

MINUTES



MEMORANDUM

To: Board Members
From: FASB Staff
Subject: Minutes of NFP RR December 14, 2016 Board Meeting
Date: January 11, 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: Revenue Recognition of Grants and Contracts by Not-for-Profit Entities

Basis for Discussion: Board Memo No. 5, 6, 7— Distinguishing between those grants and similar contracts that should be accounted for as nonreciprocal transactions (contributions) and those that should be accounted for as reciprocal transactions (exchanges) Distinguishing between conditional and unconditional contributions.

Length of Discussion: 1:00 p.m. to 2:00 p.m.

Attendance:

Board members present: Golden, Kroeker, Botosan, Buck, Schroeder, Siegel,

Board members absent: L. Smith

Staff in charge of topic: Gagnon, Khrakovsky

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

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 two issues:

1. Distinguishing between those grants and similar contracts that should be accounted for as nonreciprocal transactions (contributions) and those that should be accounted for as reciprocal transactions (exchanges)
2. Distinguishing between conditional and unconditional contributions.

Tentative Board Decisions:

Issue 1: The Board decided to clarify and refine existing guidance in Subtopic 958-605 by adding paragraphs that would clarify the scope of the Subtopic as well as illustrative examples.

Issue 2: The Board did not make any technical decisions. The Board directed the staff to pursue an approach where a contribution would be conditional if an explicit right of return exists and there is a substantive barrier that must be overcome. The Board directed the staff to provide further analysis, including examples, to determine whether a substantive barrier to entitlement exists.

General Announcements:

The staff plans to continue to explore solutions that would improve the existing guidance for distinguishing between conditional and unconditional contributions.