

FASB Chair Report

January 1, 2021 through March 31, 2021

LETTER FROM THE FASB CHAIR

Looking back on the past nine months, I continue to be impressed by and thankful for the continued willingness of our stakeholders to actively engage in the standard-setting process. I thank them for making it possible for the FASB to fulfill our mission in this challenging environment.

During the first quarter of 2021, the FASB continued our regular meeting schedule while remaining cognizant of pandemic-related obstacles our stakeholders continue to face. Against this backdrop, the FASB concentrated on (1) finalizing key standards aimed at improving GAAP as well as making significant progress on the items on our current agenda; (2) conducting extensive stakeholder outreach as part of our post-implementation review (PIR) of leases, revenue recognition, and credit losses; and (3) obtaining input and executing our agenda consultation process.

Current Agenda and Final Standards Issued

We continued to comb through our existing agenda to ensure that we're focused on projects that are priorities for our stakeholders and setting a path forward toward achievable standard setting. From July 2020 through the end of March, we succeeded in getting through about 90% of our current agenda. We expect to complete the rest of our agenda review in the next several months.

The FASB issued three final standards—Accounting Standards Updates (ASUs)—that address issues raised by our stakeholders. They included:

- A standard that clarifies the scope of the FASB's recent reference rate reform guidance
- A standard that simplifies how private company franchisors analyze certain activities when determining their performance obligations in a franchise agreement, and
- A standard that reduces unnecessary complexity for private companies and not-for-profit organizations when performing the goodwill triggering event evaluation.

Post-Implementation Review

Our PIR projects on credit losses, leases, and revenue recognition continued to take priority. During the PIR process—the “quality control” phase of standard setting—the Board solicits and considers diverse stakeholder input and other research to evaluate standards and whether there are areas of improvement we should address.

During the first quarter of 2021, PIR discussions on leases and revenue recognition were among the topics discussed during the FASB's 150 stakeholder outreach meetings (13% with investors and other users, 37% with practitioners, 32% with preparers, 7% with regulators, and 11% with others). As part of our review of the Current Expected Credit Losses (CECL) standard, we announced a virtual CECL implementation roundtable for May 20, 2021. The listening session is intended to help FASB members and staff gather additional

feedback on CECL implementation, including technical issues related to purchased financial assets with credit deterioration (PCD) and troubled debt restructurings (TDRs).

We regularly update the PIR section of our website to provide transparency about what phase we are in and what progress we are making. More information on guidance that is in the process of being reviewed by the PIR team can be found [here](#).

Agenda Consultation

We continued outreach with our advisory and other stakeholder groups to get their feedback on our agenda consultation project. We held discussions with the FASAC, the Emerging Issues Task Force, the Not-for-Profit Advisory Committee, the Investor Advisory Committee, and the Small Business Advisory Committee to learn what issues they think the FASB should work on next.

FASB members and staff members also met with the Financial Executives Institute Committee on Corporate Reporting, the Institute of Management Accountants Financial Reporting Committee, the Corporate Reporting Users Forum, and six other key stakeholder groups to obtain their views on the priority financial reporting areas that the Board should address. We're using this feedback to develop our upcoming Invitation to Comment, which will give all stakeholders the opportunity to weigh in on the FASB's future priorities.

On the international front, various FASB members and staff participated in virtual meetings of the IASB's Accounting Standards Advisory Forum, the International Integrated Reporting Council, the International Forum of Accounting Standard Setters, and the Accounting Standards Board of Japan.

As we look with optimism toward a post-pandemic environment, I look forward to continuing our dialogues with stakeholders to understand their priorities and issues. Their input is critical to our mission to continually improve GAAP for the benefit of our capital markets.



