supplementary information of a claims

development table to mitigate the operability concerns highlighted in the external review process.

3. The Board is in the final stages of initial deliberations and redeliberations on several other key projects, and while a number of decisions were made by the Board, none of those decisions were individually significant.

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

1. FASAC Meeting:
 - a. Six Board members, the FASB technical director, and several FASB staff participated in the March 17, 2015 FASAC meeting. The meeting topics focused on the FASB's communications about its consideration of costs and benefits, the FASB's project on disclosures by business entities about government assistance, and possible metrics that might be used to assess the quality of financial reporting standards.
2. The following advisory committee meeting was held:
 - a. Public meeting of the Not-for-Profit Advisory Committee (NAC) (March): Six Board members and several FASB staff participated in portions of this meeting; topics focused on the FASB's project on financial statements of not-for-profit entities and potential issues arising in the implementation of the new revenue recognition standards by not-for-profit organizations.
3. Advisory committee membership changes:
 - a. John Kroll was appointed to and began his term on the NAC on January 29, 2015.
 - b. Deborah Gillespie was appointed to and began her term on the NAC on February 5, 2015.

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One or more Board members met with the following industry liaison groups:
 - a. Private meeting with the Financial Executives International's Committee on Corporate Reporting (CCR) (March). The vice chairman participated; topics included the FASB's project on leases, financial instruments (impairment, classification and measurement, and hedging), and disclosure framework. The Committee also discussed certain income tax accounting topics and other simplification projects and activities.

- b. Private meeting with the Institute of Management Accountants' Financial Reporting Committee (March). One Board member participated; topics included the FASB's project on leases, financial instruments (impairment, classification and measurement, and hedging), disclosure framework, conceptual framework (measurement and presentation), and cloud computing fees. The Committee also discussed FASB priorities, the PCC 3-year review, the periodic review of the EITF, and certain simplification projects and activities.
 - c. Public meeting with the National Association of College and University Business Officers (NACUBO) (March). Four Board members and several FASB staff members met with members of NACUBO's Accounting Principles Committee to discuss the FASB's project on Financial Statements of Not-for-Profit Entities, potential issues arising in the implementation of the new revenue recognition standards by colleges and universities, and trends in the education sector.
 - d. All FASB members, the technical director, and other FASB staff participated in the FASB's annual Financial Reporting Issues Conference to discuss issues in the conceptual framework project with members of academe, users, preparers, and auditors.
2. Significant project-specific outreach activities follow:
- a. The FASB staff conducted over 180 meetings with a variety of stakeholders to discuss issues in 25 different FASB and EITF projects.
 - b. The meetings involved a broad range of stakeholder types: 16% of meeting participants were financial statement users, 35% were auditors, and 37% were representatives of public companies, nonpublic companies, and not-for-profit organizations.

F. COLLABORATION WITH THE FASB'S PRIVATE COMPANY COUNCIL (PCC)

1. All seven FASB members participated in the February 13, 2015, PCC meeting. Meeting highlights follow:
- a. Outreach Effort: The PCC announced that its first outreach effort of 2015 would be a Town Hall meeting on April 28, 2015 at Southern Methodist University in Dallas, Texas.
 - b. Definitions of Public Entity/NonPublic Entity and Public Entity: The PCC decided to discontinue research on possible changes to the definitions of public entity and nonpublic entity.

- c. **Application of Private Company Accounting Alternatives:** The PCC directed the FASB staff to conduct further research on the feasibility of extending the amount of time available to private companies to evaluate and elect to apply accounting alternatives available for private companies.
- d. **Uncertain Tax Positions:** The PCC expressed concern over a perceived difference between GAAP-required disclosures about uncertain tax positions and nonauthoritative guidance published by the AICPA and asked the FASB staff to work with the Financial Reporting Executive Committee of the AICPA to resolve the problem.
- e. **Simplifying the Balance Sheet Classification of Debt:** The PCC discussed the FASB's project to simplify the principles for classifying debt as current or noncurrent, expressing concerns that private companies could be significantly affected by the proposal. The PCC recommended that the staff conduct further outreach to private company stakeholders to learn more about those potential effects.
- f. **Accounting for Financial Instruments—FAS 107 Disclosures:** The PCC discussed whether private companies should be permitted to early adopt the exemption from having to disclose the fair value of financial instruments measured at amortized cost in accordance with Topic 820 without early adopting the other provisions of the classification and measurement Accounting Standards Update. The PCC unanimously agreed to make a recommendation to the FASB to require private companies to early adopt all provisions of the Update to take advantage of the disclosure relief.
- g. **Share-Based Compensation:** The PCC discussed and decided to continue researching an alternative that would classify all share-based compensation awards as liabilities that would be remeasured at settlement intrinsic value each reporting period end until settled.
- h. **Simplifying the Presentation of Debt Issuance Cost:** The PCC discussed proposed changes to simplifying the presentation of debt issuance costs and, while members do not support the FASB's proposal, PCC members could not agree on a preferred alternative.

