From: <u>Steve Kattell</u>
To: <u>Director - FASB</u>

Subject: File Reference No. EITF-12A.

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I generally agree with the conclusions in the proposed ASU, *Not-for-Profit Entities: Classification of the Sale of Donated Securities in the Statement of Cash Flows*. I believe that the two criteria for reporting cash received from the sale of donated securities as operating or financing activities are appropriate.

Regarding Question 1.

- I wonder if the scope of the proposed ASU should not be expanded. I would not be surprised if there weren't similar diversity in practice regarding cash flows from the sale of donated vehicles, works of art, or real property. I am more certain that the sales of donated securities is a much more prevalent transaction – leading to a greater impact on reported amounts.
- The FASB may want to poll its Not-for-Profit Resource groups to see if there is diversity in practice.
- FYI, I would recommend to my clients that they report the sale of donated assets, other than securities, as operating cash flows or financing cash flows. I would use similar reasoning as that used in the Proposed ASU.

FYI, I am a CPA in public practice. I perform audits for over 35 smaller nonprofits and nearly 20 non-profits that use the GASB model (charter schools).

Please feel free to contact me with any questions about my comments.

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