April 9, 2020

Mr. Shayne Kuhaneck
Acting Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

RE: File Reference No. 2020-100

Dear Mr. Kuhaneck:

PricewaterhouseCoopers LLP appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. We understand the rationale for the FASB taking on this project and generally support the FASB's efforts to improve transparency in financial statements.

The appendix contains our responses to the Questions for Respondents, including certain instances when we recommend additional amendments.

If you have any questions regarding our comments, please contact David Schmid at (973) 997-0768, Chris Dutch at (617) 513-5236, or Martha Garner at (973) 652-6576.

Sincerely,

PricewaterhouseCoopers LLP

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Appendix

Question 1 - Are the amendments in this proposed Update operable? If not, which proposed amendment or amendments pose operability issues and why?

While we generally believe that the proposed amendments are operable, we have the following recommendations to ensure that the standard is implemented as intended:

1. We believe it is important that the examples in ASC 958-605-55-70U through ASC 958-605-55-70W include both intangible assets (e.g., software, intellectual property) and contributed services to make it clear that these are within the scope of the proposed disclosure amendments. For example, although the Master Glossary definition of "nonfinancial asset" includes services, we believe that many preparers do not equate services with assets and may not recognize that contributed services are also included in the scope of the disclosure requirements for the proposed amendments.

2. We believe the proposed requirement to disclose management's intent to monetize or utilize contributed nonfinancial assets in ASC 958-605-50-1A will be difficult and costly to audit and recommend that this requirement be changed to instead required disclosure of the NFP's board-approved policy for monetizing each category of contributed nonfinancial assets.

   Further, we recommend that the examples in ASC 958-605-55-70U through ASC 958-605-55-70W be modified to also address the monetization of a contributed nonfinancial asset as we believe the requirements of ASC 958-605-50-1A to disclose *qualitative* information about how a contributed nonfinancial asset was or was intended to be monetized may be confusing.

3. We believe the penultimate sentence in paragraph 12 in the Basis for Conclusions is misleading in its discussion of the rationale for requiring separate line item presentation of contributed nonfinancial assets on the statement of activities. This paragraph references Concepts Statement 8 (PR49), which states that "combining items measured differently into a single line item produces information that either is less meaningful or is more difficult to use." Contributed financial assets, such as stock, and nonfinancial assets are initially measured at fair value as defined in ASC 820. Therefore, we do not believe there is a difference in how these assets are measured and recommend striking that sentence.

Question 2 - Should the scope of the presentation and disclosure requirements apply to all contributed nonfinancial assets? If not, what types of nonfinancial contributions should be excluded from the scope and why? Should the scope of the presentation and disclosure requirements be extended to business entities? If yes, why?

Yes. We believe the scope of the proposed amendments is appropriate and that the proposed standard should apply to all entities within the scope of ASC 958-605, including business entities. While we acknowledge that it is uncommon for business entities to receive contributed nonfinancial assets, we recommend that the proposed standard apply to all entities, including business entities, to maintain alignment with the scope of the guidance codified in ASC 958-605.

Question 3 - Should the disclosure requirements in paragraph 958-605-50-1A(c) be required for each category of contributed nonfinancial assets? If not, please explain why.

No. The requirement to disclose the principal (or most advantageous) market used in determining fair value for contributed nonfinancial assets is inconsistent with the disclosures required for assets measured at fair value under ASC 820. While we understand the relevance of this information for pharmaceuticals and medical devices, to require its disclosure for all contributed nonfinancial assets would be costly to prepare and audit for most NFPs.

Question 4 - Would retrospective application of the proposed amendments be operable and would that application provide decision-useful information? If not, please explain why and what you would recommend.

Yes. We generally believe that retrospective application of the proposed amendments would be operable and provide decision-useful information. However, we do not believe the requirement to disclose *intent* to be monetized or utilized in ASC 958-605-50-1A should be comparative since it is a forward-looking disclosure. See our response to Question 1 for our recommendation related to this disclosure requirement.

Question 5 - How much time would be needed to adopt the proposed amendments? Should early adoption be permitted?

We believe that questions regarding the time period required for implementation are better addressed by preparers. We believe that early adoption should be permitted.

Question 6 - Is education or implementation guidance needed on the valuation of contributed nonfinancial assets? If yes, what type of guidance or additional education should be developed?

No. At this time, we do not believe additional guidance is necessary.