

REPORT OF THE FASB CHAIR

April 1, 2016 through June 30, 2016

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. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, issued April 14, 2016.
 - b. Accounting Standards Update No. 2016-11, *Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF (SEC Update)*, issued May 2, 2016.
 - c. Accounting Standards Update No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, issued May 9, 2016.
 - d. Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, issued June 16, 2016.
2. The Board issued the following Exposure Drafts for public comment:
 - a. Proposed Accounting Standards Update, *Technical Corrections and Improvements* (issued April 21, 2016). Comment deadline: July 5, 2016.
 - b. Proposed Accounting Standards Update, *Statement of Cash Flows (Topic 230): Restricted Cash* (a consensus of the FASB Emerging Issues Task Force) (issued April 28, 2016). Comment deadline: June 27, 2016.
 - c. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment* (issued May 12, 2016). Comment deadline: July 11, 2016.
 - d. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Update 2014-09, Revenue from Contracts with*

Customers (Topic 606) (issued May 18, 2016). Comment deadline: July 2, 2016.

- e. Proposed Accounting Standards Update, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* (issued June 6, 2016). Comment deadline: August 5, 2016.
- f. Proposed Accounting Standards Update, *Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control* (issued June 23, 2016). Comment deadline: July 25, 2016.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

- 1. The Board added a project to its technical agenda on Revenue Recognition of Grants and Contracts by Not-for-Profit Entities (April).
- 2. The Board added a project to the EITF's agenda on Employee Benefit Plan Master Trust Reporting (April).
- 3. The Board decided not to add the following projects to either its or the EITF's agenda:
 - a. Effects of Yield Co Dropdown Transactions on Historical Earnings per Share (April)
 - b. Presentation of Gains and Losses from the Sale of a Business (April).
- 4. The Board removed its project on Improving the Equity Method of Accounting from its technical agenda (May).
- 5. The following PCC decisions directly affected the Board's agenda as follows:
 - a. The PCC recommended that the Board add a project to its agenda on Applying Variable Interest Entity Guidance to Entities under Common Control. Therefore, the PCC removed the project on the same topic from its agenda and likewise the Board removed the complementary project for other stakeholders (April) from its technical agenda and added the PCC recommended project to its research agenda.

C. SIGNIFICANT TECHNICAL DECISIONS

1. Accounting for Financial Instruments—Credit Losses
 - a. The Board decided to defer the planned effective dates by one year for the following:
 - i. For public business entities that meet the definition of an SEC filer, the standard will be effective for fiscal years (and interim periods within those fiscal years) beginning after December 15, 2019.
 - ii. For other public business entities, the standard will be effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.
 - iii. For all other entities, including not-for-profit organizations and employee benefit plans, the standard will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.
 - iv. Early adoption will be permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.
 - b. The Board also decided that public business entities that are not SEC filers would be permitted to provide their vintage disclosures using a phase-in transition approach. The phase-in transition approach would require three origination years to be disclosed (including the originations during the first year of adoption), and then an incremental year for every fiscal year thereafter until five separate fiscal years are disclosed, consistent with SEC filers.
2. The Board is in the final stages of initial deliberations and redeliberations on several other projects, and while a number of decisions were made by the Board, none of those decisions were individually significant.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. At the PCC’s suggestion, the Board added a project to its research agenda on Applying Variable Interest Entity Guidance to Entities under Common Control (April). That project had formerly been on the PCC’s and the Board’s technical agenda.

2. The PCC removed from its research agenda, the project on Partnership Accounting. Likewise, the Board removed the project on Partnership Accounting from its research agenda (April).

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff conducted research on Modifications to Share-Based Payments and Cloud Computing. Both potential projects will be discussed with the Board at a future agenda prioritization meeting.
2. The staff began research on Measuring the Fair Value of Liabilities and Equity Instruments Held by Other Parties as Assets.

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

1. FASAC Meeting
 - a. Six Board members, the technical director, and several staff members participated in the June 15, 2016 FASAC meeting. The discussion topics were intangible assets, including research and development, and segment reporting.
2. The following advisory committee meetings were held:
 - a. None.
3. Advisory committee membership changes:
 - a. None.

D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

4. One or more Board members met with the following industry liaison groups:
 - a. The FASB chair and five Board members met publicly with members of the Healthcare Financial Management Association's (HFMA) Principles and Practice Board in April. Topics included the FASB's projects on disclosure framework, not-for-profit financial statements, revenue recognition of grants and contracts by not-for-profit entities, cash flow classification, and financial instruments.
 - b. Two Board members and two staff members met privately with members of the American Bankers Association's Accounting Administrative Committee in May. The topic discussed was the FASB's project on financial instruments: credit losses.

