

MINUTES



Financial Accounting  
Standards Board

**To:** Board Members  
**From:** Cranmer (x263)  
**Subject:** Minutes of the April 9, 2012 Board Meeting: Ratification of Three EITF Consensuses-for-Exposure  
**Date:** April 11, 2012  
**cc:** **Breen**

*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: Board ratification of the consensuses-for-exposure on EITF Issues Nos. 12-A, 12-C, and 12-E.

Basis for Discussion: EITF Ratification Board Memorandums Nos. 1 and 2 (Issued March 20, 2012 and April 2, 2012, respectively)

Length of Discussion: 9:00 a.m. to 9:10 a.m.

Attendance:

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

Board members absent: None

Staff in charge of topic: Breen

Other staff at Board table: Cosper, Couch, Cranmer, Irwin, and Shah

Outside participants: None

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

The Board met to discuss the potential issuance of Exposure Drafts addressing EITF Issues No. 12-A, "Not-for-Profit Entities: Classification of the Sale of Donated Securities in the Statement of Cash Flows," No. 12-C, "Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Lending Institution," and No. 12-E, "Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs."

The Board's technical plan calls for the Exposure Drafts addressing EITF Issues 12-A, 12-C, and 12-E to be issued in the second quarter of 2012.

**Summary of Decisions Reached:**

**FASB approval of EITF consensuses-for-exposure.** The Board approved the following consensuses-for-exposure reached at the March 15, 2012 EITF meeting. The Board expects to publish Exposure Drafts of proposed amendments to the Codification in late April with 90-day comment periods.

**Issue No. 12-A, "Not-for-Profit Entities: Classification of the Sale of Donated Securities in the Statement of Cash Flows"**

Cash receipts resulting from the sale of donated securities by not-for-profit entities (NFPs) that upon receipt are directed for sale and for which the NFP has the ability to avoid significant investment risks and rewards through near immediate conversion into cash should be classified as operating cash flows. If, however, the donor restricted the use of those contributed resources to a long-term purpose (for example, the acquisition, construction, or improvement of long-lived assets or to establish or increase a permanent or term endowment), then those cash receipts should be classified as financing cash flows.

The proposed amendments resulting from the consensus-for-exposure would be applied prospectively to cash receipts on or after the date of adoption from the sale of donated securities. Retrospective application to all prior periods presented upon the date of adoption would be permitted but not required. Earlier adoption would be permitted.

(The Board voted unanimously for the above decision.)

**Issue 12-C, "Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution"**

An indemnification asset recognized in accordance with Subtopic 805-20, Business Combinations – Identifiable Assets and Liabilities, and Any Noncontrolling Interest, as a result of a government-assisted acquisition of a financial institution should be subsequently measured on the same basis as the

asset subject to indemnification. Any amortization of changes in value should be limited to any contractual limitations on the amount and the term of the indemnification agreement. When considering the period of amortization, an entity should consider the lesser of the term of the indemnification agreement and the remaining term of the indemnified assets.

The proposed amendments resulting from the consensus-for-exposure would be applied prospectively to any new indemnification assets acquired and to changes in expected cash flows of existing indemnification assets occurring on or after the date of adoption. Prior periods would not be adjusted and earlier adoption would be permitted.

(The Board voted unanimously for the above decision.)

**Issue 12-E, "Accounting for Fair Value Information That Arises after the Measurement Date and Its Inclusion in the Impairment Analysis of Unamortized Film Costs"**

The consensus-for-exposure was to eliminate the rebuttable presumption in Topic 926, Entertainment—Films, that the conditions leading to the write-down of unamortized film costs after the balance sheet date existed as of the balance sheet date. This also would eliminate the requirement that an entity incorporate into fair value measurements used in the impairment tests the effects of any changes in estimates resulting from the consideration of subsequent evidence if the information would not have been considered by market participants at the measurement date.

The proposed amendments resulting from the consensus-for-exposure would be applied prospectively for impairment tests performed subsequent to the date of adoption with earlier application permitted. In addition, earlier application would be permitted if the entity's financial statements for the most recent period have not yet been issued or, for nonpublic entities, if the entity's financial statements have not yet been made available for issuance.

(The Board voted unanimously for the above decision.)