
REPORT OF THE FASB CHAIRMAN

July 1, 2017 through September 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. 2017-11, *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 the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*, issued July 13, 2017.
 - b. Accounting Standards Update No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, issued August 28, 2017.
 - c. Accounting Standards Update No. 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments*, issued September 29, 2017.
2. The Board issued the following documents for public comment:
 - a. Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (issued August 3, 2017). Comment deadline: November 1, 2017.
 - b. Proposed Accounting Standards Update, *Consolidation (Topic 812): Reorganization* (issued September 20, 2017). Comment deadline: December 4, 2017.

- c. Proposed Accounting Standards Update, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842* (issued September 25, 2017). Comment deadline: October 25, 2017.
- d. Proposed Accounting Standards Updates, *Technical Corrections and Improvements to Recently Issued Standards: I. Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, and II. Accounting Standards Update No. 2016-02, Leases (Topic 842)* (issued September 27, 2017). Comment deadline: November 13, 2017.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

- 1. The Board added a project to its technical agenda on land easements practical expedient for transition to Topic 842 (August).
- 2. The Board added the following research projects to its technical agenda:
 - a. Distinguishing Liabilities from Equity (including Convertible Debt) (September)
 - b. Financial Performance Reporting—Disaggregation of Performance Information (September)
 - c. Segment Reporting (September).

C. SIGNIFICANT TECHNICAL DECISIONS

- 1. Simplifying the Balance Sheet Classification of Debt
 - a. The Board affirmed the proposed amendments that debt and other instruments within the scope of the final Update should be classified as noncurrent liabilities in a classified balance sheet if (1) the liability is contractually due to be settled more than one year (or operating cycle, if longer) after the balance sheet or (2) the entity has the contractual right to defer settlement of the liability for at least one year (or operating cycle, if longer).
 - b. The Board affirmed the proposed amendments to provide an exception to the classification principle for waivers of debt covenant violations received after the balance sheet date but before the financial statements are issued.
 - c. The Board also affirmed the proposed amendments for short-term debt that is refinanced on a long-term basis after the balance sheet date.

2. Insurance—Targeted Improvements to the Accounting for Long-Duration Contracts
 - a. The Board decided that the assumptions used to measure the liability for future policy benefits for nonparticipating and traditional and limited-payment contracts should be updated and recorded on a catch-up basis in net income. Cash flow assumptions should be reviewed and updated on an annual basis, at the same time every year or more frequently if that evidence suggests they should be revised.
 - b. Future cash flows should be discounted using a current upper medium grade fixed-income instrument yield, updated at each reporting date, and recognized immediately in other comprehensive income.
3. Leases Implementation
 - a. The Board proposed amendments to the transition provisions for certain land easements that existed before the effective date of Topic 842.
4. The Board is in the final stages of deliberations and redeliberations on several other projects, and while the Board made several decisions, none of those decisions were individually significant.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board removed the following projects from its research agenda (September):
 - a. Accounting for Financial Instruments—Interest Rate Disclosures
 - b. Pensions and Other Postretirement Employee Benefit Plans.
2. The Board removed the holistic research project on intangibles from its research agenda.
3. The Board added a project to the research agenda (as another phase of the disclosure framework project) to improve the disclosures on share-based payments, foreign currency, and intangibles.
4. The Board moved the following projects from its research agenda to its technical agenda (September):
 - a. Distinguishing Liabilities from Equity (including Convertible Debt)
 - b. Financial Performance Reporting—Disaggregation of Performance Information
 - c. Segment Reporting.

5. The Board combined its research projects on Accounting for Identifiable Intangible Assets in a Business Combination for Public Business Entities and Not-for-Profits and on Subsequent Accounting for Goodwill for Public Business Entities and Not-for-Profits (September).
6. The Board expanded the scope of its research project on Accounting for Income Taxes—Presentation of Tax Expense/Benefit to consider other potential simplifications to accounting for income taxes that were suggested by stakeholders (September).
7. The Board retained a component of its Financial Performance Reporting research project associated with improving the structure of the performance statement (September).
8. The Board considered how its projects on Disaggregation of Performance Information and on Segment Reporting interact with the Financial Statements of Not-for-Profit Entities (NFP Phase 2) research project. The Board removed the NFP Phase 2 research project and combined it into its project on Financial Performance Reporting—Structure of the Performance Statement (September).

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The Board discussed staff research on:
 - a. Troubled debt restructuring and contractual terms for credit cards as part of its ongoing credit losses implementation
 - b. Contract manufacturers and franchisors as parts of its ongoing revenue recognition implementation.
2. The staff performed research on:
 - a. Non-GAAP measures
 - b. Digital currency
 - c. Foreign currency in a highly inflationary economy
 - d. Definition of a museum collection.

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

1. FASAC meetings:
 - a. Seven Board members, the FASB technical director, and several FASB staff members participated in the September 12, 2017 FASAC meeting. The meeting topics focused on the conceptual framework and assessing the costs and benefits in setting accounting standards.

