

MINUTES



Financial Accounting
Standards Board

To: Board Members

From: Cantlon (x261)

Subject: Minutes of the May 30, 2012 Board
Meeting: Technical Corrections

Date: May 31, 2011

cc: 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: Technical Corrections

Basis for Discussion: Board Memos No. 2 and 3

Length of Discussion: 9:00 a.m. to 10:15 a.m. (EST)

Attendance:

Board members present: Seidman, Buck, Golden, Linsmeier, Schroeder,
Siegel and L. Smith

Staff in charge of topic: Bauer

Other staff at Board table: Cosper, Proestakes, Bossio, Breen, Kersey,
and Cantlon

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss a summary of the comments received on the Proposed Accounting Standards Update, *Technical Corrections*, and also to deliberate the proposals.

Summary of Decisions Reached:

The Board discussed a staff-prepared summary of comments received on the Exposure Draft. The Board's discussion primarily focused on the following two areas most frequently commented on:

Disclosure of net appreciation (depreciation) of plan assets available for plan benefits

Comment letter respondents questioned whether the benefits of the expanded disclosure related to the net appreciation (depreciation) of plan assets available for plan benefits would justify the costs. In light of the input received, the Board decided not to require the enhanced level of disclosure and made only minor editorial changes intended to clarify the requirements in current GAAP that employee benefit plans are required to (1) disclose net appreciation (depreciation) of Level 1 and all other (Level 2 and 3 together) assets by significant class of investment and (2) comply with the disclosure requirement in Topic 820, Fair Value Measurement, to provide a reconciliation of the beginning and ending balances of fair value measurements of Level 3 assets. The Board also decided to modify the related illustrative guidance to conform to this clarification.

Fair value of plan assets of defined contribution plans reduced by costs to sell, if significant

The Board affirmed the proposed amendment relating to the requirement for the fair value of defined contribution plan assets to be reduced by costs to sell, if significant.

The Board affirmed all other proposed amendments, making only minor editorial changes in light of comments received.

Transition

The Board decided to issue transition guidance for certain specified amendments, including those relating to (1) debt/equity (paragraph 35), (2) rabbi trusts (paragraph 96 of the proposed Update), (3) troubled debt restructurings (paragraph 205), (4) disclosure of net appreciation of net assets available for plan benefits (paragraphs 280, 282, 283, 290, and 293), and (5) fair value of pension plan assets less costs to sell, if significant (paragraphs 293, 294–297, and 299–301).

The Board decided to retain the transition language as detailed in paragraph 3 of the proposed Update, which stated that transition guidance should be applied to the affected substantive transactions as of the beginning of the fiscal year in which the Update is initially applied with the cumulative effect of the change in accounting principle recognized as an adjustment to the opening balance of retained earnings or other appropriate components of equity or net assets in the statement of financial position. The Board also decided to allow the option of full retrospective application for the specified amendments.

Effective Date

The Board decided that the amendments without transition guidance will be effective immediately upon issuance for both public entities and nonpublic entities. Additionally, the amendments with transition guidance will be effective as follows:

- (a) For public entities, fiscal periods beginning after December 15, 2012
- (b) For nonpublic entities, fiscal periods beginning after December 15, 2013.

Continuing Care Retirement Communities (CCRCs)

The Board decided to finalize without change the amendments related to accounting for refundable advance fees by CCRCs as proposed but to include them in a separate Accounting Standards Update to be issued concurrently with the technical corrections Accounting Standards Update.

The Board decided that the transition for the CCRC amendments should be a cumulative effect of a change in accounting principle as of the earliest period presented.

The Board decided that the CCRC amendments will be effective as follows, with early adoption permitted:

- (a) For public entities, fiscal periods beginning after December 15, 2012
- (b) For nonpublic entities, fiscal periods beginning after December 15, 2013.

Next Steps

The Board directed the staff to draft an Accounting Standards Update on technical corrections for vote by written ballot.