



A Researcher's Guide to FASB's Agenda

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The views expressed in this presentation are those of the presenter.
Official positions of the FASB are reached only after extensive due process and deliberations

Agenda for Today



Technical agenda highlights and recently issued ASU's



Agenda setting process



2021 Invitation to Comment: Agenda Consultation



Q&A

Current Agenda Highlights

Technical Agenda Highlights

Conceptual Framework

- Elements (Drafting final), Measurement (Initial deliberations), Presentation (Drafting final)

Recognition and Measurement

- Distinguishing Liabilities and Equity (Part 2)
- Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions
- Financial Instruments—Credit Losses (Topic 326)—Acquired Financial Assets
- Financial Instruments—Credit Losses (Topic 326)—Targeted Improvements to the Accounting for Troubled Debt Restructuring for Creditors
- Identifiable Intangible Assets and Subsequent Accounting for Goodwill
- Improving the Accounting for Asset Acquisitions and Business Combinations

The full technical agenda, consisting of 20+ projects, can be found [here](#)

Technical Agenda Highlights

Presentation and Disclosure Projects

- Income Taxes, Interim, Supplier Finance Programs Involving Trade Payables, and Segment Reporting

Research Projects

- Accounting for and disclosure of intangibles, Agenda consultation, Effect of sale restrictions on fair value measurements, Hedge accounting – phase 2, and Targeted improvements to the statement of cash flows

The full technical agenda, consisting of 20+ projects, can be found [here](#)

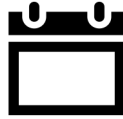
FASB – ASUs issued in 2020

- [Update 2020-11](#)—Financial Services—Insurance (Topic 944): Effective Date and Early Application
- [Update 2020-07](#)—Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets
- [Update 2020-06](#)—Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity

FASB – ASUs issued in 2021

- [Update 2021-08](#)—Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers
- [Update 2021-05](#)—Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments
- [Update 2021-02](#)—Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient

