

MINUTES



MEMORANDUM

To: Board Members
From: FASB staff
Subject: Minutes of March 12, 2014 Financial Statements of Not-for-Profit Entities (NFPFS) Board Meeting
Date: March 13, 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.

Topic: Presentation and Disclosure of Liquidity

Basis for Discussion: Board Memorandum 19

Length of Discussion: 1:20 to 2:40 p.m. EDT

Attendance:

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

Board members absent: Buck (supplied Chairman with proxy vote)

Staff in charge of topic: Klumpp

Other staff at Board table: Bossio, Cole, Kim, Mechanick, and Tipton

Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The FASB discussed the presentation and disclosure of liquidity.

The Board's technical plan calls for an Exposure Draft to be issued in the second half of 2014.

Tentative Board Decisions:

The Board discussed the objective of providing liquidity information and agreed that the objective is to provide information that allows donors, creditors, and other users to assess the liquidity of a not-for-profit (NFP) entity. That includes providing information that enables users to identify and understand the effects of restrictions placed on an NFP's assets, including designations by its board of directors, and the extent to which existing obligations impose demands for cash as they become due.

The Board discussed several ways that NFP entities could improve the financial information they provide about liquidity. Those ways include:

1. Providing a classified statement of financial position
2. Distinguishing assets limited as to use from other assets, either on the face of the statement of financial position or in notes
3. Disclosing information in notes to financial statements about the nature, timing, amount, and effects on liquidity of external restrictions imposed by donors, contracts, and other sources as well as limits imposed by an entity's board of directors
4. Disclosing specific information in notes to financial statements about an entity's liquidity, which includes information such as (a) assets that can be liquidated to meet near-term demands (a time horizon determined by the NFP), (b) policies on the use of liquidity reserves in managing liquidity and liquidity risks, (c) past liquidity issues and whether they remain risks, and (d) existing conditions and circumstances that are known and are reasonably possible to affect an entity's cash flow trends and liquidity.

Board members expressed differing degrees of support and reservations about requiring one or more of the alternatives stated above, including the degree to which they may overlap and might result in redundant disclosures. The Board instructed the staff to conduct further research and analysis on the implications of requiring various alternatives and how they would be portrayed in an NFP's financial statements and notes.

General Announcements: None.