
REPORT OF THE FASB CHAIRMAN

January 1, 2020 through March 31, 2020

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. 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815* (a consensus of the Emerging Issues Task Force), issued January 16, 2020
 - b. Accounting Standards Update No. 2020-02, *Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)* (SEC Update), issued February 6, 2020
 - c. Accounting Standards Update No. 2020-03, *Codification Improvements to Financial Instruments*, issued March 9, 2020
 - d. Accounting Standards Update No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, issued March 12, 2020.
2. The Board issued the following proposed document for public comment:
 - a. Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (issued February 10, 2020). Comment deadline: April 10, 2020.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board separated its existing project on Distinguishing Liabilities from Equity into two phases. The first phase is expected to be finalized in the third quarter of 2020. The second phase will begin deliberations in the fall of 2020.

C. SIGNIFICANT TECHNICAL DECISIONS

1. Accounting by a Joint Venture for Nonmonetary Assets Contributed by Investors
 - a. The Board began its initial deliberations on the project and directed the staff to continue research on various alternatives for recognizing and measuring nonmonetary assets contributed to a joint venture in a joint venture's financial statements.
2. Conceptual Framework—Elements
 - a. The Board made decisions on several definitions of elements to be included in a proposed Concepts Statement chapter on elements including revenues, expenses, gains, losses, investments by owners, and distributions to owners.
 - b. The Board directed the staff to draft a proposed Concepts Statement chapter on elements of financial statements for vote by written ballot. The Board decided on a comment period of 120 days.
3. Financial Instruments—Hedge Accounting
 - a. The Board decided not to add or amend the last-of-layer disclosure requirements in Topic 815, Derivatives and Hedging, related to the addition of the proposed multiple-hedge model.
 - b. The Board made a number of decisions about transition on its hedge accounting last-of-layer project.
 - c. Following external review, the staff will present to the Board any additional issues and an analysis of costs and benefits.
4. Distinguishing Liabilities from Equity (Including Convertible Debt)
 - a. The Board continued redeliberating the amendments in proposed Accounting Standards Update, *Debt—Debt with Conversion and Other Options (Subtopic 470-20)* and *Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The Board affirmed many of its previous decisions in the proposed Update about convertible instruments, earnings per share, the derivative scope exception, and transition.
 - b. The Board decided against (1) providing guidance on negative interest expense recognized from certain convertible debt instruments and (2) adding a requirement to disclose current nonconvertible borrowing rates for convertible debt instruments.
 - c. The Board decided to (1) clarify certain guidance on contracts that may be settled in cash or shares, (2) align transition guidance for certain amendments and require certain transition disclosures, (3) allow an entity to make a one-time irrevocable election to

apply the fair value option to convertible instruments as of the date of adoption of the final Update, and (4) provide an option for early adoption.

- d. The Board removed from the scope of the project proposed amendments that would have added a remote likelihood threshold to existing guidance in Section 815-40-15 and added a separate project to its technical agenda to explore improvements to aspects of the derivatives scope exception guidance in Subtopic 815-40.
 - e. The Board directed the staff to draft an Accounting Standards Update and distribute that draft for external review.
5. Disclosure Framework: Disclosure Review—Income Taxes
- a. The Board discussed comment letter feedback received on its March 2019 revised proposed Accounting Standards Update, *Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes*.
 - b. The Board directed the staff to perform research and outreach on potential alternatives to disclose certain disaggregated income tax information and to perform additional research on various other proposed amendments.
6. FASB Endorsement on Private Company Council (PCC) Consensus
- a. The Board endorsed the PCC’s decision to issue a proposed Accounting Standards Update, *Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards*, which provides for a practical expedient that would allow a nonpublic entity to use a valuation performed in accordance with certain Treasury Regulations of Internal Revenue Code Section 409A to determine the current price of its underlying share for purposes of determining the grant-date fair value of an equity-classified share-option award.
 - b. The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot.
7. The Board is engaged in 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 did not make any changes to its research agenda in the first quarter.

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff performed research on:

- a. Structured payable programs/supply chain finance
- b. Stock buybacks
- c. Cryptocurrency
- d. Insurance—long duration contracts
- e. Freestanding insurance
- f. Share repurchase earnings per share disclosures
- g. Foreign currency and functional currency
- h. Beneficial interests
- i. Effects of COVID-19 pandemic to financial reporting.

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

1. FASAC meeting:
 - a. Seven Board members, the incoming FASB chairman, and several FASB staff members participated in the March 10, 2020 virtual public FASAC meeting. The meeting topics focused on FAF/FASB Post-Implementation Review (PIR) and highlights on current hot topics.
2. Advisory committee membership changes:
 - a. The appointments of the following two Small Business Advisory Committee members were announced in March 2020: Michael J. Phillips and Geoffrey R. Morgan.

