

## National Association of College and University Business Officers

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August 26, 2009

Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, Connecticut 0685605116

Re: File Reference No. 1700-100

## Dear Technical Director:

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the proposed FASB Statement, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses" (the Statement). NACUBO's comments on the proposal were developed with input from our member institutions and our Accounting Principles Council (APC). The APC consists of experienced business officers from various types of institutions who, collectively, possess a thorough knowledge of higher education accounting and reporting issues and practices.

NACUBO is a nonprofit professional organization representing chief financial and administrative officers at more than 2,100 colleges and universities. In its capacity as a professional association, NACUBO issues accounting and reporting guidance for the higher education industry and educates over 1,500 higher education professionals annually on accounting and reporting issues and practices.

Issue 1: Do you agree with the definition used to identify a financing receivable subject to the provisions of this proposed Statement?

Colleges, universities and other not-for-profit organizations follow certain accounting principles that result in receivables being recorded that, we believe, should not be subject to the Statement. Specifically, unconditional promises to give (pledges receivable) are not financing receivables. Pledges receivable are not loans and do not arise out of exchange transactions. Organizations that receive pledges do not have the option of receiving cash currently rather than in the future. They typically do not negotiate the terms of the receivable, but must accept the terms presented to them by the donors. As such, we believe that all pledges receivable, regardless of the term, be eliminated from the scope of the Statement.

Issue 2: The Statement would apply to all creditors, including all public and nonpublic entities that prepare financial statements in accordance with GAAP. Do you agree with the scope of this proposed Statement?

The discussion within the Statement surrounding its purpose and also the sample disclosures appear to be more applicable to financial institutions and financing companies who have a large percentage of their assets held in financing receivables. While small businesses, not-for-profit organizations and other non-financial companies may carry financing receivables on their books, they are typically only a small percentage of their total assets. For these organizations, it seems that the value of applying the guidance within the Statement would be minimal to the readers of their financial statements. Therefore, we would propose that a materiality threshold be imposed whereby entities with financing receivables that are less than 25-35% of their total assets would be excluded from the scope of the Statement.

## Disclosures (Issues 3-7)

Based on the comments above, we do not believe that the detailed disclosures required by the Statement would assist financial statement users for organizations with relatively small, homogeneous financing receivables. General policy statements about the way in which allowances for credit losses are determined would likely be useful to financial statement users, but we believe the disclosures required by FASB ASC 310-10-50 currently meet that need.

## Effective Date

If the recommendations above are accepted by the Board, then the effective date would likely be acceptable. If not, then small companies or not-for-profit organizations may need more time to study the requirements and enhance their reporting systems to produce the necessary information. We request that the Board consider an alternative implementation date, perhaps for periods beginning after June 15, 2010.

In closing, we wish to express our appreciation for the opportunity to comment. We hope that the Board will address our concerns. We look forward to answering any questions the Board or the staff may have about our response. Please direct your questions to Sue Menditto at 202-861-2542 or sue.menditto@nacubo.org.

Sincerely,

Susan M. Menditto
Director, Accounting Policy