

**Proposed FSP—Applicability of FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*, to entities subject to the AICPA Audit and Accounting Guide, *Health Care Organizations*.  
(Comment Deadline: May 26, 2003)**

Q—Paragraph 4(a) of Interpretation 46 provides an exception for not-for-profit organizations subject to AICPA Statement of Position (SOP) 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*. Not-for-profit organizations subject to the AICPA Audit and Accounting Guide, *Health Care Organizations* (Audit Guide), are not subject to SOP 94-3. Do the requirements of Interpretation 46 apply to those organizations?

A—All not-for-profit organizations are excluded from Interpretation 46, including health care organizations subject to the Audit Guide. However, a not-for-profit entity used by a business enterprise in a manner similar to a variable interest entity in an effort to circumvent the provisions of Interpretation 46 is subject to the Interpretation.

The guidance in this FSP is effective immediately. If this guidance results in changes to previously reported information of not-for-profit health care entities, the cumulative effect shall be reported according to the requirements of APB Opinion No. 20, *Accounting Changes*, in the first period ending after the final FSP is posted to the FASB website.