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. Two Board members attended an EITF Educational Session held on January 22, 2015, and all seven Board members attended the March 19, 2015 EITF meeting at which the following Issues were discussed with the following results:

- a. Issue No. 14-A, "Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions." A consensus was reached.
- b. Issue No. 14-B, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." A consensus was reached.
- c. Issue No. 15-A, "Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts within Nodal Energy Markets." A consensus-for-exposure was reached.
- d. Issue No. 15-B, "Recognition of Breakage for Certain Prepaid Stored-Value Cards." A consensus-for-exposure was reached.
- e. Issue No. 15-C, "Employee Benefit Plan Simplifications." A consensus-for-exposure was reached.

H. INTERNATIONAL ACTIVITIES

1. Cooperative activities between the FASB and the IASB were as follows:
 - a. The FASB and the IASB held a joint videoconference Board meeting to discuss their joint leases and revenue recognition projects.
 - b. The FASB and the IASB held two public, videoconference meetings of the joint Transition Resource Group for Revenue Recognition.
 - c. The FASB chairman and a Board member participated in a meeting of the IASB's Accounting Standards Advisory Forum.
 - d. The FASB technical director, assistant director, and representatives of the IASB discussed revenue recognition implementation issues.
2. Cooperative activities among the FASB and other national standards setters included the following:
 - a. Two Board members participated in a meeting of the International Forum of Accounting Standards Setters in London.
 - b. The FASB chairman, two Board members, the technical director, and certain staff members met privately with representatives from the Canadian Accounting Standards Board to discuss matters of mutual interest.
 - c. The FASB technical director and representatives of the Accounting Standards Board of Japan discussed issues relating to the accounting for goodwill.
3. A Board member participated in several meetings in Brussels with various representatives of the European Union government.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board did not add any new projects to its research agenda.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. Significant research was conducted on the following potential projects: implementation of the new revenue recognition standard including a potential effective date deferral of accounting standards update 2014-09, simplifying the measurement of asset retirement obligations and other potential simplification projects.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. EDUCATIONAL WEBCASTS AND FEATURED VIDEOS

1. The FASB held one educational webinar:
 - a. IN FOCUS: Tips and Tools to Find Taxonomy Tags (January 8, 2015)
2. The FASB posted two featured videos:
 - a. FASB's top priorities for 2015 hosted by FASB Technical Director Sue Cosper and the FASB's Assistant Directors.
 - b. Who's Who video featuring Joy Sy, Codification Project Manager.

B. SPEECHES DELIVERED

1. FASB members or staff delivered speeches at 12 different conferences. The more significant follow:
 - a. AAA FARS Conference
 - b. Singapore Management University
 - c. KPMG Annual Audit Issues Conference
 - d. CCR FEI Conference.

C. PRESS RELEASES, MEDIA ADVISORIES, AND TWEETS

1. The FASB issued 10 press releases, media advisories, or tweets on a variety of topics.

D. OTHER COMMUNICATIONS ACTIVITIES

1. The fifth issue of FASB Outlook was published in January.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. FASB members participated in a discussion of the FAF, FASB, and GASB strategic plan with the Board of Trustees at its February meeting.
2. The FASB completed all strategic plan action steps planned for the first quarter of 2015.

B. ADMINISTRATIVE MATTERS

1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. The Conceptual Framework Project: An Overview and Update (a special presentation for new staff and other interested staff). Jim Leisenring, FASB Senior Advisor; Jill Switter, FASB Project Manager.
2. Government Affairs and Media Coverage. Robert Stewart, FAF Senior Vice President, Public Affairs; Christine Klimek, FAF Senior Manager, Media Relations and Executive Communications; Jordan Betz, FAF Manager, Media Relations and Editorial Services.
3. Federal Reserve Current Accounting Priorities. Steven P. Merriett, CPA, CFA, CISA, Deputy Associate Director and Chief Accountant of the Federal Reserve Board's Division of Banking Supervision and Regulation, Washington, DC; JoAnne Wakim, CPA, Assistant Chief Accountant for the Federal Reserve Board's Division of Banking Supervision and Regulation, Washington, DC.
4. Educational Updates on Other FASB Projects: (a special session for FASB not-for-profit advisory committee members and official observers. Jeffrey Mechanick, FASB Assistant Director; Nicholas Cappiello, FASB Project Manager; Lauren Mottley, FASB Project Manager; Jeffrey Gabello, FASB Project Manager; Jennifer Hillenmeyer, FASB Fellow; Adam Smith, FASB Fellow.
5. FASB Disclosure Framework Project. Nicholas T. Cappiello, Project Manager.
6. FASB-IASB Financial Reporting Issues Conference (FRIC) Recap. James J. Leisenring, FASB Senior Advisor; Matt Esposito, Assistant Director; Cullen

