

Testimony of Russell G. Golden

Hearing on Examining the Agenda of Regulators, SROs, and Standards-Setters for Accounting, Auditing, and Municipal Securities

Before the U.S. House of Representatives Committee on Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises

**Washington, D.C.
September 22, 2016**

Chairman Garrett, Ranking Member Maloney, and Members of the Subcommittee:

My name is Russell Golden and I am the Chairman of the Financial Accounting Standards Board (“FASB” or “Board”). I would like to thank you for this opportunity to participate in today’s important hearing.

As part of the Subcommittee’s oversight of financial reporting matters, including current issues facing accountants and auditors, I would like to outline for you the manner in which the FASB develops accounting standards for the benefit of U.S. investors and U.S. markets. In doing so, I will begin by providing a brief overview of the FASB and its parent organization, the Financial Accounting Foundation (“FAF”). I also want to describe both the FASB’s robust standard-setting process and how we remain accountable to our stakeholders. I also would like to update you on several of our recently completed projects as well as our ongoing standard-setting activities. Finally, I want to discuss how the FASB is addressing financial accounting and reporting issues for other types of organizations, including not-for-profit organizations, private companies, and employee benefit plans.

The FASB

Established in 1973, the FASB operates under the oversight of FAF, a private-sector, not-for-profit organization based in Norwalk, Connecticut. Through authority that Congress has granted to the U.S. Securities and Exchange Commission (“SEC”), the SEC has recognized the FASB as the designated accounting standard-setter for public companies. The FASB also establishes financial accounting and reporting standards for private companies and not-for-profit organizations that follow U.S. Generally Accepted Accounting Principles (“U.S. GAAP”). Additionally, many organizations, including state Boards of Accountancy and the American Institute of Certified Public Accountants (“AICPA”), recognize FASB standards as authoritative.

U.S. GAAP is essential to the efficient functioning of the U.S. economy because investors, creditors, donors, and other users of financial reports rely heavily on credible, concise, and understandable financial information. Many of those who make decisions cannot require reporting entities to provide the information they need directly to them and must rely on general purpose financial reports. Because the goal of the FASB is to improve financial information that is useful in making capital allocation decisions, the needs of those investors and other users are a

primary consideration in developing accounting standards. While not all users analyze information in the same manner, they all share a desire for financial reports that are comparable and provide information that faithfully represents the results of an organization's activities.

The FASB recognizes, however, that information contained in financial reports is produced by a financial reporting system with multiple participants, including entities that prepare financial statements, auditors, regulators, and other stakeholders. Therefore, the FASB gives careful consideration to all stakeholders' views on all aspects of an accounting standard proposal, including the benefits and costs of the standard, as the standard is developed. In today's dynamic financial markets, the need for integrity, transparency, and objectivity in financial reporting has become even more critical to ensuring the continued strength of U.S. capital markets and to the broader prosperity of our economy as a whole.

We at the FASB take our role in promoting the integrity of our capital markets very seriously, as has the Congress. In the Sarbanes-Oxley Act of 2002 ("SOX"), the Congress recognized the importance of protecting the integrity of the FASB's accounting standard-setting process from undue influence by providing the FASB with an independent, stable source of funding from annual accounting support fees collected from issuers of securities, as those issuers are defined in SOX. Similarly, the Dodd-Frank Act of 2010 provides our sister standard-setter, the Governmental Accounting Standards Board ("GASB"), with an independent and stable funding source through accounting support fees, which the Congress should maintain.

It is important to note that although the FASB has the responsibility to set accounting standards, it does not have authority to enforce them. Officers and directors of a company are responsible for preparing financial reports in accordance with the accounting standards that the FASB issues. Auditors then provide an opinion as to whether those financial statements have been prepared in accordance with those accounting standards. The Public Company Accounting Oversight Board ("PCAOB") is charged with overseeing auditors of public companies, which includes an auditor's analysis of whether a public company has complied with appropriate accounting standards. The SEC has the ultimate authority to analyze whether public companies have complied with accounting standards.

The FASB's Mission

As I have noted, the FASB recognizes the critical role that high-quality accounting standards play in financial reporting and in supporting the efficient functioning of our capital markets. Robust and transparent financial reporting increases investor confidence, which in turn leads to better capital allocation decisions and economic growth.

The objective of financial reporting is to *neutrally depict the economics of a transaction* and thus provide financial information about the reporting organization that is useful to existing and potential investors, lenders, and other creditors in making resource allocation decisions. These decisions typically involve buying, selling, or holding equity and debt instruments and providing or settling loans and other forms of credit.

The FASB's mission is to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards. Accounting standards are not intended to drive behavior in a particular way; rather, they seek to present financial information so that users can make informed decisions about how to best deploy their capital. The FASB remains committed to ensuring that our nation's financial accounting and reporting standards provide investors with the information they need to confidently invest in the U.S. markets.

As it works to develop accounting standards for financial reporting, the FASB is committed to following an open, orderly process. Our comprehensive procedures permit timely, thorough, and open study of financial accounting and reporting issues and because we understand that the FASB's actions affect so many stakeholders, the procedures also encourage broad public participation throughout the standard-setting process.

The FASB accomplishes its mission through a transparent and inclusive process that:

1. Improves the usefulness of financial reporting by focusing on the primary characteristics of relevance and faithful representation of financial information, as well as other enhancing characteristics of useful information including comparability, verifiability, timeliness, and understandability;
2. Guides and educates the public, including users of financial statements, the individuals that prepare financial statements, auditors, and others. Through its open, transparent and inclusive process, outreach to stakeholders, the form of standards themselves, and related implementation activities, the FASB improves the common understanding of the nature and purposes of information contained in financial reports;
3. Keeps standards current to reflect changes in methods of doing business and changes in the economic environment;
4. Considers promptly any significant areas of deficiency in financial reporting that might be improved through the standard-setting process; and
5. Promotes the convergence of accounting standards internationally when that helps to improve the quality of financial reporting where such convergence is deemed to be appropriate in the public interest and for the protection of investors.

The Standard-Setting Process

An independent standard-setting process is an integral component in producing high-quality accounting standards. The FASB sets accounting standards through processes that are open and that encourage input from all stakeholders. I note that the FASB's Rules of Procedure, established under the FAF's bylaws, require this level of openness and stakeholder involvement in the standard-setting process.

Stakeholder Feedback

The FASB's standard-setting process involves a range of activities intended to solicit and incorporate stakeholder feedback, including, as appropriate, public meetings, public roundtables, field visits or field tests, liaison meetings and presentations to interested parties, and the exposure of our proposed standards for public comment. The FASB provides videocasts of its Board meetings and education sessions on its website to make it easier for stakeholders to observe and participate in our standard-setting process. The FASB also creates podcasts and webcasts to provide short, targeted summaries of our proposals and new standards so that stakeholders can quickly assess whether they have an interest and want to comment.

We also proactively request meetings with stakeholders, including a wide range of investors, auditors, and reporting entities, to discuss our proposals or to identify implementation issues with existing standards, which helps us to assess whether the proposals or existing standard will lead to better information as well as to assess the related implementation and ongoing costs. Those meetings with stakeholders help us to assess whether U.S. GAAP is providing useful information as well as the related implementation and ongoing costs. The FASB supplements its direct outreach by meeting regularly with its numerous advisory groups whose members are drawn from a broad cross-section of the profession. The FASB's standard-setting process and the resulting standards necessarily benefit from advisory group members sharing their views and experience with us on matters related to projects on the agenda, possible new agenda items, practice and implementation of new standards, and strategic and other matters.

In addition to the FASB's advisory groups, the FAF has established a Private Company Council ("PCC") that advises the FASB on private company matters while the Emerging Issues Task Force ("EITF" or "Task Force") assists the FASB in improving financial reporting through the timely identification, discussion, and resolution of financial accounting issues relating to U.S. GAAP.

The PCC has an integral role in the process of establishing and improving standards of accounting and reporting as they apply to private companies. The PCC advises the FASB on whether modifications or exceptions to existing U.S. GAAP should be afforded to address the needs of private company financial statements. Any proposed changes to existing U.S. GAAP are subject to endorsement by the FASB and undergo a thorough vetting process. The PCC serves as the primary advisory body to the FASB for private companies for items under active consideration on the FASB's agenda.

