
REPORT OF THE FASB CHAIRMAN

April 1, 2017 through June 30, 2017

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. 2017-09, *Compensation—Stock Compensation (Topic 718), Scope of Modification Accounting*, issued May 10, 2017.
 - b. Accounting Standards Update No. 2017-10, *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services* (a consensus of the Emerging Issues Task Force), issued May 16, 2017.
2. The Board issued the following documents for public comment:
 - a. Invitation to Comment, *U.S. GAAP Financial Reporting Taxonomy—Efficiency and Effectiveness Review* (issued May 10, 2017). Comment deadline: June 15, 2017.
 - b. Proposed Accounting Standards Update, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* (issued June 22, 2017). Comment deadline: September 5, 2017.
 - c. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Topic 942, Financial Services—Depository and Lending: Elimination of Certain Guidance for Bad Debt Reserves of Savings and Loans* (issued June 27, 2017). Comment deadline: August 28, 2017.
 - d. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Topic 995, U.S. Steamship Entities: Elimination of Topic 995* (issued June 27, 2017). Comment deadline: August 28, 2017.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board added a project to the EITF's agenda on customer's accounting for implementation costs incurred in a cloud computing arrangement that is considered a service contract (May).
2. The Board added a framework project to its agenda on elements of financial statements defined in Concepts Statement No. 6, *Elements of Financial Statements* (May).
3. The Board did not add a project on employee benefit plans—sponsor-paid administrative expenses and investment fees to either its agenda or the EITF's agenda (May).
4. As part of its standing technical corrections project to address feedback received from stakeholders on the Accounting Standards Codification, the following projects were undertaken: Technical Corrections and Improvements—Elimination of Certain Outdated Special Guidance in Subtopic 942-740 for Bad Debt Reserves of Savings and Loans, Technical Corrections and Improvements—Elimination of U.S. Steamship Entities (Topic 995), and Technical Corrections and Improvements—(I.) Financial Instruments Recognition and Measurement, (II.) Leases.

C. SIGNIFICANT TECHNICAL DECISIONS

1. Liabilities and equity targeted improvements
 - a. The Board completed redeliberations deciding that the existence of a down-round feature would not preclude equity classification and would not require recognition of the downround feature when triggered in the balance sheet or income statement.
 - b. The Board decided to require an adjustment to earnings per share (EPS) for equity-classified freestanding financial instruments with a corresponding adjustment to the balance sheet.
2. Revenue recognition of grants and contracts by not-for-profit entities
 - a. The Board decided that in order to meet the definition of a donor-imposed condition, the notion of either a right of return or a release of the promissory from its obligation to transfer assets must be present in the agreement.
3. The Board is in the final stages of initial deliberations and redeliberations on several other projects, and while the Board made a number of decisions, none of those decision were individually significant.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board added separate projects on segment reporting and on targeted improvements to the statement of cash flows to the research agenda. These were previously combined with the research project on reporting performance and cash flows in Chapter 4 of its Invitation to Comment, *Agenda Consultation* (ITC-AC).

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The Board discussed its research projects on:
 - a. Intangible assets in Chapter 1 of its ITC-AC (May)
 - b. The subtopics on reporting performance and cash flows in Chapter 4 of its ITC-AC (May).
2. The Board discussed staff research on:
 - a. Leases implementation on pipeline laterals and easements (May)
 - b. Allocation of contract consideration to revenue and lease components (June).

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

1. FASAC meetings:
 - a. Six Board members and several FASB staff members participated in the April 5, 2017 meeting. The meeting topics focused on (1) a look-back on recent implementation activities, (2) “evolutionary versus revolutionary” standard-setting approaches, and (3) quarterly reporting. This meeting was originally scheduled to take place in March but was postponed due to weather-related issues.
 - b. Seven Board members and several FASB staff members participated in the June 15, 2017 meeting. The meeting topics focused on technology in financial reporting and applying materiality in financial statement disclosures.
2. The following advisory committee meetings were held:
 - a. Public meeting of the Small Business Advisory Committee (SBAC) (June 1). Five Board members, the technical director, and several FASB staff participated. Topics included the private company decision-making framework, GAAP Taxonomy/XBRL, interim financial reporting, and projects on the balance sheet classification of debt and inventory disclosures.

