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The [Financial Accounting Standards Board](#) (FASB) has issued two exposure drafts related to its [disclosure framework project](#). The public, including accounting professionals and other stakeholders, have until December 8, 2015, to review and comment on both exposure drafts.

The objective of the Disclosure Framework project is to improve the effectiveness of disclosures in notes to financial statements by more clearly communicating the information required by Generally Accepted Accounting Principles (GAAP) that is most important to the users of financial statements. It focuses on improving disclosures by providing guidance in two main areas: the reporting entity's decision process and the Board's decision process.

As part of this overall project, the exposure drafts address the use of materiality in:

- Helping organizations employ discretion when determining what disclosures in notes to financial statements should be considered "material" in their particular circumstances, and
- Helping the Board understand the reporting environment in which it sets financial accounting and reporting standards.

The exposure draft containing amendments to FASB Concepts Statement No. 8, [Conceptual Framework for Financial Reporting](#), is intended to clarify the concept of

materiality. Specifically, these amendments would be made to Chapter 3, *Qualitative*

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“Stakeholders indicated that the current discussion of materiality in our Conceptual Framework is inconsistent with the legal concept of materiality as established by the U.S. Supreme Court,” stated FASB Chairman Russell G. Golden. “This led to uncertainty about organizations’ abilities to interpret what disclosures are material; and the Board’s ability to identify and evaluate disclosure requirements in accounting standards.

“These proposals are intended to clarify materiality—which will help organizations improve the effectiveness of their disclosures by omitting immaterial information, and focus communication with users on the material, relevant items,” added Golden.

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