The EITF assists the FASB in addressing implementation, application, or other emerging issues that can be analyzed within existing U.S. GAAP. The EITF was designed to develop implementation guidance for accounting standards to reduce diversity in accounting practice on a timely basis. Task Force members are drawn from a cross section of the FASB's stakeholders, including auditors, preparers, and users of financial statements. The chief accountant or the deputy chief accountant of the SEC attends Task Force meetings regularly as an observer. The structure of the EITF is designed to include persons in a position to be aware of emerging issues

before they become widespread and before divergent practices become entrenched. The FASB also meets regularly with SEC and PCAOB staff.

Because banking regulators have a keen interest in U.S. GAAP financial statements as a starting point in assessing the safety and soundness of financial institutions, our staff is in frequent contact with them. Additionally, FASB members and members of our senior staff meet with them on a quarterly basis and otherwise, as appropriate. We also understand Congress's interest as a stakeholder in the FASB's work, so we periodically brief Members and their staffs on accounting developments. In short, the FASB actively seeks input from all of its stakeholders on proposals and processes and we are listening to them. Broad consultation provides the opportunity for the FASB to hear and consider all stakeholder views, to identify unintended consequences, and, ultimately, to seek acceptance and understanding of the standards that are adopted.

FASB Guiding Principles

The FASB is keenly aware of the need to balance compliance costs with the benefits investors and other users of financial reports gain. The FASB's broad and inclusive consultation process helps it to assess these factors and strike appropriate balances. The FASB exercises its judgment after considering relevant research, analyzing stakeholder views, and carefully deliberating issues. The FASB is guided by these principles:

1. To be objective in its decision making and to ensure, insofar as possible, the neutrality of information resulting from its standards. To be neutral, information must report economic activity as faithfully as possible without coloring the image it communicates for the purpose of influencing behavior in any particular direction.
2. To actively solicit and carefully weigh the views of stakeholders in developing standards and concepts. The ultimate determinant of standards and concepts, however, must be the FASB's judgment, based on research, public input, and careful deliberation, about the usefulness of the resulting information.
3. To issue standards only when the expected benefits justify the expected costs. The FASB strives to determine that proposed standards fill a significant need and that the expected costs they impose, compared with possible alternatives, are justified in relation to the overall expected benefits.
4. To issue high-quality standards, which are grounded in a consistently applied conceptual framework, set forth objectives and principles stated in clear and unambiguous language, and foster consistent application by providing structure and necessary detail derived from the principles.
5. To manage the process of improving standards in ways that balance the desire to minimize disruption of accounting and financial reporting processes with the need to improve the decision-usefulness of information in financial reports. The FASB establishes reasonable effective dates and transition provisions when new standards are

introduced. The FASB also must balance the desire for comprehensive improvements in standards with the need for incremental changes that produce timely reporting improvements in areas important to users.

6. To provide clear and timely communications, endeavoring at all times to keep the public informed of important developments about the FASB's operations and activities.
7. To review the effects of past decisions and interpret, amend, or replace standards in a timely fashion if such action is indicated.

Oversight of FASB

The FASB operates in an open, collaborative, and accountable manner. First, the FAF Board of Trustees exercises its authority over the FASB by overseeing its administration and finances, as well as that of the FASB's sister organization the GASB and their advisory councils, the Financial Accounting Standards Advisory Council ("FASAC"), the Governmental Accounting Standards Advisory Council ("GASAC"), and the PCC. The Board of Trustees is made up of 14-18 independent members from varied backgrounds and perspectives, including users, preparers, and auditors of financial statements; state and local government officials; academics; and regulators.

Through its oversight, the Trustees ensure the effective, efficient, and appropriate stewardship of the FASB's resources as it carries out its standard-setting mission, selects and appoints members to the FASB and its advisory councils, oversees the FASB's activities, and promotes and protects the integrity of the FASB's processes. To further enhance this oversight function, the Trustees have initiated a post-implementation review process that evaluates the FASB's standard-setting processes to ensure they are as robust, transparent, and inclusive as possible.

Second, the FASB also is subject to oversight by the SEC with respect to standard-setting for public companies. The SEC has the statutory authority to establish financial accounting and reporting standards for publicly held companies and for over 40 years, the SEC has looked to the FASB to set accounting standards. In 2003, the SEC issued a Policy Statement, Reaffirming the Status of the FASB as a Designated Private-Sector Standard Setter, which reaffirms this longstanding relationship with the FASB. Additional information about the FASB and the FAF can be found in the 2015 Annual Report of the FAF, which is available on the FAF website.

And last, but certainly, not least, the FASB is accountable to its stakeholders for establishing standards that are consistent with our guiding principles and our comprehensive processes.

FASB Activities

I will now discuss a number of current FASB activities. One of the challenges facing our financial reporting system is the need to improve the transparency and overall usefulness, and

reduce the complexity, of reported financial information to investors and other users of financial reports. The FASB is addressing this challenge in a number of ways. First, the FASB has completed and is assisting on implementation of standards in major areas that users told us are in need of improvement—including revenue recognition, leases, and financial instruments. Second, the FASB is working on a disclosure framework project intended to increase the utility of information disclosed in the financial statements. Third, the FASB continues to enhance the *FASB Accounting Standards Codification*® (“Codification”), which is the source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities, and the eXtensible Business Reporting Language (“XBRL”) U.S. GAAP financial reporting taxonomy.

As the FASB seeks to ensure that existing accounting standards continue to provide useful and relevant information, it seeks stakeholder input. With the completion of several major projects, the FASB issued an Invitation to Comment that seeks input from all stakeholders, including users, on potential future agenda items.

The FASB Chairman’s Reports for the first two quarters of 2016, which enumerate the FASB’s technical activities, its education and communication activities, and its various forms of outreach with stakeholders, are provided as Attachment 1. The FASB recognizes that the quality of our conclusions is enhanced by careful consideration of the comments we receive from stakeholders. Therefore, our process is often iterative, with our proposals being modified either slightly or substantially in response to stakeholder and public feedback. The table below illustrates an overview of the FASB agenda for the first half of 2016 by number of projects.

	Number of Projects				# EDs Issued
	As of Dec. 31	Added	Completed	As of June 30	
Concepts statements	3	-	-	3	-
Broad improvement projects	5	-	(3)	2	-
Targeted improvements:					
Recognition & measurement	15	2	(5)	12	3
Simplification/other	3	1	(1)	3	2
Presentation or Disclosure	9	-	-	9	-
PCC	2	1	(2)	1	-
EITF	5	1	(3)	3	1
Total	42	5	(14)	33	6

Recently Completed Standard-Setting Activities

The FASB has recently completed a number of amendments to U.S. GAAP through the issuance of Accounting Standard Updates (“Updates”) to improve accounting and disclosure requirements. These Updates affect how companies recognize and present certain transactions in their financial statements and enhance footnote disclosure, as indicated below:

- 1. Timelier recognition of credit losses on loans and other financial instruments.** Update No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326), addresses concern from a wide range of stakeholders—including financial statement preparers and users—that the existing incurred loss approach provides insufficient information about an organization’s expected credit losses. The Update requires an organization to measure all expected credit losses for all financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. The Update also requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization’s portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. This guidance is effective in 2020 for calendar-year-end public companies that meet the definition of an SEC filer and beginning in 2021 for all other companies.
- 2. Recognition on the balance sheet by organizations that lease assets.** Organizations that lease assets—referred to as “lessees”—are required to recognize the assets and liabilities for the rights and obligations created by leases with lease terms of more than 12 months. The new guidance in Update No. 2016-02, *Leases (Topics 842)* responds to requests from investors and other financial statement users for a more faithful representation of an organization’s leasing activities. It ends what the SEC and other stakeholders have identified as one of the largest forms of off-balance-sheet accounting, while requiring more disclosures related to leasing transactions. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. The Update also requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures, including qualitative and quantitative requirements, provide additional information about the amounts recorded in the financial statements. This change is effective in 2019 for calendar-year-end public companies and in 2020 for calendar-year-end private companies.

