August 9, 2018

Technical Director
File Reference No. 2018-250
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Proposed Accounting Standards Update on Definition of Collections

Dear Technical Director,

The National Trust for Historic Preservation in the United States is a Congressionally-chartered non-profit membership corporation that works to save places that matter to people. The National Trust maintains a collection of twenty-eight historic sites throughout the country and also provides advice and guidance to other historic sites, historical organizations, house museums, and other museums in the United States. The National Trust has provided guidance on the appropriate treatment of de-accessioning proceeds from museum collections and served on the American Alliance of Museums Direct Care Task Force. We are pleased to provide comments on the Exposure Draft of a Proposed Accounting Standards Update regarding the definition of collections.

**Question 1: Should the definition of the term *collections* include the concept of direct care? If not, why not?**

The National Trust strongly supports modifying the definition of *collections* to include direct care. A definition that includes the concept of direct care will best represent the standards, policies and best practices of the museum field. The previous definition did not reflect the diversity of museum types nor did it reflect accepted practices occurring within the field.

The National Trust, like many other organizations that own and operate historic sites, and consistent with both the AAM Code of Ethics for Museums and the American Association for State and Local History’s Statement of Professional Standards and Ethics permit funds realized from the sale of deaccessioned collections to be used for acquisition or *direct care* of collections. The National Trust views its responsibility to care for and preserve its collections, including buildings and landscapes that are part of their collections, as equally important as acquisition of additional collections.

As AAM has indicated, Statement 116 based the definition of *collections* on the AAM’s Code of Ethics for Museums that was adopted in 1991. The definition was not updated to reflect the revision in the 1993 Code, and as a result the accounting definition has been out of alignment with the Code for twenty-five years. This difference between the GAAP definition and what is allowed in the Code causes confusion in the museum community and results in accounting...
diversity in practice. Realigning the definition of *collections* is consistent with the original basis for conclusions in Statement 116.

**Question 2: Should there be a requirement to disclose an entity’s policy for use of proceeds from deaccessioned collections? If not, why not?**

The National Trust supports the requirement to disclose the policy for use of proceeds from deaccessioned items. The policy for the use of proceeds is currently included in the National Trust’s collections management policy and disclosed in its financial statements. This does not impose an undue burden on collections-holding organizations and promotes transparency.

**Question 3: Would the proposed transition requirement of prospective application with retroactive application permitted be operable and would it provide decision-useful information? If not, please explain why and what you would recommend.**

The National Trust is in favor of prospective application with retroactive application permitted. Many museums and historic sites, including the National Trust, follow the Code of Ethics for Museums definition (acquisition or direct care) rather than the GAAP definition. Permitting retroactive application of the updated standard reflects the reality of practice in the museum field.

**Question 4: Should the effective date of the proposed amendment be upon issuance of a final Update? If not, why not?**

The National Trust is in favor of the effective date being upon issuance of the final Update.

Thank you for the opportunity to comment on this proposed update. We commend FASB and its Not-for-Profit Advisory Committee for addressing this issue, and would be pleased to answer any questions you may have. I may be reached at tmayes@savingplaces.org or 202 588-6182.

Sincerely,

Thompson M. Mayes
Vice President and General Counsel

Cc: Lori Breslauer, Field Museum
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