

MINUTES



MEMORANDUM

To: Board Members
From: FASB Staff
Subject: Minutes of NFP RR June 15, 2016 Board Meeting
Date: June 17, 2016
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.

Topic: Characterizing Grants and Contracts as Reciprocal or Nonreciprocal Transactions

Basis for Discussion: Board Memo No. 2

Length of Discussion: 9:40 a.m. to 10:50 a.m.

Attendance:

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

Board members absent: None

Staff in charge of topic: Gagnon, Khrakovsky

Other staff at Board table: Bossio, Cole, Cospers, Mechanick

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The staff reported on various ways to improve the existing guidance for distinguishing between grants (and similar contracts) that are nonreciprocal transactions (contributions) and those that are reciprocal transactions (exchanges).

Tentative Board Decisions:

The Board made no technical decisions; however, the Board directed the staff to further explore an approach requiring that a not-for-profit entity (NFP) consider a grant (or similar contract) a reciprocal transaction if a resource provider, in making the grant (or similar contract), either (1) directly receives goods or services of commensurate value or (2) fulfills a known and explicit obligation to provide goods or services to others. If it is unclear whether the resource provider is fulfilling such an obligation by means of the grant (or similar contract), that ambiguity would be indicative of a nonreciprocal transaction.

The Board also asked the staff to explore ways to modify the table of indicators in paragraph 958-605-55-8 so as to best support this approach.

General Announcements:

The staff plans to continue to explore solutions that would improve the existing guidance for distinguishing between grants (and similar contracts) that are nonreciprocal transactions and those that are reciprocal transactions. An educational session will be held with the Board to discuss distinguishing conditions from restrictions for nonreciprocal transactions, tentatively scheduled for July 27, 2016.