3. **Improved certain aspects of recognition, measurement, presentation, and disclosure of financial instruments.** Update No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, will:

- Benefit users by providing a more relevant measurement attribute for equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income.
- Decrease complexity for preparers by replacing the challenging impairment model for equity investments without readily determinable fair values with a simpler qualitative impairment assessment.
- Provide more decision-useful information by allowing an entity to report the change in fair value of a liability, measured under the fair value option that is attributable to changes in instrument-specific credit risk, in other comprehensive income.
- Reduce costs for other than public business entities by eliminating the requirement to disclose the fair values of financial assets and financial liabilities measured at amortized cost.
- Increase comparability by reducing the diversity in applying the deferred tax asset guidance to available-for-sale debt securities.
- Create consistency in fair value disclosures by eliminating an entity's ability to estimate the disclosed fair values of financial assets and financial liabilities on the basis of entry prices.

For calendar-year-end public business entities, the guidance is effective in 2018, and 2019 for all other entities.

4. **Improved existing standards for financial statement presentation by not-for-profit organizations.** Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, focuses on improving the current net asset classification requirements and information presented in financial statements and notes that are useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The FASB's Not-for-Profit Advisory Committee ("NAC") and other stakeholders indicated that existing standards for financial statements of NFPs are sound but could be improved to provide more useful information to donors, grantors, creditors, and other users of financial statements. The guidance is effective in 2018 for calendar-year-end companies.

An important part of the FASB's mission of developing high-quality standards is monitoring its implementation and assisting preparers and other practitioners in their understanding and ability to consistently apply a new standard. We ensure that stakeholders have sufficient time to transition to a new standard and our goal is to be in a position to help them facilitate a smooth transition. With that goal in mind, we undertake a variety of initiatives focused on educating our stakeholders, helping preparers and practitioners interpret the standards, and making necessary clarifications to the standards to address unintended consequences, if any. Our post-issuance initiatives include conducting outreach with stakeholders, working with a Transition Resource Group ("TRG"), and addressing stakeholders' technical questions. The nature and extent of the initiatives vary depending on the scope and degree of changes in the new standard. For example, TRGs are most useful for comprehensive standards that have significant and broad changes. Accordingly, the FASB created TRGs with the issuance of our Revenue Recognition guidance in 2014 and our Credit Losses guidance in June.

Revenue Recognition TRG

Similarly, the Revenue Recognition TRG addresses potential issues arising from the implementation of the new revenue recognition guidance that was issued in May 2014. Earlier this year, the FASB issued a number of Updates to address narrow aspects (to improve operationally, reduce implementation cost, and mitigate the potential for broad noncomparability in application) of the guidance that do not impact the core principle of the guidance, namely that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Credit Losses TRG

The Credit Losses TRG, which was formed to solicit, analyze, and discuss issues arising from implementation of the impairment standard, held its first public meeting on April 1. The TRG will, in turn, inform the FASB about the implementation issues that the TRG raises, which will help the FASB determine what, if any, action is needed to address those issues. Furthermore, the TRG will provide a forum for stakeholders to learn about the new guidance from others involved with implementation.

Ongoing Standard-Setting Activities

The Technical Agenda Overview provides information about current FASB projects at a glance, including status updates and expected issuance timelines for process documents and final standards. That overview is provided as Attachment 3.

Hedging

Earlier this month, the FASB issued an Exposure Draft that proposed improvements to the hedge accounting model for financial instruments and nonfinancial items. The proposed standard is intended to improve and simplify the requirements related to hedge accounting and to more closely align them with companies' risk management activities. The FASB expects the

proposed amendments to benefit not only companies but also users in their understanding of the hedge results and the costs of hedging programs. The core principal of the proposal is that hedge accounting should be permitted for a broader range of financial and nonfinancial risk management strategies than under current U.S. GAAP. The proposed presentation and disclosure changes also would provide users with a more complete overview of the impact of hedge accounting on the income statement and balance sheet.

Insurance

In the coming weeks, the FASB will issue a revised Exposure Draft for public comment. The Exposure Draft will outline targeted improvements to insurance accounting and reporting for long-duration insurance contracts. This Exposure Draft is the result of a 2008 project undertaken jointly with the International Accounting Standards Board with an objective of developing common, high-quality guidance that would establish the principles that an entity would apply in the recognition, measurement, presentation, and disclosure of insurance contracts (including reinsurance). In 2013, the FASB issued an Exposure Draft on insurance contracts. The FASB received 206 comment letters and conducted extensive outreach with insurance industry trade groups, preparers, auditors, and financial statement users, including roundtables and workshops. As a direct result of that extensive outreach, the FASB decided to focus the revised Exposure Draft on making the targeted improvements. The FASB anticipates that the proposed changes will result in meaningful improvements to the financial reporting of an insurance entity.

Disclosure Framework

The FASB continues its work on the Disclosure Framework project, which is a project whose objective is to improve the effectiveness of disclosures in the financial statements. That project includes the development of a framework in the form of a Concepts Statement for the FASB to use as a tool when setting disclosure requirements. It also includes a review, which will be instructive for the FASB as it considers additional changes, of disclosures currently in place on specific topics including fair value, income taxes, pensions, and inventory using the framework under development. Another aspect of that project is providing guidance to entities when determining the disclosures that they make in the financial statements as well as further work on interim disclosures. We plan to hold a roundtable in 2016 to solicit feedback from affected stakeholders on all aspects of the project; feedback that the FASB will use throughout 2017 as we redeliberate each topic more broadly.

Government Assistance

The FASB is continuing its redeliberations on the proposed disclosure requirements about government assistance received by businesses. Examples of government assistance include grants, low interest rate loans, loan guarantees, tax incentives, tax abatements, and the transfer of assets from governments to businesses. The final Update will seek to create greater transparency around financial reporting of assistance agreements that businesses enter into with governments.

It would provide users with more information about existing government assistance agreements to help them better assess the nature of the assistance.

Other Initiatives

The FASB also will focus on making targeted improvements, through projects that impact the recognition and measurement of financial reporting, which will help reduce complexity and simplify financial reporting. In addition, the FASB will consider and continue to make progress on certain foundational initiatives, such as our current project on the Conceptual Framework.

The FASB also devotes substantial time to the consideration of financial accounting and reporting issues that affect other types of organizations, including not-for-profit organizations, private companies, and employee benefit plans. Once we have identified the problem that needs to be addressed, the first step that we take is to develop a broad solution grounded in sound accounting concepts and principles and then determine based on user relevance whether differences among diverse types of organizations are needed. These considerations require a balance of listening, analysis, and outreach with our stakeholders throughout the process to be successful. The FASB's NAC and the PCC are both helping us in this area. The NAC helps us understand where differences exist in the not-for-profit sector. Similarly, the PCC helps us to understand critical financial reporting issues faced by private companies and to identify solutions.

Finally, in the area of employee benefit plans, the FASB is looking to reduce complexity. We are approaching this project in two waves. The first wave was completed in July 2015, when we issued a standard that reduces cost and complexity for employee benefit plans when preparing their financial statements, while maintaining or improving the usefulness of the information provided to users. The Board worked extensively with experts in benefit plan accounting to identify opportunities for improvement. As a part of the second wave, we currently are working on a proposal to improve the reporting by an employee benefit plan for its interest in a master trust. A master trust is a trust in which assets of more than one plan sponsored by a single employer or by a group of employers under common control are held. Because many employee benefit plans hold investments in master trusts, some stakeholders have said that master trust disclosures are an area in which standard-setting is needed.

