

MINUTES



MEMORANDUM

To: Board Members
From: FASB staff
Subject: Minutes of NFPFS July 23, 2014 Board Meeting
Date: July 24, 2014
cc: Stacey 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.

Topics: Capital-Like Transactions;
Intersection of NFP Project with Financial Performance Reporting
Research Project

Basis for Discussion: Board Memorandum 27, 27A, and 29

Length of Discussion: 12:00 p.m to 1:10 p.m. EDT

Attendance:

Board members present: Golden, Buck, Kroeker, Linsmeier, Schroeder, Siegel, and Smith

Board members absent: N/A

Staff in charge of topic: Bossio and Mechanick

Other staff at Board table: Cole, Cospers, Mottley, Tipton, and Willette

Outside participants: None

Type of Document:

The Board continued its discussion on the presentation of capital-like transactions. The Board also discussed the intersection of the not-for-profit (NFP) project with the financial performance reporting research project.

Tentative Board Decisions:

The Board discussed how the decisions it has reached in the project on financial statements of NFPs relate to its research project on financial performance reporting (FPR). The Board also continued its discussion of presentation alternatives for capital-like transactions and events, including when and how to report expirations of donor-imposed restrictions.

Relationship to the FPR Research Project, Particularly the Cash Flow Statement for NFPs

The Board discussed its prior tentative decision to recategorize certain cash inflows and outflows in a cash flow statement for NFPs and whether to proceed with those decisions in light of the uncertainty that the FPR research project will address the cash flow statement. The Board affirmed its prior decisions for NFPs to include cash (1) receipts of gifts to acquire long-lived assets in operating activities, (2) payments to acquire long-lived assets in operating activities, (3) receipts of interest and dividends in investing activities, and (4) payments of interest in financing activities. (Vote: 4-3) The Board also decided that, consistent with its decision for items (1) and (2), cash proceeds from the sale of long-lived assets should be classified as inflows from operating activities rather than as inflows from investing activities. (Vote: 7-0)

Capital-Like Transactions and Events

The Board previously decided that all unrestricted gifts are reported within the intermediate measure of operations. The Board concluded that by placing a gift of a long-lived asset in service (rather than selling it), the entity, effectively, is making all or a portion of the asset's economic benefit unavailable for current operations. Therefore, consistent with the availability dimension underlying the definition of that measure of operations, an NFP would report a transfer out of current operations for the amount of the gifted long-lived asset expected to be utilized in future periods. In subsequent periods, the NFP would report a transfer back into current operations to the extent long-lived assets are utilized during the current reporting period. The Board also decided that although those transfers are reported in ways that are similar to governing board designations, they are sufficiently different and should be presented discretely. The Board also decided to require that an NFP use the placed-in-service approach for the treatment of

expiration of restrictions related to long-lived assets, thus eliminating the option to release the donor-imposed restriction over an asset's estimated useful life. (Vote: 5-2)

The Board directed the staff to include a question in the forthcoming Exposure Draft about whether the benefit of reporting all capital-like gifts consistently outweighs the potential reduction in both costs and complexity for users if small or ongoing capital-like gifts were not subject to the requirement to report transfers out of and subsequently back to operations.

General Announcements: None.