
REPORT OF THE FASB CHAIRMAN

April 1, 2018 through June 30, 2018

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 2018-06, *Codification Improvements to Topic 942, Financial Services—Depository and Lending*, issued May 7, 2018.
 - b. Accounting Standards Update 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, issued June 20, 2018.
 - c. Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, issued June 21, 2018.
2. The Board issued the following proposed documents for public comment:
 - a. Proposed Accounting Standards Update, *Collaborative Arrangements (Topic 808): Targeted Improvements* (issued April 26, 2018). Comment deadline: June 11, 2018.
 - b. Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections* (issued June 26, 2018). Comment deadline: August 10, 2018.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board did not add any new projects to either its agenda or the EITF's agenda.

C. SIGNIFICANT TECHNICAL DECISIONS

1. Insurance—Targeted Improvements to the Accounting for Long-Duration Contracts
 - a. The Board redeliberated the proposal and decided:
 - i. To revise the modified retrospective transition method discount rate
 - ii. The effective date should be as follows:

- (1) For public business entities, the amendments will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.
 - (2) For all other entities, the amendments will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.
2. Distinguishing Liabilities from Equity (Including Convertible Debt)
 - a. The Board began deliberations by discussing the direction of the project and directed the staff to further research:
 - i. Convertible instruments. The research will focus on accounting for convertible instruments with embedded conversion features as a single unit of account based on the model for traditional convertible debt.
 - ii. The classification, disclosures, and earnings per share related to two paths for determining whether a contract is indexed to an entity's own stock within the context of the derivative scope exception—monetary value and antidilution.
3. Consolidations Targeted Improvements to Related Party Guidance for Variable Interest Entities
 - a. The Board redeliberated the proposal and decided:
 - i. To confirm its decision to allow a private company (reporting entity) to elect an accounting alternative through an accounting policy election to not apply variable interest entity (VIE) guidance to legal entities under common control if both the parent and the legal entity being evaluated for consolidation are not public business entities.
 - ii. To clarify and provide illustrative guidance on how control is established for purposes of applying the private company accounting alternative
 - iii. To confirm its decision to require indirect interests held through related parties in common control arrangements to be considered on a proportional basis when determining whether fees paid to decision makers and service providers are variable interests (decision-making fee guidance)
 - iv. To not make any amendments to the VIE related party guidance for determining the primary beneficiary of a VIE.
 - v. The effective date should be as follows:

- (1) For private companies, the amendments will be effective for fiscal years beginning after December 15, 2020.
 - (2) Private companies may early adopt the amendments.
 - (3) Private companies must apply the amendments retrospectively with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented.
4. Revenue Recognition of Grants and Contracts by Not-for-Profit Entities
 - a. The Board decided to amend the effective date for transactions in which an entity is a resource recipient as follows:
 - i. For a public business entity or a not-for-profit entity that has issued (or is a conduit bond obligor for) securities that are traded, listed, or quoted on an exchange or an over-the-counter market, the amendments would be effective for annual periods beginning after June 15, 2018, including interim periods within those annual periods.
 - ii. For all other entities, the effective date would be aligned with the effective date of Topic 606, Revenue from Contracts with Customers.
 5. 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 decisions were individually significant.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board added a project on Variable Interest Entity Related Party Guidance to its research agenda (May).

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff performed research on:
 - a. Debt instruments with paid-in-kind interest
 - b. Share-based payments
 - c. Non-GAAP measures.

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

1. FASAC meeting:
 - a. Six Board members and several FASB staff members participated in the June 8, 2018 FASAC meeting. The meeting topics focused on financial performance reporting—disaggregation of performance information and subsequent accounting for goodwill and possible decision-making factors.
2. The following advisory committee meetings were held:
 - a. Public meeting of the Small Business Advisory Committee (SBAC) (May 10). Six Board members, the technical director, and several FASB staff participated. Topics included disclosure framework—disclosures by business entities about government assistance, income taxes, revenue recognition, and open discussion on small public company considerations.
 - b. Meeting of the Investor Advisory Committee (IAC) (June 28): Six Board members (on a rotational basis), the technical director, and several FASB staff participated in the closed meeting of the IAC. A public meeting that summarized those discussions followed. Topics included IAC emerging issues and trends, income tax reform—disclosure focus, FASB ongoing project efforts, and disclosure review research project.
3. Advisory committee membership changes:
 - a. The appointments of the following three SBAC members were announced in April 2018: K. Scott Gray, Dominick Kerr, and Ryan LaFond.
 - b. The appointments of the following three IAC members were announced in May 2018: Yoni Engelhart, Brian Kleinhanzl, and Janet Pegg.

D. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

1. Public meetings with the Private Company Council (PCC) were held on April 20 and June 26, 2018. Six Board members attended the April meeting and five Board members attended the June meeting. The technical director and several FASB staff members participated in both meetings. The PCC provided input on FASB projects, including collaborative arrangements, consolidations—targeted improvements to related party guidance, revenue recognition, and share-based payments. The PCC also discussed the EITF project on cloud computing.

2. A Town Hall meeting was held in Las Vegas, NV, at the AICPA Engage conference on June 12, 2018, with one Board member, four PCC members, and two FASB staff members participating as panelists. Another Town Hall meeting was held in Missoula, MT, at the 105th Montana Society of CPAs' Annual Conference with one Board member, the technical director, two PCC members, and two FASB staff members participating as panelists. Town Hall participants provided feedback on variable interest entity guidance, share-based compensation, implementation of Topic 606, Revenue from Contracts with Customers, and other financial reporting topics.

E. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. A Board member met privately with the Institute of Management Accountants' Financial Reporting Committee in June. Topics included the implementation of leases, credit losses, and hedging and FASB projects on disclosure framework, financial performance reporting, improvements to the statement of cash flows, and segment reporting.
2. Four Board members and an FASB staff member met publicly with members of the Financial Executives International's Committee on Corporate Reporting in June. Topics included the implementation of leases and FASB projects on government assistance disclosures, distinguishing liabilities from equity, segment reporting, and disaggregation of performance information.
3. A Board member and three FASB staff members met privately with the Accounting Administrative Committee of the American Bankers Association in May. Topics included the implementation of credit losses.
4. Five Board members and seven FASB staff members met publicly with members of the Transition Resource Group for Credit Losses. Topics included general technical inquiries recently answered, capitalized interest, accrued interest, transfer of loans from held-for-sale to held-for-investment and transfer of credit impaired debt securities from available-for-sale to held-to-maturity, recoveries, and refinancing and loan prepayments.
5. Six Board members, the technical director, and several FASB staff members met publicly with the Healthcare Financial Management Association on April 27, 2018. Issues discussed included current topics important to the healthcare sector, the implementation of revenue recognition and financial statement presentation for not-for-profit organizations, and FASB projects on financial performance reporting, goodwill, and collaborative arrangements.

F. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. Individual meetings with stakeholders:
 - a. FASB members and staff conducted 241 meetings (10% with investors and other users, 40% with practitioners, 32% with preparers, 7% with regulators, 6% with trade group representatives, and 5% with others including academics, consultants, and other standard setters) to discuss issues on 27 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 (2% from investors and other users, 25% from auditors, 50% from representatives of public companies, private companies, and not-for-profit organizations, and 23% 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 June 7, 2018 EITF meeting. The Task Force reached a consensus on 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,” and a consensus-for-exposure on Issue No. 18-A, “Recognition under Topic 805 for an Assumed Liability in a Revenue Contract.” Issue No. 18-B, “Improvements to Accounting for Episodic Television Series,” also was discussed. The Board ratified the consensus on Issue 17-A and the consensus-for-exposure on Issue 18-A and directed the staff to draft an Update finalizing the consensus and a proposed Update reflecting the consensus-for-exposure for vote by written ballot.

H. INTERNATIONAL ACTIVITIES

1. Activities between the FASB and the IASB were as follows:
 - a. The FASB technical director and her counterpart on the IASB staff held periodic conference calls to discuss matters of mutual interest.
 - b. The FASB and IASB held a joint Board meeting in London and discussed segment reporting, financial performance reporting/primary financial statements,

disclosure framework/disclosure initiative, fair value measurement disclosures/fair value post-implementation review, goodwill and impairment, implementation of revenue and leases standards, conceptual framework, distinguishing liabilities from equity/financial instruments with characteristics of equity, and improving the accounting for asset acquisitions and business combinations.

- c. The FASB chairman and FASB vice chairman participated in the IASB's Accounting Standards Advisory Forum in London.
2. Activities among the FASB and other national standards setters included the following:
 - a. A Board member participated in the Three-Way Dialogue meeting in New York.
 - b. The FASB chairman, a Board member, and FASB staff participated in a private meeting with representatives from several different national standards-setting organizations.
 - c. Three Board members and the technical director met with representatives of the Board and staff of the Accounting Standards Board of Canada.
 - d. Two Board members and various FASB staff met with representatives from the Organismo Italiano di Contabilità (the Italian accounting standard setter) in Norwalk.
 - e. An FASB staff member participated in the International Forum of Accounting Standard Setters meeting in Mumbai, India.
 - f. **STAKEHOLDER EDUCATION AND COMMUNICATIONS**

I. WEBINARS AND VIDEOS

1. The FASB posted 4 featured videos/webinars:
 - a. Video: FASB Grants and Contracts
 - b. Video: FASB Income Tax Accounting
 - c. Video: FASB XBRL 2018 GAAP and SEC Reporting Taxonomies Improvements, Including New Revenue Modeling, and SEC Update (April 3)
 - d. Webinar: FASB Update for Private Companies and Not-for-Profit Organizations.