Richard R. Jones

Chair, Financial Accounting Standards Board

TECHNICAL AGENDA AND OTHER PROJECTS

Technical Agenda

The FASB (the Board) undertakes technical agenda projects to improve areas of financial accounting and reporting standards. The Board evaluates potential standard-setting projects against certain criteria to determine whether a project should be added to the technical agenda. The Emerging Issues Task Force (EITF) and the Private Company Council (PCC) work with the Board in identifying, deliberating, and voting on narrow-scope improvements and improvements to financial reporting by private companies, respectively, subject to endorsement by the Board.

The following table summarizes the changes in the Board's technical agenda during the first quarter of 2021:

	Number of Projects				# EDs Issued
	As of Dec 31	Added (removed)	ASUs Issued	As of March 31	
Broad improvement projects	1			1	
Targeted improvements:					
<i>Recognition & measurement</i>	16	(1)	(3)	12	
<i>Presentation or disclosure</i>	8			8	
<i>Simplification/other</i>	2			2	
<i>Emerging Issues Task Force</i>	2	(1)		1	
<i>Private Company Council</i>	1			1	
Total	30			25	0

Three projects were completed through the issuance of final Accounting Standards Updates:

- Accounting Standards Update No. 2021-01, *Reference Rate Reform (Topic 848): Scope*
- Accounting Standards Update No. 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*
- Accounting Standards Update No. 2021-03, *Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events.*

The Board also removed the following projects from the agenda during the quarter:

- Consolidation of a Not-for-Profit Entity by a For-Profit Sponsor
- EITF Issue No. 19-B, "Revenue Recognition—Contract Modifications of Licenses of Intellectual Property" (after referral from the EITF; the Board will consider the issue as part of its Post-Implementation Review of Topic 606, Revenue from Contracts with Customers).

The Board considered but did not add the following projects either to its agenda or to the EITF’s agenda:

- Clarifying Applicable Guidance for Certain Asset Acquisitions and Nonemployee Share-Based Payment Transactions
- Pushdown of Parent’s Basis in a Common Control Transaction.

A detail listing of the projects on the Board’s technical agenda as of the end of the quarter is included in the Appendix.

The following projects were discussed by the Board and the EITF during the quarter. The PCC did not meet during the quarter.

Project	Board Meeting(s)	Summary of Decisions
Segment Reporting	January 20 March 10	<ul style="list-style-type: none"> • Continued initial deliberations of the specifics of a principle-based disclosure requirement to report the significant segment expenses that are both (1) regularly provided to the chief operating decision maker and (2) included in the reported measure of segment profit or loss.
Distinguishing Liabilities from Equity (Phase 2)	February 3	<ul style="list-style-type: none"> • Made decisions around project scope—types of financial instruments and features—and provided direction on potential paths for developing indexation guidance alternatives.
Leases—Targeted Improvements	February 10	<ul style="list-style-type: none"> • Discussed comment letter feedback on three issues included in proposed ASU on targeted improvements as follows: <ul style="list-style-type: none"> • Sales-type leases with variable lease payments—directed further research on an alternative that would require lessors to classify and account for a lease as an operating lease if a lessor (1) meets any of the criteria for sales-type lease classification and (2) would recognize a selling loss at lease commencement as a direct result of variable lease payments that do not depend on an index or rate. • Lessees’ option to remeasure lease liability—removed issue from technical agenda. • Lease modifications—decided not to finalize proposed amendments without considering other potential improvements to lease modification model raised in comment letters and the September 2020 roundtable meeting.