D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. Three Board members and several FASB staff members participated in the January 9, 2020 American Accounting Association Financial Reporting Policy Committee meeting. The topics included goodwill, distinguishing liabilities and equity, and the FASB's academic initiatives.
2. Seven Board members and the acting technical director participated in the January 10, 2020 Financial Reporting Issues Conference. The conference topics included anomalous, asymmetrical or inconsistent accounting, and the role of the entity's business model and management intent in financial reporting.

E. INTERACTION WITH PRIVATE COMPANY STAKEHOLDERS

1. The PCC did not meet in the first quarter of 2020. The next meeting of the PCC is scheduled for April 17, 2020.

2. There were no Private Company Town Halls in the first quarter of 2020.

F. SIGNIFICANT PROJECT-SPECIFIC OUTREACH ACTIVITIES

1. The FASB members and staff conducted 133 outreach meetings (14% with investors and other users, 38% with practitioners, 16% with preparers, 13% with regulators, and 19% with others*) to discuss issues in 22 different FASB and EITF active projects or final standards, most notably joint ventures, segment reporting, interim disclosures, insurance, and LIBOR-SOFR.

*Others (including trade group representatives, other standard setters, academics, consultants, and state societies of CPAs)

2. Through 17 comment letters and 48 external reviews, the Board received feedback from a range of stakeholder types (55% auditors, 17% financial statement preparers, and 8% trade organizations, and 20% others*) on different FASB and EITF projects.

*Others (including consultants, investors, regulators, and state societies of CPAs)

G. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. The EITF did not meet in the first quarter of 2020.

H. INTERNATIONAL ACTIVITIES

1. Activities between the FASB and the IASB were as follows:
 - a. The chairman and the incoming chairman held a video conference with the IASB.
2. Activities between the FASB and other national standards setters included the following:
 - a. The chairman and two Board members met twice by video conference privately with representatives of the Multi-Lateral Network (MLN).

I. VIDEOS AND WEBINARS

1. The FASB featured six videos and one webinar:
 - a. Video: FASB Gifts-In-Kind (Contributed Nonfinancial Assets) Proposal
 - b. Video: FASB Share-Based Compensation and Private Companies
 - c. Video: Reference Rate Reform: Promoting a Smooth Transition
 - d. Video: Reference Rate Reform Animation
 - e. Video: 2019 Speeches Stats Animation
 - f. Video: COVID-19 “We are here for you” Animation

- g. Webinar: *IN FOCUS*: CPE Provider Forum.

J. SPEECHES DELIVERED

1. FASB members or staff delivered 15 speeches at different conferences/events. The more significant conferences follow:
 - a. American Accounting Association Financial Accounting and Reporting Section Mid-Year Meeting
 - b. Barclays CECL Seminar
 - c. CFA Institute CDPC Quarterly Meeting (VIDEO)
 - d. CFA Society of New York (CFANY) What's New in Accounting Conference
 - e. EY/American Accounting Association New Faculty Consortium
 - f. Federal Financial Institutions Examination Council (FFIEC) CECL Workshop
 - g. Massachusetts Society of CPAs Nonprofit Conference
 - h. New York State Society of CPAs Not-for-Profit Conference (2: NYC and Rochester)
 - i. Nomura Instinet CECL Session
 - j. PCAOB Inspections Training CECL Workshop
 - k. RSM US LLP Public Sector Conference
 - l. UBS CECL Ready or Not? Conference
 - m. University of Alabama Accounting PhD Conference
 - n. University of Hawaii at Manoa Shidler College of Business Hawaii Accounting Research Conference
 - o. University of Massachusetts Lowell Manning School of Business 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. Issued 1Q 2020 issue of the "FASB Outlook" newsletter on February 12, 2020.
2. Created new implementation web portal for Reference Rate Reform standard.
3. Conducted interviews, statements, and background interviews on credit losses and COVID-19, reference rate reform, goodwill, and other topics.

ITEM 3: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. Incoming FASB Chairman, Richard R. Jones, joined the FASB and began his transition on March 1, 2020.

B. PROFESSIONAL DEVELOPMENT PROGRAMS

1. “Japan’s Approach to Convergence with International Accounting Standards”
2. “2020 Financial Reporting Issues Conference (FRIC)”
3. “The FASB Conceptual Framework Project: An Overview and Update (a special presentation for PTAs) (also offered to other new staff and interested staff)”
4. “FASB Quarterly Update.”

ITEM 4: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The chairman testified before the House of Representatives Committee on Financial Services Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets on January 15.
2. The chairman met with two Members of Congress on January 15.