J. SPEECHES DELIVERED

1. FASB members or staff delivered 58 speeches at different conferences/events. The more significant conferences follow:
 - a. Accounting CPE Network 2018 Not-for-Profit Accounting Auditing and Tax Update
 - b. AICPA National Advanced Accounting & Auditing Technical Symposium (NAAATS) ENGAGE Conference
 - c. AICPA Not-for-Profit Industry Conference
 - d. Deloitte and University of Kansas Audit Symposium
 - e. EY Tax Accounting Executive Forum
 - f. Florida Institute of Certified Public Accountants Mega CPE Conference
 - g. Houston Texas Society of CPAs Financial Reporting Symposium
 - h. Montana Society of CPAs FASB and PCC Town Hall Meeting
 - i. Ohio Council IMA 44th Meonske Professional Development Conference
 - j. Practicing Law Institute Audit Committees and Financial Reporting 2018
 - k. The Robert Zicklin Center for Corporate Integrity, Baruch College, CUNY 17th Annual Financial Reporting Conference
 - l. University of Tulsa School of Accounting and CIS 72nd Annual Conference of Accountants
 - m. University of Washington Financial Reporting Conference
 - n. University of Wisconsin-Madison Fireside Chat
 - o. WSJ CFO Network Conference.

K. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

1. The FASB issued 15 press releases, media advisories, or stakeholder emails on a variety of topics with accompanying social media.

L. OTHER COMMUNICATIONS ACTIVITIES AND EDUCATION

1. The 2nd Quarter FASB Outlook was issued on April 23, 2018.
2. The 2017 FAF Annual Report—Standards That Work—was issued on May 23, 2018.

3. Interviews, statements, and background interviews on credit losses, accounting for subsequent events, financial instruments: recognition and measurement, segment reporting, leases practical expedients, not-for-profit grants and contracts, and other topics.
4. The FASB held its Doctoral Student Program. Participants observed the FASAC and EITF meetings and participated in various discussions with members of the Board and FASB staff.

ITEM 3: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. The FASB chairman participated in the FAF's strategic planning process.

B. ADMINISTRATIVE MATTERS

1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. Preventing Sexual Harassment in the Workplace
2. Financial Reporting and the Tax Cuts and Jobs Act
3. FASB Quarterly Update
4. A Preparer Bank Perspective on Implementing the FASB's CECL Standard
5. New York Ethics
6. FASB Board Member Roundtable with Marc Siegel.

ITEM 4: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The FASB chairman, an FASB member, and the FASB technical director participated in a routine, private liaison meeting with representatives of the banking regulators to discuss matters of mutual interest.
2. The FASB chairman met with the SEC chief accountant and the PCAOB chairman to discuss matters of mutual interest.
3. The FASB technical director observed the PCAOB's Standing Advisory Group Meeting.

ITEM 5: FAF/FASB/GASB INTERACTION

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 staff distributed the following documents to the FASB staff for review:
 - a. Final Implementation Guide
 - b. Final standard on accounting for interest cost during the period of construction
 - c. Final standard on accounting and financial reporting for majority equity interests
 - d. Exposure draft on conduit debt obligations.
2. The FASB staff distributed the following drafts to the GASB for review:
 - a. Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 8, Notes to Financial Statements*
 - b. Concepts Statement, *Conceptual Framework for Financial Reporting—Chapter 3, Qualitative Characteristics of Useful Financial Information*
 - c. Accounting Standards Update, *Codification Improvements to Topic 942, Financial Services—Depository Lending*
 - d. Accounting Standards Update, *Codification Improvements*
 - e. Accounting Standards Update, *Compensation—Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*
 - f. Accounting Standards Update, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*
 - g. Accounting Standards Update, *Codification Improvements to Topic 842, Leases*

- h. Accounting Standards Update, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*
- i. Accounting Standards Update, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* (a consensus of the EITF)
- j. Accounting Standards Update, *Leases (Topic 842): Targeted Improvements*
- k. Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*
- l. Proposed Accounting Standards Update, *Business Combinations (Topic 805): Recognition and Measurement of an Assumed Liability from Revenue Contracts with Customers* (a consensus of the EITF).

