



January 25, 2013

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, Connecticut 06856-5116

Re: File Reference No. 2013-200

Dear Technical Director:

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the Proposed Accounting Standards Update, “Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities (Topic 825)” (the ASU). NACUBO’s comments on the proposal were developed with input from our member institutions and our Accounting Principles Council (APC). The APC consists of experienced business officers from various types of institutions who, collectively, possess a thorough knowledge of higher education accounting and reporting issues and practices.

NACUBO is a nonprofit professional organization representing chief financial and administrative officers at more than 2,100 nonprofit colleges and universities. In its capacity as a professional association, NACUBO issues accounting and reporting guidance for the higher education industry and educates over 2,000 higher education professionals annually on accounting and reporting issues and practices.

***Amended: Specific Comments to Questions Posed in the ASU***

This section amends our original comment letter dated January 22, 2013 to include direct answers to questions raised in the ASU. NACUBO’s original comments – which begin in the section titled, “Overall Comments on the Proposal,” reflect our research on the use of the fair value measurement disclosures in general. Because we were unable to find anyone that uses the fair value information included in the notes for amounts carried at other than fair value, we felt the Board should be aware that the fair value hierarchy level disclosure requirements in ASU 2011-04 do not make sense for higher education institutions and other not-for-profits (NFPs) that are considered public for financial reporting purposes.

***Question 1:*** *The proposed amendment would clarify the scope and applicability of Topic 825 to make clear that the requirement of paragraph 825-10-50-10(d) to disclose “the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3)” does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed. Do you agree with this clarification?*

NACUBO agrees with this clarification. As currently written, ASU 825-10-50 does not clearly convey that nonpublic entities are exempt from disclosing the level in which the fair value disclosure would be categorized.

***Question 2:*** *Do you agree that the proposed amendment should be effective upon issuance?*

We agree that the amendment should be effective upon issuance. The requirements for nonpublic entities would be effective in the current fiscal year – FY13 for nonpublic colleges and universities. The timely amendment would relieve such institutions of the additional disclosure requirement for the current fiscal year.

#### ***Overall Comments on the ASU***

We appreciate the Board’s clarification of the scope of the requirement to disclose the level of the fair value hierarchy within which amounts carried at other than fair value, but for which fair value information is disclosed, are categorized. We request, however, that the Board exempt all not-for-profit entities (NFPs) from this disclosure requirement, rather than only those without publicly traded debt.

Through direct inquiry, we have been unable to identify any users of NFP financial statements that utilize the fair values disclosed for items measured at other than fair value. This includes rating agencies, governing boards, bond holders and management. As such, requiring additional disclosures would be time consuming and would add no value to the financial statements.

In addition, we note that paragraph BC-107 of ASU 2011-04, states that “in general, the users of the financial statements of nonpublic entities have a greater ability to access information about the financial position of the reporting entity.” This is true of all NFPs, whether or not they have publicly traded debt.

Based on these factors, we reiterate our request that the Board exempt all NFPs from the requirement to disclose the level of the fair value hierarchy within which amounts carried at other than fair value, but for which fair value information is disclosed, are categorized.

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We wish to express our appreciation for the opportunity to comment. We look forward to answering any questions the Board or the staff may have about our response. Please direct your questions to Sue Menditto at 202-861-2542 or [sue.menditto@nacubo.org](mailto:sue.menditto@nacubo.org).

Sincerely,

Susan M. Menditto  
Director, Accounting Policy