

MINUTES



To: FASB Board Members
From: Cantlon, x261
Subject: Minutes of the November 7, 2012 Board Meeting
Date: Novemeber 9, 2012
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 Memo No. 26

Length of Discussion: 8:00 a.m. to 9:45 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, and Cantlon
Outside participants:	None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the project's objectives and scope.

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

Summary of Decisions Reached:

The Board decided to adopt a new financial reporting model for management's assessment of going concern, and related disclosures. The following represents the Board's decisions pertaining to the new financial reporting model.

At each reporting period, management would assess an entity's potential inability to continue as a going concern and the need for related disclosures. In doing so, management would consider the likelihood of an entity's potential inability to meet its obligations as they become due for a *reasonable period of time*.

Management would start providing disclosures in its financial statements about an entity's financial difficulties when existing events or conditions indicate it is near *more likely than not* that the entity may be unable to meet its obligations *in the ordinary course of business*, within a *reasonable period of time* from the balance sheet date. In assessing the need for disclosures, the mitigating effect of management's plans would be considered unless such plans involve actions that are *outside the ordinary course of business*.

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*. In evaluating the need for this assertion, management would consider the effect of *all* management plans.

In performing the assessment, management would consider existing events or conditions that may result in an entity's inability to meet its obligations within a *reasonable period of time*. *Reasonable period of time* would represent 12 months from the financial statement (period end) date. In addition, the assessment would consider the effect of existing events or conditions that are *probable* of resulting in an entity's inability to meet its obligations beyond the initial 12 months. *Reasonable period of time* would be limited to a practical amount of time in which the future impact of existing events or conditions can be identified, *not to exceed a period of 24 months* from the period end date.

Next Steps

The Board plans to discuss the following issues at a later date: (1) applicability to nonpublic entities, (2) further analysis of the nature of disclosures and its interaction with the MD&A for public companies, (3) guidance on how management's plans should be distinguished and considered, and (4) effective date and transition.