2. The following advisory committee meeting was held:
 - a. A public meeting of the Not-for-Profit Advisory Committee (NAC) was held on September 7 – 8, 2017. Seven Board members, the FASB technical director, and several FASB staff participated. Topics focused on implementation of recent accounting standards and the FASB’s project on revenue recognition of grants and contracts by not-for-profit entities.
3. Advisory committee membership changes:
 - a. A member of the Not-for-Profit Advisory Committee, Bob Mims, resigned in August. His replacement has not yet been named.

D. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

1. All seven Board members, the technical director, and several FASB staff members participated in the July 11, 2017 Private Company Council (PCC) meeting. The PCC provided input on FASB projects, including consolidations, liabilities and equity (down rounds), nonemployee share-based payments, and balance sheet classification of debt. The PCC also discussed the EITF project on cloud computing. Also, the PCC met privately with the AICPA’s Private Companies Practice Section (PCPS) Technical Issues Committee (TIC) to discuss matters of mutual interest.
2. Six Board members, the technical director, and several FASB staff members participated in the September 19, 2017 PCC meeting. The PCC provided input on FASB projects, including cloud computing and balance sheet classification of debt. The PCC also discussed the application of the guidance on readily determinable fair value and topics within the FASB’s Invitation to Comment on agenda prioritization.
3. Seven Board members, the technical director, and several FASB staff members participated in a public meeting with the AICPA’s PCPS TIC on July 12, 2017. The TIC provided input on FASB projects, including consolidations targeted improvements to related party guidance for variable interest entities, income tax simplifications, and simplifying the balance sheet classification of debt, as well as the implementation of the accounting standard for credit losses.
4. The Georgia Society of CPAs hosted a PCC Private Company Town Hall Meeting on August 31, 2017, at the 2017 Southeastern Accounting Show in Atlanta, GA.
5. Staff members participated in a private meeting with the AICPA’s PCPS TIC in September. Topics of discussion included the private company decision-making framework, consolidations, cloud computing arrangements, non-employee share-based payments, simplifying the balance sheet classification of debt, and the FASB’s Invitation to Comment on agenda prioritization.

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One or more members met with the following industry liaison groups:
 - a. Private meeting with the Financial Executives International Committee on Corporate Reporting (CCR) (September). One Board member participated; topics included revenue recognition, leases, derivatives and hedging, and consolidations targeted improvements to related party guidance for variable interest entities.

F. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. Individual meetings with stakeholders:
 - a. The FASB members and staff conducted 121 outreach meetings (9% with investors and other users; 37% with practitioners; 43% with preparers; and 11% 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 (57% from auditors; 9% from representatives of public companies, private companies, and not-for-profit organizations; and 34% from professional, trade, and advocacy organizations and others [including state societies, regulators, and other standard setters]) on different FASB and EITF projects.

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. Six Board members attended the July 20, 2017 EITF meeting. Issue No. 17-A, “Customer’s Accounting for Implementation, Setup, and Other Upfront Costs (Implementation Costs) Incurred in a Cloud Computing Arrangement That Is Considered a Service Contract,” was discussed.
2. The SEC Observer made an announcement concerning the transition provisions related to Accounting Standards Updates No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and No. 2016-02, *Leases (Topic 842)*. The announcement is applicable only to public business entities that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity’s SEC filing, and is not applicable to other public business entities.
3. An EITF member, Mark Scoles, retired in July. His replacement has not yet been named.

H. INTERNATIONAL ACTIVITIES

1. Cooperative activities between the FASB and the IASB were as follows:
 - a. The chairman and two Board members participated in two meetings of the IASB's Accounting Standards Advisory Forum in London.
 - b. Two Board members participated in the IASB's World Standard Setters meeting in London.
 - c. Two Board members and a staff person participated in the International Forum of Accounting Standard Setters meeting in London.
2. Cooperative activities among the FASB and other national standards setters included the following:
 - a. The chairman and vice chairman participated in a private networking meeting with representatives from several different national standards-setting organizations meeting in London.
 - b. The chairman and six Board members, on a rotational basis, met privately with representatives of the Accounting Standards Board of Japan (ASBJ) in Norwalk.
 - c. Two Board members, two assistant directors, and various staff met privately by video with representatives of the Australian Accounting Standards Board (AASB).

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. WEBINARS AND VIDEOS

1. The FASB held two educational webinars:
 - a. IN FOCUS: Proposed Improvements to Not-for-Profit Grant and Contribution Accounting
 - b. IN FOCUS: FASB Accounting Standards Update on Hedging.
2. The FASB posted five featured videos/webinars:
 - a. Implementing New Standards
 - b. Hedging: A New Standard
 - c. Not-for-Profit Grant and Contribution Accounting
 - d. Getting to Know FASB Board Member Marsha Hunt
 - e. Accounting for Leases Primer (hosted by Wolfe Research, featuring Marc Siegel).