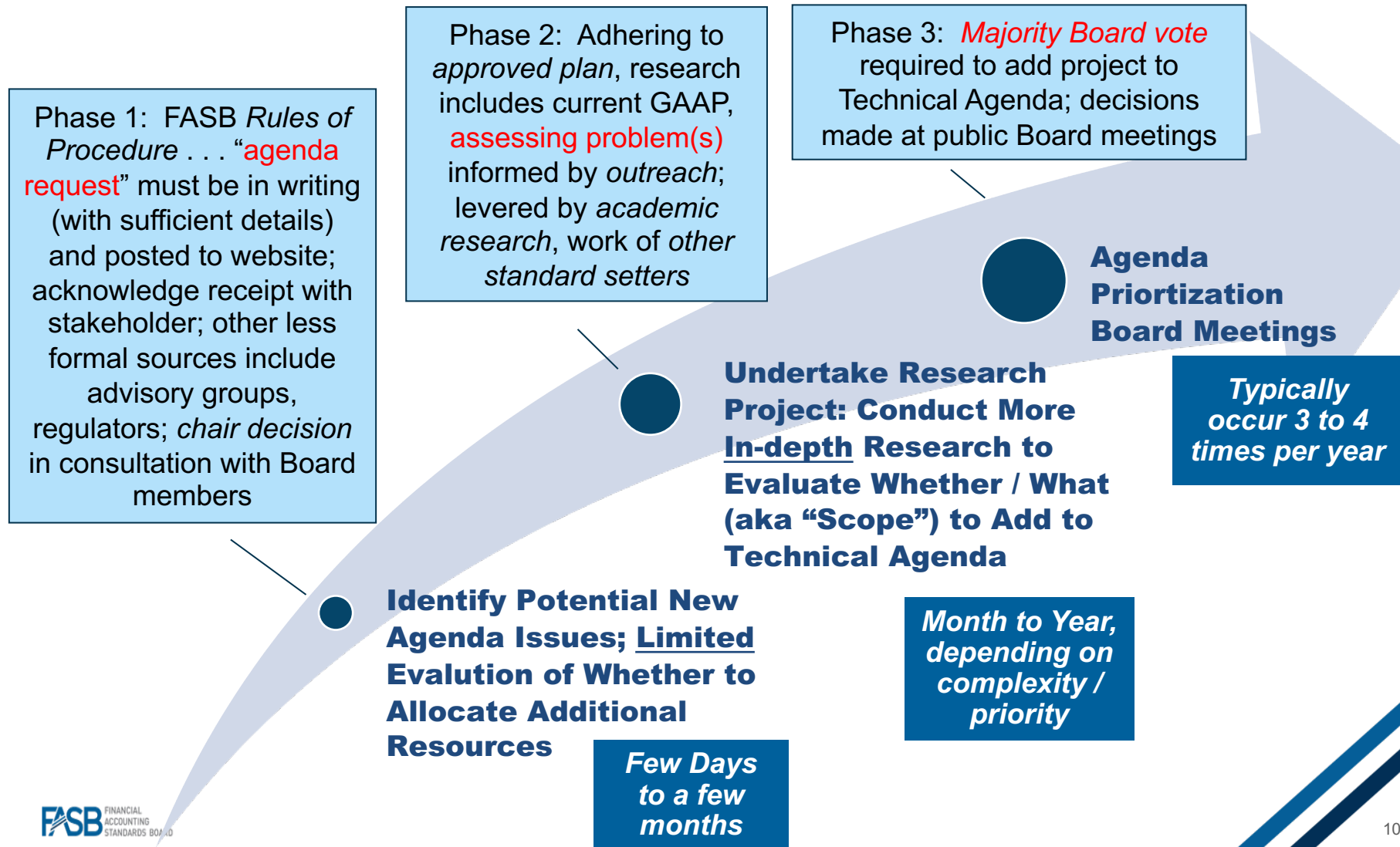
FASB – ASU effective dates



Effective dates for Accounting Standards Updates
available on the FASB website [here](#)

Agenda Setting Process

Agenda Decision



FASB's Agenda Criteria

1

There is an identifiable and sufficiently pervasive need to improve GAAP.

2

There are technically feasible solutions, and the perceived benefits of those solutions are likely to justify the expected costs of change.

3

The issue has an identifiable scope.

Decisions about whether a project meets the agenda criteria is a matter of judgment. The Board has the sole authority to change—add or remove projects from—the technical agenda; at least a majority of the Board must approve those changes.



For example, September 22, 2021, [Agenda Prioritization Meeting](#)

2021 Agenda Consultation

Background

2016 Invitation to Comment, Agenda Consultation resulted in the following projects being added:

Distinguishing Liabilities From Equity (including Convertible Debt)

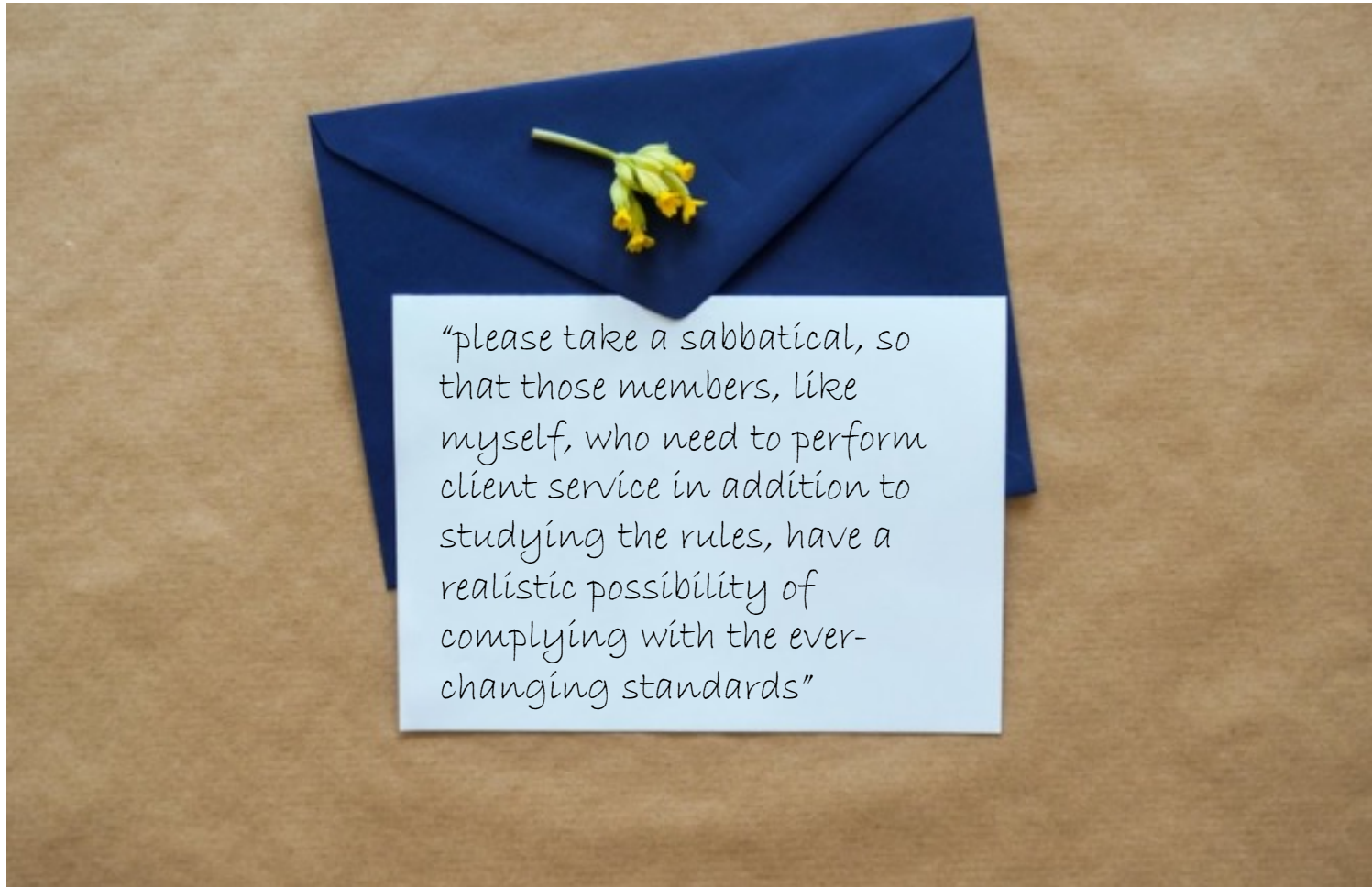
Identifiable Intangible Assets and Subsequent Accounting for Goodwill