ITEM 5: FAF/FASB/GASB INTERACTION

- A.** The 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 sent the following drafts to the FASB staff for review:
 - a. Final standard, *Replacement of Interbank Offered Rates*
 - b. Final standard, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

- c. Final Implementation Guide Update—2020
 - d. Exposure Draft, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.
2. The FASB staff distributed the following drafts to the GASB for review:
- a. Accounting Standards Update, *Codification Improvements to Financial Instruments*
 - b. Accounting Standards Update, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*
 - c. Proposed Accounting Standards Update, *Compensation—Stock Compensation (Topic 718)—Determining the Current Price of an Underlying Share for Equity-Classified Share-Option Awards* (a proposal of the Private Company Council).

ITEM 6: XBRL ACTIVITIES

The FASB is responsible for the ongoing development and maintenance of the GAAP Financial Reporting Taxonomy (Taxonomy) and 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 (pending annual update) for:
 - a. Accounting Standards Update No. 2020-01—*Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*
 - b. Accounting Standards Update No. 2020-02—*Financial Instruments—Credit Losses (Topic 326) and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases (Topic 842)*
 - c. Accounting Standards Update No. 2020-03—*Codification Improvements to Financial Instruments*
 - d. Accounting Standards Update No. 2020-04—*Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*.
- 2. The FASB published final Taxonomy Implementation Guides for:
 - a. Accounting Changes

- b. Financing Receivable and Current Expected Credit Loss Disclosures
 - c. Insurance—Long-Duration Contracts
 - d. Leases under Topic 842
 - e. Retirement Benefits—Phase 3
 - f. Revenue from Contracts with Customers (Including Statement Presentation of Revenue and Cost of Revenue).
3. The FASB published a proposed Taxonomy Implementation Guide for:
 - a. Dimensional Modeling for Disclosures of Consolidated and Nonconsolidated Entities.

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Taxonomy staff met with students from University of Miami of Ohio, University of North Alabama, Creighton University, and Hofstra University at the FASB offices in Norwalk, CT, to provide students with an overview of XBRL and the responsibilities of the FASB Taxonomy Team.
 - b. The Chief of Taxonomy Development participated as a panelist on XBRL US webcast, “SEC Filer Toolkit: FASB and XBRL US Resources for XBRL Preparation.”
2. Hosted or participated in meetings of the FASB Taxonomy Advisory Group, XBRL US Data Quality Committee, various XBRL International technical working groups (including the Entity Specific Disclosure Task Force, co-chaired by the FASB Chief of Taxonomy Development; and the XBRL Standards Board, chair), the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff.

Technical Agenda Overview

Revised April 1, 2020

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Elements	Drafting ED	Q2 2020
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	ED redeliberations	

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Distinguishing Liabilities from Equity (including convertible debt)	ED redeliberations	
Identifiable Intangible Assets and Subsequent Accounting for Goodwill	Initial deliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Accounting by a Joint Venture for Nonmonetary Assets Contributed by Investors	Initial deliberations	
Codification Improvements	ED redeliberations	
Codification Improvements—Financial Instruments—Credit Losses (Vintage Disclosure: Gross Writeoffs and Gross Recoveries)	Initial deliberations	
Codification Improvements—Hedge Accounting	ED redeliberations	
Consolidation Reorganization and Targeted Improvements	ED redeliberations	
Distinguishing Liabilities from Equity Phase 2	Initial deliberations	
Hedging—Last-of-Layer Method	Initial deliberations	
Improving the Accounting for Asset Acquisitions and Business Combinations	Initial deliberations	
PCC Issue No. 2018-01, Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards	Drafting ED	Q2 2020
Revenue Recognition—Contract Modifications of Licenses of Intellectual Property (EITF 19-B)	Initial deliberations	
Warrant Modifications: Issuers' Accounting for Modifications of Equity Classified Freestanding Call Options That are Not in the Scope of Topic 718 or Topic 815 (EITF 19-C)	Initial deliberations	

PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
Disclosure Framework: Disclosure Review—Income Taxes	Revised ED redeliberations	
Disclosure Framework: Disclosure Review—Inventory	ED redeliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
Disclosure Improvements in Response to the SEC’s Release on Disclosure Update and Simplification	ED redeliberations	
Disclosures by Business Entities about Government Assistance	ED redeliberations	
Financial Performance Reporting—Disaggregation of Performance Information	Initial deliberations	
Not-for-Profit Reporting of Gifts-in-Kind	ED out for public comment	Ends Apr 10, 2020
Segment Reporting	Initial deliberations	
Simplifying the Balance Sheet Classification of Debt	Revised ED redeliberations	

RESEARCH PROJECTS
Disclosure Review—Intangibles, Share-based Payment, and Foreign Currency
Financial Performance Reporting: Financial Statements of Not-for-Profit Entities Structure of the Performance Statement
Hedge Accounting—Phase 2
Income Taxes—Backwards Tracing
Inventory and Cost of Sales
Recognition and Measurement of Revenue Contracts with Customers under Topic 805
Targeted Improvements to the Statement of Cash Flows
Variable Interest Entity Related Party Guidance