ITEM 7: XBRL ACTIVITIES

The FASB is responsible for the ongoing development and maintenance of the GAAP Financial Reporting Taxonomy (Taxonomy) and new for 2018, the SEC Reporting Taxonomy (SRT) 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 2018-06—*Codification Improvements to Topic 942, Financial Services—Depository and Lending*
 - b. Accounting Standards Update 2018-07—*Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*
 - c. Accounting Standards Update 2018-08—*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*
- 2. The FASB published Taxonomy Exposure Drafts for:
 - a. Proposed Accounting Standards Update—*Collaborative Arrangements (Topic 808): Targeted Improvements*

- b. Proposed Accounting Standards Update—*Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*.
- 3. The FASB published Taxonomy Implementation Guides for:
 - a. Other Comprehensive Income (including selected financial statements)
 - b. Dimensional Modeling for Disclosures of Consolidated and Nonconsolidated Entities
 - c. Revenue from Contracts with Customers (including remodeling of revenue and cost of revenue presentation in the statement of income).

B. OUTREACH ACTIVITIES

- 1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Presented at two XBRL US webinars—“Using the SEC Reporting Taxonomy (SRT)” on May 1, 2018, and “Revenue Recognition: Impact of the New Accounting Standards on XBRL” on June 4, 2018.
 - b. Hosted or participated in meetings of the FASB Taxonomy Advisory Group (including a two-day face-to-face meeting in Norwalk), industry working groups, XBRL US Data Quality Committee, various XBRL International technical working groups (including the Entity Specific Disclosure Task Force co-chaired by FASB Chief of Taxonomy Development), the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff.

Technical Agenda Overview

Revised July 26, 2018

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	Drafting final Concepts	Q3 2018
Disclosure Framework: Entity's Decision Process	Drafting final amendment	Q3 2018

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Distinguishing Liabilities from Equity (including convertible debt)	Initial deliberations	
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts	Drafting final standard	Q3 2018

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Codification Improvements (<i>next phase</i>)	Initial deliberations	
Codification Improvements—Financial Instruments	Initial deliberations	
Codification Improvements—Financial Instruments—Credit Losses	Drafting ED	Q3 2018
Collaborative Arrangements: Targeted Improvements	Drafting final standard	Q4 2018
Consolidation Reorganization and Targeted Improvements	ED redeliberations	
Consolidation Targeted Improvements to Related Party Guidance for Variable Interest Entities	Drafting final standard	Q3 2018
Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is Considered a Service Contract (EITF 17-A)	Drafting final standard	Q3 2018
Hedging—Last of Layer Method	Initial deliberations	
Improvements to Accounting for Episodic Television Series (EITF 18-B)	Initial deliberations	
Improving the Accounting for Asset Acquisitions and Business Combinations	Initial deliberations	

Inclusion of the Overnight Index Swap (OIS) Rate based on the Secured Overnight Financing Rate (SOFR) as a Benchmark Interest Rate for Hedge Accounting Purposes	ED redeliberations	
Leases—Targeted Amendments to Topic 842	Drafting final standard	Q3 2018
Lessor Narrow Scope Improvements	Drafting ED	Q3 2018

RECOGNITION & MEASUREMENT: NARROW PROJECTS (continued)	Current Stage	Timing
Recognition under Topic 805 for an Assumed Liability in a Revenue Contract (EITF 18-A)	Drafting ED	
Updating the Definition of Collections	ED out for public comment	Ends Aug 10, 2018

PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
Disclosure Framework: Disclosure Review—Defined Benefit Plans	Drafting final standard	Q3 2018
Disclosure Framework: Disclosure Review—Fair Value Measurement	Drafting final standard	Q3 2018
Disclosure Framework: Disclosure Review—Income Taxes	ED redeliberations	
Disclosure Framework: Disclosure Review—Inventory	ED redeliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
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	Q3 2018

RESEARCH PROJECTS
Accounting for Certain Identifiable Intangible Assets in a Business Combination & Subsequent Accounting for Goodwill for Public Business Entities & Not-for-Profits
Disclosure Review—Intangibles, Share-based Payment, and Foreign Currency

Financial Performance Reporting: Financial Statements of Not-for-Profit Entities Structure of the Performance Statement
Income Taxes—Backwards Tracing
Inventory and Cost of Sales
Simplifications to Accounting for Income Taxes
Targeted Improvements to the Statement of Cash Flows
Variable Interest Entity Related Party Guidance