

FASB Accounting Standards Codification®

Editorial and maintenance update 2015-11

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Maintenance Updates provide nonsubstantive corrections to the Codification, such as editorial corrections, various types of link-related changes and changes to source fragment information (used for Cross Reference and the Printer-Friendly with Sources). On occasion, a Maintenance Update may include nonsubstantive corrections which are reflected in the relevant Status tables.

Editorial and other corrections that affect versioning of Sections for archive purposes and are reflected in the corresponding Status tables:

1. This amendment removes an incorrect glossary link.

Paragraph	Amended
958-720-45-2	To help donors, creditors, and others in assessing an NFP's service efforts, including the costs of its services and how it uses resources, a statement of {remove glossary link}activities{remove glossary link} or notes to financial statements shall provide information about expenses reported by their functional classification , such as major classes of program services and supporting activities , for example: a. Program services b. Supporting activities, which often include one or more of the following: 1. Management and general activities 2. Fundraising activities c. Membership development activities

2. These amendments add clarification to the following paragraphs and Master Glossary terms by adding glossary links.

Paragraph	Amended
460-10-55-16	The following are examples of contracts that are outside the scope of this Topic because they are not of any of the types described in paragraph 460-10-15-4: a. Commercial letters of credit and other loan commitments, which are commonly thought of as guarantees of funding, are not included in the scope of this Topic because those instruments do not guarantee payment of a money obligation and do not provide for payment in the event of default by the account party. b. A noncontingent forward contract for which net settlement could involve a net settlement payment from either party is not included in the scope of this Topic. However, as discussed in paragraph 460-10-55-9, a contingent forward contract may meet one of the characteristics in paragraph 460-10-15-4 and be included in the scope of this Topic. c. A guarantee provision in a financial instrument that is commonly thought of as a market value guarantee of the other terms of that same financial instrument is not within the scope of this Topic unless that guarantee provision is accounted for separately as a derivative under Topic 815 (see paragraph 460-10-25-1(a)). For example, a put option that is embedded in a puttable bond (but is not accounted for separately as a derivative) could be viewed by the investor (the guaranteed party) as a guarantee against the fair value of the remaining instrument (a bond absent the put option) declining below the put price. The embedded put option does not meet the characteristic in paragraph 460-10-15-4(a) because the guaranteed party's asset is an investment in the entire contract, a puttable bond, and not an investment in a nonputtable bond.

	However, as noted in paragraph 460-10-55-6, if the investor purchased a freestanding put option on a nonputtable bond and accounted for them separately, that guarantee would be within the scope of this Topic. d. An arrangement, such as a securitization, that involves the subordination of the rights of some investors (or creditors) to the rights of others is commonly thought of as a guarantee issued by the subordinated investors. For example, the investors in one (subordinated) class or tranche of an entity's securities might not receive any cash flows until the investors in another (priority) class or tranche are fully paid. Although that type of subordination provides credit protection by the subordinated investors, it does not meet any of the characteristics in paragraph 460-10-15-4 and, thus, is not included in the scope of this Topic. e. A written option that does not directly guarantee another entity's performance or the fair value of the guaranteed party's assets (such as a weather derivative) is not included in the scope of this Topic unless that written option is used as an indirect guarantee of the indebtedness of others. f. A {add glossary link to first definition}take-or-pay contract{add glossary link to first definition} is not included in the scope of this Topic because the minimum payments under a take-or-pay contract are not contingent. A take-or-pay contract requires certain minimum payments irrespective of whether the buyer accepts delivery. Even if a take-or-pay contract were analyzed as though it were a guarantee by the buyer to pay for the portion of the minimum quantity of product or output of the guaranteed party for which the buyer refuses to order or accept delivery, a take-or-pay contract would not be included in the scope of this Topic because it would be a guarantee related to the buyer's future performance under the contract. (Take-or-pay contracts are further discussed in the Unconditional Purchase Obligations Subsections of Subtopic 440-10.) g. A weather derivative is not included in the scope of this Topic because the climatic or geological variable is not an asset or liability of the guaranteed party. The characteristic in paragraph 460-10-15-4(a) requires payments to be based on changes in an underlying that is related only to an asset or liability of the guaranteed party.
470-40-15-3	The guidance in this Subtopic does not apply to the following transactions and activities: a. Ordinary purchase commitments in which the risks and rewards of ownership are retained by the seller (for example, a manufacturer or other supplier) until the product is transferred to a purchaser. b. Typical contractor-subcontractor relationships in which the contractor is not in substance the owner of product held by the subcontractor and the obligation of the contractor is contingent on substantial performance on the part of the subcontractor. c. Long-term unconditional purchase obligations (for example, {add glossary link to first definition}take-or-pay contracts{add glossary link to first definition}) specified by Subtopic 440-10. At the time a take-or-pay contract is entered into, which is an unconditional purchase obligation, either the product does not yet exist (for example, electricity) or the product exists in a form unsuitable to the purchaser (for example, unmined coal); the purchaser has a right to receive future product but is not the substantive owner of existing product. d. Unmined or unharvested natural resources and financial instruments. e. Transactions for which sales revenue is recognized currently in accordance with the provisions of Topic 605. f. Typical purchases by a subcontractor on behalf of a contractor. In a typical contractor-subcontractor relationship, the purchase of product by a subcontractor on behalf of a contractor ordinarily leaves a significant portion of the subcontractor's obligation unfulfilled. The subcontractor

	has the risks of ownership of the product until it has met all the terms of a contract. Accordingly, the typical contractor-subcontractor relationship shall not be considered a product financing arrangement. Pending Content Transition Date: (P) December 15, 2016; (N) December 15, 2018 Transition Guidance: 606-10-65-1 The guidance in this Subtopic does not apply to the following transactions and activities: - Ordinary purchase commitments in which control of the good or service is retained by the seller (for example, a manufacturer or other supplier) until the good or service is transferred to a purchaser. - Typical contractor-subcontractor relationships in which the contractor is not in substance the owner of product held by the subcontractor and the obligation of the contractor is contingent on substantial performance on the part of the subcontractor. - Long-term unconditional purchase obligations (for example, {add glossary link to first definition}take-or-pay contracts{add glossary link to first definition}) specified by Subtopic 440-10 on commitments. At the time a take-or-pay contract is entered into, which is an unconditional purchase obligation, either the product does not yet exist (for example, electricity) or the product exists in a form unsuitable to the purchaser (for example, unmined coal); the purchaser has a right to receive future product but is not the substantive owner of existing product. - Unmined or unharvested natural resources and financial instruments. Contracts within the scope of Topic 606 on revenue from contracts with customers. For example, contracts that are subject to a right of return as described in paragraph 606-10-32-10 and paragraphs 606-10-55-22 through 55-29 and contracts in which a sponsor (the entity seeking to finance product pending its future use or resale) sells the product to another entity (the entity through which the financing flows) and in a related transaction agrees to repurchase the product (or a substantially identical product). Such contracts are within the scope of Topic 606; see paragraphs 606-10-55-66 through 55-78 on repurchase agreements and paragraphs 606-10-55-36 through 55-40 on principal versus agent considerations. - Typical purchases by a subcontractor on behalf of a contractor. In a typical contractor-subcontractor relationship, the purchase of product by a subcontractor on behalf of a contractor ordinarily leaves a significant portion of the subcontractor's obligation unfulfilled. The subcontractor has the risks of ownership of the product until it has met all the terms of a contract. Accordingly, the typical contractor-subcontractor relationship shall not be considered a product financing arrangement.
840-10-55-7	A nuclear fuel lease meets the definition of a lease because a nuclear fuel installation constitutes a depreciable asset. Thus, a nuclear fuel lease conveys the right to use a depreciable asset whereas contracts to supply coal or oil do not. The fact that the latter contracts may be {add glossary link to first definition}take-or-pay{add glossary link to first definition} is irrelevant to this central point.
958-320-25-1	Pursuant to paragraph 958-605-25-2, if an equity security with readily determinable fair value or a {add glossary link to first definition}debt security{add glossary link to first definition} is acquired by contribution, it shall be recognized as an asset and as a revenue or gain in the period received.

3. This amendment changes the term “secured” to “collateralize” and creates a link to a Master Glossary term.

Paragraph	Amended
860-30-45-3	This Section does not specify the classification or the terminology to be used to describe the following: a. Pledged assets reclassified by the transferor of securities loaned or transferred under a {add glossary link} repurchase agreement accounted for as a collateralizedsecured borrowing{add glossary link} if the transferee is permitted to sell or repledge those securities b. Liabilities incurred by either the secured party or obligor in securities borrowing or resale transactions. Example 1 (see paragraph 860-30-55-1) illustrates possible classifications and terminology.

4. This amendment corrects paragraph references in the following paragraph.

Paragraph	Amended
820-10-50-2E	For each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, a reporting entity shall disclose the information required by paragraph 820-10-50-2(b), (bbb)(1)(bbb), and (h). However, a reporting entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy required by paragraph 820-10-50-2(bbb)(2)820-10-50-2(bbb). For such assets and liabilities, a reporting entity does not need to provide the other disclosures required by this Topic.

5. This amendment updates a reference to the current ACIPA Professional Standards.

Paragraph	Amended
740-10-55-9	The terms <i>forecast</i> and <i>projection</i> refer to any process by which available evidence is accumulated and evaluated for purposes of estimating whether future taxable income will be sufficient to realize a deferred tax asset. Judgment is necessary to determine how detailed or formalized that evaluation process should be. Furthermore, information about expected future taxable income is necessary only to the extent positive evidence available from other sources (see paragraph 740-10-30-18) is not sufficient to support a conclusion that a valuation allowance is not needed. The requirements of this Subtopic do not require either a financial forecast or a financial projection within the meaning of those terms in the <u>Statements on Standards for Attestation Engagements and Related Attest Engagements Interpretations [AT], AT section 301, <i>Financial Forecasts and Projections</i></u> Statements on Standards for Accountants' Services on Prospective Financial Information issued by the Auditing Standards Board of the American Institute of Certified Public Accountants.

6. This amendment makes an editorial correction to be consistent with the writing style of the Codification.

Paragraph	Amended
310-10-50-3	If major categories of loans or trade receivables are not presented separately in the balance sheet (see paragraph 310-10-45-2), they shall be disclosedpresented in the notes to the financial statements.
320-10-45-13	This Subtopic does not require the presentation of individual amounts for the three categories of investments on the face of the statement of financial position, provided the information is disclosedpresented in the notes. Thus, entities that report certain investments in debt securities as cash equivalents in accordance with the provisions of Topic 230 can continue that practice, provided that the notes reconcile the reporting classifications used in the statement of financial position.

323-10-50-3(c)	All of the following disclosures generally shall apply to the equity method of accounting for investments in common stock: c. If investments in common stock of corporate joint ventures or other investments accounted for under the equity method are, in the aggregate, material in relation to the financial position or results of operations of an investor, it may be necessary for summarized information as to assets, liabilities, and results of operations of the investees to be disclosedpresented in the notes or in separate statements, either individually or in groups, as appropriate.
965-205-45-2	Information about the benefit obligations shall be presented in a separate statement, combined with other information on another financial statement, or disclosedpresented in the notes to financial statements. Regardless of the format selected, the plan financial statements shall present the benefit obligations information in its entirety in the same location. The information shall be presented in such reasonable detail as is necessary to identify the nature and classification of the obligations. See Examples 1 through 3 (paragraphs 965-205-55-2 through 55-7 for illustrative financial statements of health and welfare benefit plans.

7. Updates to the Status (00) Sections in the Subtopics amended by paragraphs 1-6 of this maintenance update.

Paragraph	Amended			
310-10-00-1	<u>310-10-50-3</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
320-10-00-1	<u>320-10-45-13</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
323-10-00-1	<u>323-10-50-3(c)</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
460-10-00-1	<u>460-10-55-16</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
470-40-00-1	<u>470-40-15-3</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
740-10-00-1	<u>740-10-55-9</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
820-10-00-1	<u>820-10-50-2E</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
840-10-00-1	<u>840-10-55-7</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
860-30-00-1	<u>860-30-45-3</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
958-320-00-1	<u>958-320-25-1</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
958-720-00-1	<u>958-720-45-2</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>
965-205-00-1	<u>965-205-45-2</u>	<u>Amended</u>	<u>Maintenance Update 2015-11</u>	<u>06/19/2015</u>