- b. Public meeting of the Investor Advisory Committee (IAC) (June 6). Six Board members, the technical director, and several FASB staff participated. Topics included disclosure framework—entity’s decision process (materiality) and three aspects related to the financial performance research project—segment reporting, reporting performance, and the cash flows statement.
 3. Advisory committee membership changes:
 - a. None.

D. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

1. All seven Board members, the technical director, and several FASB staff members participated in the April 4, 2017 Private Company Council (PCC) meeting. The PCC discussed and provided input on FASB projects, including disclosure framework, hedging, consolidations, liabilities and equity targeted improvements, and research on cloud computing. Also, four new PCC members, David Hirsch, Richard Reisig, Beth van Bladel, and Yan Zhang, began their three-year terms.
2. The PCC and the FASB jointly hosted a Private Company Town Hall Meeting on June 13, 2017, in Las Vegas, at the National Advanced Accounting and Auditing Technical Symposium (NAAATS).

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One or more members met with the following industry liaison groups:
 - a. An assistant director met privately with the AICPA Private Companies Practice Section Technical Issues Committee via teleconference in May. Projects discussed included a variety of narrow recognition and measurement projects, the disclosure review on inventory, and simplifying the balance sheet classification of debt. Other topics discussed were the definition of a public business entity and readily determinable fair value.
 - b. Six Board members, the technical director, and various FASB staff members met with the FASB’s Transition Resource Group on Credit Losses in a public meeting in June. The discussion topics included five issues: discounting expected cash flows at the effective interest rate, the scope of purchased credit deteriorated (PCD) assets for beneficial interests, transition guidance for PCD assets, accounting for troubled debt restructurings, and determining the estimated life of a credit card receivable.
 - c. Public meeting with the National Association of College and University Business Officers (NACUBO) in April. Three Board members and several FASB staff met with members of NACUBO’s Accounting Principles Committee to discuss the implementation of revenue recognition, liquidity and availability as it relates to

- the presentation of financial statements for not-for-profit entities, and the customer's accounting for implementation costs incurred in certain cloud computing arrangements.
- d. Seven Board members and several FASB staff listened to feedback from roundtable participants on the proposed Accounting Standards Update, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts in a public meeting in April.
 - e. One Board member met privately with the Institute of Management Accountants' Financial Reporting Committee via teleconference in May. Topics discussed were the FASB's agenda priorities and recent decisions and next steps on the hedging and disclosure framework projects.
 - f. The FASB chairman, 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 included the FASB's agenda consultation, the implementation of revenue recognition and leases, FASB projects on hedging and on the disclosure framework, and financial reporting implications resulting from potential tax reform. Other topics included the Board's projects on collaborative arrangements and implementation costs incurred in certain cloud computing arrangements.

F. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. Individual meetings with stakeholders:
 - a. FASB members and staff conducted 106 meetings (16% with investors and other users, 48% with practitioners, 20% with preparers, and 16% with others including state societies, regulators, academics, and other standard setters) to discuss issues on 15 different FASB and EITF projects.
2. Broad stakeholder outreach through comment letters:
 - a. Through comment letters, the Board received feedback from a range of stakeholder types (6% from financial statement users; 53% from auditors; 26% from representatives of public companies, private companies, and not-for-profit organizations; and 15% from others [including professional, trade, and advocacy organizations; state societies; regulators; academics; and other standard setters]).

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. The EITF did not meet in the second quarter of 2017.

H. INTERNATIONAL ACTIVITIES

1. Cooperative activities between the FASB and the IASB were as follows:
 - a. The FASB and FAF chairmen met with the IASB and IFRS Foundation chairmen in London.
 - b. A Board member, the FASB technical director, and several FASB staff members participated in an IASB meeting in London to discuss financial performance reporting and FASB staff research on non-GAAP measures.
2. Cooperative activities among the FASB and other national standards setters included the following:
 - a. A Board member met with representatives from the Organismo Italiano di Contabilità (OIC) in Rome, Italy.
 - b. The FASB chairman and a Board member participated in a private networking meeting with representatives from several different national standards-setting organizations in London.
 - c. Two Board members held a video conference with the Accounting Standards Board of Japan.
 - d. Two Board members held a video conference with the Autorité des Normes Comptables of France.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. WEBINARS AND VIDEOS

