

April 18, 2008

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



Re: Proposed FSP FAS 117-a

LETTER OF COMMENT NO. 20

Dear Mr. Golden:

Deloitte is pleased to comment on proposed FASB Staff Position No. FAS 117-a, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures."

We support the Board's efforts to provide guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and to improve disclosures about an organization's endowments (whether or not they are subject to UPMIFA). The following are our responses to the Board's specific questions posed to constituents in regards to the proposed FSP.

Is the guidance for net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to UPMIFA appropriate, and can it be applied consistently?

While judgment will certainly be required in initially determining the governing board's interpretation of the relevant laws, we believe the guidance is appropriate and can be applied consistently. However, we do not believe the Board's expectation that a governing board's interpretation of a relevant law will be a "one-time interpretation" is practical. While we do not support treating such interpretations as an accounting policy decision, we certainly believe there are circumstances where a governing board may change its interpretations of the relevant laws.

We do not agree with the view of having the FASB provide specific requirements regarding the net asset classification of donor-restricted endowment funds that are subject to UPMIFA. This would require the FASB to interpret relevant laws as adopted in individual states.

Are the proposed disclosures about an organization's endowment funds needed, and do they provide sufficient transparency in the new UPMIFA environment?

Overall, we believe that the proposed FSP would increase the transparency of not-for-profit entities' disclosures about donor-restricted and board-designated endowment funds. We are concerned, however, that paragraph 13 would require an organization to provide forward-looking information that is subject to varying levels of subjectivity or change on the basis of future events or circumstances. We do not believe such forward-looking information is necessary because the disclosures required by paragraph 12(b) seem to provide financial statement users with sufficient information regarding an organization's spending policies. Moreover, while the disclosures regarding an organization's

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investment policies (paragraph 12(c)) may provide insight into potential future investment returns, the subjective nature of these policies does not seem to provide financial statement users with relevant information and, in fact, can sometimes be misleading.

Do you agree with the Board's decision to require that organizations provide the additional disclosures even if they are not yet subject to a version of UPMIFA?

We agree with the Board's decision to require all organizations to provide the disclosures and believe that this will increase the transparency in disclosures by not-for-profit organizations. However, some organizations may conclude from the title of the proposed FSP that the requirements only apply to organizations subject to an enacted version of UPMIFA. To avoid such misinterpretation the Board should consider changing the title to reflect the FSP's applicability to all not-for-profit organizations.

Do you agree with the Board's decision to make the provisions of the FSP effective for fiscal years ending after June 15, 2008, with early application permitted as long as the organization has not previously issued annual financial statements for that fiscal year?

We understand it may be difficult for some organizations to obtain the necessary information and perform the appropriate procedures to effectively implement the FSP by the proposed effective date. As such, the Board should consider delaying the effective date to allow organizations enough time to gather such information and take the steps necessary to appropriately implement the FSP.

We appreciate the opportunity to comment on the proposed FSP. If you have any questions concerning our comments, please contact Mark Crowley at (203) 563-2518.

Yours truly,

Deloitte & Touche LLP

cc: Bob Uhl