

FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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July 16, 2012

Technical Director
File Reference No. EITF-12A
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Electronically submitted to <u>director@fasb.org</u>

Re: EITF-12A Statement of Cash Flows (Topic 230), Not-for-Profit Entities: Classification of the Sale of Donated Securities in the Statement of Cash Flows

Dear Sirs:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) has reviewed and discussed the subject Exposure Draft, including the questions posed in the "Questions for Respondents," and has the following comments related to the questions enumerated below:

- 1. The Committee believes the scope should be expanded to include cash receipts from all donated assets (a) that upon receipt are directed for sale and (b) for which the not-for-profit (NFP) has the ability to avoid significant investment risks and rewards through near-immediate conversion into cash. Although the Task Force noted they were not aware of significant diversity in practice related to the classification of cash flows from the sale of other assets, the Committee believes it is worthwhile to include other assets within the scope of the Update to further the goal of obtaining consistent treatment of similar transactions in the statement of cash flows.
- 2. The Committee is in agreement that cash flows meeting conditions (a) and (b) should be classified as operating cash flows unless the cash flows meeting conditions (a) and (b) are subject to a donor restriction for a long-term purpose, in which case they should be classified as financing cash flows. The Committee also agrees that all other cash receipts of NFPs resulting from the sale of debt and equity securities not meeting conditions (a) and (b) should be classified as investing cash flows.
- 3. The Committee believes the amendments in the proposed Update would enhance consistency in the presentation of cash flows in the statement of cash flows and would therefore improve an analysis performed on the financial statements of a NFP.

- 4. The Committee agrees with the proposed application of the amendments.
- 5. The Committee recommends the proposed amendments be implemented for fiscal years beginning after December 15th of the year of adoption.

The Committee appreciates this opportunity to respond to this Exposure Draft. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Steven Morrison CPA, Chair FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Helen Painter CPA Edward A. Eager CPA Julian D. Dozier CPA