

## MINUTES



**To:** Board Members  
**From:** Not-for-Profit Team (Kim x233)  
**Subject:** Minutes of December 18, 2013, Board Meeting  
**Date:** December 20, 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:** Not-For-Profit Financial Reporting:  
Financial Statements

**Basis for Discussion:** Memo 15 & 15A, Statement of  
Functional Expenses

**Length of Discussion:** 9:30 a.m. to 10:30 a.m. EDT

**Attendance:**

Board members present:	Golden (via phone), Buck, Kroeker, Linsmeier, Schroeder, Siegel, and Smith
Board members absent:	None
Staff in charge of topic:	Bossio
Other staff at Board table:	Cosper, Mechanick, Klumpp, Capiello, and Kim
Outside participants:	None

**Type of Document and Timing Based on the Technical Plan:**

The FASB discussed issues about the reporting of expenses, including reporting on an activity statement, on a statement of functional expenses, and in notes.

The Boards' technical plan calls for an Exposure Draft to be issued in the first half of 2014.

**Tentative Board Decisions:**

The Board continued deliberations and tentatively decided to improve the reporting of expenses for all not-for-profit entities (NFPs) by:

1. Requiring NFPs to report expenses by their nature and retaining the requirement to report expenses by function
2. Continuing to allow NFPs the flexibility to present expenses by either function or nature or by both on the face of the statement of activities or within the notes
3. Requiring NFPs to provide an analysis of all expenses by function and by nature in one location, in the statement of activities, a separate statement of expenses (currently called a statement of functional expenses), or a schedule in the notes. That analysis would include all expenses, both operating and nonoperating, and would neither require nor preclude functionalization of nonoperating expenses. Although this analysis would typically be provided in the form of a matrix, that specific format would not be required.

For voluntary health and welfare organizations that are currently required to present expenses by function and by nature in a matrix format in the statement of functional expenses, the decisions reached would allow them the same presentation and disclosure flexibility as other NFPs in how they communicate information about expenses.

(FASB: 7-0)

**General Announcements:** None.