FASB Accounting Standards Codification®

In 2009, the FASB officially launched the Codification as the source of authoritative nongovernmental U.S. GAAP. This was a milestone event for the FASB and the U.S. financial reporting system, ushering in a new era of modern accounting research to accounting and financial reporting professionals, as well as to analysts and investors. The Codification's launch culminated a multiyear effort to make the U.S. GAAP literature more accessible and user friendly. Instead of U.S. GAAP standards scattered among many pronouncements issued by various standard setters over the years, the Codification provides stakeholders with one topically organized, easily accessible online research system. With the launch of the Codification, the FASB is no longer adding numbered Statements, Interpretations, FASB Staff Positions, and the like to U.S. GAAP but, rather, is issuing Updates that contain amendments to the relevant

sections of the Codification. The new system significantly reduces the amount of time and effort required to research accounting issues, mitigates the risk of noncompliance with standards through improved usability of the literature, provides accurate information with real-time updates as new standards are released, and assists the FASB with the research efforts and literature amendments required during the standard-setting process. To monitor the effectiveness of the Codification, the Codification system allows users to submit content feedback. In addition, the FASB meets with stakeholders to discuss concerns about the Codification and recently solicited feedback via a user survey. The FASB staff reviews feedback on the Codification in an ongoing manner and periodically issues technical corrections to update the Codification to address feedback received.

XBRL Taxonomy

In 2010, the FASB assumed ongoing development and maintenance responsibilities for the US GAAP Financial Reporting Taxonomy (“Taxonomy”), which was originally developed by XBRL US, Inc. under contract to the SEC. In 2009, the SEC issued rules requiring public companies and foreign private issuers that prepare their financial statements in accordance with U.S. GAAP to phase in use of the Taxonomy. Under these rules, companies will tag and submit their financial statements and related notes to the SEC using the Taxonomy.

The Taxonomy is a list of machine-readable tags in XBRL that allows companies to label precisely the thousands of pieces of financial data that are included in typical long-form financial statements and related footnote disclosures. (XBRL is a standard tagging business and financial reports to increase the transparency and accessibility of business information by using a uniform format.) Once tagged with the taxonomy, financial reports can be analyzed rapidly and cost effectively by investors, analysts, journalists, and the SEC staff. The FASB updates the taxonomy each year to reflect new accounting and financial reporting guidance. The FASB also launched an online review and comment system to make it easier for stakeholders to submit comments on the Taxonomy.

Future Agenda

We also are in the process of reviewing our future agenda. Last spring, the FASB’s principal advisory group, the FASAC, conducted a survey of its members, as well as members of our other advisory groups, which represent a cross section of our stakeholders. The survey respondents were asked to opine on what they believed were the most-needed financial reporting improvements, including identifying the problem and suggesting feasible improvements. The FASB has summarized the survey results in the discussion paper issued in August. The discussion paper affords all of our stakeholders an opportunity to tell us whether they agree or disagree on areas of improvement that we have identified—and why. This feedback will help us better understand our stakeholders’ concerns as we continue to shape our agenda.

The discussion paper covers financial reporting areas of concern identified by stakeholders in the recent survey of the FASB’s advisory groups. The paper includes potential issues and possible solutions about the following areas:

1. Intangible assets, including research and development
2. Pensions and other postretirement benefit plans
3. Distinguishing liabilities from equity, and
4. Reporting performance and cash flows, including income statement, segment reporting, other comprehensive income, and statement of cash flows.

Conclusion

The FASB is committed to producing high-quality accounting standards. To achieve that goal, we are committed to a comprehensive and transparent process that encourages broad participation and objectively considers all stakeholder views. In doing so, we will continue to guide and educate the public, including users, the individuals who prepare financial statements, auditors, and others. Through its open and robust process, which includes extensive outreach to stakeholders, the FASB improves the resulting standards and related implementation activities. Furthermore, the FASB's efforts also improve the common understanding of the nature and purposes of information contained in financial reports. Thank you for the opportunity to appear before you. We look forward to working with you on these and related issues.

Attachments:

1. The FASB Chairman's Reports for the first quarter and second quarter of 2016.
2. List of Accounting Standards Updates issued by the FASB in 2016.
3. Current Technical Agenda Overview.

REPORT OF THE FASB CHAIRMAN**January 1, 2016 through March 31, 2016**

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. 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, issued January 5, 2016.
 - b. Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, issued February 25, 2016.
 - c. Accounting Standards Update No. 2016-03, *Intangibles—Goodwill and Other (Topic 350); Business Combinations (Topic 805); Consolidation (Topic 810); Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance* (a consensus of the Private Company Council), issued March 7, 2016.
 - d. Accounting Standards Update No. 2016-04, *Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products* (a consensus of the FASB Emerging Issues Task Force), issued March 8, 2016.
 - e. Accounting Standards Update No. 2016-05, *Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships* (a consensus of the FASB Emerging Issues Task Force), issued March 10, 2016.
 - f. Accounting Standards Update No. 2016-06, *Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments* (a consensus of the FASB Emerging Issues Task Force), issued March 14, 2016.
 - g. Accounting Standards Update No. 2016-07, *Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*, issued March 15, 2016.

- h. Accounting Standards Update No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, issued March 17, 2016.
 - i. Accounting Standards Update No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, issued March 30, 2016.
2. The Board issued the following Exposure Drafts for public comment:
- a. Proposed Accounting Standards Update, *Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (issued January 26, 2016). Comment deadline: April 25, 2016.
 - b. Proposed Accounting Standards Update, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans* (issued January 26, 2016). Comment deadline: April 25, 2016.
 - c. Proposed Accounting Standards Update, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (a consensus of the FASB Emerging Issues Task Force) (issued January 29, 2016). Comment deadline: March 29, 2016.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board added the following projects to its technical agenda:
 - a. Consolidation: Interest Held Through Related Parties under Common Control (January)
 - b. Technical Corrections and Improvements to Update 2014-09, Revenue from Contracts with Customers (January)
2. The Board decided not to add a project to either its or the EITF's agenda on Simplifying the Measurement of Asset Retirement Obligations (February).

C. SIGNIFICANT TECHNICAL DECISIONS

1. Insurance-targeted improvements to the accounting for long-duration contracts.
 - a. The Board made decisions on the disclosures on an interim and annual basis related to the liability for future policy benefits, the liability for policy holder's account balances, market risk benefits, separate account liabilities, and deferred acquisition costs.

2. Disclosure Framework: disclosure review—income taxes
 - a. The Board decided that all entities would be required to disaggregate (1) income tax expense (benefit) between domestic and foreign and (2) foreign income taxes paid to any country that are significant relative to total income taxes paid.
 - b. The Board decided to reverse its prior decisions requiring disclosure of the line item on the balance sheet in which the amount of deferred taxes are presented and the amount of domestic income tax expense on foreign sourced earnings.
 - c. The Board decided to reverse its prior decisions that would have required private companies to disclose a rate reconciliation, an explanation of the nature and amounts of the valuation allowance recorded and/or released during the reporting period, and the amounts and expiration dates of operating loss and tax credit carryforwards that will give rise to deferred tax assets and the total amount of the unrecognized tax benefit that offsets the tax-effected carryforwards.
3. Financial Statements of Not-for-Profit Organizations
 - a. The Board decided to enhance the current reporting requirements for those not-for-profit organizations (NFPs) that present a self-defined operating measure in a statement of activities (or changes in net assets) that also presents internal board designations, appropriations, and similar actions on the face of the financial statements affecting that measure. Those NFPs would be required to report these types of internal transfers appropriately disaggregated and described by type, either on the face of the financial statements or in the notes.
 - b. The Board decided to clarify the objective of providing information useful in assessing an NFP's liquidity and the type of information that financial statements are capable of providing for that purpose. The Board decided to require NFPs to provide (1) qualitative information in the notes that communicates how an NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date and (2) quantitative information either on the face of the balance sheet or in the notes that communicates the availability of the an NFP's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date.

4. The Board is in the final stages of initial deliberations and redeliberations on several other projects, and while a number of decisions were made by the Board, none of those decisions were individually significant.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. The Board discussed issues relating to the development of a Discussion Paper addressing the Board's future technical agenda and recommended that the following potential financial reporting topics be included (February):
 - a. Financial Performance Reporting (including the Performance Statement, Other Comprehensive Income, Cash Flows Statement, and Segment Reporting)
 - b. Distinguishing Liabilities from Equity
 - c. Intangible Assets
 - d. Pensions and Other Postretirement Employee Benefit Plans.
2. The following potential financial reporting projects were added to the research agenda:
 - a. Inventory and Cost of Sales (February)
 - b. Consolidation (February)
 - c. Revenue Recognition of Grants and Contracts by Not-for-Profit Entities (March).
3. The Board removed Accounting for Convertible Financial Instruments from its research agenda (February).

