



Tel: 312-856-9100
Fax: 312-856-1379
www.bdo.com

2020-100
Comment Letter No. 14

330 North Wabash, Suite 3200
Chicago, IL 60611

April 10, 2020

Via email to director@fasb.org

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

File Reference No. 2020-100

Dear Mr. Kuhaneck:

We are pleased to provide comments on the Financial Accounting Standards Board's February 10, 2020 Exposure Draft of the Proposed Accounting Standards Update - *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. We support the Board's efforts to clarify and improve the scope and accounting guidance for contributed nonfinancial assets. Our responses to the specific questions posed are presented in the Appendix to this letter.

We would be pleased to discuss our comments with the FASB staff. Please direct questions to Angela Newell at (214) 689-5669. or Lee Klumpp at (301) 354-2549.

Very truly yours,

A handwritten signature in black ink that reads "BDO USA, LLP". The letters are written in a cursive, slightly slanted style.

BDO USA, LLP

Appendix

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

Overall, we believe that the amendments in the proposed Update would generally be operable in practice. The majority of the information needed by not-for-profit organizations for the required presentation and disclosure should be readily available.

However, we think that to improve operability, additional examples would be useful to assist not-for-profit organizations with applying the guidance in the proposed Update. Specifically, we believe additional examples that demonstrate the required disclosures for various types of contributed nonfinancial assets, including intangible assets, right-of-use and contributed services would be beneficial.

In addition, we believe that it would be helpful if the example disclosures provide scenarios in which the contributed nonfinancial assets are monetized.

We believe that an alternative suggestion would be to allow not-for-profit organizations to disclose their policy regarding whether they monetize or utilize contributed nonfinancial assets for each class of contributed nonfinancial asset versus requiring the disclosure to be made related to each specific contributed nonfinancial asset.

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?

We believe that the scope of the presentation and disclosure requirements in the proposed amendments should apply to all contributed nonfinancial assets.

We believe that the scope of the presentation and disclosure requirements in the proposed amendments should be extended to business entities since ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, is applicable to all entities, including business entities. We acknowledge that contributed nonfinancial assets are likely immaterial for most business entities, and thus the presentation and disclosure guidance would not be applied in those circumstances. However, to the extent such contributions are material, we believe that the presentation and disclosure requirements in the proposed amendments provide meaningful information and therefore should be applied by business entities.

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.

We believe that the disclosure requirements in paragraph 958-605-50-1A(c) should be required for each category of contributed nonfinancial assets.

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.

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We believe that retrospective application of the proposed amendments would be operable and provide useful information to the user of the not-for-profit's financial statements.

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

We believe that adoption time should be two years. This would allow all entities to have adequate time to collect the necessary data and to prepare the comparative financial statements. This timeframe would also allow adequate time for training and education of not-for-profit organization personnel and audit firm personnel.

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?

We believe that there is a definite need for additional education and implementation guidance on the valuation of contributed nonfinancial assets. The variety of contributed nonfinancial assets not-for-profit organizations receive, especially those working in the international NGO space, causes significant valuation challenges. In particular, pharmaceuticals and medical supplies often cause valuation challenges for large non-governmental organizations. Additional guidance that provides acceptable valuation methodologies and practices specifically addressing nonfinancial assets would be helpful. A FASB Staff Q&A that contemplates and addresses the valuation of non-financial assets and provides examples of various transactions would be a valuable resource.