Question 1: Do you agree that the disclosures about the nature of donor-imposed restrictions and their effects on liquidity in notes to financial statements would help ensure that necessary information is not lost by combining the temporarily and permanently restricted classes of net assets into one donor restricted category for purposes of presentation in the statement of financial position (balance sheet)? If not, please identify the information lost and why it is necessary. (See paragraphs BC22–BC23 and BC27–BC32.)	Yes. Also see comments on Question 4 below.
Question 2: Do you agree that the aggregated amount by which endowment funds are underwater should be classified within *net assets with donor restrictions* rather than *net assets without donor restrictions*? If not, why? (See paragraph BC24.)	Seems reasonable.
Question 3: Do you agree that disclosures describing the NFP's policy on spending from underwater endowment funds, together with the aggregated original gift amount or the amount that is required to be maintained by donor or by law, would provide creditors, donors, and other users with information useful in assessing an NFP's liquidity and potential constraints on its ability to provide services without imposing undue costs? Why or why not? (See paragraph BC32.)	Yes.
Question 4: Do you agree that providing information in notes to financial statements about financial assets and liabilities and limits on the use of those assets is an effective way to clearly communicate information useful in assessing an NFP's liquidity and how it manages liquidity without imposing undue costs? If not, why, and what alternative(s) would you suggest? (See paragraphs BC27–BC31.)	Yes & No. Yes, for NFPs which provide an unclassified balance sheet & No, for NFPs that present a balance sheet classified as to current & non-current assets and liabilities. The disclosures contemplated in Question 1, together with a classified balance sheet would provide enough information regarding liquidity and limits of use of assets. Enhanced disclosures should be limited to NFPs that present unclassified balance sheets (but also see below regarding NFP size). The definition of current should be changed to exclude any otherwise liquid assets which carry restrictions on spending/use that are reasonably expected to last more than one year. Requiring complex qualitative information about management of liquidity and risk is frankly beyond the ability of many small NFP personnel and would therefore carry significant cost in consulting or CPA fees to implement (the latter being a potential threat to independence.) This type of requirement is best left to large NFPs that actually have an investment or treasury dedicated staff. What is to be gained by requiring such information of small NFPs with a checking, savings and small investment account? Nothing that's worth the cost of implementation! Classification as described above, with possibly a footnote describing any restrictions on otherwise liquid assets, should be sufficient. If included in the final ASU, this should

	carry an exception for NFPs of less than $10,000,000 in revenues.
Question 5: Most business-oriented health care NFPs are required to present a classified balance sheet. Continuing care retirement communities and other NFPs may choose to sequence their assets and liabilities according to their nearness to cash as an alternative to using a classified balance sheet. As a result of the proposed requirement to provide enhanced disclosures of information useful in assessing liquidity, would there no longer be a need to hold business-oriented health care NFPs to the more stringent standard for their balance sheets? If not, why?	No comment
Question 6: Do you agree that requiring intermediate measures of operations would provide users of NFP financial statements with more relevant and comparable information for purposes of (a) assessing whether the activities of a period have drawn upon, or have contributed to, past or future periods and (b) understanding the relationship of resources used in operations of a period to resource inflows available to fund those operations? Do you also agree that classifying and aggregating information in that way would not require major system changes? If not, why? (See paragraphs BC38–BC47.)	Yes. The information would be useful, and it should not be unduly burdensome to implement.
Question 7: Do you agree that intermediate measures of operations should include only those (a) resource inflows and outflows that are from or directed at carrying out an NFP's purpose for existence *and* (b) resources that are available for current-period operating activities before and after the effects of internal governing board appropriations, designations, and similar actions? If not, why? (See paragraphs BC48–BC74.)	Yes, this seems logical and showing the effects of internal governing board appropriations is also useful information.
Question 8: (A) Do you agree that all internal transfers (governing board appropriations, designations, and similar actions that make resources unavailable or available for operations of the current period) should be reflected on the statement of activities immediately after an *intermediate measure of operations before transfer*s and immediately before an *intermediate measure of operations after transfers? (**B**)*If not all internal transfers, on what basis would you distinguish between those transfers that should and should not be reflected and how would you make that distinction operable? (**C**) Do you also agree that reflecting those internal decisions (or lack of them) on the face of the statement rather than in notes will help an NFP communicate how its operations are managed without adding undue complexities? Why or why not? (See paragraphs BC46–BC47 and BC67–BC74.)	A)Yes, showing such transfers separately seems useful (B) No distinction seems necessary (C) Yes, but further explanation in the notes should also be present (such as described in BC71(e)).
Question 9: Do you agree that to promote comparability, the Board should eliminate one of the two optional methods for reporting expirations of donor restrictions on gifts of cash or other assets to be used to acquire or construct long-lived assets? Do you also agree that requiring the expiration of those donor restrictions on the basis of the placed-in-service approach rather than the current option to present a release from restriction over the useful life of the acquired long-lived asset is most consistent with the underlying notions of the intermediate measures of operations? If not, why? (See paragraph BC66.)	Yes. However, I believe *requiring* the placed-in –service approach may not accurately reflect the nature of all agreements. The standard should say the *presumption* of the placed-in-service approach should be used unless it can be shown another approach more clearly reflects the donor intent. Such showing must be able to be documented by written evidence. Comparability or consistency with a reporting format should not be the