Goodwill—Triggering Event Assessment Alternative for Private Companies and Not-For-Profit Entities	February 10	<ul style="list-style-type: none"> Redeliberated proposed ASU. Expanded scope of accounting alternative to allow private companies and not-for-profit entities to perform goodwill trigger event assessment at the reporting date any time they report financial information, including interim reports. ASU 2021-03 was issued in March.
Accounting by a Joint Venture for Nonmonetary Assets Contributed by Investors	February 17	<ul style="list-style-type: none"> Continued initial deliberations, focusing on measurement and transition.
Consolidation of a Not-For-Profit Entity by a For Profit Sponsor	March 24	<ul style="list-style-type: none"> Removed project from technical agenda after further research indicated that consolidation of a NFP by a for-profit sponsor is not sufficiently pervasive to amend GAAP.
EITF Issue 19-B, “Revenue Recognition: Contract Modifications of Licenses of Intellectual Property”	March 11 (EITF) March 24 (Board)	<ul style="list-style-type: none"> EITF referred project back to Board. Board removed project from technical agenda and will consider as part of the Post-Implementation Review of Topic 606 (Revenue from Contracts with Customers).
EITF Issue 19-C, “Issuer’s Accounting for Certain Modifications of Freestanding Equity-Classified Written Call Options”	March 11 (EITF) March 24 (Board)	<ul style="list-style-type: none"> Reached consensus to limit scope to an issuer’s accounting for modifications of freestanding equity-classified written call options that remain equity-classified after modification and to otherwise affirm amendments in proposed Update. Ratified EITF consensus and directed staff to draft a final ASU.
Fair Value Hedging—Portfolio Layer Method	March 31	<ul style="list-style-type: none"> Discussed external review comments on a draft of a proposed ASU, sweep issues, and whether to issue a proposed ASU. Made decisions related to attributes of assets included in the closed portfolio, sequencing of layers to consider when aggregate amount of the hedged layers exceeds aggregate amount of closed portfolio, and transition provisions. Directed staff to draft a proposed ASU.

Other Projects

In addition to projects on its technical agenda, the Board also has:

- Framework Projects: These non-authoritative projects are aimed at making improvements to the Conceptual Framework, which serves as a tool for the Board to use in its standard-setting activities.
- Research Projects: Projects on the Board's research agenda are those that may be considered for the technical agenda at a future date as issues and potential alternative solutions are identified.
- Post-Implementation Review (PIR) Projects: These projects are aimed at evaluating whether standards that have been issued are achieving their objectives and whether there are areas of improvement the Board should address.

The following table summarizes the changes in these projects during the first quarter of 2021:

	Number of Projects				# EDs Issued
	As of Dec 31	Added (removed)	Final Documents Issued	As of March 31	
Framework Projects	3			3	
Research Projects	7			7	
Post-Implementation Review Projects	3			3	
Total	13			13	0

Framework and Research Projects: During the quarter, the Board continued to make progress on its Framework projects on Elements, Measurement, and Presentation, as well as research projects. Current framework and research projects are listed in the Appendix.

PIR Projects: The PIR process is an evaluation of whether a standard is achieving its objective by providing financial statement users with relevant information in ways that justify the cost of providing it. It is an important quality-control mechanism built into FASB's standard-setting process that begins after the issuance of select standards. During the PIR process, the Board solicits and considers diverse stakeholder input and other research to evaluate the standards that are issued and whether there are areas of improvements the Board should address.

The FASB reports on the progress of PIR projects during their public meetings and reports regularly to the Standard-Setting Process Oversight Committee (SSPOC) of the FAF Board of Trustees. The final PIR report is reviewed by the SSPOC and published on the FAF website.

Currently, the FASB is reviewing the following:

- [Credit losses](#)
- [Leases](#)
- [Revenue recognition](#).

For all three PIR projects, the staff is actively monitoring implementation efforts and ongoing application, as well as performing outreach with investors, preparers, auditors, and regulators. The FASB also held academic webinars on topics for future research in each area, in connection with the planned “Accounting for an Ever-Changing World” conference to be held in November 2022, being sponsored jointly by the FASB, the IASB, and *The Accounting Review*. The following table lists some other activities connected with the individual projects:

