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**Sent:** Friday, July 31, 2015 12:33 PM  
**To:** Director - FASB <director@fasb.org>  
**Subject:** Comment on proposed ASU - Direct Method Cash Flow for NPOs

We would like to comment on FASB's plan to mandate a direct-method cash flow statement for not-for-profit entities. Based on our firm's 35-year experience with NPOs, we feel that requiring the direct method would be a resource drain that would far outweigh any benefits that could be obtained from the resulting statement.

In looking back at the transition experience of financial executives at public colleges and universities which underwent this change with the implementation of GASB 34, this took considerable effort. Implementation required time in which to determine how to accumulate the appropriate information for each line on the direct-method cash flow statement. The elements have to be mapped in the accounting systems, and the median NPO is far less likely than a college or university to have a sophisticated accounting system. A large percentage of our clients use QuickBooks, and do not have CPAs in their accounting departments or on their boards. Due to the emphasis on budgets and financial constraints, management teams in these organizations depend heavily on cash flow projections and budget-to-actual results. The direct-method cash flow statement would not provide additional information that would assist in their decision-making.

Lastly, the majority of our clients depend heavily on government grant funding. The implementation of the Uniform Grant Guidance, as well as the Internal Control Integrated Framework is already creating a significant workload strain on these organizations. We feel that mandating a direct-method cash flow statement would be an unnecessary burden.

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