

MINUTES



To: FASB Board Members
From: Cantlon, x261
Subject: Minutes of the January 31, 2013 Board Meeting
Date: February 5, 2013
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: Going Concern

Basis for Discussion: Board Memos No. 29 and 29A

Length of Discussion: 8:00 a.m. to 9:25 a.m. (EST)

Attendance:

Board members present:	Seidman, Buck, Golden, Linsmeier, Schroeder, Smith, and Siegel
Board members participating via phone:	None
Board members absent:	None
Staff in charge of topic:	Or
Other staff at Board table:	Cosper, Proestakes, Cantlon, and Van Wagenen
Outside participants:	None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss remaining issues with the proposed going concern reporting model.

The Technical Plan states that an Exposure Draft will be issued in the first half of 2013.

Summary of Decisions Reached:

The Board made the following decisions related to an entity's going concern assessment and disclosures.

Disclosure Threshold

The Board decided that management should provide disclosures when existing events or conditions indicate that it is *more likely than not* that the entity may be unable to meet its obligations within a reasonable period of time from the financial statement date. The assessment would not consider the mitigating effect of management plans that are outside the ordinary course of business. Because the assessment is inherently judgmental, the Board intends *more likely than not* to be viewed as an approximate benchmark for starting disclosures and not as a bright-line threshold. The proposed standard will include example indicators to help management in assessing the need for disclosures.

Definition of Outside the Ordinary Course of Business

The Board decided to define *outside the ordinary course of business* as follows:

Management's plans that would require actions of a nature, magnitude, or frequency inconsistent with actions customary in carrying out an entity's ongoing business activities shall be considered outside the ordinary course of business. Management's plans specifically intended to mitigate concerns about an entity's ability to meet its obligations within a reasonable period of time shall be considered outside the ordinary course of business. In addition, management's plans that are not definitive, or that are in early stages of implementation, shall be considered outside the ordinary course of business when assessing the need for disclosures.

The proposed standard will include examples of management plans that are outside the ordinary course of business.

Disclosure Principle

Consistent with the disclosure considerations outlined in present auditing standards, the proposed standard would require an entity to disclose sufficient information to enable users to understand the principal events giving rise to an entity's potential inability to meet its obligations, their possible effects, and management's plans.

Applicability to Nonpublic Entities

In previous deliberations, the Board had decided that management would assert in the financial statements that there is *substantial doubt* about an entity's ability to continue as a going concern when the likelihood of the entity's inability to meet its obligations within a reasonable period of time reaches probable. The Board decided that nonpublic entities would not be required to make a substantial doubt assertion. Nonpublic entities would still be required to apply all other provisions and disclosures of the new model.

Transition and Other Matters

The Board tentatively decided that an entity would apply the proposed guidance prospectively. The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot. The proposed Update will have a 90-day comment period.