

MINUTES



MEMORANDUM

To: Board Members
From: Collaborative Arrangements Team
Subject: Minutes of October 4, 2017 Board Meeting
Date: October 6, 2017

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Collaborative Arrangements: Targeted Improvements

Basis for Discussion: FASB Memos No. 6, 6c, and 6d, *Targeted Improvements on Revenue Scoping and Potentially Expanding Scope of Project*

Length of Discussion: 8:15 a.m. to 9:55 a.m. (EDT)

Attendance:

Board members present: Golden, Kroeker, Siegel, Botosan, Monk, Schroeder, and Hunt

Board members absent: None

Staff in charge of topic: Park, Bologna, and Cline

Other staff at Board table: Cosper, Posta, and Walsh

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of an Exposure Draft addressing Topic 808, Collaborative Arrangements.

The Board has not yet determined the timing of the release of that Exposure Draft.

Tentative Board Decisions:

The Board discussed potential improvements to Topic 808, Collaborative Arrangements. The topics were as follows:

1. *Revenue Scoping*—Clarify when the revenue guidance in Topic 606, Revenue from Contracts with Customers, should be applied to transactions between collaboration participants in a collaborative arrangement within the scope of Topic 808
2. *Unit of Accounting*—Expand the scope of the project to provide specific guidance on determining the unit of accounting within Topic 808
3. *Non-Revenue Model*—Expand the scope of the project to provide an accounting model for transactions between participants in a collaborative arrangement within the scope of Topic 808 that do not meet the criteria to apply the revenue model, as developed in the revenue scoping part of the project.

Revenue Scoping

The Board reached the following tentative decisions:

1. Certain transactions between collaborative participants that are unrelated to third-party sales outside the collaboration could result in revenue under Topic 606. (Vote: 7-0)
2. Topic 606 should be applied to identified units of accounting when the collaborative participant is a customer (in the context of the unit of accounting). (Vote: 7-0)
3. When the identified units of accounting between collaborative participants are deemed to be within the scope of Topic 606, an entity is required to apply the entire accounting model in Topic 606, including recognition, measurement, and disclosure requirements. (Vote: 7-0)
4. An entity is precluded from presenting a transaction with a collaborative participant as revenue if it does not meet the scope to be accounted for under Topic 606. (Vote: 7-0)

The Board tentatively decided not to provide additional implementation guidance to clarify the Topic 606 concepts of transfer of control and customer in the context of collaborative arrangements. However, the Board asked the staff to discuss the need for implementation guidance with stakeholders. (Vote: 5-2)

Unit of Accounting

The Board decided to expand the scope of the project to address the guidance for unit of accounting in Topic 808 to be consistent with the distinct goods or services guidance in Topic 606. (Vote: 7-0)

Non-Revenue Model

The Board asked the staff to discuss the staff's ideas for a non-revenue model with stakeholders to obtain feedback on the potential impacts of the model to current practice and to discuss potential operational challenges with applying the non-revenue model.