

Tentative Board Decisions Prior to February 16, 2022

December 11, 2019

The Board discussed the feedback received from preparer outreach conducted on an internal view approach to disaggregating income statement expense information. The staff identified and explained the main themes that resulted from that outreach, as well as feedback from FASB advisory groups. Based on the issues identified, the staff developed several alternatives for the project's path forward and next steps. The staff also identified multiple areas of interaction between the financial performance reporting project and the segment reporting project, which is currently exploring additional disclosure requirements by reportable segment.

The Board directed the staff to pause research on the project to monitor the progression of the segment reporting project and the IASB's primary financial statements project. The project will remain on the Board's active technical agenda, and the project team plans to coordinate its next steps based on developments in the segment reporting project and learnings from the IASB's primary financial statements project.

April 24, 2019

The Board discussed an internal view approach to disaggregating income statement expense information. The staff identified and explained the main issues and alternatives for the Board's consideration on that approach and the draft preparer outreach materials. The goal of the internal view approach is to disaggregate income statement expense information based on how management internally views consolidated expenses.

The Board directed the staff to proceed with outreach, affirmed the staff's outreach strategy, and recommended several types of entities for outreach efforts. Additionally, the Board highlighted areas for the staff to focus on during outreach with preparers and users.

December 19, 2018

The Board discussed feedback received during outreach with preparers on their system capabilities to disaggregate income statement line items.

Additionally, the Board discussed potential paths forward given the challenges identified by preparers in providing additional disaggregation.

The Board discussed whether to combine the Financial Performance Reporting project with the Segment Reporting project. The Board acknowledged the relationship between the two and that the findings in one project could be useful to the other. However, the Board concluded that the two projects should remain separate.

March 28, 2018

Identifying the Lines to Be Disaggregated

The Board discussed the staff's suggested terminology to describe the lines from the income

statement to be the focus of the disaggregation, in particular lines that represent the cost of revenue and selling, general, and administrative expenses. The Board decided to continue to focus on these lines for disaggregation and directed the staff to develop a principles-based approach to describing these lines.

How the Lines Would Be Disaggregated

The Board then discussed different approaches for describing the basis for disaggregating those lines. A number of Board members suggested basing the disaggregation on the way an entity internally reviews the components and the accounting system information that maps and allocates the components into those lines.

The Board directed the staff to perform additional outreach with public business entities to understand what lines on their income statements typically represent the following activities:

1. Activities associated with the cost of revenue or fulfillment of performance obligations.
2. Activities associated with marketing, selling, and general and administrative expenses.

The outreach will seek feedback on the following issues: (a) if, and how, an entity reviews the components of these lines for internal reporting purposes, (b) on what level the accounting information systems track the components, and (c) how the components are rolled up into consolidated lines.

December 13, 2017

The Board discussed the staff's research on the common presentation practices of private company financial statements and the project plan for the financial performance reporting project. The project plan discussed different ways to approach disaggregating functional lines into natural components.

The Board discussed how to identify and describe the functional expenses lines that the project should target for disaggregation, those being cost of goods sold and selling, general, and administrative expenses. Because of the limited presentation guidance for private companies, the Board directed the staff to first focus on public companies and the SEC's reporting regulations. The presentation requirements in Regulation S-X could be used as a basis for describing the meaning of cost of goods sold and selling, general, and administrative expenses (or similar terms).

After evaluating the merits of this approach, the project would then consider whether and how to disaggregate other common functional expenses, such as research and development expense. The Board would later decide whether this type of disaggregation would be useful for private company users and, if so, how to adapt this approach for private companies. The Board also discussed how to approach defining natural expense classification and directed the staff to start with the existing definition of natural expense classification in the Master Glossary of the Codification.

September 20, 2017

The Board decided to add a project to the technical agenda to focus on the disaggregation of performance information either through presentation in the statement of income or disclosure in the notes. The Board decided to base the project on disaggregating functional lines into natural components.