

July 13, 2012

Via email to director@fasb.org

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

RE: Proposed Accounting Standards Update, Not-for-Profit Entities: Classification of the Sale of Donated Securities in the Statement of Cash Flows (File Reference No. EITF 12A)

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Dear Ms. Cosper:

We are pleased to provide comments on the exposure draft. We agree that NFPs should classify cash flows from the sale of donated securities as operating activities, assuming certain conditions are met.

More specifically, we agree that cash receipts from the sale of donated securities by NFPs that upon receipt are directed for sale and for which the NFP has the ability to avoid significant investment risks and rewards through near immediate conversion into cash should be classified as operating cash flows. We believe the caveat that any donor-imposed restrictions requiring the resources be used for a long-term purpose would appropriately classify those cash receipts as financing activities, even when the prior conditions are met.

We also believe questions will arise regarding an NFP's ability to sell donated securities within a "near-immediate" time frame. For example, a small NFP may receive donated securities for the first time, in the absence of an existing policy directing their sale. As such, it might be helpful to clarify that "near-immediate" generally conveys the same meaning as "contemporaneous" or within a few business days. Alternatively, the final ASU could include an example or two to illustrate an acceptable holding period in contrast with one that would result in presenting the cash receipts as an investing activity.

With respect to transition, we prefer retrospective adoption for all periods presented to enhance comparability. We note the amounts in prior years should be available in most cases, and that Topic 250<sup>1</sup> already provides relief if retrospective adoption is impracticable. In addition, we do not anticipate any significant implementation challenges, and recommend an effective date for periods ending after December 15, 2012.

We would be pleased to discuss our comments with the FASB staff. Please direct questions to Lee Graul, National Director of Accounting at (312) 616-4667 or Adam Brown, Partner in the National Accounting Department at (214) 665-0673.

Very truly yours,

BDO USA, LLP

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<sup>&</sup>lt;sup>1</sup> Accounting Changes and Error Corrections