



July 16, 2014

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: File Reference No. 2014-200

Dear Technical Director:

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the Board's Exposure Draft: *Conceptual Framework for Financial Reporting – Chapter 8: Notes to Financial Statements* (the ED). NACUBO's comments on the ED 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 2,000 higher education professionals annually on accounting and reporting issues and practices.

Overall Comments on the ED

We are supportive of a conceptual framework for disclosures that provides useful guidelines to the Board and preparers in providing meaningful information to users of the financial statements. In addition, we greatly appreciate the Board's continued interest in ensuring that the disclosure framework addresses the wide-ranging and unique users of not-for-profit entities (NFPs) financial statements.

We agree with the statement in paragraph D10 that "some disclosures may not be beneficial to both contributors and investors, lenders, and other creditors..." and that as a result, "the Board should consider the contributor in addition to other types of resource providers when using the concepts within this chapter..." It is not clear, however, how the Board plans to do that. We would like to see the Board include specific areas of interest to users of NFP financial statements. These users (donors, board members, rating agencies, bondholders, governmental funding providers, faculty, parents and students) are interested in the financial sustainability of the NFP. They are also interested in whether

the NFP is properly managing its assets (stewardship), effectively and efficiently providing services in accordance with its mission, and complying with applicable regulations. Information about past and future cash flows is not going to address these issues.

With regard to the concepts related to future-oriented information (paragraphs D22-D31), absent reasonably probable outcomes (for example where a contract exists at the measurement date) we do not believe that this type of information is appropriate in the financial statement disclosures. From the perspective of a preparer, we are concerned that inclusion of this type of disclosure would be difficult to support and, as a result, would likely increase our audit fees. We believe that information of this type is more appropriately included in supplemental information outside of the financial statements.

We wish to express our appreciation for the opportunity to comment. 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