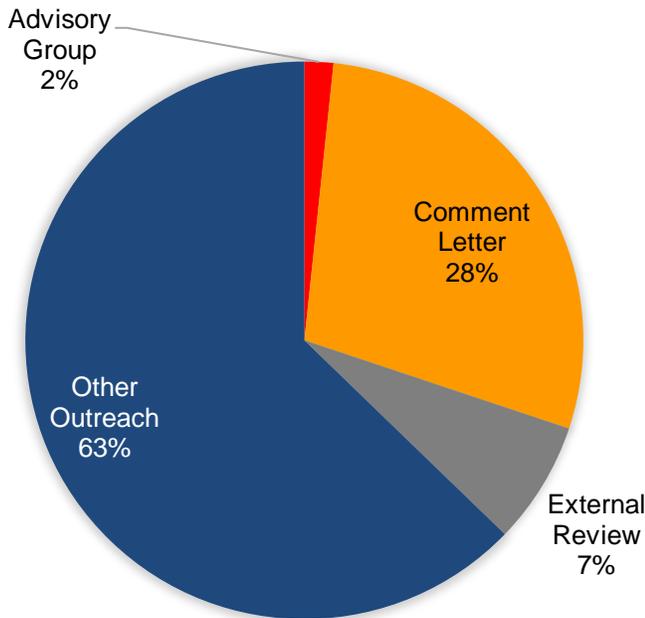
Project	Activities
Credit Losses	<ul style="list-style-type: none"> • Staff held education sessions with Board members on accounting for purchased credit deteriorated (PCD) and non-PCD financial assets, troubled debt restructurings, and securitized beneficial interests. • Planning and development of materials for May 20, 2021, virtual public roundtable on implementation and related technical issues.
Leases	<ul style="list-style-type: none"> • Redeliberated proposed Update on Targeted Improvements (see above). • Presented at semi-annual CPE Provider Forum (see below). • Developing survey on implementation costs.
Revenue Recognition	<ul style="list-style-type: none"> • Issued ASU 2021-02 on Practical Expedient for Franchisors. • Beginning outreach on contract modifications for licenses of intellectual property following removal of project (EITF Issue 19-B) from technical agenda.

ADVISORY COMMITTEE AND OTHER STAKEHOLDER ENGAGEMENT

Throughout its technical agenda and other projects, the FASB Board and staff conduct extensive research and outreach to help understand the impact of the issues and potential solutions on diverse stakeholder groups. During the first quarter of 2021, the Board and staff also met with many advisory and other groups to solicit input in connection with the Board’s agenda consultation.

The following graphs and charts summarize how the Board and staff heard from stakeholders and who they heard from:

HOW DID WE HEAR FROM OUR STAKEHOLDERS?

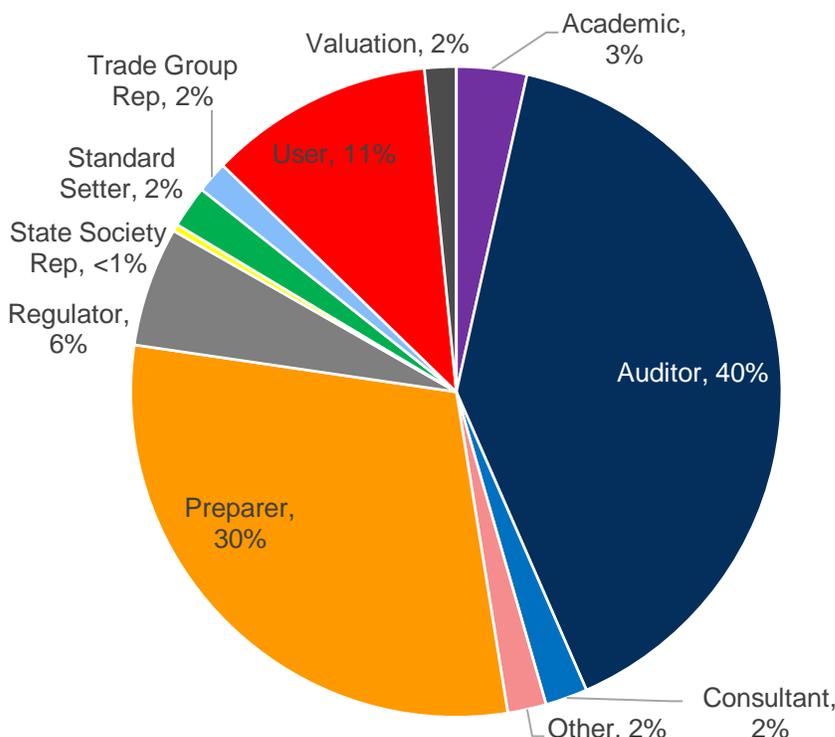


Q1 Summary Statistics	
# of Projects*	30
# of Outreach Meetings**	150
# of Comment Letters and External Review Responses	85
# of Advisory Group Meetings***	4