Walsh, Assistant Director; Nick Cappiello, Project Manager; Michael Cheng, Project Manager; Jill Switter, Project Manager; Jenifer Wyss, Project Manager.

7. PCAOB Update. Jay D. Hanson, Board Member, Public Company Accounting Oversight Board.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The FASB chairman and the FAF VP met privately with Senate Banking Committee senior staff members to discuss emerging policy issues as well as other matters of mutual interest.
2. The FASB technical director and the FAF VP met privately with the Treasury Department Deputy Assistant Secretary for International Tax Affairs and the Treasury Department International Tax Counsel to discuss current FASB projects as well as other matters of mutual interest.
3. The FASB technical director and the FAF VP met privately with House Ways & Means Committee senior staff to discuss tax-related projects currently on the FASB's agenda and other matters of mutual interest.
4. The FASB technical director and the FAF VP met privately with Senate Finance Committee senior staff to update them on tax-related projects currently on the FASB's agenda as well as other matters of mutual interest.
5. The FASB technical director and the FAF VP met privately with Senior Counsel to Congressman Capuano, providing an update on FASB's improvements to the accounting for repurchase agreements and other matters of mutual interest.

ITEM 6: FAF/FASB/GASB INTERACTION

A. MEETING MINUTES

1. GASB and FASB meeting minutes were shared with the FASB and GASB Board members and staff.

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 distributed a draft of its final standard on fair value measurement and application to the FASB staff for review.
2. The FASB staff distributed the following drafts for the GASB's review:
 - a. Final Accounting Standards Update, Compensation—Retirement Benefits (Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets
 - b. Final Accounting Standards Update, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs
 - c. Final Accounting Standards Update, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement
 - d. Final Accounting Standards Update, Technical Corrections and Improvements
 - e. Final Accounting Standards Update, Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions (a consensus of the Emerging Issues Task Force)
 - f. Final Accounting Standards Update, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (a consensus of the Emerging Issues Task Force)
 - g. Proposed Accounting Standards Update, Derivatives and Hedging (Topic 815): Disclosures Related to Hybrid Financial Instruments with Bifurcated Embedded Derivatives
 - h. Proposed Accounting Standards Update, Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954): Presentation of Financial Statement of Not-for-Profit Entities
 - i. Proposed Accounting Standards Update, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing
 - j. Proposed Accounting Standards Update, Derivatives and Hedging (Topic 815): Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts within Nodal Energy Markets (a consensus of the Emerging Issues Task Force)
 - k. Proposed Accounting Standards Update, Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Cards (a consensus of the Emerging Issues Task Force)

1. Proposed Accounting Standards Update, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 065) (a consensus of the Emerging Issues Task Force).

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 2015 GAAP Financial Reporting Taxonomy effective March 9, 2015.
2. The FASB published Taxonomy Exposure Drafts for:
 - a. Accounting Standards Update No. 2015-02—Consolidation (Topic 810): Amendments to the Consolidation Analysis
3. The FASB Staff published the following Taxonomy Implementation Guides for public comment and review:
 - a. Repurchase-to-Maturity Transactions and Repurchase Financings
 - b. Disclosures about Offsetting Assets and Liabilities

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. FASB's Taxonomy Advisory Group meetings
 - b. Meetings of the FASB Taxonomy industry working groups, the IASB IFRS Taxonomy Consultative Group, quarterly staff meeting with IASB Taxonomy Staff, monthly XBRL US Best Practice Committee calls, and the SEC Division of Economic and Risk Analysis (DERA) staff
2. FASB Chief of Taxonomy Development attended "Financial Regulation Summit" in DC organized by the Data Transparency Coalition
3. FASB Chief of Taxonomy Development participated in XBRL US hosted Quarterly Data Vendor update, including SEC staff
4. FASB Chief of Taxonomy Development participated in conference call with U.S. Treasury staff responsible for Data Act implementation to share FASB experience with Taxonomy development and maintenance.

