

## Non-Profit Notes

# Proposed Changes to Accounting for Contributions of Nonfinancial Assets to a Not-for-Profit Entity

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The Financial Accounting Standards Board (FASB) recently issued a proposed Accounting Standards Update (ASU) entitled *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.

### Current Guidance

Currently, Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities does not include specific presentation requirements for contributed nonfinancial assets or specific disclosure requirements for contributed nonfinancial assets other than contributed services.

### Proposed Guidance

The proposed ASU would require contributed nonfinancial assets to be presented on a separate line item in the statement of activities, apart from contributions of cash or other financial assets.

The not-for-profit (NFP) would have to disclose each category of contributed nonfinancial assets received by type of contributed nonfinancial assets.

The NFP would also have to disclose qualitative information about whether the contributed nonfinancial assets were or are intended to be either monetized or utilized during the reporting period and future periods. If the nonfinancial assets were utilized, the NFP would disclose a description of the programs or the activities in which those assets were or are intended to be used. The NFP would also disclose any donor restrictions on the contributed nonfinancial assets.

In accordance with accounting standards codification Topic 820, Fair Value Measurement, the NFP would disclose the valuation techniques and inputs used to arrive at a fair value measure, including the principal market or most advantageous market, if significant.

### Transition Requirements and Effective Date

The amendments in the proposed ASU would be applied retrospectively to the financial statements. There is no proposed date for when this proposed ASU would be effective.

### Comments

Comments to the FASB on this proposed ASU are due by April 10, 2020. Visit [www.fasb.org](http://www.fasb.org) to read the full text of the proposed ASU and to submit comments.

### Contact Us

If your not-for-profit organization needs assistance understanding the proposed changes to accounting for contributions of nonfinancial assets to an NFP, or with any accounting, auditing, tax or business consulting services, please contact the partner in charge of your account or:

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