

April 1, 2020

VIA ELECTRONIC MAIL

Technical Director
Financial Accounting Standards Board
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Dear Mr. Kuhaneck:

We are pleased to comment on the Financial Accounting Standards Boards (“FASB”) Exposure Draft, *Proposed Accounting Standards Update: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. We are students in The Master of Science in Accounting program at the University of Central Florida and are committed to due process in the not-for-profit standard setting process. We are submitting this letter in response to a graded assignment.

Our responses are as follows:

Question 1: Are the amendments in this proposed Update operable? If not, which proposed amendment or amendments pose operability issues and why?

We believe that the amendments proposed in the update are generally operable. This is largely due to the fact that the majority of new disclosure requirements rely on information that should already be readily available to not-for-profits (NFPs). This includes information regarding donor restrictions and the valuation methods used to reach the reported fair values of donated nonfinancial assets.

Along this line of thinking, our first issue with the update is with the requirement to provide qualitative information regarding the intended use of the nonfinancial assets. Determining whether or not the provided information sufficiently indicates intention of monetization or utilization will be subjective in nature. As a result, we believe that the associated benefits of this disclosure and the potential cost of implementation should be further analyzed.

In addition, we would appreciate further clarification on what constitutes acceptable categories in paragraph 958-605-50-1A. Our fear is that without some form of guidelines the value of this information may be somewhat diminished because of comparability between different organizations becoming more challenging and potentially misleading.

Question 2: Should the scope of the presentation and disclosure requirements apply to all contributed nonfinancial assets? If not, what types of nonfinancial contributions should be excluded from the scope and why? Should the scope of the presentation and disclosure requirements be extended to business entities? If yes, why?

We believe the standard should take into account the different kinds of in-kind donations. For example, it would be much harder for staff of a smaller not-for-profit organization whose main donations include clothing and other household items (and receive hundreds of items every week) to devote the administrative time to valuing and reporting these items, than it would be for a larger organization who only gets one or two in-kind donations monthly to value those items. Therefore, we believe there should be a focus on higher value donations.

Question 3: Should the disclosure requirements in paragraph 958-605-50-1A(c) be required for each category of contributed nonfinancial assets? If not, please explain why.

We believe this recommendation should be made optional for smaller organizations this would be much harder for lower value in-kind donations.

Question 4: Would retrospective application of the proposed amendments be operable and would that application provide decision-useful information? If not, please explain why and what you would recommend.

We believe that retrospective application would be operable and provide decision-useful information. This can be accomplished with given necessary time for entities to gather the information and present it in the financial statements with comparability. This would allow users to analyze the valuation of contributed nonfinancial assets with information that they previously did not have.

Question 5: How much time would be needed to adopt the proposed amendments? Should early adoption be permitted?

We have no knowledge with which to base a supposition on the amount of time an organization would need to adopt the proposed amendments. We believe early adoption should be permitted.

Question 6: Is education or implementation guidance needed on the valuation of contributed nonfinancial assets? If yes, what type of guidance or additional education should be developed?

Yes, we believe that implementation guidance on the valuation of contributed nonfinancial assets is necessary. Multiple examples on different valuation scenarios would reduce confusion and enhance transparency in the valuation process across not-for-profit entities. Lastly, examples should also focus on the differences of the new guidance and the current Generally Accepted Accounting Principles (GAAP) provisions in order to also educate on the development of the valuation of nonfinancial assets.

We appreciate the opportunity to comment on these proposed standards.

Sincerely,

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