Notes:

- *Includes outreach on active projects and final standards.
- **Includes interviews and group stakeholder meetings.
- ***Advisory group meetings include meetings with FASAC, IAC, SBAC, and NAC

WHO DID WE ENGAGE WITH IN Q1 2021?



Types of Stakeholders	
Preparer	
Public Entities	88%
Private Entities	9%
Not-for-Profit	3%
Auditors	
Big 4 Firms	60%
Other Global	15%
U.S. National	12%
U.S. Regional	13%
Users	
Buy-side	34%
Sell-side	51%
Credit Rating Agencies, Private Equity, Lender, and Other	15%

The following table summarizes the topics discussed with the FASB's advisory groups:

Group	Meeting Date	Meeting Type	Topics
FASAC	March 9, 2021	Public	<ul style="list-style-type: none"> • Investments in nonfinancial assets • FASB agenda criteria and Agenda Consultation process.
IAC	March 12, 2021	Closed	<ul style="list-style-type: none"> • Agenda Consultation
SBAC	March 12, 2021	Closed	<ul style="list-style-type: none"> • Agenda Consultation
NAC	March 25, 2021	Public	<ul style="list-style-type: none"> • Current financial reporting issues – COVID-19 related matters • FASB agenda consultation process • NFP performance reporting research project • Implementation of major/other standards • Update on other current projects

New members appointed to the advisory groups in the quarter were:

- IAC: Kevyn Dillow, Ronald Graziano, Dennis Neveling
- NAC: John Alfonso, Tina Dzik, Christine Terhark

Board members, the technical director, and other staff also participated in 9 other private meetings with key stakeholder groups to discuss the FASB's agenda consultation process. Stakeholder provided their views on the priority financial reporting areas that the Board should address.

Group	Stakeholder Type	Meeting Date
AICPA Private Company Practice Section Technical Issues Committee (TIC)	Practitioners	January 12
Council of Institutional Investors	Investors	February 26
FEI Committee on Corporate Reporting (CCR)	Preparers	March 4
CFA Institute	Investors	March 4
Academic Resource Group	Academics	March 5
Wolfe Research	Investors	March 8
AICPA Financial Reporting Executive Committee	Practitioners	March 10
Corporate Reporting Users Forum	Investors	March 11
IMA Financial Reporting Committee (FRC)	Preparers	March 23

The meetings with AICPA TIC, FEI CCR, and IMA FRC also included discussions of current financial reporting issues and various current FASB projects.

Other EITF activities and changes:

- The FASB staff provided the EITF with an education session on its agenda consultation process and received feedback from Task Force members on priority areas that the Board should address.
- Dan Palomaki and Jay Seliber were appointed to the EITF in March.

INTERNATIONAL ACTIVITIES

The FASB collaborates with other national standard setters and the International Accounting Standards Board (IASB) to help improve and align, where appropriate, standards across the globe. The groups monitor each other's decisions and findings to make the best judgments on projects of mutual interest.

The following table details these activities during the quarter:

Activity	Meeting Date
IASB/FASB Info Exchanges*	
Meeting with IASB Leadership	March 17, 2021
Multilateral Activities	
International Integrated Reporting Council (IIRC)	February 17, 2021
International Forum of Accounting Standard Setters (IFASS)	March 8-9, 2021
Multi-Lateral Network (MLN)	March 12, 2021
IFRS Accounting Standards Advisory Forum (ASAF)	March 18-19, 2021
Bilateral Activities	
European Financial Reporting Advisory Group (EFRAG)	March 22, 2021
Accounting Standards Board of Japan (ASBJ)	March 29-30, 2021
*Ongoing monitoring of implementation activities through biweekly meetings between the FASB Technical Director and the IASB Technical Director.	

