

Director of Research and Technical Activities

Project No. 13-3

Question:

1. I do believe the information would be beneficial to users of the financial information. The information presently being presented gives an assessment of current situation, but does not allow a user to assess that the status of the organization will be maintained.
2. I believe that assessing the information needs to take in the current policies and known events. This gives a true picture in the projection, as current policies as you state will include policy changes that have been adopted. Knowing or projecting those changes will again allow the user to properly assess the entity.
3. The inflows and outflows being based on the cash basis. Generally, this allows for the ability of the organization to meet its present needs. Financial obligations should be on a consistent 'cash basis' rather than an accrual basis. I believe that the bottom line is whether the organization can remain enough cash flow to remain a viable entity. That being said being able to service financial obligations is more important than complicating the projections with data that is on an inconsistent basis. The simpler it can be kept the more the average user can relate to the information.
4. Agree with this. Using historical data and items that have happened gives a good base for a user to evaluate. This can be a good indication of what is most likely to occur. Assumptions should be consistent with this history and build on it.
5. Five years of projections is a good number. I don't know if 3 or 5 make any difference. I would personally say as long as they are updated annually, five would be a fair amount of years.
6. The proper place I would agree would be supplementary information. It is not factual by hypothetical; therefore maintaining it separate from historical (factual) data would be advisable.
7. I think similarly to the exclusion of infrastructure recording and reporting that exclusion should be made for governmental entities under a certain size. Smaller entities lack the resources of personnel and board members who have the time or ability to do projections that meet more than basic information, as is proposed in the standards. If decide to include all size of entities, consider to have "simplified" projection requirements for smaller entities. Possibly simple cash receipts and expenditures, similar to budget requirements in some states, IE. Nebraska.
8. Based on size a phase-in would be important, here again, either exclusion or simplified projection methods for smaller entities should be considered.

Michael W. Wassinger, CPA
Hastings, Nebraska