1. The FASB held three educational webinars:
 - a. IN FOCUS: FASB Update for Private Companies and Not-for-Profit Organizations.
2. The FASB posted a featured video:
 - a. FASB Member Christine A. Botosan and FASB staff discuss the conceptual framework.
 - b. FASB members and staff discuss the role academics play in the standard-setting process.
3. Investor webcasts:
 - a. FASB Webcast on Software/SaaS Revenue Recognition, which is the second in a series that will cover the impact to different sectors from the revenue recognition standard. The webcast features Marc Siegel, Cullen Walsh, and Jeff Brickman (June 13, 2017).

- b. FASB Webcast on Aerospace and Defense Revenue Recognition, which is the first in a series that will cover the impact to different sectors from the revenue recognition standard. The webcast features Marc Siegel, Cullen Walsh, and Jeff Brickman (May 11, 2017).

B. SPEECHES DELIVERED

1. FASB members or staff delivered more than 45 speeches at different conferences. The more significant conferences follow:
 - a. 13th Annual University of Washington Financial Reporting Conference
 - b. 16th Annual Baruch College Financial Reporting Conference
 - c. 43rd Annual Ohio Council Institute of Management Accountants Meonske Professional Development Conference
 - d. Accounting CPE Network (ACPEN) Not-for-Profit Update
 - e. AICPA National Advanced Accounting and Auditing Technical Symposium (NAAATS) - Held at ENGAGE 2017
 - f. AICPA Not-for-Profit Industry Conference
 - g. American Gas Association/Edison Electric Institute Accounting Leadership Conference
 - h. FEI 2017 Accounting Change for Financial Leaders Conference
 - i. Houston Texas Society of CPAs 2017 Financial Reporting Symposium
 - j. Institute of Management Accountants Annual Conference and Expo
 - k. National Association of College and University Business Officers (NACUBO) 2017 Higher Education Accounting Forum
 - l. Pace University and the Institute of Management Accountants Women's Accounting Leadership Series
 - m. University of Oklahoma Accounting Professional Development Seminar and Accounting Theory
 - n. University of Southern California Leventhal School of Accounting 36th Annual SEC and Financial Reporting Institute Conference
 - o. University of Tulsa School of Accounting 71st Annual Conference of Accountants.

C. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

1. The FASB issued 11 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 May 1, 2017.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. None.

B. ADMINISTRATIVE MATTERS

1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. GASB Update on Asset Retirement Obligations and Leases
2. FASB Quarterly Update
3. IASB Retrospective: A Conversation with Retired IASB Board Member Patrick Finnegan
4. The Volcker Alliance’s “Truth and Integrity in Government Finance Project” with William Glasgall
5. Not-for-Profit Sector and Related Accounting Standards
6. Implementation of Recent FASB Standards
7. Board Member Roundtable with Larry Smith.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. One or more Board members met with the following Congressional or Executive offices:
 - a. Private meeting with the Counselor to the Treasury Secretary to discuss FASB Accounting Standards Update 2016-13—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.

- b. In connection with the May 2017 meeting of the FAF Trustees, held in Washington, DC, FASB members and FAF Trustees met privately with various members of Congress to discuss 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 FASB and GASB 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 the following drafts to the FASB for review:
 - a. Final standard on certain debt extinguishment issues
 - b. Final standard on leases
 - c. Proposed implementation guide on financial reporting for postemployment benefits other than pensions
 - d. Proposed standard on debt disclosures including direct borrowing.
2. The FASB staff distributed the following drafts to the GASB for review:
 - a. Final Accounting Standards Update, *Earnings Per Share (Topic 260)*, *Distinguishing Liabilities from Equity (Topic 480)*, *Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down round Features, II. Replacement of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*
 - b. Final Accounting Standards Update, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*
 - c. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Topic 995, U.S. Steamship Entities: Elimination of Topic 995*