LEGISLATIVE/REGULATORY OUTREACH

FASB members and staff participate in ongoing dialogues with members of Congress, regulators, and other Washington, DC stakeholders to understand and explain standard-setting matters that affect their constituents. The first quarter activities were:

Legislative/ Regulatory Body	FASB Attendees
Members of Congress <ul style="list-style-type: none"> • Reps. Blain Luetkemeyer • Reps. Brad Sherman 	FASB chair and technical director
Financial Institution Regulators	FASB chair, two Board members, and technical director
The FASB chair and the FASB technical director also continue to meet regularly with the SEC chief accountant and other senior staff of the SEC.	

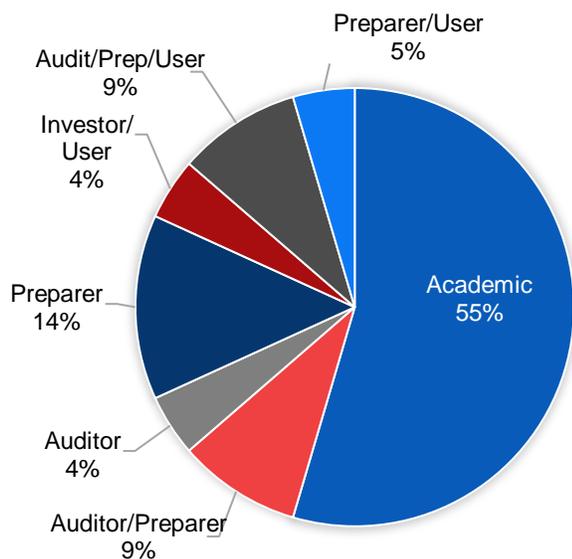
OTHER KEY COMMUNICATION ACTIVITIES

The FASB also continually communicates with a broad range of stakeholders through speaking engagements, media announcements, interviews, videos, and social media.

The following tables and graphs detail the educational webinars and videos provided, and summarize the speeches delivered, during the quarter.

Communication Method	Event Name	Date
Webinar	American Accounting Association (AAA) Financial Accounting and Reporting Section (FARS) XBRL in the Classroom Seminar	January 22, 2021
Video	Investor Education Video on Convertible Instruments.	February 9, 2021
Webinar	Academic Research: Leases	March 5, 2021
Webinar	Academic Research: Revenue Recognition	March 19, 2021
Webinar	CPE Provider Forum (semi-annual)	March 22, 2021
Webinar	Academic Research: Credit Losses	March 26, 2021

AUDIENCE TYPES



Speaker	2019 1Q	2020 1Q	2021 1Q
FASB Board members	7	10	13
FASB staff	12	8	10
PCC members	0	0	0
Total	19	18	23

- A total of 23 FASB speakers presented at 22 events. 57% of speakers were FASB members; 43% FASB staff speakers.
- Staff speeches primarily related to newly issued or broadly applicable recent guidance and periodic updates about FASB project developments.

Press Releases, Media Advisories, and Social Media

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

Other Communications Activities and Education

- Created academic research/call for papers web portal in conjunction with “Accounting for an Ever-Changing World” conference to be held in November 2022; updated Reference Rate Reform portal.
- Interviews, statements, and background interviews were conducted on cryptocurrency, goodwill, credit losses, COVID-19, PIR, and other topics.

XBRL ACTIVITIES

The FASB is responsible for the ongoing development and maintenance of the GAAP Financial Reporting Taxonomy (GRT) and the SEC Reporting Taxonomy (SRT) applicable to public issuers registered with the U.S. Securities and Exchange Commission (SEC). In addition, the FASB staff maintains and publishes annually the DQC Rules Taxonomy (DQCRT).