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff conducted research on Simplifying the Measurement of Asset Retirement Obligations. The staff presented its research to the Board, and the Board decided not to pursue any further research on whether to add this project to the agenda (February 2016).

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

1. FASAC Meeting

- a. Six Board members, the FASB technical director, and several FASB staff members participated in the March 15, 2016 FASAC meeting. The meeting topics focused on the role of judgment in financial reporting and improvements to the statement of cash flows.
2. The following advisory committee meetings were held:
 - a. Public meeting of the Not-for-Profit Advisory Committee (NAC) (March): Seven Board members, the FASB technical director, and several FASB staff participated; discussion focused on the FASB's projects related to proposed FASB Accounting Standards Update, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954): Presentation of Financial Statements of Not-for-Profit Entities*, and the preagenda research project on Revenue Recognition by NFPs for Grants and Contracts. The NAC members also discussed other FASB projects and activities, recent trends, and the FASB's future agenda.
 3. Advisory committee membership changes:
 - a. Alice Antonelli, Cathy Clarke, Jim Croft, Michael Forster, Andrew Prather, and Amy Robinson all began their terms on the NAC on January 1, 2016. Each of those members is eligible for a four-year term.

D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

1. One or more Board members met with the following industry liaison groups:
 - a. Teleconference meeting with the IMA's Small Business Financial and Regulatory Affairs Committee (January). One Board member and several FASB staff members participated. Topics included an update on the activities of the Private Company Council and the FASB's projects on Financial Statements of Not-for-Profit Entities.
 - b. Private meeting with the Institute of Management Accountants' Financial Reporting Committee (February). One Board member participated. Topics included FASB projects on financial instruments, revenue recognition (implementation), leases, disclosure framework, conceptual framework (measurement and presentation), goodwill and other intangibles, government assistance disclosures, and research on financial performance reporting.
 - c. Private meeting with the Financial Executives International Committee on Corporate Reporting (CCR) (March). One Board member participated; topics

included the results from the 2015 FASAC Survey on potential future FASB agenda topics, as well as FASB projects on revenue recognition (implementation), financial instruments (impairment and hedging), and disclosure framework (multiple projects).

- d. Public meeting with the National Association of College and University Business Officers (NACUBO) (March). Seven Board members, the FASB technical director, and several FASB staff met with members of NACUBO's Accounting Principles Committee to discuss challenges in higher education accounting, the FASB's project on Financial Statements of Not-for-Profit Entities, and information about sponsored grants (in conjunction with the FASB's research project on Revenue Recognition of Grants and Contracts by Not-for-Profit Entities).
 - e. Private meeting hosted by the American Bankers Association (ABA). Two Board members, the FASB technical director, and two FASB staff members participated in a private workshop hosted by the ABA (March) that also included representatives from banks, banking regulators, the SEC, the PCAOB, and auditors. The discussion focused on the FASB's project on the Accounting for Financial Instruments: Impairment.
 - f. The FASB held its annual Financial Reporting Issues Conference in January 2016 inviting representatives of the IASB, members of academe involved in accounting education and research, and members of the business community.
2. Significant project-specific outreach activities follow:
- a. The FASB Board members and staff conducted approximately 167 meetings with a variety of stakeholders to discuss issues in 32 different FASB and EITF projects.
 - b. Through meetings and comment letters, the Board received feedback from a range of stakeholder types: 13% from financial statement users; 25% from auditors; 33% that were representatives of public companies, private companies, and not-for-profit organizations; and 29% from professional, trade, and advocacy organizations and others (including state societies, regulators, and other standard setters).

D. COLLABORATION WITH THE FASB'S PRIVATE COMPANY COUNCIL (PCC)

1. The PCC Variable Interest Entities (VIE) Working Group (whose members include six PCC members, one Board member, and several FASB staff members) met on March 1, 2016, to discuss PCC Issue No. 15-02, "Applying Variable

Interest Entity Guidance to Entities under Common Control," and to develop examples to help clarify application of VIE guidance to such situations.

E. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. Six Board members attended the March 3, 2016 EITF meeting at which Issue No. 16-A, "Restricted Cash" was discussed and a consensus-for-exposure was reached.
2. Mark Scoles (Grant Thornton) was appointed as an EITF member (effective March 3, 2016), fulfilling the term left vacant by the passing of Charles Evans, and will be eligible for a five-year term.

F. INTERNATIONAL ACTIVITIES

1. Cooperative activities between the FASB and the IASB were as follows:
 - a. The FASB chairman, a Board member, and the FASB technical director held a video conference with the IASB.
2. Cooperative activities among the FASB and other national standards setters included the following:
 - a. The FASB chairman and a Board member participated by video in a private networking meeting with representatives from several different national standards-setting organizations.
 - b. Two Board members met privately with representatives from the Hong Kong Institute of CPAs (HKICPAs) in Hong Kong.
 - c. The FASB chairman and two Board members met privately with representatives of the Ministry of Finance (MOF) in China.
 - d. The FASB chairman and two Board members met privately with the Accounting Standards Board of Japan (ASBJ) in Japan.
 - e. Five Board members (on a rotational basis), the FASB technical director, and several staff members met privately with representatives from the Autorité des normes comptables (ANC) in Norwalk.
 - f. The FASB chairman, two Board members, and staff members met privately with representatives from the Australian Accounting Standards Board in Norwalk.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

1. The FASB held one educational webinar:

- a. IN FOCUS: FASB Accounting Standards Update on Leases
2. The FASB posted three featured videos:
 - a. FASB Preview of 2016
 - b. FASB Investor Podcast on Software Revenue Recognition
 - c. Why a New Leases Standard.

B. SPEECHES DELIVERED

1. FASB members or staff delivered speeches at 16 different conferences. The more significant conferences follow:
 - a. Michigan State University Department of Accounting and Information Systems Professional Speaker Series
 - b. NAREIT: REITWise Law, Accounting, and Finance Conference
 - c. Ohio State University Fisher College of Business EY Masters of Accounting (MAcc) Speaker Event Series
 - d. PCAOB's 2016 Annual Inspection Training
 - e. Tax Executives Institute (TEI) 66th Midyear Conference.

C. PRESS RELEASES, MEDIA ADVISORIES, AND TWEETS

1. The FASB issued 15 press releases or media advisories on a variety of topics.

D. OTHER COMMUNICATIONS ACTIVITIES

1. The ninth issue of FASB Outlook was published in January.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

1. FASB members participated in a discussion of the FAF, FASB, and GASB strategic plan with the Board of Trustees at its February meeting

B. ADMINISTRATIVE MATTERS

1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

1. The Conceptual Framework Project: An Overview and Update. James Leisenring, FASB Senior Advisor.
2. FASB-IASB Financial Reporting Issues Conference (FRIC) Recap. James Leisenring, FASB Senior Advisor; Jill Switter, Senior Project Manager; Ryan Carter, Assistant Project Manager; Melissa Rutzen, Postgraduate Technical Assistant.
3. Accounting for Natural Resources: Emerging Issues and Perspectives. Edward Harrington, (Retired) General Manager, San Francisco Public Utilities Commission, former FAF Trustee, former Government Finance Officers Association President; David Batker, Executive Director, Earth Economics; and Rowan Schmidt, Program Director, Earth Economics.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The FASB chairman responded to congressional letters from U.S. Senator Dean Heller regarding the FASB's lease accounting project; U.S. Representatives Scott Tipton and Patrick Murphy regarding the FASB's Accounting for Financial Instruments: Impairment project; and U.S. Representative Jeb Hensarling regarding the FASB's 2016 standard-setting agenda.

