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FOR IMMEDIATE RELEASE

FASB Approves Accounting Updates to Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

Norwalk, CT—September 17, 2020— The Financial Accounting Standards Board (FASB) today issued an Accounting Standards Update (ASU) intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations.

Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; materials and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services.

"The ASU responds to feedback from not-for-profit stakeholders who identified gifts-in-kind as an area where the reporting could be improved," stated FASB Member Susan Cosper. "It addresses their concerns by requiring more prominent presentation of contributed nonfinancial assets and enhanced disclosures about the valuation of those contributions and their use in programs and other activities, including any donor-imposed restrictions on such use."

The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets.

It also requires a not-for-profit to disclose:

a. Contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets, and

b. For each category of contributed nonfinancial assets recognized (as identified in (a)):
   i. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a description of the programs or other activities in which those assets were used.
   ii. The not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
   iii. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
   iv. The valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition.
   v. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. Early adoption is permitted.

The ASU, including a *FASB In Focus*, is available at fasb.org.

About the Financial Accounting Standards Board

Established in 1973, the FASB is the independent, private-sector organization, based in Norwalk, Connecticut, that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP). The FASB is recognized by the Securities and Exchange Commission as the designated accounting standard setter for public companies. FASB standards are recognized as authoritative by many other organizations, including state Boards of Accountancy and the American Institute of CPAs (AICPA). The FASB develops and issues financial accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to investors and others who use financial reports. The Financial Accounting Foundation (FAF) supports and oversees the FASB. For more information, visit www.fasb.org.

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