Technical Activities

- On March 23, 2021, the SEC accepted the 2021 GRT and the 2021 SRT. In addition, the FASB finalized the 2021 DQCRT.
- The FASB staff published proposed Taxonomy Implementation Guides for:
 - Accounting Changes

- *Dimensional Modeling for Disclosures of Consolidated and Nonconsolidated Entities.*
- The FASB staff added to and updated the GAAP Taxonomy Frequently Asked Questions.
- The FASB published a final 2021 Taxonomy Implementation Guide, *Revenue from Contracts with Customers (Including Statement Presentation of Revenue and Cost of Revenue)*.
- The FASB published as final (pending annual update) taxonomy improvements for:
 - Accounting Standards Update No. 2021-01, *Reference Rate Reform (Topic 848): Scope*.
- The Taxonomy staff performed research to support various Board-level projects.

Outreach Activities Supporting Board Initiatives

The Taxonomy staff performed outreach in support of Board initiatives in this quarter, which included the following:

- Hosted and participated in meetings of the FASB Taxonomy Advisory Group, XBRL US Data Quality Committee, various XBRL International technical working groups (including Taxonomy staff chairing the XBRL Standards Board and the Entity Specific Disclosure Task Force), the IASB IFRS Taxonomy Consultative Group, and the SEC Division of Economic and Risk Analysis (DERA) staff.
- As part of the FASB's ongoing effort to support the uptake of XBRL tagged data in the academic community, FASB staff provided technical and organizational support for two academics presenting at the American Accounting Association 2021 Midyear Meeting of the Financial Accounting and Reporting Section (FARS) on using XBRL tagged data for research and in the classroom.

FASB/GASB INTERACTION

The FASB and the GASB regularly share knowledge and research, including meeting minutes and draft proposed and final standards, to support each other's work on similar standard-setting issues. The FASB and GASB directors met monthly to discuss their technical agenda projects and other matters of mutual interest, and the FASB and GASB chairs and their respective directors held their quarterly meeting to discuss technical issues and other matters of mutual interest.

Appendix—Technical Agenda and Other Projects

Revised April 1, 2021

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
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 (next phase)	Initial deliberations	
Codification Improvements—Amendments to Remove References to the Concepts Statements	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	
Effect of Underwriter Restrictions on Fair Value Measurements	Initial deliberations	
Fair Value Hedging—Portfolio Layer Method	Drafting ED	Q2 2021
Improving the Accounting for Asset Acquisitions and Business Combinations	Initial deliberations	
Issuer’s Accounting for Certain Modifications of Freestanding Equity-Classified Written Call Options (EITF 19-C)	Drafting final standard	Q2 2021
Leases—Targeted Improvements	ED redeliberations	
PCC Issue No. 2018-01, Practical Expedient to Measure Grant-Date Fair Value of Equity-Classified Share-Based Awards	ED redeliberations	
Recognition and Measurement of Revenue Contracts with Customers under Topic 805	ED redeliberations	
Reference Rate Reform—Fair Value Hedging	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	Drafting ED	Q1 2021
Disclosure Improvements in Response to the SEC’s Release on Disclosure Update and Simplification	ED redeliberations	
Disclosure of Supplier Finance Programs Involving Trade Payables	Initial deliberations	

PRESENTATION & DISCLOSURE PROJECTS	Current Stage	Timing
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	Revised ED redeliberations	

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Elements	ED redeliberations	
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	Drafting final Concepts	Q4 2021

RESEARCH PROJECTS
Accounting for and Disclosure of Intangibles
Agenda Consultation
Effect of Sale Restrictions on Fair Value Measurements
Financial Performance Reporting: Financial Statements of Not-for-Profit Entities Structure of the Performance Statement
Hedge Accounting—Phase 2
Targeted Improvements to the Statement of Cash Flows

POST-IMPLEMENTATION REVIEW PROJECTS
Credit Losses
Leases
Revenue Recognition