- d. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Topic 942, Financial Services—Depository and Lending: Elimination of Certain Guidance for Bad Debt Reserves of Savings and Loans*
- e. Proposed Accounting Standards Update, *Targeted Improvements to Related Party Guidance for Variable Interest Entities*
- f. Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*

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 2017-04—*Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*
 - b. Accounting Standards Update 2017-05—*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*
 - c. Accounting Standards Update 2017-08—*Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*
 - d. Accounting Standards Update 2017-09—*Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*
 - e. Accounting Standards Update 2017-10—*Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services* (a consensus of the FASB Emerging Issues Task Force).
2. The FASB published the following final In-line 2017 Taxonomy Implementation Guides:
 - a. Insurance Concentration of Credit Risk Disclosures
 - b. Liquidation Basis of Accounting
 - c. Leases under Topic 842

- d. Measurement Date Practical Expedient for Defined Benefits Plans
 - e. Notional Amount Disclosure
 - f. Segment Reporting.
3. The FASB also performed an XBRL Post Implementation Review (XPIR) of Accounting Standards Update 2015-09—*Financial Services—Insurance (Topic 944): Disclosures about Short-Duration Contracts*.

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
- a. FASB Chief of Taxonomy Development and Supervising Project Manager-XBRL presented a XBRL U.S. sponsored webinar about the FASB’s U.S. GAAP Financial Reporting Taxonomy—Efficiency and Effectiveness Review on May 31, 2017.
 - b. FASB Chief of Taxonomy Development presented at Municipal Securities Rulemaking Board Round Table on June 3rd to share FASB experience with developing and maintaining the GAAP Taxonomy.
 - c. FASB staff hosted 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 staff.

Technical Agenda Overview

Revised August 3, 2017

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

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Accounting for Financial Instruments: Hedging	Drafting final standard	Q3 2017
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts	ED redeliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Collaborative Arrangements: Targeted Improvements	Initial deliberations	
Consolidation Reorganization and Targeted Improvements	Drafting ED	Q3 2017
Consolidation Targeted Improvements to Related Party Guidance for Variable Interest Entities	ED out for public comment	Ends Sept 5, 2017

RECOGNITION & MEASUREMENT: NARROW PROJECTS (continued)	Current Stage	Timing
Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is Considered a Service Contract (EITF 17-A)	Initial deliberations	
Improving the Accounting for Asset Acquisitions and Business Combinations <i>(phase 3 of the Definition of a Business project)</i>	Initial deliberations	
Land Easements Practical Expedient for Transition to Topic 842	Drafting ED	Q3 2017
Nonemployee Share-Based Payment Accounting Improvements	ED redeliberations	
Revenue Recognition of Grants and Contracts by Not-for-Profit Entities	ED out for public comment	Ends Nov 1, 2017
Technical Corrections and Improvements (next phase)	Initial deliberations	
Technical Corrections and Improvements—Elimination of Certain Outdated Special Guidance in Subtopic 942-740 for Bad Debt Reserves of Savings and Loans	ED out for public comment	Ends Aug 28, 2017
Technical Corrections and Improvements—Elimination of U.S. Steamship Entities (Topic 995)	ED out for public comment	Ends Aug 28, 2017
Technical Corrections and Improvements—(i.) Financial Instruments Recognition and Measurement, (ii.) Leases	Drafting ED	Q3 2017

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	ED redeliberations	
Disclosure Framework: Disclosure Review—Inventory	ED redeliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
Disclosure Framework: Entity’s Decision Process	ED redeliberations	
Disclosures by Business Entities about Government Assistance	ED redeliberations	
Simplifying the Balance Sheet Classification of Debt	ED redeliberations	

RESEARCH PROJECTS
Accounting for Financial Instruments: Interest Rate Risk Disclosures
Accounting for Identifiable Intangible Assets in a Business Combination for Public Business Entities and Not-for-Profit Entities
Accounting for Income Taxes: Presentation of Tax Expense/Benefit
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, and other comprehensive income)
Financial Statements of Not-for-Profit Entities (phase 2)
Intangibles
Inventory and Cost of Sales
Pensions and Other Postretirement Employee Benefit Plans
Segment Reporting
Subsequent Accounting for Goodwill for Public Business Entities and Not-for-Profit Entities
Targeted Improvements to the Statement of Cash Flows