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Mr. Shayne Kuhaneck  
Acting Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**File Reference No. 2020-100**

**Re: Proposed Accounting Standards Update, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets***

Dear Mr. Kuhaneck:

Deloitte & Touche LLP is pleased to comment on the FASB's proposed Accounting Standards Update (ASU), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.

We support the Board's efforts to increase the transparency of contributed nonfinancial assets that are received by not-for-profit entities (NFPs) through enhanced presentation and disclosures. We generally believe that the proposed ASU's amendments would address financial statement users' concerns about the lack of transparency about the valuation of contributed nonfinancial assets received by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. However, we have some concerns about the operability of certain aspects of the proposed requirements as addressed in our responses to your questions in Appendix A to this letter.

We also believe that the FASB should consider performing a cost-benefit analysis and outreach with users and preparers of business entity financial statements before making a decision to expand the scope of the proposed ASU's amendments to business entities.

Appendix A of this letter includes our responses to the proposed ASU's questions for respondents, and Appendix B contains additional suggestions related to improving the readability and implementation of the final standard.

We would be happy to share additional perspectives and suggestions with the Board and FASB staff on the matters discussed in our comment letter.

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We appreciate the opportunity to comment on the proposed ASU. If you have any questions concerning our comments, please contact Rob Moynihan at (212) 436-2992.

Yours truly,

Deloitte & Touche LLP

cc: Robert Uhl

**Appendix A**  
**Deloitte & Touche LLP**  
**Responses to Proposed ASU's Questions for Respondents**

*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 proposed amendments generally will be operable in practice. However, we observe the proposed amendments at ASC 958-605-50-1A include a requirement for the NFP to disclose whether contributed nonfinancial assets were or are intended to be either monetized or utilized during the reporting period and future periods. The requirement as currently written could cause operability issues in cases when a NFP receives a long-term asset (e.g. building) and the NFP is required to disclose its intent for the asset over a significant future period given that facts and circumstances related to such intent may change over such future period. Evaluating intent over a long-term period could be difficult for an NFP. We suggest that the disclosure requirement be changed, to require disclosure of the NFP's policy for each type or category of item, rather than requiring disclosure of the NFP's intent for specific contributions received.

We also believe that clarity of the proposal and consistent implementation would be improved with examples to address the following:

- Situations when contributed nonfinancial assets are monetized rather than utilized in programs or other activities.
- Instances when a NFP receives contributed services as part of a long-lived asset (i.e. architectural services provided as part of remodeling a building)

Finally, we believe that the Board should consider adding an underlying principle to the proposed amendments for NFPs to follow when determining the level of disaggregation for categories of contributed nonfinancial assets.

*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 scope of the presentation and disclosure requirements should apply to all contributed nonfinancial assets received by NFPs. We believe that such information will be relevant to users as NFPs generally have a primary business purpose that involves receiving contributed assets.

We do not believe the scope of the presentation and disclosure requirements should be extended to business entities. Contributions of nonfinancial assets are infrequent and are generally not material for the vast majority of business entities; therefore, such information will likely not be relevant to users. In addition, we observe that the Board has generally not prescribed presentation requirements in the income statement for business entities and we do not believe an exception should be made for an item that is generally not material. Rather than expanding the scope of the presentation and disclosure requirements, we would recommend the Board consider the following: 1) provide a reminder that this proposed ASU does not change the guidance provided in ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which applies to all entities; and 2) provide discussion within the basis of conclusions that business entities may wish to provide the enhanced disclosures described within the standard if deemed material to the users.

Before explicitly expanding the scope of this requirement for business entities, we suggest the staff perform a cost-benefit analysis and outreach with users and preparers of business entity financial statements.

*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 the disclosure requirements in paragraph 958-605-50-1A(c) should be required for NFPs, for each category of contributed nonfinancial assets with the exception of the required disclosures of the principal (or most advantageous) market used in determining fair value.

The principal (or most advantageous) market used in determining fair value is currently not a required disclosure under ASC 820, and we are not aware of users requesting such disclosure. As such, we do not believe that the requirement to disclose the principal (or most advantageous) market used in determining fair value should be required for contributed nonfinancial assets.

*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 in allowing for comparative financial statement presentation.

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

While we defer to preparers' views on the time they would need to implement the guidance, we do not expect the transition period to be significant. We also believe that entities should be allowed to early adopt the guidance as the proposed incremental disclosures represent an improvement that is beneficial to users.

*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?*

While we believe that NFPs would benefit from educational guidance on the valuation of contributed nonfinancial assets, we believe there is a risk of unintended consequences if explicit implementation examples on valuation are written for NFPs, as industry practice regarding ASC 820 fair value measurements is well-entrenched across many industries. Introducing new authoritative valuation guidance in GAAP may cause preparers in other industries to have to reconsider their own valuation methodologies and techniques for nonfinancial assets, and it introduces the risk of having guidance that may conflict with longstanding practice and authoritative guidance in ASC 820. We suggest the staff perform outreach with both NFPs and preparers in other industries with respect to any implementation guidance on valuation.

**Appendix B**  
**Deloitte & Touche LLP**  
**Additional Suggestions**

Some additional suggestions are provided below.

**ASC 958-605-50-1A**

We recommend that the Board clarify their intent as to the below required disclosure:

A not-for-profit entity (NFP) shall disclose in the notes to financial statements a disaggregation of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. For each category of contributed nonfinancial assets, an NFP shall disclose the following...

The proposed amendments specify that contributed nonfinancial assets should be disaggregated by type; however, the amendments do not clearly specify that the amounts recognized should be presented for each type. If the intent is to present the totals by type, then the Board should consider clarifying such intent in the proposed amendments. In contrast, if the intent is not to present the totals by type then the Board should consider removing the amounts recognized by type as presented per the example in the proposed amendments.

**ASC 958-605-55-70W**

We recommend that the Board consider adding an 'Other' category within the illustrative tabular disclosure at ASC 958-605-55-70W in order to maintain consistency with the categories presented within the illustrative table at ASC 958-605-55-70V.

We believe that the example as currently written could result in confusion among preparers about whether all contributed nonfinancial assets, including those that are not specifically categorized by type and may fall into an 'Other' category, need to be disclosed.