Financial Performance Reporting and Segment Reporting



2021 Agenda Consultation - similar process to identify priority areas the Board should address in the future

First comment letter I read as a board member...



Project Timeline



Invitation to Comment

- The discussions included within the 2021 ITC are based on input received from these stakeholders on the Board's future standard-setting activities, which generally fell within the following categories:
 1. Requiring greater disaggregation of financial reporting information to provide investors with better, more useful information that will directly influence their decisions and behaviors
 2. Addressing emerging transactions to reduce diversity in practice and retain the relevancy of the FASB Accounting Standards Codification®
 3. Reevaluating specific areas of existing GAAP to reduce unnecessary complexity
 4. Enhancing certain FASB standard-setting processes.

The ITC includes both general questions about the future of the FASB's technical agenda and directed questions on specific topics.

Chapter 1—Disaggregation of Financial Reporting Information

- Investors requested more granularity about:
 - Cost of sales and selling, general, and administrative expenses
 - Income tax information by geography
 - Operating results by geography and product line
 - Recurring/nonrecurring operating results
 - Effects of business combinations
 - Effects of ESG matters on reported line items
 - Equity method investments
 - Operating results and cash flows attributable to noncontrolling interests
 - Research and development expenditures

Chapter 2—Emerging Areas in Financial Reporting

- Stakeholders identified the following emerging areas:
 - Definition of a derivative
 - Digital assets
 - ESG-related transactions, such as renewable energy credits and emissions allowances
 - Financial key performance indicators or non-GAAP metrics
 - Intangible assets, including software
 - Recognition and measurement of government grants for business entities

Chapter 3—Reduction of Unnecessary Complexity in Current GAAP

- Stakeholders identified the following costly and complex areas:
 - Balance sheet classification
 - Consolidation
 - Debt modifications
 - Distinguishing liabilities from equity
 - Materiality considerations for disclosure

Chapter 4—Improvements to FASB Standard-Setting Processes

- Stakeholders identified the following areas:
 - Understandability and navigability of the FASB Codification
 - Developing a transparent and thorough cost-benefit framework
 - Innovative ways to perform outreach
 - Interpretive process to respond to stakeholder questions that would be published and retrievable
 - Standardized transition requirements

Agenda Consultation Responses

As part of the agenda consultation process, the FASB received 522 [responses](#) through October 2021, from the following stakeholders:

Stakeholder Type	# of Responses
Investors/Financial Statement Users	22
Preparers	16
Practitioners	15
Trade Groups	11
State CPA Societies	5
Individuals	2
Others	3
Academics	2
Standard Setters	1
Total:	77*

* The FASB received an additional 445 comment letters from a variety of respondents, including academics, individuals, investors and other financial statement users, practitioners, and preparers, which focus solely on the accounting for digital assets at fair value. Of these letters, 309 specifically expressed support for a single comment letter that urged the Board to consider fair value accounting treatment for digital assets.

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Q&A

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(FASB Outlook, ActionAlert)

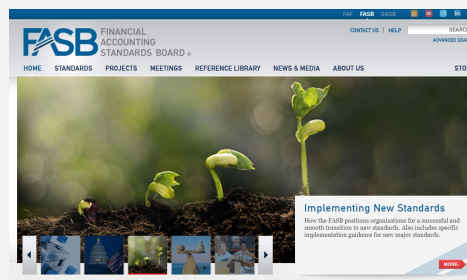
Technical inquiries



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Join the organization, and help shape the future of financial reporting



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