

**From:** [Susan E. Budak](#)  
**To:** [Director - FASB](#)  
**Subject:** File Reference No. EITF-12B  
**Date:** Friday, November 23, 2012 11:45:06 PM

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I know that the comment period for EITF Issue 12-B is long closed, but I thought I would mention a couple of improvements that could be made in drafting the final ASU. I agree with the proposed changes in accounting.

First, the term “recipient not-for-profit entity” is too close to the glossary term “recipient entity,” which is used in FASB ASC 958-20 and FASB ASC 958-605. Because by definition a recipient entity is a not-for-profit entity, the use of this similar term in FASB ASC 958-720 could be potentially confusing. Further, its use is unnecessary if you drafted as follows:

A not-for-profit entity (NFP) that directly benefits from personnel services received from an affiliate shall recognize those services in its standalone financial statements. Services directly benefit an NFP if the services provided by its affiliate are similar to personnel directly engaged by the NFP. For example, personnel services provided by the affiliate’s employees that are performed for and under the direction of the NFP and shared services are services that shall be recognized. Shared services generally refers to services provided by a centralized function of one or more individuals within the affiliate group that otherwise typically would need to be purchased or donated, if not provided by those personnel.

An NFP that receives personnel services from an affiliate shall measure those services at the cost recognized by the affiliate in providing those services if the affiliate does not seek compensation from the NFP.

Next, scope paragraph 958-720-15-7 is unnecessary. It reads:

> Entities

958-720-15-7 The guidance in the Personnel Services Received from an Affiliate Subsections applies **to all not-for-profit entities (NFPs) that receive personnel services from an affiliate for which the affiliate does not seek compensation from the recipient NFP.**

The red text is captured in the overall scope via the reference to FASB ASC 958-720-15-1, and the green text is found in the transaction exception in the proposed 958-720-15-8.

Third, the guidance in paragraphs 56-57 of FASB ASC 958-720-45 should be in Topic 954, not 958, as that proposed guidance is unique to health care entities. Guidance for

items reported outside of a performance indicator is found in FASB ASC 954-225-45. Only not-for-profit entities that are health care entities report equity transfers; other NFPs do not have such a transaction. (If you search Topic 958 for the term “equity transfer” you will not get any hits.)

Thank you for your consideration of my comments.

Regards,  
Sue Weiss Budak