

Technical Corrections and Improvements

Question Text	Response
* Please select the type of entity or individual responding to this feedback form.	Individual
Other, please specify (Specified)	
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)
Organization *	Susan E. Budak, CPA
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<p>Do you agree with the proposed amendments to the Codification described in this proposed Update? If not, please explain which proposed amendment(s) you disagree with and why.</p>	<p>Issue 33: I do not agree with the addition of FASB ASC 820-10-25-3, which states that "In certain circumstances, uncertainties may be so significant that recognition of an asset or liability must be delayed until there is adequate evidence that it exists, has value, and can be reliably measured." The addition of that paragraph elevates as GAAP a sentence in the basis for conclusions of FAS 116, which describes why conditional promises to give are not recognized until conditions are substantially met. Further, the addition of FASB ASC 820-10-25-3 changes the basis of the Board's decision about conditional promises to give to a standard that applies to all assets and liabilities of all entities. This would be such a significant change that I can't believe that it made it through the internal review process of the Board. Did the Board really intend to create a standard that would allow an entity to avoid recognition of assets and liabilities because measurement of them was uncertain?!? I worked as a staff member on FAS 116, and the Board never intended to provide any practical expedients to measurement of fair value of contributions. There is an exception to recognition of certain items when it is uncertain whether they have value (FASB ASC 958-605-25-</p>

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	<p>In fact, the term practical expedient does not appear in FAS 116. I recommend that the proposed paragraph FASB ASC 820-10-25-3 be deleted. The changes to FASB ASC 820-10-15-3 are fine. Issue 20: I also do not agree with the change in FASB ASC 715-30-55-63. The change substantially expands the disclosures required of the chapter organizations. Paragraph 6 of ASU 2011-09 stated that the requirements in FASB ASC 715-80-50 did not apply, and that only the disclosures in the final sentence of paragraph 55-63 needed to be made. The suggested change reverses the Board's decision in ASU 2011-09 significantly changing the required disclosures. The reason given in the ED is that the paragraph did not reflect the guidance in ASU 2011-09, but that reason is incorrect because the source for the sentence that is being removed is ASU 2011-09. Thus, there is no reason given for increasing the disclosure requirements for the chapters. If the Board decides in this project that increased disclosures should be required, the final sentence of FASB ASC 715-30-55-63 would be clearer if it said "For disclosures in the chapter's financial statements, see the requirements in Section 715-80-50 for multiemployer plans." The paragraph refers to two reporting entities--the NFP and the chapters-- and without being explicit, it is unclear which entities should "see FASB ASC 715-80-50." Issue 42: Although I agree with the spirit of proposed paragraph 958-205-45-10A, I believe that there is better wording in paragraphs 5.97-5.98 of the AICPA Audit and Accounting Guide Not-for-Profit Entities. For example, the Guide states that "an NFP would not imply time restrictions that expire in the periods that the payments of the unconditional promise to give are</p>
<p>Will any of the proposed amendments result in substantive changes to the application of existing guidance that would require transition provisions or that the Board should consider in determining the appropriate effective date for the final amendments? If so, please describe.</p>	<p>As noted in the previous question, the proposed changes to FASB ASC 820-10-25-3 and FASB ASC 715-30-55-63 significantly change GAAP.</p>

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<p>Are there other changes that should be made that are directly or indirectly related to the noted changes? Please note that the Board will conduct technical correction projects on a periodic basis and additional changes may be postponed to a subsequent technical corrections project.</p>	<p>FASB ASC 310-30-35-10 would be clearer if "upon subsequent evaluation" were omitted and the paragraph instead read, "An investor shall continue to estimate cash flows expected to be collected over the life of the loan. If based on current information and events, it is probable that:" A reference to subsequent evaluation is unnecessary since this section is subsequent measurement. FASB ASC 310-10-35 has several incorrect references to FASB ASC 450-20. The paragraphs from FAS 5 that related to uncollectibility of receivables (paras 22-23) appear at paragraphs 7, 10, and 11 of FASB ASC 310-10-35, not in FASB ASC 450-20. Also note that the change in the structure of the headings make these FAS 5 paragraphs, which were applicable to all receivables, now applicable only to loans receivable. Was that your intent?</p>
<p>The proposed amendments would apply to public and nonpublic entities. Will any of the proposed amendments require special consideration for nonpublic entities? If so, which proposed amendment(s) will require special consideration and why?</p>	<p>none noted</p>
<p>Please provide any additional comments on the proposed Update:</p>	<p>Additional comments on the proposed update: Thank you for clarifying the applicability of the guidance in FASB ASC 310-10-35 by changing the structure of the headings. The applicability of that guidance has always been confusing. I suggest that you also clarify the applicability by adding "loan" as a adjective describing "receivables" in paragraphs FASB ASC 310-10-35-5 and its heading and in paragraphs 35-7 to 35-11 and their heading because the structure may not be apparent to readers. {I assume that it is your intent to make those paragraphs only applicable to loans receivable.} I did not review changes to the SEC sections as I am not an expert in that area.</p>

In addition to the comments that I submitted on December 1, I have two additional comments.

Issue 26: FASB ASC 958-805-50-16 contains a cross-reference to the paragraph that is being moved in this issue (FASB ASC 810-10-50-6). Please amend FASB ASC 958-805-50-16 to change the cross-reference to the new location of the moved paragraph.

Issue 46: A better format for the guidance in FASB ASC 958-810-25-3 would be to state as follows:

**958-810-25-3** Consolidation is required if both of the following are characteristics of a relationship with a related but separate NFP:

- (a) control of that NFP through a majority voting interest in the board of the other NFP by means other than ownership or sole corporate membership
- (b) economic interest in that NFP.

If control does not rest with the holder of the majority voting interest, consolidation is prohibited.

Thank you,

Susan E. Budak