



The Connecticut Society of Certified Public Accountants



LETTER OF COMMENT NO. 34

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April 22, 2008

Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856
Via email

File Reference: Proposed FSP FAS 117-a

The members of the Accounting and Reporting Standards and Not-for-Profit Committees of the Connecticut Society of Certified Public Accountants are pleased to submit their comments on the Proposed FASB Staff Position: Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures.

The views expressed in this letter are those expressed by members of the Accounting and Reporting Standards and Not-for-Profit Organizations Committees. These views are not necessarily the view of the membership of the Connecticut Society of Certified Public Accountants.

We appreciate the opportunity to present our comments. Should there be any questions, please feel free to contact Thomas M. Wood, chair of the Not for Profit Committee at 860-570-2368.

Very truly yours,

Thomas M. Wood, CPA
Connecticut Society of Certified Public Accountants
Chair, Not-for-Profit Organizations Committee

We believe the guidance for net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to UPMIFA appropriate is appropriate. The FSP requires the application of relevant state law and terms of the endowment to determine net asset classification of endowment funds. It clarifies the application of FAS 117. Specifically that "contractual and legal provisions often impose constraints of an organization's use of particular assets, but those constraints generally do not create a *donor-imposed restriction or temporarily restricted net assets or permanently restricted net assets*, as defined in FASB Statement No. 117."

We regard the approach outlined as a reasonable method of dealing with UPMIFA and the loss of UMIFA's *historic-dollar-value* threshold. We believe that FSP can be applied consistently.

We thought the minimum disclosures under the FSP were appropriate and welcomed the additional information on the organization's endowment spending policy.

We also agree that organizations not subject to UPMIFA should provide the same disclosure information to aid transparency.

We appreciate the opportunity to respond to the Proposed FASB Staff Position: Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures.