

MINUTES



MEMORANDUM

To: Board Members

From: Crypto Assets Team

Subject: Minutes of the September 6, 2023 Board Meeting on Accounting for and Disclosure of Crypto Assets

Date: September 14, 2023

cc: Tosches

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: Accounting for and Disclosure of Crypto Assets

Basis for Discussion:

FASB Memo No. 12, "Cover and General Feedback"
FASB Memo No. 12a, "Scope"
FASB Memo No. 12b, "Measurement"
FASB Memo No. 12c, "Presentation"
FASB Memo No. 12d, "Disclosures"
FASB Memo No. 12e, "Transition and Effective Date, Cost-Benefit Analysis, and Permission to Ballot"

Length of Discussion: 9:00 a.m. to 10:57 a.m. (EDT)

Attendance:

Board members present: Jones, Kroeker, Botosan, Cannon, Cosper, Hunt, and Joseph

Board members absent: None

Staff in charge of topic: Cappiello

Other staff at Board table: Salo, Debbeler, Manders, Wyszowski, Sardo, Thurman, Brickman, Little, and Yang

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 final Accounting Standards Update addressing the accounting for and disclosure of crypto assets.

The Board's technical plan calls for that document to be issued in the fourth quarter of 2023.

Tentative Board Decisions:

The Board discussed comment letter feedback and issues for redeliberations on the proposed Accounting Standards Update, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*.

Scope

The Board affirmed the scope of the proposed Update, which would apply to holdings of crypto assets that meet all of the following criteria:

- a. Meet the definition of *intangible assets* as defined in the Codification Master Glossary **(Vote 7-0)**
- b. Do not provide the asset holder with enforceable rights to, or claims on, underlying goods, services, or other assets **(Vote 5-2)**
- c. Are created or reside on a distributed ledger based on blockchain technology
- d. Are secured through cryptography **(Vote 7-0)**
- e. Are fungible **(Vote 7-0)**
- f. Are not created or issued by the reporting entity or its related parties. **(Vote 7-0)**

The Board decided to modify criterion (c) to include assets that are created or reside on a distributed ledger based on technology that is similar to blockchain technology. **(Vote 7-0)**

Measurement

The Board affirmed the proposed requirements that an entity would subsequently measure crypto assets within the proposed scope at fair value in accordance with Topic 820, Fair Value Measurement. **(Vote 7-0)**

The Board decided to not provide guidance on how to recognize costs to acquire crypto assets, such as commissions and other related transaction fees. **(Vote 6-1)**

The Board affirmed its decision to not include additional measurement guidance on the application of Topic 820 for crypto assets. **(Vote 7-0)**

Presentation

The Board affirmed the proposed requirements that for crypto assets within the proposed scope an entity:

1. At a minimum, present the aggregate amount of crypto assets separately from other intangible assets that are measured using other measurement bases **(Vote 7-0)**
2. Present gains and losses on crypto assets in net income and present those gains and losses separately from the income statement effects of other intangible assets, such as amortization or impairments **(Vote 7-0)**
3. Classify crypto assets received as noncash consideration during the ordinary course of business that are converted nearly immediately into cash as operating cash flows. **(Vote 7-0)**

The Board decided to clarify that a not-for-profit organization that nearly immediately liquidates crypto assets received with donor-imposed restrictions for long-term or capital use would be required to classify that activity as cash flows from financing activities. **(Vote 7-0)**

The Board decided to not provide incremental guidance on whether to classify crypto assets as current or noncurrent assets in a classified balance sheet. The Board decided to not provide additional guidance on the presentation of gains and losses from crypto assets in the income statement. **(Vote 7-0)**

Disclosure

The Board affirmed the proposed requirements that would require that an entity disclose:

1. At both annual and interim periods, the following information about each significant crypto asset holding (as determined by the fair value of that holding): the name of the crypto asset, fair value, units held, and cost basis. Additionally, an entity would disclose the fair value and cost basis of other crypto asset holdings, which may be aggregated into a single line item. **(Vote 7-0)**
2. At both interim and annual periods, the fair value of the crypto assets that are restricted from sale, the nature and remaining duration of the restriction, and circumstances that could cause a lapse in the restriction(s). **(Vote 7-0)**

The Board affirmed the proposed requirement that would require that an entity disclose at annual periods a reconciliation, as described in paragraphs 350-60-50-3 through 50-4 of the proposed Update. However, the Board decided that an entity need not include activity related to crypto assets received as noncash

consideration in the ordinary course of business and converted nearly immediately into cash in that disclosure. **(Vote 5-2)**

The Board affirmed its decision to not require other additional disclosures. **(Vote 7-0)**

Transition

The Board affirmed the proposed transition requirements that would require that an entity make a cumulative-effect adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets in the statement of financial position) as of the beginning of the annual period in which the guidance is adopted. **(Vote 7-0)**

Effective Date and Early Adoption

The Board decided that the final Update should be effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years, for all entities. **(Vote 7-0 for public business entities; Vote 5-2 for entities other than public business entities)** The Board also affirmed the proposed requirement to permit early adoption. **(Vote 7-0)**

Cost-Benefit Analysis

The Board concluded that it has received sufficient information and analysis to make an informed decision on the expected costs and expected benefits of the amendments and that the expected benefits of those amendments would justify the expected costs. **(Vote 7-0)**

The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot. **(Vote 7-0)**

General Announcements: None.