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 the following drafts for the FASB's review:
 - a. Final Statement on implementation of recent pronouncements
 - b. Final Statement on irrevocable split-interest agreements
 - c. Final Statement on pension implementation issues.
2. The FASB staff distributed the following drafts for the GASB's review:
 - a. Final Accounting Standards Update, *Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*
 - b. Final Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*
 - c. Final Accounting Standards Update, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*
 - d. Final Accounting Standards Update, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*
 - e. Final Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients*
 - f. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill Impairment*
 - g. Proposed Accounting Standards Update, *Technical Corrections and Improvements*
 - h. Proposed Accounting Standards Update, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Subtopic 610-20 and Partial Sales of Nonfinancial Assets*
 - i. Proposed Accounting Standards Update, *Statement of Cash Flows (Topic 230): Restricted Cash* (a consensus of the FASB Emerging Issues Task).

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 SEC accepted the 2016 GAAP Financial Reporting Taxonomy effective March 8, 2016.
2. The FASB published Taxonomy Updates as final for:
 - a. Accounting Standards Update 2016-01—*Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* [Early Application Provisions]
 - b. Update No. 2016-04, *Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products* (a consensus of the FASB Emerging Issues Task Force)
 - c. Update No. 2016-05, *Derivatives and Hedging (Topics 815): Effects of Derivative Contract Novations on Existing Hedge Accounting Relationships* (a consensus of the FASB Emerging Issues Task Force)
 - d. Update 2016-06, *Derivatives and Hedging (Topics 815): Contingent Put and Call Options in Debt Instruments* (a consensus of the FASB Emerging Issues Task Force)
 - e. Update 2016-07, *Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*.
3. The FASB published Taxonomy Exposure Drafts for:
 - a. Proposed Accounting Standards Update—*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (a consensus of the FASB Emerging Issues Task Force)
 - b. Proposed Accounting Standards Update—*Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.
4. Implementation/Reference Guides:
 - a. New guides issued for 2016:
 - i. Other Comprehensive Income
 - ii. Short-Duration Insurance Contracts.
 - b. Existing guides updated for 2016:
 - i. Disposal Groups and Discontinued Operations
 - ii. Insurance: Concentration of Credit Risk Disclosures
 - iii. Liquidation Basis of Accounting

- iv. Measurement Date Practical Expedient for Defined Benefit Plans
 - v. Notional Amount Disclosures
 - vi. Disclosure about Offsetting Assets and Liabilities
 - vii. Repurchase-to-Maturity Transactions and Repurchase Financings
 - viii. Segment Reporting
 - ix. Subsequent Events.
- c. Proposed guides issued for 2016:
- i. Dimensional Modeling for Financing Receivables Disclosures.

B. OUTREACH ACTIVITIES

1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Held meetings of the FASB Taxonomy Advisory Group, industry working groups, the Dimension Working Group, the XBRL US Data Quality Committee, XBRL US Surety Working Group, various XBRL International technical working groups, the IASB IFRS Taxonomy Consultative Group, quarterly staff meeting with IASB Taxonomy staff, and the SEC Division of Economic and Risk Analysis (DERA) staff.
 - b. Hosted a two-day meeting of the Dimension Working Group to address and gain consensus on several deep XBRL technical issues.
 - c. Launched first meeting of XBRL International Entity Specific Disclosure Task Force chaired by FASB Chief of Taxonomy Development and IASB Senior Technical Manager—IFRS Taxonomy. The purpose of this Task Force is to identify best practice for handling entity-specific disclosures (ESDs) in XBRL including, but not limited to, the use of preparer extension taxonomies.

REPORT OF THE FASB CHAIR

April 1, 2016 through June 30, 2016

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. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, issued April 14, 2016.
 - b. Accounting Standards Update No. 2016-11, *Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF (SEC Update)*, issued May 2, 2016.
 - c. Accounting Standards Update No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, issued May 9, 2016.
 - d. Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, issued June 16, 2016.
2. The Board issued the following Exposure Drafts for public comment:
 - a. Proposed Accounting Standards Update, *Technical Corrections and Improvements* (issued April 21, 2016). Comment deadline: July 5, 2016.
 - b. Proposed Accounting Standards Update, *Statement of Cash Flows (Topic 230): Restricted Cash* (a consensus of the FASB Emerging Issues Task Force) (issued April 28, 2016). Comment deadline: June 27, 2016.
 - c. Proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment* (issued May 12, 2016). Comment deadline: July 11, 2016.
 - d. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Update 2014-09, Revenue from Contracts with*

Customers (Topic 606) (issued May 18, 2016). Comment deadline: July 2, 2016.

- e. Proposed Accounting Standards Update, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets* (issued June 6, 2016). Comment deadline: August 5, 2016.
- f. Proposed Accounting Standards Update, *Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control* (issued June 23, 2016). Comment deadline: July 25, 2016.

B. CHANGES TO THE STANDARDS-SETTING AGENDA

1. The Board added a project to its technical agenda on Revenue Recognition of Grants and Contracts by Not-for-Profit Entities (April).
2. The Board added a project to the EITF's agenda on Employee Benefit Plan Master Trust Reporting (April).
3. The Board decided not to add the following projects to either its or the EITF's agenda:
 - a. Effects of Yield Co Dropdown Transactions on Historical Earnings per Share (April)
 - b. Presentation of Gains and Losses from the Sale of a Business (April).
4. The Board removed its project on Improving the Equity Method of Accounting from its technical agenda (May).
5. The following PCC decisions directly affected the Board's agenda as follows:
 - a. The PCC recommended that the Board add a project to its agenda on Applying Variable Interest Entity Guidance to Entities under Common Control. Therefore, the PCC removed the project on the same topic from its agenda and likewise the Board removed the complementary project for other stakeholders (April) from its technical agenda and added the PCC recommended project to its research agenda.

C. SIGNIFICANT TECHNICAL DECISIONS

1. Accounting for Financial Instruments—Credit Losses
 - a. The Board decided to defer the planned effective dates by one year for the following:
 - i. For public business entities that meet the definition of an SEC filer, the standard will be effective for fiscal years (and interim periods within those fiscal years) beginning after December 15, 2019.
 - ii. For other public business entities, the standard will be effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.
 - iii. For all other entities, including not-for-profit organizations and employee benefit plans, the standard will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.
 - iv. Early adoption will be permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.
 - b. The Board also decided that public business entities that are not SEC filers would be permitted to provide their vintage disclosures using a phase-in transition approach. The phase-in transition approach would require three origination years to be disclosed (including the originations during the first year of adoption), and then an incremental year for every fiscal year thereafter until five separate fiscal years are disclosed, consistent with SEC filers.
2. The Board is in the final stages of initial deliberations and redeliberations on several other projects, and while a number of decisions were made by the Board, none of those decisions were individually significant.

ITEM 2: PREAGENDA RESEARCH

A. CHANGES TO THE RESEARCH AGENDA

1. At the PCC's suggestion, the Board added a project to its research agenda on Applying Variable Interest Entity Guidance to Entities under Common Control (April). That project had formerly been on the PCC's and the Board's technical agenda.

2. The PCC removed from its research agenda, the project on Partnership Accounting. Likewise, the Board removed the project on Partnership Accounting from its research agenda (April).

B. SIGNIFICANT RESEARCH ACTIVITIES

1. The staff conducted research on Modifications to Share-Based Payments and Cloud Computing. Both potential projects will be discussed with the Board at a future agenda prioritization meeting.
2. The staff began research on Measuring the Fair Value of Liabilities and Equity Instruments Held by Other Parties as Assets.

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

1. FASAC Meeting
 - a. Six Board members, the technical director, and several staff members participated in the June 15, 2016 FASAC meeting. The discussion topics were intangible assets, including research and development, and segment reporting.
2. The following advisory committee meetings were held:
 - a. None.
3. Advisory committee membership changes:
 - a. None.

D. OTHER SIGNIFICANT STAKEHOLDER OUTREACH ACTIVITIES

4. One or more Board members met with the following industry liaison groups:
 - a. The FASB chair and five Board members met publicly with members of the Healthcare Financial Management Association's (HFMA) Principles and Practice Board in April. Topics included the FASB's projects on disclosure framework, not-for-profit financial statements, revenue recognition of grants and contracts by not-for-profit entities, cash flow classification, and financial instruments.
 - b. Two Board members and two staff members met privately with members of the American Bankers Association's Accounting Administrative Committee in May. The topic discussed was the FASB's project on financial instruments: credit losses.

