October 15, 2021

Alan Skelton
Director of Research and Technical Activities
Governmental Accounting Standards Board 401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: Project No. 3-34

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, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements—an amendment of GASB Concepts Statement No. 3*. NACUBO is a nonprofit professional organization representing chief financial and administrative officers at approximately 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 Board’s recognition that the proposed change to the earlier modification of Concept Statement 3 was significant enough to require re-exposure of its original exposure draft. We agree that essential information in notes to financial statements is demonstrated by the following factors:

1. *Users utilize the information in their analyses for making decisions or assessing accountability or would modify those analyses to incorporate the information if it were made available.*
2. *The information has or would have a meaningful effect on users’ analyses for making decisions or assessing accountability.*

However, concerning the proposed third criterion – *a breadth or depth of users utilize or would utilize the information in their analyses for making decisions or assessing accountability* – the revision raises the following questions:

- **How the Board will determine that the last factor is present?**

  Paragraph B31 indicates that although the GASB does not assert that the sample sizes of its outreach efforts to users result in generalizable findings, its efforts are comprehensive in nature and therefore represent generalizable findings. We find these two phrases to be a bit contradictory. Although the GASB may not use statistically significant user sampling, we believe that the sampling of users should, at a minimum, include all constituencies that comprise the Governmental Accounting Standards Advisory Council.

- **Will the revised Concepts Statement be used to evaluate currently required disclosures to confirm that all current requirements meet the definition of essential?**

NACUBO would support such an initiative.

In closing, we wish to express our appreciation for the opportunity to comment. We welcome the opportunity to participate at any of your public hearings and look forward to answering any 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