



BOARD OF TRUSTEES

July 1, 2015

CHAIRMAN

W. Hardy Callcott

PRESIDENT

Linda Chatman Thomsen

PRESIDENT ELECT

David M. Lynn

VICE PRESIDENT

Daniel L. Goelzer

George C. McKann

TREASURER

Cynthia M. Fornelli

SECRETARY

Lisa Beth Lentini

Mr. Jeffrey D. Mechanick  
FASB Not-for-Profit Advisory Committee  
401 Merritt 7, P.O. Box 5116  
Norwalk, Connecticut 06856-5116

By Email and Postal Mail

**RE: COMMENT LETTER ON PROPOSED DRAFT FINANCIAL STATEMENTS OF NOT-FOR-PROFIT ENTITIES**

Dear Mr. Mechanick:

I am submitting the following comments for consideration in FASB's proposed draft financial statements of not-for-profit entities. **Please note that I am submitting these comments solely in my position as Executive Director of a non-profit organization, and not as representative of the views of the organization's Board of Trustees or audit firm.**

I commend the FASB Not-for-Profit Advisory Committee for recognizing the significant impact of non-profit organizations within the life of this nation. Your proposed recommendations will help to expand the disclosure of the receipt and use of monies to our donors and to the users of our services. I have worked in non-profit development – seeking and securing gifts and grants from individuals, corporations, foundations and associations – throughout my career; as a Certified Fundraising Executive, I am required to maintain the highest standards in seeking funds and ensuring the proper use of contributions.

I ask that FASB consider the following before finalizing its proposals:

- Not all non-profit organizations are the same, and how each derives its revenue should determine how its financial statements should be constructed. My organization (see postscript information) is a 501(c)(3) non-profit, meaning that we derive income solely from gifts and grants. However, there are other types of non-profits that derive earned income, from membership dues, entrance fees, conference registrations, sale of materials, etc.; or significant funds from endowment income. FASB should recognize that revenue is the most significant factor in a non-profit organization's existence, and should consider adapting the proposals to reflect how revenue is secured.
- Changes and additions to the process of preparing financial statements will add to audit fees. Donors are averse to giving to what they deem "overhead," and want to see their contributions go directly to programs and services. FASB should recognize more complex financial statements may be more of a burden, rather than a boon, to non-profits and may not enhance donor disclosure.

I recommend that FASB "test out" these proposals with a variety of non-profit organizations with differing revenue sources for a period of time to assess both how the proposals are enhancing disclosure and what additional work and expense are necessitated. This "real life" experience will give valuable information to FASB on the efficacy and value of these proposals.

Please keep in mind that – ultimately – it is the donors that count. The United States is the most generous philanthropic nation on earth. Donors give, not because they derive direct benefit, but

EXECUTIVE DIRECTOR

Carla L. Rosati, CFRE



BOARD OF TRUSTEES

CHAIRMAN

W. Hardy Callcott

PRESIDENT

Linda Chatman Thomsen

PRESIDENT ELECT

David M. Lynn

VICE PRESIDENT

Daniel L. Goelzer

George C. McKann

TREASURER

Cynthia M. Fornelli

SECRETARY

Lisa Beth Lentini

Alan L. Beller

Bruce C. Bennett

Timothy P. Burke

Mark D. Cahn

Melanie F. Dolan

Margaret M. Foran

Thomas O. Gorman

David B. Harms

Robert W. Helm

Philip S. Khinda

John M. Liftin

David B.H. Martin

Richard Y. Roberts

Timothy F. Ryan

Charles V. Senatore

Larry W. Sonsini

John W. White

because they want to assist others. Financial statements are only one tool in helping donors to decide where they will contribute their support.

Please contact me ([c.rosati@sechistorical.org](mailto:c.rosati@sechistorical.org); 202-756-5015) if you have any questions. Thank you for your consideration.

Sincerely,

Carla L. Rosati, CFRE  
Executive Director

*Postscript*

The Securities and Exchange Commission Historical Society is a 501(c)(3) non-profit organization, incorporated in the District of Columbia in 1999. It is independent of and separate from the U.S. Securities and Exchange Commission and receives no funding from the public sector.

The Society shares, preserves and advances knowledge of the history of financial regulation through its virtual museum and archive at [www.sechistorical.org](http://www.sechistorical.org). The museum is free and accessible worldwide at all times.

The virtual museum and archive contains material on FASB history, including archival papers; oral histories with JT Ball, Dennis Beresford, Robert Herz, Edmund Jenkins, Donald Kirk, James Leisenring and Paul Pacter; and a program on October 10, 2013 on FASB's 40<sup>th</sup> anniversary, with Russell Golden as a presenter. FASB has not been a donor to the Society.

EXECUTIVE DIRECTOR

Carla L. Rosati, CFRE