	overriding concern if the facts do not fit the reporting.
Question 10: Do you agree that gifts of, or for, property, plant, and equipment (long-lived assets) should be considered operating revenue and support when received (or when placed in service in the case of a gift to acquire a long-lived asset)? Do you also agree that because the long-lived asset is not immediately fully available to be utilized in the current period, an NFP should be required to present a transfer from operating activities to other activities for the amount of the gifted asset or portion of the asset funded by restricted gifts? If not, why? (See paragraphs BC72–BC74.)	Yes. Unrestricted gifts of long-lived assets should be considered operating revenue. However, if such gifts are placed in service rather than sold, they should not be shown as operating expenditures, but transferred from operating activities. This would be more appropriate, especially in the case of depreciable assets, for which the depreciation would then also be shown in operating expenses, resulting in double-deducting the asset over time.
Question 11: Do you agree that the addition of required intermediate measures of operations for all NFPs would make unnecessary the need for NFP business-oriented health care entities to also present their currently required *performance indicator?* Why or why not? (See paragraph BC99.)	No comment.
Question 12: Do you think the flexibility currently allowed by GAAP to present a statement of activities as either a single statement or two articulating statements and to use either a single-column or a multicolumn format should be retained or narrowed? If narrowed, why and in what ways?	No comment
Question 13: Do you agree that reporting operating expenses by both their function and nature together with an analysis of all expenses (other than netted investment expenses) provides relevant and useful information in assessing how an NFP uses its resources and, thus, should be required? Why or why not? (See paragraphs BC87–BC93.)	Yes.
Question 14: Do you agree that requiring investment income to be reported net of external and direct internal investment expenses will increase comparability and avoid imposing undue costs to obtain information about all investment fees (for example, embedded fees of hedge funds, mutual funds, and funds of funds)? If not, why? (See paragraph BC100.)	Yes.
Question 15: Do you agree that the disclosure of the amount of all investment expenses is unnecessary but that disclosure of internal salaries and benefits that are netted against investment return is of sufficient relevance, not too costly to obtain, and thus should be required? Why or why not? (See paragraph BC101.)	Yes, except if the expenses are incurred in transactions with related parties. No exception should be made to disclosure of material related party investment fees/expenses.
Question 16: Do you agree that interest expense, whether incurred on short-term or long-term borrowing, and fees and related expenses incurred for access to lines of credit and similar cash management and treasury activities are not directed at carrying out an NFP's purposes and, thus, should not be classified as operating activities? If not, why? (See paragraphs BC59–BC60.)	No. Such expenses are obviously operating expenses when the operations would be hindered or impossible without them. Since such a determination is highly subjective, expenses incurred in support of operations should be considered operating expenses whether or not they directly relate to the NFP's mission. Uniformity may be gained by requiring interest on all short and long term debt used in operating activities to be classified as operating, rather than allow classification based on whether the debt is long or short term as mentioned in BC60.

