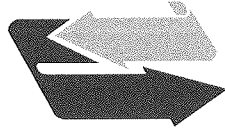


LifeLink®



Foundation, Inc.

A not-for-profit corporation dedicated to serve patients in need of transplantation therapy.

July 16, 2015

Financial Accounting Standards Board
Technical Director, File Reference No.2015-230
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

RE: Exposure Draft: Not-for-Profit (NFP) Entities (Topic 958) and Health Care Entities (Topic: 954) –
Presentation of Financial Statements of Not-for-Profit Entities

Ladies and Gentlemen:

LifeLink Foundation, Inc. respectfully submits this comment letter concerning the above referenced proposed Accounting Standards Update.

LifeLink Foundation, Inc. (LifeLink) is a health care not-for-profit providing organ and tissue transplantation services to enhance and save lives with an employee base of over 500 and with operations located in Georgia, Florida, and Puerto Rico.

LifeLink greatly appreciates the opportunity to communicate these comments, and they have been organized under the following major headings: (1) Practical Considerations, (2) Net Asset Classifications, (3) Liquidity, (4) Statement of Activities, (5) Functional Expenses, (6) Net Investment Income, and (7) Statement of Cash Flows.

1) Practical Considerations

As a health care entity funded primarily by service fees, LifeLink often finds some of its most helpful volunteer board members in the local business community. Our board members bring a variety of backgrounds and experiences, but whether they are business owners, hospital administrators, senior executives, accountants, attorneys, or physicians, they all have gained a basic understanding of today's NFP financial reporting model which is largely based on the same reporting model used by U.S. business entities with some logical adjustments addressing a handful of characteristics unique to NFP entities. Currently, LifeLink's financial reports resemble the reports our board members are used to seeing and using in their own work. Some of the proposals contained in the NFP exposure draft (namely reporting activities as operating and non-operating and the use of the direct method cash flows statement) would cause LifeLink's financial reports to become less

understandable because they create a new financial reporting framework which differs significantly from the current financial reporting framework used by most U.S. business entities.

Additionally, financial constraints often cause NFPs to have smaller and sometimes less sophisticated accounting personnel, and usually there are limited dollars dedicated to paying financial statement auditors. Given these facts, it seems illogical to start with the NFP sector when attempting the implementation of a far-reaching financial statement project that re-envisioning a long-standing financial reporting framework by redefining the notion of operating activities and by requiring that this new definition be reflected throughout the structure of all primary financial statements. It would be more logical to continue to maintain a common framework for public companies, private companies, and not-for-profits or to start this framework change initiative with public companies because they are better equipped to finance and implement such a change.

Lastly, the proposed changes contained within the exposure draft imply that there is a benefit provided to users if a strict consistency of reporting is required across the entire spectrum of NFPs without regard for their special area of focus or unique industry niche. LifeLink's financial statement users often find it most valuable to compare our financial reports to entities involved in the provision of health care services. Those entities frequently are other NFPs, but they can also be public or private companies. The important factor is that the reporting be comparable and based upon leading practices within the industry because it can be a reflection of good management and sound practices within our industry without regard for corporate structure and can highlight areas of needed improvement.

2) Net Asset Classifications

LifeLink supports simplifying and limiting net asset classes to two (with donor restrictions and without donor restrictions) and also supports requiring enhanced footnote disclosure regarding the nature of restrictions. Both proposals stand to improve reporting efficiency and user understanding.

3) Liquidity

LifeLink uses a fairly standard classified balance sheet that reflects assets as current or noncurrent in a logical order depending on whether they can be liquidated within a normal operating cycle. Liabilities are similarly classified depending on whether they will be satisfied within a normal operating cycle. As noted above, incorporating the new proposed net asset classifications into our balance sheet will simplify and enhance our balance sheet disclosures. However, given our use of a classified balance sheet, LifeLink disagrees with the proposal requiring new quantitative disclosures about liquidity. When evaluating liquidity, our board and our banks typically evaluate the adequacy of our operating reserves as expressed in days of operating expenses or as a percent of our operating budget. In addition, they review trends reflected by liquidity and leverage ratios to evaluate the strength and sustainability of our financial position which can be easily derived from a classified balance sheet. Therefore, LifeLink supports requiring all NFPs to utilize a classified balance sheet as it is a cleaner and more auditable approach to improving liquidity disclosures and would render the new proposed liquidity disclosures unnecessary.

4) Statement of Activities

As a health care NFP, LifeLink disagrees with exposure draft's new statement of activities reporting model because it replaces the business reporting model used throughout our industry niche and would render our financial statements less understandable to our primary users, including our board, banks, and regulatory auditors representing governmental agencies. LifeLink believes that retaining our ability to report an earnings measure that is consistent with the earnings measures reported by business enterprises is preferable to adopting a new framework that requires reporting broad categories of operating and non-operating activities. The new operating categories would be subject to manipulation and would clutter our statement of activities with transfers that add little informational value to our users. This is especially true because under the revised proposed reporting framework, investing and financing activities would be classified as non-operating activities even though they are viewed by our users as critical elements of managing the operations of a health care entity.

5) Functional Expenses

LifeLink does not agree that all NFPs should be required to report operating expenses by function and nature but would support a proposal that would recommend this as a preferred optional disclosure in the footnotes to the financial statements. The Form 990 reviewed by NFP boards and required to be made available to the public by the IRS contains lengthy disclosures concerning program and administrative expenses as well as program results that are more than adequate for the vast majority of NFPs. Making this a requirement will drive up audit costs without providing new useful information to most NFP financial statement readers.

6) Net Investment Income

LifeLink agrees with the proposal to report net investment income to the extent that the expenses netted are limited to fees paid to external services providers if the related NFP does not have large endowments being managed full-time by internal investment managers. The majority of NFPs rely on external investment consultants to provide investment guidance, and the allocation of internal management salaries based on time and involvement would be extremely subjective and immaterial. Rather than making a one-size-fits-all proposal regarding internal salary allocations, the proposal should be improved by specifying threshold characteristics like endowment size and the presence of dedicated full-time investment management staff to indicate when internal salary allocations might be required.

7) Statement of Cash Flows

LifeLink disagrees with the proposal that all NFPs be required to report cash flows using the direct method. This is a significant departure from long-standing accrual accounting principles and the common and widely accepted business enterprise reporting approach used by most organizations in our industry today. This proposal would not improve the usefulness of our financial statements, but it would drive up our audit costs and cause our financial statements to be less comparable. LifeLink would agree with making the direct method optional.

Thank you for providing this opportunity to comment and for the time you will commit to evaluating these comments. The U.S. enjoys an amazingly efficient financial reporting environment because of the work performed by people like you, and your efforts are appreciated, even if it is not always possible to comment favorably on all of your proposals.

Sincerely,

A handwritten signature in black ink, reading "Bryan McDonald". The signature is written in a cursive, flowing style with a large initial "B" and "M".

Bryan McDonald, MAcc, C.P.A.
Senior Vice President/Chief Financial Officer