- c. One Board member met privately with the Institute of Management Accountants' Financial Reporting Committee via teleconference in May. Topics discussed were the FASB's future agenda priorities; the FASB's projects on financial instruments, disclosure framework, goodwill and other intangibles, and conceptual framework; and the implementation of FASB standards on revenue recognition and leases.
 - d. The FASB chair, four Board members, the technical director, and an assistant director met publicly with members of the Financial Executives International's Committee on Corporate Reporting in June. Topics discussed were the FASB's future agenda priorities; FASB projects on financial instruments (credit losses and hedging), disclosure framework, and disclosures on government assistance and income taxes; and the implementation of FASB standards on revenue recognition and leases.
 - e. One Board member (via teleconference) and a staff member met privately with the American Council of Life Insurers' Accounting Committee in June in Washington, D.C. to discuss the FASB's project on insurance: long duration contracts.
 - f. Three Board members, the technical director, and various staff met privately with a group of representatives from insurance companies in June to discuss participating contracts and the FASB's project on insurance: long duration contracts.
5. Significant project-specific outreach activities follow:
- a. The FASB Board members and staff conducted approximately 109 meetings with a variety of stakeholders to discuss issues in 24 different FASB and EITF projects.
 - b. Through meetings and comment letters, the Board received feedback from a range of stakeholder types: 11% from financial statement users; 33% from auditors; 32% that were representatives of public companies, private companies, and not-for-profit organizations; and 24% from professional, trade, and advocacy organizations and others (including state societies, regulators, and other standard setters).

E. COLLABORATION WITH THE FASB'S PRIVATE COMPANY COUNCIL (PCC)

1. The PCC and the FASB jointly hosted a Private Company Town Hall Meeting on June 13, 2016, at Baruch College in New York City.
2. Six Board members, the technical director, and certain staff participated in the April 12, 2016 PCC meeting. The discussion topics were FASB projects on

government assistance disclosures, nonemployee share-based payment, restricted cash, the equity method, and disclosure reviews on income taxes, inventory, and fair value measurement.

3. PCC members voted nine to one to recommend that the Board add PCC Issue No. 15-02, “Applying Variable Interest Entity Guidance to Entities under Common Control,” to the FASB agenda.

F. EMERGING ISSUES TASK FORCE (EITF) ACTIVITIES

1. Five Board members attended the June 10, 2016 EITF meeting. Issues No. 15-F, “Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments,” and No. 16-B, “Employee Benefit Plan Master Trust Reporting,” were discussed. The EITF reached a consensus on Issue 15-F and a consensus-for-exposure on Issue 16-B.

G. INTERNATIONAL ACTIVITIES

1. Cooperative activities between the FASB and the IASB were as follows:
 - a. The FASB and the IASB held a joint videoconference Board meeting and discussed goodwill impairment, the subsequent accounting for goodwill, and accounting for identifiable intangible assets in a business combination.
2. Cooperative activities among the FASB and other national standards setters included the following:
 - a. The FASB chair and a Board member participated in a private networking meeting by video and in a private networking meeting in Berlin with representatives from several different national standards-setting organizations.
 - b. The FASB chair, three Board members (on a rotational basis), the technical director, and various staff met privately with representatives of the Organismo Italiano di Contabilità–OIC (the Italian Standard Setter).
 - c. The FASB chair, two Board members, and various staff members met privately with representatives from the Korea Accounting Standards Board (KASB) in Norwalk.
 - d. Two Board members and an assistant director participated in the International Forum on Accounting Standard Setters (IFASS) meeting in Toronto.
 - e. Three Board members and the technical director met with representatives from the Accounting Standards Board (AcSB) of Canada in Toronto.

ITEM 3: STAKEHOLDER EDUCATION AND COMMUNICATIONS

A. WEBINARS AND VIDEOS

1. The FASB held two educational webinars:
 - a. IN FOCUS: FASB Update for Private Companies and Not-for-Profit Organizations (June 20, 2016)
 - b. IN FOCUS: 2016 GAAP Financial Reporting Taxonomy Changes and Beyond, and SEC Update (April 5, 2016)
2. The FASB posted three featured videos:
 - a. Putting Leases on the Balance Sheet
 - b. The GAAP Taxonomy: Why It's Important
 - c. Why a New Credit Losses Standard?

B. SPEECHES DELIVERED

1. FASB members or staff delivered 60 speeches at different conferences. The more significant conferences follow:
 - a. 35th Annual SEC and Financial Reporting Institute Conference
 - b. AICPA's 2016 Annual Not For Profit Industry Conference
 - c. American Society of Appraisers and University of Southern California 11th Annual Fair Value Conference
 - d. Colorado State University Accounting Awards Banquet
 - e. Compliance Week Annual Conference
 - f. Connecticut Society of Certified Public Accountants Not-for-Profit Organizations Conference
 - g. Edison Electric Institute and American Gas Association Accounting Leadership Conference
 - h. EY and The Risk Management Association (RMA)—Allowance for Loan Losses (ALLL) Round Table Meeting
 - i. EY Oil & Gas Symposium
 - j. Institute of Management Accountants 42nd Annual Meonske Professional Development Conference

- k. NYU Stern School of Business Ross Institute of Accounting Research Roundtable
- l. PwC Financial Markets Insights 2016
- m. The 15th Annual Baruch College Financial Reporting Conference
- n. University of Tulsa School of Accounting and Management Information Systems 70th Annual Conference of Accountants
- o. University of Washington 12th Annual University of Washington Financial Reporting Conference
- p. Woman's Accounting Leadership Series

C. PRESS RELEASES, MEDIA ADVISORIES, AND SOCIAL MEDIA

- 1. The FASB issued 7 press releases or media advisories on a variety of topics, as well as a variety of updates on Twitter and LinkedIn.

D. OTHER COMMUNICATIONS ACTIVITIES

- 1. The 2nd Quarter FASB Outlook was issued on April 26.

ITEM 4: STRATEGIC, ADMINISTRATIVE, AND PROCEDURAL ACTIVITIES

A. STRATEGIC PLAN ACTIVITIES

- 1. The FASB completed all of its second quarter 2016 strategic plan action steps, including a review of the processes and systems related to the FASB Technical Inquiry Service.

B. ADMINISTRATIVE MATTERS

- 1. None.

C. PROFESSIONAL DEVELOPMENT PROGRAMS

- 1. Conceptual Framework Training. Jill Switter, FASB Senior Project Manager; Nicholas Cappiello, FASB Supervising Project Manager; Ryan Carter, FASB Assistant Project Manager; and Melissa Rutzen, FASB Postgraduate Technical Assistant.
- 2. Investor Case Studies. Marc Siegel, FASB Board Member.

3. **Leases Update.** Danielle Zeyher, Senior Project Manager; Lisa Kaestle, Assistant Project Manager; Kendall Verbeek, FASB Postgraduate Technical Assistant.
4. **Lessons Learned: A Conversation with Ron Bossio about His 33 Years of Setting Standards.** Ronald J. Bossio, Senior Project Manager.
5. **Inclusion and Respect in the Workplace (training program).** Lourdes Tango, CDO Insights.
6. **Non-GAAP Reporting.** Theodore E. Christensen, Director & Terry Chair; Benjamin C. Whipple, Assistant Professor, The University of Georgia, Terry College of Business, J.M. Tull School of Accounting; and Dirk Black, Tuck School of Business, Dartmouth University.
7. **IN FOCUS: FASB Update for Private Companies and Not-for-Profit Organizations.** James L. Kroeker, FASB Vice Chair; Daryl E. Buck, FASB Member; Candace Wright, Private Company Council Chair; Jeffrey D. Mechanick, FASB Assistant Director; Mike Cheng, FASB Supervising Project Manager; and Richard A. Cole, FASB Supervising Project Manager.
8. **Confessions of a Retiring Board Member.** Thomas J. Linsmeier, Board Member.
9. **New York Law and Ethics.** Timothy F. Gearty, Becker Professional Education.

ITEM 5: FEDERAL GOVERNMENT AND REGULATORY LIAISON ACTIVITIES

A. REPRESENTATIVES OF CONGRESS AND FEDERAL REGULATORY BODIES

1. The FASB chair responded to a letter from U.S. Senators Joe Donnelly, Pat Toomey, and Sherrod Brown about the FASB's expected credit losses standard.