Question 17: Do you agree with the following implementation guidance: a. Equity transfers between NFPs that are under common control and are eliminated in a parent entity's consolidated financial statements and equity transactions between financially interrelated entities should be presented within operating activities unless they are not available for current-period use in carrying out the purpose for the reporting entity's existence? If not, why? (See paragraph BC62(a).) b. Immediate writeoffs of goodwill generally should be presented within operating activities? If not, why? (See paragraph BC62(b).) c. Immediate writeoffs of acquisitions of noncapitalized items for a permanent collection should be presented within the operating activity section if acquired with net assets without donor restrictions? If not, why? (See paragraph BC62(c).)	No comment
Question 18: Do you agree that the direct method of presenting operating cash flows is more understandable and useful than the indirect method? Do you also agree that the expected benefits of presenting operating cash flows in that way would justify the one-time and ongoing costs that may be incurred to implement that method of reporting? If not, please explain why and suggest an alternative that might increase the benefits or reduce any operational concerns or costs. (See paragraphs BC75–BC80.)	*No, no, no!* Every time FASB puts forth proposed changes to financial presentation they add this to it. This presentation is NOT more useful, it is NOT more understandable, its cost would NOT justify the effort required, either now or going forward. Small, and even some medium-sized, NFPs generally do not have the personnel to compile this information. Some I have worked with record a great many cash transactions using JEs because personnel understand how to do this better than using the necessary modules (A/P & A/R for example) to properly execute a full cash collection or payment cycle. In such situations it would be very costly to re-categorize all those transactions to present the direct method. I also agree with the commenter that mentioned that most board members of these NFPs are already well adapted to the indirect method through experience with their for-profit businesses. Changing would create MORE confusion, not less. In addition, if the Board goes forward with the disclosures regarding liquidity listed above (Question 1 & 4), there will already be sufficient information regarding liquidity (BC76). The Board's outreach described in BC77 was to public and private universities; such NFPs generally would be large enough to have personnel knowledgeable and experienced in accounting matters. These are NOT consistent with the greater majority of NFPs that function with one or two dynamic individuals with a passion for their cause and maybe a small staff but limited knowledge of accounting.

	The comparison between the financial statement presentation project and NFPs in BC78 is almost ludicrous. *Of course* most NFPs do not have the problems associated with large multi-national companies. That's because they're SMALL and in many cases, LOCAL. It also leaves out the fact that multi-nationals at least have the personnel knowledgeable enough to perform the task and relies instead on the impracticality of the requirement because of certain factors that do not exist outside of that particular segment of organizations. For very many NFPs, the impracticality is in not having personnel to do it. It does not make sense to require this for NFPs when the indirect method is still allowed for business entities. As to the alleged difference caused by the lack of a meaningful concept of "net income" in a NFP as opposed to a business (BC79), the Board has pretty much created an equivalent with the requirement for presentation of operating income/loss, and has therefore made that argument superfluous. One more thought- some accounting packages used by clients have anomalies in accounting for such things as voided checks that create problems. While this may seem like a simple thing to trace and adjust for, in practice the opposite is often true, which is another barrier to economically producing the required information for the direct method. If such a change might be useful to LARGE not-for-profits such as Red Cross, hospitals, and certain public universities, who at least have the personnel (if not the financial resources) to pull it off, then impose it on large organizations and make an exception for small (i.e. less than $10,000,000 revenue) organizations to continue the indirect method.
Question 19: Does the indirect method's reconciliation of cash flows from operations to the total change in net assets provide any particular type of necessary information that would be lost if, as proposed, that method is no longer required? If so, please identify the potentially omitted information and explain why it is useful and whether it should be provided through disclosure rather than requiring use of	*No useful information is lost by remaining on the indirect method. No additional useful information is gained by requiring the direct method.* The appropriate measure to reconcile to would be change in net assets or operating income before

the indirect method. If you suggest that requiring the indirect method is necessary, would you require that the amount for cash flows from operations be reconciled to the amount of the (a) change in net assets, (b) change in net assets without donor restrictions, or (c) proposed intermediate measure of operations before or after transfers? Why? (See paragraphs BC75–BC80.)	internal transfers. The totals would have to be used because since cash is not necessarily shown as restricted or unrestricted, a reconciliation using change in net assets without donor restrictions would likely be impractical.
Question 20: Do you agree that although *operating activities* is defined differently for the statement of cash flows than for the statement of activities, more closely aligning line items presented in the statement of cash flows with the proposed operating classification for the statement of activities will increase understandability even though that reporting would be somewhat different from current requirements for business entities? If you believe that operating items in the two financial statements would not be sufficiently aligned, please indicate how their alignment might be further improved. (See paragraphs BC81–BC86.)	*No.* Since many NFP board members are small business owners or are otherwise more familiar with business reporting, reclassifying items to be inconsistent between entities would result in less, rather than more, understandability of the SCF. The suggested treatment on the cash flows statement would be inconsistent with the treatment suggested in Question 10, which states the asset would be transferred out of operating activities since the asset is not used in operations currently, but rather over time, and therefore should not be presented as a current operating expenditure. Inclusion in the investing section makes more sense from a presentation point of view, and to remain consistent with reporting in business entities. It does not seem a difficult concept to grasp that the NFP is investing in its future operations rather than using up a long-lived asset in current operations as the amendment would imagine.
Question 21: Are there any particular proposed amendments in this Update that would require a longer period to implement than other amendments? If so, please explain.	No. As mentioned above, if certain amendments are adopted they should be limited to large organizations.
Question 22: Are there reasons for any particular size or type of NFP to need a longer time frame to implement the proposed amendments in this Update? If so, please explain.	See #21.