B. SPEECHES DELIVERED

1. FASB members or staff delivered more than 30 speeches at different conferences. The more significant conferences follow:
 - a. AICPA National Conference on Banks & Savings Institutions
 - b. American Accounting Association (AAA) 2017 Annual Meeting
 - c. Equipment Leasing and Finance Association (ELFA) Lease and Finance Accountants Conference
 - d. Federal Deposit Insurance Corporation (FDIC) 2017 Accounting and Auditing Conference
 - e. Florida Institute of CPAs Accounting & Business Show
 - f. Georgia Society of CPAs Southeast Accounting Show Private Company Town Hall
 - g. National Association of Federally-Insured Credit Unions webinar
 - h. National Association of Real Estate Investment Trusts (NAREIT) 2017 SFO Workshop
 - i. Tapestry Networks West Audit Committee Network
 - j. University of Southern California 16th Annual SEC Financial Reporting Conference
 - k. Virginia Society of Certified Public Accountants 47th Annual Virginia Accounting & Auditing Conference.

C. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

1. The FASB issued 14 press releases or media advisories on a variety of topics with accompanying social media.

D. OTHER COMMUNICATIONS ACTIVITIES

1. The 3rd Quarter FASB Outlook was issued on August 1, 2017
2. BNA video interviews with five Board members and a staff member on July 17, 2017 (posted on BNA website).

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. None.

B. ADMINISTRATIVE MATTERS

1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. How a Lender Uses Financial Statements and Common Ratios/Covenants
2. Revenue Recognition Instruction: Accounting under Topic 606, *Revenue from Contracts with Customers*; Part I, Background and Implementation; Part II, Background, Implementation, and Case Study
3. The FASB Conceptual Framework Project: An Overview and Update.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. A Board member met with a representative from the National Association of Federally-Insured Credit Unions on July 20, 2017.

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 a draft of a proposed standard to the FASB for review on equity interest ownerships and accounting and financial reporting for majority equity interests.
2. The FASB staff distributed the following drafts to the GASB for review:
 - a. Proposed Accounting Standards Update, *Consolidation (Topic 812): Reorganization*

- b. Proposed Accounting Standards Updates, *Technical Corrections and Improvements to Recently Issued Standards: I. Accounting Standards Update No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, and II. Accounting Standards Update No. 2016-02, Leases (Topic 842)*
- c. Proposed Accounting Standards Update, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*
- d. Proposed Accounting Standards Update, *Codification Improvements.*

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 released on September 1, 2017, the proposed 2018 GAAP Financial Reporting Taxonomy for a 60-day comment period.
2. The FASB published Taxonomy Updates as final for:
 - a. Accounting Standards Update No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*
 - b. Accounting Standards Update No. 2017-07, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*
 - c. Accounting Standards Update No. 2017-11, *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 the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception.*
3. The FASB published the following final In-line 2017 Taxonomy Implementation Guides:
 - a. Repurchase-to-Maturity Transactions and Repurchase Financings
 - b. Short-Duration Insurance Contracts.

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Hosted a public roundtable meeting to discuss the Invitation to Comment, *U.S. GAAP Financial Reporting Taxonomy—Efficiency and Effectiveness Review*.
 - b. Presented in a webinar “The Perfect Taxonomy: Is It Possible?” on September 28, 2017.
 - c. 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 (DERA) staff.

Technical Agenda Overview

Revised October 26, 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 PROJECT	Current Stage	Timing
Distinguishing Liabilities from Equity (including convertible debt)	Initial deliberations	
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts	ED redeliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Codification Improvements (<i>formally referred to as Technical Corrections and Improvements</i>)	ED out for public comment	Ends Dec 4, 2017
Collaborative Arrangements: Targeted Improvements	Initial deliberations	
Consolidation Reorganization and Targeted Improvements	ED out for public comment	Ends Dec 4, 2017
Consolidation Targeted Improvements to Related Party Guidance for Variable Interest Entities	ED redeliberations	
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	ED out for public comment	Ends Oct 25, 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—Elimination of Certain Outdated Special Guidance in Subtopic 942-740 for Bad Debt Reserves of Savings and Loans	ED redeliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS (continued)	Current Stage	Timing
Technical Corrections and Improvements—Elimination of U.S. Steamship Entities (Topic 995)	ED redeliberations	
Technical Corrections and Improvements—(i.) Financial Instruments Recognition and Measurement, (ii.) Leases	ED out for public comment	Ends Nov 13, 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	
Financial Performance Reporting—Disaggregation of Performance Information	Initial deliberations	
Segment Reporting	Initial deliberations	
Simplifying the Balance Sheet Classification of Debt	Drafting final standard	Q1 2018

RESEARCH PROJECTS

Accounting for Certain Identifiable Intangible Assets in a Business Combination and Subsequent for Accounting for Goodwill for Public Business Entities and Not-for-Profits

Disclosure Framework: Disclosure Review—Intangibles, Share-based Payment, and Foreign Currency
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Financial Performance Reporting—Financial Statements of Not-for-Profit Entities

Financial Performance Reporting—Structure of the Performance Statement
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Inventory and Cost of Sales

Simplifications to Accounting for Income Taxes
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Targeted Improvements to the Statement of Cash Flows
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