

MINUTES



MEMORANDUM

**To:** Board Members  
**From:** Jensen, x353  
**Subject:** Minutes of the April 7, 2015,  
Technical Corrections Board Meeting  
**Date:** April 14, 2015  
**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: Technical Corrections and Improvements

Basis for Discussion: FASB Memo No. 4 Revised

Length of Discussion: 12:30 p.m. to 1:30 p.m. (EST)

Attendance:

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

Board members absent: N/A

Staff in charge of topic: Cafini

Other staff at Board table: Guasp, Esposito, Bossio, Jensen

Outside participants: None

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of a final Accounting Standards Update addressing technical corrections and improvements submitted by stakeholders.

The Board has not yet determined the timing of the release of the final Accounting Standards Update.

**Tentative Board Decisions:**

The Board discussed feedback received on the proposed Accounting Standards Update, *Technical Corrections and Improvements*, and made the following decisions.

*Proposed Amendments Removed from the Final Accounting Standards Update*

The Board decided to remove the proposed amendments to Subtopic 805-50, Business Combinations—Related Issues, Subtopic 810-30, Consolidation—Research and Development Arrangements, and Subtopic 970-323, Real Estate—General—Investments—Equity Investments and Joint Ventures (**Vote: 7 to 0**), because the corrections have been made in other Accounting Standards Updates. The Board also decided to remove the proposed amendment to Subtopic 958-605, Not-for-Profit Entities—Revenue Recognition, so that additional research can be conducted by the staff to determine the appropriate terminology for the clarification (**Vote: 7 to 0**).

*Changes Proposed That the Board Decided Not to Finalize*

1. Subtopic 715-30, Compensation—Retirement Benefits—Defined Benefit Plans—Pension: The proposed amendment to correct a reference to Section 715-80-50, Compensation—Retirement Benefits—Multiemployer Plans—Disclosure, was not made to avoid the possibility of creating confusion in current practice for local chapters of not-for-profit entities that are currently exempt from the disclosure requirements in that Section (**Vote: 7 to 0**).
2. Subtopic 820-10, Fair Value Measurement—Overall: The proposed amendment to include additional recognition guidance was not made to avoid potential misinterpretation in practice (**Vote: 7 to 0**).

*Additional Amendments Identified by Stakeholders and Board Members*

The Board decided to make the following additional amendments in response to comments received from stakeholders:

1. Subtopic 255-10, Changing Prices—Overall: Changes were made to the first sentence in paragraph 255-10-55-2 to clarify that trading securities can be held in any type of trading account and to remove wording that would imply the securities were held for resale to customers only.
2. Subtopic 320-10, Investments—Debt and Equity Securities—Overall: When one of a paired structured note is sold, it should be measured like a participating interest in paragraph 860-20-40-1A **(Vote: 6 to 1)**. Additionally, changes were made to the Master Glossary term *readily determinable fair value* to provide a parallel sentence structure between all listed components of the definition **(Vote: 7 to 0)**.
3. Subtopic 958-205, Not-for-Profit Entities—Personal Financial Statements: The illustration in paragraph 958-205-45-10A was clarified to illustrate the accounting for situations resulting in the expiration of donor-imposed restrictions **(Vote: 7 to 0)**. Additionally, the last sentence in paragraph 958-205-45-10 was removed to avoid any confusion surrounding the expiration of the restriction **(Vote: 7 to 0)**.

*Transition Guidance*

The Board decided to provide transition guidance for the following amendments:

1. Subtopic 274-10, Personal Financial Statements—Overall: The proposed amendment should be applied prospectively by recognizing and presenting separately the cumulative effect of the change in accounting principle as an adjustment to the opening balance of retained earnings, or net worth, for all estimated current value of investments in real estate on the balance sheet as of the effective date. Additionally, the reporting entity must disclose the nature of the change and the reason for the change. **(Vote: 7 to 0)**
2. Subtopic 470-30, Debt—Participating Mortgage Loans: An entity should recognize and present separately the cumulative effect of the change in accounting principle as an adjustment to the opening balance of retained earnings. An entity may elect to apply the proposed amendment retrospectively. Additionally, the reporting entity must disclose the nature of the change and the reason for the change. **(Vote: 7 to 0)**
3. Subtopic 718-40, Compensation—Stock Compensation—Employee Stock Ownership Plans: The amendments should be applied prospectively, and an entity should recognize and present separately the cumulative effect of

the change in accounting principle as an adjustment to the opening balance of retained earnings. Additionally, an entity should disclose:

- a. The fact that it was using a framework other than the framework in Topic 820 on fair value measurement in prior valuations
- b. A qualitative description of how the valuation methodology that was used differs from that of Topic 820 and the possible effect on prior valuations.
- c. The nature of the change and the reason for the change. **(Vote: 7 to 0)**

*Effective Date*

The Board decided that the changes should apply to all entities in annual periods beginning after December 15, 2015, and interim periods within those annual periods. Early adoption is permitted. **(Vote: 7 to 0)**

*Permission to Ballot*

The Board decided that it has received sufficient information and analysis on the proposed amendments to make an informed decision on the issues presented and that the expected benefits of those amendments justify the perceived cost of change. The Board directed the staff to draft a final Update for vote by written ballot. **(Vote: 7 to 0)**

**General Announcements:** None