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August 24, 2009

Financial Accounting Standards Board of the Financial Accounting Foundation

Attn: Technical Director-File Reference No. 1700-100

We have reviewed the exposure draft of the FASB's Proposed Statement of Financial Accounting Standards, Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses, and are pleased to provide the following comments for the Board's consideration, concerning Issues 1 and 2.

Issue #1: This proposed Statement defines a financing receivable as both loans as defined by FASB Statement No. 114, Accounting by Creditors for Impairment of a Loan, and lessors' investment in leases other than operating leases that have been recorded as assets in accordance with FASB Statement No. 13, Accounting for Leases. Do you agree with the definition used to identify a financing receivable subject to the provisions of this proposed Statement? If not, why not?

The proposed Statement provides a scope exception for unconditional promises to give that are assets of not-for-profit entities and that are due in one year or less, as discussed in FASB Statement No. 116 (FAS 116), Accounting for Contributions Received and Contributions Made.

We believe that all promises to give, including those due in more than one year, should be excluded from the scope of the proposed Statement for the following reasons:

- Unlike other assets covered by the exposure draft, a promise to give is a nonreciprocal gift transaction. No financing has occurred in creating a promise to give.
- Not-for-profit entities do not make a decision to extend credit to a donor. Rather, they accept the terms that a donor suggests.
- Management has no ability to require collateral or impose interest or penalties if a donor does not pay timely. Interest is limited to imputed interest in accordance with FAS 116.
- A promise to give does not have contractual rights comparable to financing receivables and loans, even though some of them may be enforceable gift agreements. Thus, presentation of the required disclosures provides little or no information about management's stewardship of its receivables.

For these reasons, we believe the disclosures required by the statement are unnecessary for promises to give and are not useful information for users of not-for-profit financial statements.

Issue #2: This proposed Statement would apply to all creditors, including all public and nonpublic entities that prepare financial statements in accordance with generally accepted accounting principles. Do you agree with the scope of this proposed Statement? If not, why not?

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We would strongly support a small entity exception similar to FASB Statement No. 107, as amended by FASB Statement No. 126 (FAS 126), because we believe the costs of implementing this standard outweighs the benefits for small entities. However, we would suggest the following modification to FAS 126 paragraph 2(c): The entity has no instrument that, in whole or in part, is accounted for as a derivative instrument under FASB ASC 815, other than commitments related to the origination of mortgage loans to be held for sale during the reporting period or embedded derivatives of split-interest agreements, as described in FASB ASC 958-30.

We appreciate the opportunity to provide our comments on the proposed Statement on behalf of the 500+ not-for-profit organizations we have the privilege of serving.

Sincerely,

William K. Haller, Managing Partner

CapinCrouse LLP