- c. One Board member met privately with the Institute of Management Accountants' Financial Reporting Committee via teleconference in May. Topics discussed were the FASB's future agenda priorities; the FASB's projects on financial instruments, disclosure framework, goodwill and other intangibles, and conceptual framework; and the implementation of FASB standards on revenue recognition and leases.
 - d. The FASB chair, four Board members, the technical director, and an assistant director met publicly with members of the Financial Executives International's Committee on Corporate Reporting in June. Topics discussed were the FASB's future agenda priorities; FASB projects on financial instruments (credit losses and hedging), disclosure framework, and disclosures on government assistance and income taxes; and the implementation of FASB standards on revenue recognition and leases.
 - e. One Board member (via teleconference) and a staff member met privately with the American Council of Life Insurers' Accounting Committee in June in Washington, D.C. to discuss the FASB's project on insurance: long duration contracts.
 - f. Three Board members, the technical director, and various staff met privately with a group of representatives from insurance companies in June to discuss participating contracts and the FASB's project on insurance: long duration contacts.
5. Significant project-specific outreach activities follow:
- a. The FASB Board members and staff conducted approximately 109 meetings with a variety of stakeholders to discuss issues in 24 different FASB and EITF projects.
 - b. Through meetings and comment letters, the Board received feedback from a range of stakeholder types: 11% from financial statement users; 33% from auditors; 32% that were representatives of public companies, private companies, and not-for-profit organizations; and 24% from professional, trade, and advocacy organizations and others (including state societies, regulators, and other standard setters).

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

1. The PCC and the FASB jointly hosted a Private Company Town Hall Meeting on June 13, 2016, at Baruch College in New York City.
2. Six Board members, the technical director, and certain staff participated in the April 12, 2016 PCC meeting. The discussion topics were FASB projects on

government assistance disclosures, nonemployee share-based payment, restricted cash, the equity method, and disclosure reviews on income taxes, inventory, and fair value measurement.

3. PCC members voted nine to one to recommend that the Board add PCC Issue No. 15-02, “Applying Variable Interest Entity Guidance to Entities under Common Control,” to the FASB agenda.

F. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. Five Board members attended the June 10, 2016 EITF meeting. Issues No. 15-F, “Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments,” and No. 16-B, “Employee Benefit Plan Master Trust Reporting,” were discussed. The EITF reached a consensus on Issue 15-F and a consensus-for-exposure on Issue 16-B.

G. 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 and discussed goodwill impairment, the subsequent accounting for goodwill, and accounting for identifiable intangible assets in a business combination.
2. Cooperative activities among the FASB and other national standards setters included the following:
 - a. The FASB chair and a Board member participated in a private networking meeting by video and in a private networking meeting in Berlin with representatives from several different national standards-setting organizations.
 - b. The FASB chair, three Board members (on a rotational basis), the technical director, and various staff met privately with representatives of the Organismo Italiano di Contabilità–OIC (the Italian Standard Setter).
 - c. The FASB chair, two Board members, and various staff members met privately with representatives from the Korea Accounting Standards Board (KASB) in Norwalk.
 - d. Two Board members and an assistant director participated in the International Forum on Accounting Standard Setters (IFASS) meeting in Toronto.
 - e. Three Board members and the technical director met with representatives from the Accounting Standards Board (AcSB) of Canada in Toronto.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. WEBINARS AND VIDEOS

1. The FASB held two educational webinars:
 - a. IN FOCUS: FASB Update for Private Companies and Not-for-Profit Organizations (June 20, 2016)
 - b. IN FOCUS: 2016 GAAP Financial Reporting Taxonomy Changes and Beyond, and SEC Update (April 5, 2016)
2. The FASB posted three featured videos:
 - a. Putting Leases on the Balance Sheet
 - b. The GAAP Taxonomy: Why It's Important
 - c. Why a New Credit Losses Standard?

B. SPEECHES DELIVERED

1. FASB members or staff delivered 60 speeches at different conferences. The more significant conferences follow:
 - a. 35th Annual SEC and Financial Reporting Institute Conference
 - b. AICPA's 2016 Annual Not For Profit Industry Conference
 - c. American Society of Appraisers and University of Southern California 11th Annual Fair Value Conference
 - d. Colorado State University Accounting Awards Banquet
 - e. Compliance Week Annual Conference
 - f. Connecticut Society of Certified Public Accountants Not-for-Profit Organizations Conference
 - g. Edison Electric Institute and American Gas Association Accounting Leadership Conference
 - h. EY and The Risk Management Association (RMA)—Allowance for Loan Losses (ALLL) Round Table Meeting
 - i. EY Oil & Gas Symposium
 - j. Institute of Management Accountants 42nd Annual Meonske Professional Development Conference

- k. NYU Stern School of Business Ross Institute of Accounting Research Roundtable
- l. PwC Financial Markets Insights 2016
- m. The 15th Annual Baruch College Financial Reporting Conference
- n. University of Tulsa School of Accounting and Management Information Systems 70th Annual Conference of Accountants
- o. University of Washington 12th Annual University of Washington Financial Reporting Conference
- p. Woman's Accounting Leadership Series

C. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

- 1. The FASB issued 7 press releases or media advisories on a variety of topics, as well as a variety of updates on Twitter and LinkedIn.

D. OTHER COMMUNICATIONS ACTIVITIES

- 1. The 2nd Quarter FASB Outlook was issued on April 26.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

- 1. The FASB completed all of its second quarter 2016 strategic plan action steps, including a review of the processes and systems related to the FASB Technical Inquiry Service.

B. ADMINISTRATIVE MATTERS

- 1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

- 1. Conceptual Framework Training. Jill Switter, FASB Senior Project Manager; Nicholas Cappiello, FASB Supervising Project Manager; Ryan Carter, FASB Assistant Project Manager; and Melissa Rutzen, FASB Postgraduate Technical Assistant.
- 2. Investor Case Studies. Marc Siegel, FASB Board Member.

3. Leases Update. Danielle Zeyher, Senior Project Manager; Lisa Kaestle, Assistant Project Manager; Kendall Verbeek, FASB Postgraduate Technical Assistant.
4. Lessons Learned: A Conversation with Ron Bossio about His 33 Years of Setting Standards. Ronald J. Bossio, Senior Project Manager.
5. Inclusion and Respect in the Workplace (training program). Lourdes Tango, CDO Insights.
6. Non-GAAP Reporting. Theodore E. Christensen, Director & Terry Chair; Benjamin C. Whipple, Assistant Professor, The University of Georgia, Terry College of Business, J.M. Tull School of Accounting; and Dirk Black, Tuck School of Business, Dartmouth University.
7. *IN FOCUS*: FASB Update for Private Companies and Not-for-Profit Organizations. James L. Kroeker, FASB Vice Chair; Daryl E. Buck, FASB Member; Candace Wright, Private Company Council Chair; Jeffrey D. Mechanick, FASB Assistant Director; Mike Cheng, FASB Supervising Project Manager; and Richard A. Cole, FASB Supervising Project Manager.
8. Confessions of a Retiring Board Member. Thomas J. Linsmeier, Board Member.
9. New York Law and Ethics. Timothy F. Gearty, Becker Professional Education.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The FASB chair responded to a letter from U.S. Senators Joe Donnelly, Pat Toomey, and Sherrod Brown about the FASB's expected credit losses standard.

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 FASB and GASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest.

2. The FASB and GASB chairs 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 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, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*
 - b. Final Accounting Standards Update, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (a consensus of the FASB Emerging Issues Task)
 - c. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Update 2014-09, Revenue from Contracts with Customers (Topic 606)*
 - d. Proposed Accounting Standards Update, *Consolidation (Topic 810): Interests Held through Related Parties That Are under common Control*
 - e. Proposed Accounting Standards Update, *Not-for-Profit Entities—Consolidation (Subtopic 958): Clarifying When a Not-for-Profit Entity That Is a General Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*
 - f. Proposed Accounting Standards Update, *Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes*
 - g. Proposed Accounting Standards Update, *Plan Accounting: Defined Benefit Pension Plans (Topic 960); Defined Contribution Pension Plans (Topic 962); Health and Welfare Plans (Topic 965); Employee Benefit Plan Master Trust Reporting* (a consensus of the Emerging Issues Task Force)
 - h. Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815)—Targeted Improvements to Accounting for Hedging Activities*
 - i. Proposed Concepts Statement No. 8, *Conceptual Framework for Financial Reporting—Chapter 7: Presentation*.

ITEM 7: XBRL ACTIVITIES

The FASB is responsible for the ongoing development and maintenance of the GAAP Financial Reporting Taxonomy (Taxonomy) applicable to public issuers registered with the U.S. Securities and Exchange Commission (SEC).