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 chairs 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 did not distribute any drafts to the FASB for review.
2. The FASB staff distributed the following drafts for the GASB's review:
 - a. Final Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*
 - b. Final Accounting Standards Update, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (a consensus of the FASB Emerging Issues Task)
 - c. Proposed Accounting Standards Update, *Technical Corrections and Improvements to Update 2014-09, Revenue from Contracts with Customers (Topic 606)*
 - d. Proposed Accounting Standards Update, *Consolidation (Topic 810): Interests Held through Related Parties That Are under common Control*
 - e. Proposed Accounting Standards Update, *Not-for-Profit Entities—Consolidation (Subtopic 958): Clarifying When a Not-for-Profit Entity That Is a General Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*
 - f. Proposed Accounting Standards Update, *Income Taxes (Topic 740): Disclosure Framework—Changes to the Disclosure Requirements for Income Taxes*
 - g. Proposed Accounting Standards Update, *Plan Accounting: Defined Benefit Pension Plans (Topic 960); Defined Contribution Pension Plans (Topic 962); Health and Welfare Plans (Topic 965); Employee Benefit Plan Master Trust Reporting* (a consensus of the Emerging Issues Task Force)
 - h. Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815)—Targeted Improvements to Accounting for Hedging Activities*
 - i. Proposed Concepts Statement No. 8, *Conceptual Framework for Financial Reporting—Chapter 7: Presentation*.

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 published Taxonomy Updates as final for:
 - a. Accounting Standards Update 2016-08—*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* [Evaluated: however, no changes to the Taxonomy.]
 - b. Accounting Standards Update 2016-10—*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing.* [Evaluated: however, no changes to the Taxonomy.]
2. The FASB published Taxonomy Exposure Drafts for:
 - a. Proposed Accounting Standards Update—*Intangibles and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*
 - b. Proposed Accounting Standards Update—*Technical Corrections and Improvements to Update 2014-09, Revenue from Contracts with Customers (Topic 606)*
 - c. Proposed Accounting Standards Update—*Statement of Cash Flows (Topic 230): Restricted Cash* (a consensus of the FASB Emerging Issues Task Force)
 - d. Proposed Accounting Standards Update—*Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*
 - e. Proposed Accounting Standards Update—*Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans.*
3. Implementation/Reference Guides:
 - a. New guides issued for 2016:
 - i. Dimensional Modeling for Financing Receivable Disclosures
 - ii. Balance Type.

- b. Proposed guides issued for 2016:
 - i. Decision Tree for Hierarchical Distinct Domains
 - ii. Dimension Uses
 - iii. Dimensional Modeling for Financing Receivables Disclosures.

B. OUTREACH ACTIVITIES

- 1. The more significant Taxonomy-related outreach activities this quarter included the following:
 - a. Held 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.

Accounting Standards Updates

The *FASB Accounting Standards Codification*® (FASB Codification) is the sole source of authoritative GAAP other than SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an Accounting Standards Update (Update or ASU) to communicate changes to the FASB Codification, including changes to non-authoritative SEC content. ASUs are not authoritative standards.

Issued In 2016

- Update 2016-15—Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)
- Update 2016-14—Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities
- Update 2016-13—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments
- Update 2016-12—Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients
- Update 2016-11 —Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting (SEC Update)
- Update 2016-10—Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing
- Update 2016-09—Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting
- Update 2016-08—Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)

- Update 2016-07—Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting
- Update 2016-06—Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments (a consensus of the Emerging Issues Task Force)
- Update 2016-05—Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the Emerging Issues Task Force)
- Update 2016-04—Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products (a consensus of the Emerging Issues Task Force)
- Update 2016-03—Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance (a consensus of the Private Company Council)
- Update 2016-02—Leases (Topic 842)
 - Section A—Leases: Amendments to the *FASB Accounting Standards Codification*®
 - Section B—Conforming Amendments Related to Leases: Amendments to the *FASB Accounting Standards Codification*®
 - Section C—Background Information and Basis for Conclusions
- Update 2016-01—Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities

Technical Agenda Overview

Revised September 8, 2016

FRAMEWORK PROJECTS	Current Stage	Timing
Conceptual Framework: Measurement	Initial deliberations	
Conceptual Framework: Presentation	ED out for public comment	Ends Nov 9, 2016
Disclosure Framework: Board's Decision Process	ED redeliberations	

RECOGNITION & MEASUREMENT: BROAD PROJECTS	Current Stage	Timing
Accounting for Financial Instruments: Hedging	ED out for public comment	Ends Nov 22, 2016
Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts	Drafting revised ED	Q3 2016

RECOGNITION & MEASUREMENT: NARROW PROJECTS	Current Stage	Timing
Accounting for Goodwill Impairment	ED redeliberations	
Accounting for Identifiable Intangible Assets in a Business Combination for Public Business Entities and Not-for-Profit Entities	Initial deliberations	
Accounting for Income Taxes: Intra-Entity Asset Transfers	Drafting final standard	Q3 2016
Accounting for Interest Income Associated with the Purchase of Callable Debt Securities	Drafting ED	Q4 2016
Accounting for Service Concession Arrangements (EITF 16-C)	Initial deliberations	
Clarifying the Definition of a Business (phase 1)	ED redeliberations	
Clarifying the Scope of Subtopic 610-20 and Accounting for Partial Sales of Nonfinancial Assets (<i>formerly Definition of a Business phase 2</i>)	ED redeliberations	
Clarifying When a Not-for-Profit Entity That is a General Partner Should Consolidate a For-Profit Limited Partnership (or Similar Entity)	ED out for public comment	Ends Oct 3, 2016
Consolidation: Interests Held through Related Parties that Are under Common Control	Drafting final standard	Q4 2016
Liabilities & Equity: Targeted Improvements	Drafting ED	Q4 2016
Nonemployee Share-Based Payment Accounting Improvements	Initial deliberations	
Revenue Recognition of Grants and Contracts by Not-for-Profit Entities	Initial deliberations	

RECOGNITION & MEASUREMENT: NARROW PROJECTS (continued)	Current Stage	Timing
Scope of Modification Accounting in Topic 718	Initial deliberations	
Subsequent Accounting for Goodwill for Public Business Entities and Not-for-Profit Entities	Initial deliberations	
Technical Corrections and Improvements	ED redeliberations	
Technical Corrections and Improvements—Update 2014-09, Revenue from Contracts with Customers	ED redeliberations	

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 out for public comment	Ends Sept 30, 2016
Disclosure Framework: Disclosure Review—Inventory	Initial deliberations	
Disclosure Framework: Disclosures—Interim Reporting	Initial deliberations	
Disclosure Framework: Entity's Decision Process	ED redeliberations	
Disclosures by Business Entities about Government Assistance	ED redeliberations	
Employee Benefit Plan Master Trust Reporting (EITF 16-B)	ED out for public comment	Ends Sept 26, 2016
Financial Statements of Not-for-Profit Entities (phase 2)	ED redeliberations	
Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	ED redeliberations	
Restricted Cash (EITF 16-A)	ED redeliberations	
Simplifying the Balance Sheet Classification of Debt	Drafting ED	Q4 2016



RESEARCH PROJECTS

Accounting for Financial Instruments: Interest Rate Risk Disclosures

Accounting for Income Taxes: Presentation of Tax Expense/Benefit

Applying Variable Interest Entity Guidance to Entities under Common Control

Consolidation

Distinguishing Liabilities from Equity (including convertible debt)—*comments on agenda consultation Invitation to Comment due October 17, 2016*

Financial Performance Reporting (including 2014 Financial Performance Reporting research project; as well as broader research on potential improvements to the performance statement, other comprehensive income, cash flows statement (including classification), and segment reporting)—*comments on agenda consultation Invitation to Comment due October 17, 2016*

Intangible Assets (including research and development)—*comments on agenda consultation Invitation to Comment due October 17, 2016*

Inventory and Cost of Sales

Pensions and Other Postretirement Employee Benefit Plans—*comments on agenda consultation Invitation to Comment due October 17, 2016*

