Statutory Accounting Principles (E) Working Group

**Maintenance Agenda Submission Form**

**Form A**

## **Issue:** *ASU 2019-03, Updating the Definition of Collections*

**Check (applicable entity):**

P/C Life Health

Modification of existing SSAP

New Issue or SSAP

Interpretation

Description of Issue:

The term “collections” in the Master Glossary of the FASB Accounting Standards Codification is not fully aligned with the definition used in the American Alliance of Museums’ (AAM) Code of Ethics for Museums. Collections are to be defined as works of art, historical treasures, or similar assets that meet certain criteria: 1) held for public exhibition / education / research; 2) are protected, cared for, and preserved; 3) are subject to the organization’s policy that requires the use of proceeds from the sale of such items be used to acquire new collection items, the direct care of existing collections, or both.

The AAM definition used, which served as the basis for the guidance on collections in FASB Statement No. 116, Accounting for Contributions Received and Contributions Made, was revised by the AAM after the issuance of Statement 116. The FASB is issuing this update to improve the definition of collections in the Master Glossary by realigning it with the definition used by the AAM. The FASB also is making a technical correction in Topic 360, Property, Plant, and Equipment, to clarify that the accounting and disclosure guidance for collections in Subtopic 958-360, Not-for-Profit Entities—Property, Plant, and Equipment.

Existing Authoritative Literature:

There is no current SAP guidance for business entities that maintain collections. U.S. GAAP guidance for collections, primarily an issue for certain not-for-profit entities, is included in Topic 958.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

**Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:** None

**Convergence with International Financial Reporting Standards (IFRS):**

IFRS standards do not provide industry guidance for entities that maintain collections.

Staff Recommendation:

NAIC staff recommends that the Working Group move this item to the active listing, categorized as nonsubstantive, and expose revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2019-03, Updating the Definition of Collections* as not applicable to statutory accounting.

This item is proposed to be rejected as not applicable as ASU 2019-03 provides specific guidance, primarily for certain not-for-profit entities that maintain collections, which is not applicable for statutory accounting purposes.

Staff Review Completed by: Jim Pinegar – June 2019

Status:

On August 3, 2019, the Statutory Accounting Principles (E) Working Group moved this agenda item to the active listing, categorized as nonsubstantive, and exposed revisions to *Appendix D—Nonapplicable GAAP Pronouncements* to reject *ASU 2019-03, Updating the Definition of Collections* as not applicable to statutory accounting.

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