August 6, 2018

Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Sent via email to: director@fasb.org

File Reference No. 2018-250

Dear Ms. Cosper:

CliftonLarsonAllen LLP appreciates the opportunity to comment on the Financial Accounting Standards Board’s June 26, 2018, Exposure Draft, Proposed Accounting Standards Update, Not-for-Profit Entities (Topic 958), Updating the Definition of “Collections.”

We support the board’s intent to clarify and improve the accounting guidance; however, we believe that additional guidance on the scope of direct care is needed in order to improve the clarity and consistent application of not-for-profit accounting for collections.

We have provided our responses to the questions for respondents included in the exposure draft in the attachment.

Sincerely,

CliftonLarsonAllen LLP
Exposure Draft: Updating the Definition of Collections

CliftonLarsonAllen LLP is pleased to provide the following responses to the questions in the proposed Accounting Standards Update.

1. **Should the definition of the term collections include the concept of direct care? If not, why not?**
   
   Yes. However, there should be clarification of the term “direct care,” including providing examples of such costs. There should also be examples of those costs that are not considered “direct care.”

2. **Should there be a requirement to disclose an entity’s policy for use of proceeds from deaccessioned collections? If not, why not?**
   
   Yes. The disclosure will clarify how the proceeds are being used and provide useful information to the readers of the financial statements. The disclosure should also include the amount of direct care costs which were funded with deaccession proceeds for the current year.

3. **Would the proposed transition requirement of prospective application with retrospective application permitted be operable and would it provide decision-useful information? If not, please explain why and what you would recommend.**
   
   Yes. It should be prospective to allow a more consistent transition when adopting the amendment.

4. **Should the effective date of the proposed amendment be upon issuance of a final Update? If not, why not?**
   
   No. The effective date should be for periods beginning after December 15, 2018, in order to provide adequate time for organizations to adopt the amendment prospectively. Additional time would allow organizations to develop and implement relevant policies and procedures to apply the amendment.