



January 20, 2023

Alan Skelton
Director of Research and Technical Activities
Governmental Accounting Standards Board
801 Main Avenue
Norwalk, Connecticut 06851

Re: Project No. 24-16g

Dear Alan:

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the Exposure Draft (ED) of the Governmental Accounting Standards Board, *Implementation Guidance Update—2023*. NACUBO is a nonprofit professional organization representing chief financial and administrative officers at 1,700 colleges and universities. In its capacity as a professional association, NACUBO issues accounting and reporting industry guidance for higher education and educates thousands of higher education professionals annually on accounting and reporting issues and practices.

NACUBO's comments on the ED were developed with input from its 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.

Overall Observations and Conclusions

We appreciate the time and effort the staff have devoted to this project. Implementation guide questions and answers are frequently used by financial statement preparers to clarify accounting standards. We do have some comments about Question 4.7.

Although we appreciate the clarification that an automatically-renewable-until-cancelled arrangement is an option to terminate the agreement at each renewal date and therefore not a perpetual license, we believe additional clarification addressing the appropriate subscription term is needed. Paragraph 9 of Statement 96 addresses the inclusion of periods covered by termination options in the subscription term. That paragraph also states that if both the government and the SBITA vendor have an option to terminate without permission from the other party, periods covered by those options are excluded from the subscription term.

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However, as currently worded, Question 4.7 is silent about which party has the option to renew (i.e., terminate) and about the likelihood of the option being exercised. This leaves open the question of whether the periods covered by the termination options should be included in the subscription term. We suggest that the question be modified to indicate that both the government and the vendor have an option to terminate at each renewal date and provide a reference to paragraph 9.

To avoid any misinterpretation or confusion, we also suggest that the answer be modified to include a reference to paragraph 11 of Statement 96, to emphasize to preparers the factors to be considered in determining the likelihood that the renewal option will be exercised.

Thank you for the opportunity to comment. We welcome questions the Board or the staff may have about our response. Please direct your questions to me at 202-861-2542 or smenditto@nacubo.org.

Sincerely,



Susan M. Menditto
Senior Director, Accounting Policy