

July 16, 2012

Financial Accounting Standards Board
Technical Director, File Reference No EITF-12A
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Via e-mail to: Director@fasb.org

**RE: EXPOSURE DRAFT ISSUED APRIL 17, 2012 - PROPOSED ACCOUNTING STATEMENTS
UPDATE – STATEMENT OF CASH FLOWS (TOPIC 230)**

Ladies and Gentlemen:

The Accounting Principles and Auditing Procedures Committee (“Committee”) is the senior technical committee of the Massachusetts Society of Certified Public Accountants. The Committee consists of members who are affiliated with public accounting firms of various sizes as well as members in both industry and academia. The Committee has reviewed and discussed the above-mentioned Exposure Draft. The views expressed in this comment letter are solely those of the Committee and do not reflect the views of the organizations with which the Committee members are affiliated.

The Committee has reviewed the Exposure Draft as detailed above. The Committee is supportive of the work of both the EITF and the FASB.

The Exposure Draft was issued on April 17, 2012 with a comments period to close on July 16, 2012. The Committee feels that this period may not provide sufficient time for not-for-profit entities with year ends of June 30, 2012 to understand and properly comment on the exposure draft. The Committee suggests extending the comment period until September 15, 2012.

Question 1

Do you agree that the scope of this proposed Update should be limited to cash receipts of NFPs resulting from the sale of donated securities (a) that upon receipt are directed for sale and (b) for which the NFP has the ability to avoid significant investment risks and rewards through near-immediate conversion into cash? If not, should the scope be expanded by including donated assets other than securities and/or removing criterion (b)? Do you have another recommendation as to scope?

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Response to Question 1

The exposure draft addresses the “cash receipts from the sale of donated securities” only and does not address cash receipts from other donated non-cash transactions, of which there are many. The Committee is concerned that donated non-cash transactions not involving donated securities that are to be sold under the conditions detailed in the exposure draft are not addressed in this exposure draft. The Committee feels this could result in a diversity of practice because it is not addressed.

If the exposure draft is to cover only donated securities, then additional analysis and accounting would put a significant strain on the not-for-profit finance teams and audit firms to the extent that these transactions would have to be monitored and accounted for in a completely different manner than is done at present. Realistically for many not-for-profits, during a strong market there are many of these transactions, thus this additional analysis and accounting could possibly require more resources within the affected not-for-profits.

Question 2

Do you agree that cash receipts of NFPs resulting from the sale of donated securities (a) that upon receipt are directed for sale and (b) for which the NFP has the ability to avoid significant investment risks and rewards through near-immediate conversion into cash should be classified as operating cash flows unless the cash receipts meeting conditions (a) and (b) must be classified as a financing activity because the donor restricted the use of the contributed resources to long-term purposes? Do you also agree that all other cash receipts of NFPs resulting from the sale of debt and equity securities not meeting those conditions would be classified as investing cash flows? If not, please explain why.

Response to Question 2

The Committee first repeats its concerns as detailed under Response to Question 1.

The Committee is further concerned about the definition of long-term purpose and how that term is to be interpreted and applied. The Committee, as it does with all exposure drafts, suggests that illustrative examples be included to demonstrate how the exposure draft is to be applied.

Question 3

If you are a user of the financial statements of NFPs, would the amendments in the proposed Update affect your analysis? If so, please explain how.

Response to Question 3

The Committee is made up of mostly preparers from public accounting firms and industry and cannot properly comment on the question.

Question 4

Do you agree that the proposed amendments should be applied prospectively but permit retrospective application to all prior periods presented upon the date of adoption? If not, please explain why.

Response to Question 4

The Committee agrees with prospective application with possible retrospective application if adopted provided the above concerns under question 1 and 2 are addressed.

Question 5

How much time is needed to implement the proposed amendments?

Response to Question 5

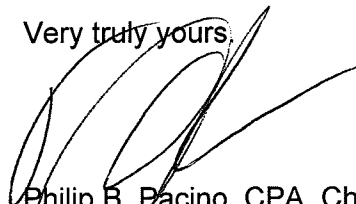
The Committee believes that any amendments resulting from this Exposure Draft should be effective for period beginning on or after December 15, 2012.

Other

The Committee would also like to comment on an item that does not appear to be address in this exposure draft. All held for sale donated securities are valued per IRS Regulations at the daily mean price at the date of gift and sold at another unit price per share. The Committee does not see in the exposure draft how the gain or loss would be accounted for on the Statement of Cash Flows. The current practice is to show this gain or loss in Cash Flows from Operations section. Would the current practice continue under the proposed Exposure Draft?

Thank you for allowing us the opportunity to comment on this proposal.

Very truly yours,



Philip B. Pacino, CPA, Chairman
Accounting Principles and
Auditing Procedures Committee
Massachusetts Society of Certified Public Accountants