

# **Bond Case Briefs**

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## **GASB Proposes Enhanced Guidance on Irrevocable Split-Interest Agreements.**

Norwalk, CT, June 12, 2015—The Governmental Accounting Standards Board (GASB) today issued an Exposure Draft proposing recognition and measurement guidance for governments that benefit from irrevocable split-interest agreements.

Irrevocable split-interest agreements are arrangements in which a donor transfers assets for the shared benefit of at least two beneficiaries: a government—typically a public college or university or public healthcare provider—and another beneficiary designated by the donor. The donor transfers the assets to either the government or to a separate third party, such as a bank.

The Exposure Draft, [\*Accounting and Financial Reporting for Irrevocable Split-Interest Agreements\*](#), addresses when these types of arrangements constitute an asset for accounting and financial reporting purposes in cases where the resources are administered by a third party. The proposal also seeks input on expanded guidance for irrevocable split-interest agreements in which the government holds the assets.

“Irrevocable split-interest agreements can represent a meaningful source of resources for public colleges, universities, and hospitals,” said GASB Chairman David A. Vaudt. “The Board believes that the proposed guidance will lead to more consistent accounting for these arrangements, which will make the information users have access to more comparable.”

The proposed Statement would require a government that receives resources under an irrevocable split-interest agreement to recognize the assets, as well as a liability related to the other designated beneficiary’s portion of those assets and a deferred inflow of resources related to the government’s portion of those assets. If the agreement is administered by a third party, a government would recognize an asset for its beneficial interest. Revenue would be recognized when a government receives a disbursement under the agreement.

The full text of the Exposure Draft is available on the GASB website, [www.gasb.org](http://www.gasb.org). Stakeholders are encouraged to review the proposal and provide comments by September 18, 2015.