

From: [Jeremy Cole](#)
To: [Director - FASB](#)
Subject: File Reference No. EITF-12A
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In response to Question 1

I disagree that the scope should be limited to cash receipts from the sale of donated securities. Other long-lived assets including, but not limited to, real estate, vehicles, and equipment should be considered similarly. The scope should be expanded to any non-cash donation of an asset that would result in the recording of an investment gain/loss and investing cash flows if not designated for sale. Further guidance is also required relative to the definition of “near-immediate” although this term may not be as relevant as the designation for sale by the NFP. If the NFP’s investment committee is responsible for directing the NFP to hold or dispose of certain assets, a non-cash donation could be held for weeks before being directed for sale depending on the schedule of the investment committee. However, the asset was never held for the purpose of generating any investment income or gain and therefore should be identified as an operating cash flow under the spirit of the guidance.

In response to Question 2

I agree with the provisions of the exposure draft regarding the classification of cash flows from the sale of securities. However, as mentioned above, I believe that the scope of the proposed ASU should be expanded.

In response to Question 3

I am unclear as to the presentation of the statement of cash flows once the guidance is implemented. For example:

Operating activities	
Change in net assets	\$1,000,000
Non-cash gifts	(100,000)
Proceeds from sale of securities directed for immediate sale	100,000

Alternatively, would the NFP net the proceeds from sale of securities against non-cash gifts as though they were a cash equivalent? In either event, further implementation guidance is required.

In response to Question 4

My client base is such that I will recommend that the NFP apply the update retrospectively for all periods presented. If the scope of the proposed ASU were limited to securities, and given the reporting capabilities of investment custodians, I do not believe that there is too great a burden to require retrospective application. It certainly would be easier to implement than the required retrospective application of SFAS 117-1. If the scope is expanded to include other non-cash gifts, I believe that the burden may be too great for some NFPs to implement retrospectively.

In response to Question 5

The amount of time required to implement the guidance will vary widely based on the size of the NFP and the volume of non-cash donations it receives as well as the scope of the ASU once finalized. However, through simple tracking mechanisms, most small and mid-sized NFPs should be able to identify assets directed for sale as well as assets designated for long-term use by the donor.

Sincerely,

Jeremy W. Cole, CPA MST

The opinions, beliefs, and viewpoints expressed by the author do not necessarily reflect the opinions, beliefs, and viewpoints of Braver PC.