



July 16, 2012

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

Re: File Reference No. EITF-12A

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

We wish to thank the Board and its Emerging Issues Task Force for addressing this issue which is one of significant inconsistency among institutions of higher education. We agree with the Board's proposal that securities donated to a Not-for-Profit entity (NFP) that, upon receipt, are directed for sale and for which the NFP has the ability to avoid significant investment risks and rewards through near immediate conversion into cash should not be treated as investing activities in the statement of cash flows. Further, we agree with the Board's proposal that such resources be treated as operating activities unless the donor has restricted the resources for a long-term purpose, in which case they should be treated as financing activities.

For colleges and universities which, at the behest of their auditors, have classified proceeds from the sale of donated securities as investing activities, the cash flow statement has been

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misleading. This update will enhance the value of the cash flow statement and result in consistency across the industry.

With regard to implementation, we believe that prospective application with the ability to apply the standard retrospectively is appropriate. Because the information is already being captured for financial reporting purposes, implementation should not require significant additional time.

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