A. TECHNICAL ACTIVITIES

1. The FASB published Taxonomy Updates as final for:
 - a. Accounting Standards Update 2016-08—*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* [Evaluated: however, no changes to the Taxonomy.]
 - b. Accounting Standards Update 2016-10—*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*. [Evaluated: however, no changes to the Taxonomy.]
2. The FASB published Taxonomy Exposure Drafts for:
 - a. Proposed Accounting Standards Update—*Intangibles and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*
 - b. Proposed Accounting Standards Update—*Technical Corrections and Improvements to Update 2014-09, Revenue from Contracts with Customers (Topic 606)*
 - c. Proposed Accounting Standards Update—*Statement of Cash Flows (Topic 230): Restricted Cash* (a consensus of the FASB Emerging Issues Task Force)
 - d. Proposed Accounting Standards Update—*Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*
 - e. Proposed Accounting Standards Update—*Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans*.
3. Implementation/Reference Guides:
 - a. New guides issued for 2016:
 - i. Dimensional Modeling for Financing Receivable Disclosures
 - ii. Balance Type.

- b. Proposed guides issued for 2016:
 - i. Decision Tree for Hierarchical Distinct Domains
 - ii. Dimension Uses
 - iii. Dimensional Modeling for Financing Receivables Disclosures.

B. OUTREACH ACTIVITIES

- 1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Held or participated in meetings of the FASB Taxonomy Advisory Group, industry working groups, the Dimension Working Group, the XBRL US Data Quality Committee, XBRL U.S. Surety Working Group, various XBRL International technical working groups including the Entity Specific Disclosure Task Force chaired by FASB Chief of Taxonomy Development and IASB Senior Technical Manager—IFRS Taxonomy, the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff.

Technical Agenda Overview

Revised June 30, 2016

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	Drafting ED	Q3 2016
Disclosure Framework: Board's Decision Process	ED redeliberations	

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Accounting for Financial Instruments: Hedging	Drafting ED	Q3 2016
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts	Drafting revised ED	Q3 2016

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Accounting for Goodwill Impairment	ED out for public comment	Ends July 11, 2016
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	Drafting final standard	Q3 2016
Accounting for Interest Income Associated with the Purchase of Callable Debt Securities	Initial deliberations	
Clarifying the Definition of a Business (phase 1)	ED redeliberations	
Clarifying the Scope of Subtopic 610-20 and Accounting for Partial Sales of Nonfinancial Assets (<i>formerly Definition of a Business phase 2</i>)	ED out for public comment	Ends Aug 5, 2016
Clarifying When a Not-for-Profit Entity That Is a General Partner Should Consolidate a For-Profit Limited Partnership (or Similar Entity)	Drafting ED	Q3 2016
Consolidation: Interests Held through Related Parties that Are under Common Control	ED out for public comment	Ends July 25, 2016
Liabilities & Equity: Targeted Improvements	Drafting ED	Q3 2016
Nonemployee Share-Based Payment Accounting Improvements	Initial deliberations	
Revenue Recognition of Grants and Contracts by Not-for-Profit Entities	Initial deliberations	
Subsequent Accounting for Goodwill for Public Business Entities and Not-for-Profit Entities	Initial deliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS (continued)	Current Stage	Timing
Technical Corrections and Improvements	ED out for public comment	Ends July 5, 2016
Technical Corrections and Improvements—Update 2014-09, Revenue from Contracts with Customers	ED out for public comment	Ends July 2, 2016

PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
Disclosure Framework: Disclosure Review—Defined Benefit Plans	ED redeliberations	
Disclosure Framework: Disclosure Review—Fair Value Measurement	ED redeliberations	
Disclosure Framework: Disclosure Review—Income Taxes	Drafting ED	Q3 2016
Disclosure Framework: Disclosure Review—Inventory	Initial deliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
Disclosure Framework: Entity’s Decision Process	ED redeliberations	
Disclosures by Business Entities about Government Assistance	ED redeliberations	
Employee Benefit Plan Master Trust Reporting (EITF 16-B)	Drafting ED	Q3 2016
Financial Statements of Not-for-Profit Entities (phase 1)	Drafting final standard	Q3 2016
Financial Statements of Not-for-Profit Entities (phase 2)	ED redeliberations	
Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	ED redeliberations	
Restricted Cash (EITF 16-A)	ED redeliberations	
Simplifying the Balance Sheet Classification of Debt	Drafting ED	Q3 2016
Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (EITF 15-F)	Drafting final standard	Q3 2016

RESEARCH PROJECTS
Accounting for Financial Instruments: Interest Rate Risk Disclosures
Accounting for Income Taxes: Presentation of Tax Expense/Benefit
Applying Variable Interest Entity Guidance to Entities under Common Control
Consolidation
Distinguishing Liabilities from Equity (including convertible debt)
Financial Performance Reporting (including 2014 Financial Performance Reporting research project; as well as broader research on potential improvements to the performance statement, other comprehensive income, cash flows statement (including classification), and segment reporting)
Intangible Assets (including research and development)
Inventory and Cost of Sales
Pensions and Other Postretirement Employee Benefit Plans