

## MINUTES



## MEMORANDUM

**To:** Board Members  
**From:** Verbeek (x443)  
**Subject:** Minutes of Board Meeting **Date:** September 2, 2015  
**cc:** **Stacey Sutay**

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

**Topic:** FASB Endorsement of Private Company Council (PCC) Consensuses

**Basis for Discussion:** Board Memo No. 1 (PCC Issue No. 15-01)

**Length of Discussion:** 9:00 am to 9:45 am

**Attendance:**

Board members present: Golden, Kroeker, Buck, Linsmeier, Schroeder, Siegel, Smith

Board members absent: None

Staff in charge of topic: Cheng

Other staff at Board table: Barton, Dickson, Verbeek, Mechanick

Outside participants: None

**Type of Document and Timing Based on the Technical Plan:**

The Board met to discuss issues relating to the development of a proposed Accounting Standards Update addressing PCC Issue No. 15-01, “Effective Date and Transition Guidance”.

The Board has not yet determined the timing of the release of that proposed Update.

### **Tentative Board Decisions:**

The Board discussed the consensus-for-exposure reached by the PCC at its July 21, 2015 meeting.

#### *Assessing the Preferability of Private Company Accounting Alternatives*

The Board endorsed the PCC’s consensus-for-exposure to provide private companies with an unconditional one-time election of a private company accounting alternative within Accounting Standards Updates No. 2014-02, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill*; No. 2014-03, *Derivatives and Hedging (Topic 815): Accounting for Certain Receive-Variable, Pay Fixed Interest Rate Swaps—Simplified Hedge Accounting Approach*; No. 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*; and No. 2014-18, *Business Combinations (Topic 805): Accounting for Identifiable Intangible Assets in a Business Combination*. This proposed guidance would allow private companies to forgo an initial preferability assessment otherwise required under Topic 250, Accounting Changes and Error Corrections, upon first election, while any subsequent elections of the accounting alternatives would require such an assessment.

#### **(Vote: 7 to 0)**

The Board decided to consider extending the unconditional one-time election to future private company accounting alternatives developed using the Private Company Decision-Making Framework on a standard-by-standard basis. Thus, when deliberating a future standard, the Board will consider whether an unconditional one-time election of a private company accounting alternative is appropriate given the facts and circumstances of that standard.

#### **(Vote: 7 to 0)**

#### *Extending Transition Guidance beyond the Effective Date for Electing Private Company Accounting Alternatives*

The Board endorsed the PCC’s consensus-for-exposure to extend the transition guidance in Update 2014-02 on goodwill beyond the effective date.

#### **(Vote: 7 to 0)**

The Board endorsed the PCC's consensus-for-exposure to extend the transition guidance in Update 2014-03 on derivatives and hedging beyond the effective date. This extension would permit a private company to apply the simplified hedge accounting approach to existing swaps (transition exception) if it has not previously applied the simplified hedge accounting approach. However, the transition exception would not apply to subsequent elections of the simplified hedge accounting approach.

**(Vote: 5 to 2)**

*Next Steps*

The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot, with a comment period of 45 days.

**General Announcements:** None.