Aug. 10, 2018

Technical Director
Financial Accounting Standards Board

Submitted via email to director@fasb.org

Re: Proposed Accounting Standards Update Not-for-Profit Entities (Topic 958) Updating the Definition of Collections

The Virginia Society of CPAs (VSCPA) Accounting and Auditing Advisory Committee has reviewed the Proposed Accounting Standards Update Not-for-Profit Entities (Topic 958) Updating the Definition of Collections, issued by the Financial Accounting Standards Board (FASB). The VSCPA is a leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members’ interests. The VSCPA membership consists of more than 13,000 individual members who actively work in public accounting, private industry, government and education. We acknowledge that the FASB has issued the Proposed Accounting Standards Update (ASU) in an effort to improve the definition of collections in the Master Glossary by realigning it with the definition in the Code. The VSCPA appreciates the work the FASB has undertaken on this effort and the opportunity to respond to the Proposed ASU.

1. Should the definition of the term collections include the concept of direct care? If not, why not?
We agree the definition of the term collections include the concept of direct care. Under current rule, limiting deaccessioned collection revenue to the funding of new accessions sets up a perverse incentive for entities to acquire more objects when their own collecting policies or plans, and their own conservation and direct care needs might present an ethical barrier to new accessions. Institutions have a fiduciary duty to the care and maintenance of their collections, not necessarily to collect.

2. Should there be a requirement to disclose an entity’s policy for use of proceeds from deaccessioned collections? If not, why not?
We agree that there should be a requirement to disclose an entity’s policy for use of proceeds from deaccessioned collections. The biggest concern with any changes is the potential of diversity in practice. Not do we agree with a required disclosure, but we encourage the FASB to further define, limit, and give examples of direct care. For example, if facilities are outdated, bearing negatively on collections, would it be in the direct care of the collections to build a new facility to house the collections? Stakeholders would not want to see deaccessions used to supplement capital campaigns.

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.
We believe the proposed transition requirement would be operable and would provide useful information.
4. Should the effective date of the proposed amendment be upon issuance of a final Update? If not, why not?
We agree that the effective date being the issuance date is appropriate. With the transition requirement, we do not believe there will be issues implementing the new ASU.

Again, the VSCPA appreciates the opportunity to respond to this Exposure Draft. Please direct any questions or concerns to VSCPA Senior Director, Learning, Linda Newsom-McCurdy, CAE, at lnewsom-mcccurdy@vscpa.com or (804) 612-9421.

Sincerely,

Charles M. Valadez, CPA, CITP, CGMA
Chair

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