



September 20, 2013

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

Re: File Reference No. 2013-310

Dear Technical Director:

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the Proposed Accounting Standards Update, “Definition of a Public Business Entity, An Amendment to the Master Glossary” (the ASU). 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 nonprofit 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 ASU

The definition of a public entity is an area that we have been discussing with the Board for several years. As such, we thank the Board for reexamining and modifying the definition of a public business entity. We believe that this is an important first step toward evaluating alternative guidance for Not-for-Profit entities (NFPs) and reducing unnecessary disclosures in the financial statements of NFPs that have publicly traded debt. Please see our responses to specific questions below for further elaboration.

Question 2: Do you agree with the definition of a public business entity included in this proposed Update? Please explain why.

Yes, we agree with the proposed definition of a public business entity.

Question 3: Do you agree that a business entity that has securities that are unrestricted and that is required to provide U.S. GAAP financial statements to be made publicly available on a periodic basis pursuant to a legal or regulatory requirement should be considered a public business entity? Please explain why. Can you identify a situation in which an entity would meet this criterion but would not meet any of the other criteria identified in the definition of a public business entity? In addition to what is discussed in paragraph BC18 of this proposed Update, do you think further clarification is needed to determine what an unrestricted security is?

We don't have concerns about this definition since NFP entities are scoped out.

Question 4: Do you agree that no public or nonpublic distinction should be made between NFPs for financial reporting purposes? Instead, the Board would consider whether all, none, or only some NFPs should be permitted to apply accounting and reporting alternatives within U.S. GAAP. Please explain why.

We are pleased that the bright line public or nonpublic distinction will no longer apply to NFP entities. By their very nature NFPs are uniquely accountable to various stakeholders. The public-nonpublic distinction did not offer the appropriate evaluation of accounting and reporting guidance for NFPs and their financial statement users.

We agree with the proposed treatment of NFPs, particularly because it will cause the Board to specifically consider NFPs during the standard setting process. As we have expressed to the Board many times over the years, we do not feel that NFPs are always afforded ample consideration during the research and deliberation phases needed for standard setting. We feel that the proposed guidance is a positive step in that direction.

Question 5: Should the Board consider whether to undertake a second phase of the project at a later stage to examine whether to amend existing U.S. GAAP with a new definition resulting from this proposed Update? In that second phase of the project, the Board would consider whether to (a) preserve the original scope of guidance in the Accounting Standards Codification or (b) change the scope of guidance in the Accounting Standards Codification to align with the new definition. Please explain why.

Because the proposed definition would be applied to standards on a prospective basis, there will be little immediate relief from the burden of providing superfluous disclosures for many NFPs. As such, we urge the Board to undertake a second phase of the project

and consider amending existing disclosure requirements for NFPs. In particular, we believe that many of the currently required disclosures related to pension plans, fair value, credit quality, and derivatives do not provide relevant information to users of NFP financial statements. For further elaboration, please see our previously submitted comment letters to the Board on these topics.

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