Technical Agenda Overview

Revised March 31, 2015

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	Initial deliberations	
Disclosure Framework: Board's Decision Process	ED redeliberations	

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Accounting for Financial Instruments: Classification and Measurement	Drafting final standard	Q4 2015
Accounting for Financial Instruments: Hedging	Initial deliberations	
Accounting for Financial Instruments: Impairment	ED redeliberations	Q4 2015
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts	ED redeliberations	
Leases	ED redeliberations	Q4 2015

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Accounting for Goodwill for Public Business Entities and Not-for-Profit Entities	Initial deliberations	
Accounting for Identifiable Intangible Assets in a Business Combination for Public Business Entities and Not-for-Profit Entities	Initial deliberations	

Accounting for Income Taxes: Intra-Entity Asset Transfers and Balance Sheet Classification of Deferred Taxes	ED out for public comment	CP ends Q2 2015
Accounting for Measurement Period Adjustments in a Business Combination	Drafting ED	Q2 2015
Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts within Nodal Energy Markets (EITF 15-A)	Drafting ED	Q2 2015
Clarifying the Definition of a Business	Initial deliberations	
Customer's Accounting for Fees in a Cloud Computing Arrangement	Drafting final standard	Q2 2015
Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (EITF 15-D)	Initial deliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS (continued)	Current Stage	Timing
Employee Benefit Plan Simplifications (EITF 15-C)	Drafting ED	Q2 2015
Employee Share-Based Payment Accounting Improvements	Drafting ED	Q2 2015
Evaluation of Contingent Put and Call Options Embedded in Debt Instruments (EITF 15-E)	Initial deliberations	
Liabilities & Equity: Targeted Improvements	Initial deliberations	
Recognition of Breakage for Prepaid Stored-Value Cards (EITF 15-B)	Drafting ED	Q2 2015
Revenue Recognition—Identifying Performance Obligations and Licenses	Drafting ED	Q2 2015
Revenue Recognition—Narrow Scope Improvements and Practical Expedients	Drafting ED	Q2 2015
Simplifying the Equity Method of Accounting	Drafting ED	Q2 2015

Simplifying the Measurement Date for Plan Assets	Drafting final standard	Q2 2015
Simplifying the Subsequent Measurement of Inventory	ED redeliberations	
Technical Corrections and Improvements	ED redeliberations	

PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
Clarifying Certain Existing Principles on Statement of Cash Flows	Initial deliberations	
Disclosure Framework: Disclosure Review—Defined Benefit Plans	Initial deliberations	
Disclosure Framework: Disclosure Review—Fair Value Measurement	Initial deliberations	
Disclosure Framework: Disclosure Review—Income Taxes	Initial deliberations	
Disclosure Framework: Disclosure Review—Inventory	Initial deliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
Disclosure Framework: Entity’s Decision Process	Initial deliberations	
Disclosures about Hybrid Financial Instruments That Contain Bifurcated Embedded Derivatives	ED comment period deadline	April 30, 2015
Disclosures about Interest Income on Purchased Debt Securities and Loans	Initial deliberations	
Disclosures by Business Entities about Government Assistance	Initial deliberations	
Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) (EITF 14-B)	Drafting final standard	Q2 2015

PRESENTATION & DISCLOSURE PROJECTS (continued)	Current Stage	Timing
Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions (EITF 14-A)	Drafting final standard	Q2 2015
Financial Statements of Not-for-Profit Entities	Drafting ED	Q2 2015
Insurance: Disclosures about Short-Duration Contracts	Drafting final standard	Q2 2015
Investment Companies: Disclosures about Investments in Another Investment Company	ED redeliberations	
Simplifying the Balance Sheet Classification of Debt	Initial deliberations	
Simplifying the Presentation of Debt Issuance Cost	Drafting final standard	Q2 2015

RESEARCH PROJECTS
Accounting for Convertible Financial Instruments
Accounting for Financial Instruments: Interest Rate Risk Disclosures
Accounting for Income Taxes: Presentation of Tax Expense/Benefit
Financial Performance Reporting (<i>formerly Financial Statement Presentation</i>)
Nonemployee Share-Based Payment Accounting Improvements
Partnership Accounting (PCC Research Agenda)
Private Company Employee Share-Based Payment Accounting—Intrinsic Value Option for All Awards

Revenue Recognition—Effective Date

Revenue Recognition—Principal versus Agent (reporting revenue gross versus net)
