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2016-280
Comment Letter No. 6
330 North Wabash, Suite 3200
Chicago, IL 60611

September 30, 2016

Via email to director@fasb.org

Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Not-for-Profit Entities - Consolidation (Subtopic 958-810): *Clarifying When a Not-for-Profit Entity That Is a General Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity* (File Reference No. 2016-280)

Dear Ms. Cosper:

We are pleased to provide comments on the Board's proposal to maintain the legacy requirements for when a not-for-profit entity ("NFP") that is a general partner should consolidate a for-profit limited partnership.

We support the objective to avoid the diversity for NFPs that might otherwise result from the amendments in ASU No. 2015-02¹ without the related change proposed in this exposure draft. We also agree with the amendments clarifying the circumstances when a NFP that is a limited partner should consolidate a for-profit limited partnership. Our responses to the Board's specific questions are provided in the Appendix to this letter.

We would be pleased to discuss our comments with the FASB staff. Please direct questions to Adam Brown at (214) 665-0673 or Lee Klumpp at (703) 336-1497.

Very truly yours,

BDO USA, LLP

¹ Consolidation (Topic 810): Amendments to the Consolidation Analysis

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Appendix

Question 1: Please describe the entity or individual responding to this request. For example:

a. Please indicate whether you primarily are a preparer, user, or public accountant. If other, please specify.

c. If you are a public accountant, please describe the size of your firm (in terms of the number of partners or other relevant metric) and indicate whether your practice focuses primarily on NFPs, for-profit entities, or both.

BDO USA, LLP is the independent United States member firm of BDO International with over \$1.2 billion in revenue in the United States. The U.S. operation has 64 offices, over 440 partners and more than 4,000 staff members. Additionally, the BDO Alliance Network includes over 150 independent firms across the U.S. Both BDO USA, LLP and its Alliance firms serve a significant number of for-profit and not-for-profit clients. BDO's NFP clients range from large and complex multi-national NFPs to local community-oriented NFPs.

Question 2: The proposed amendments would retain the consolidation guidance in existing GAAP under which NFPs that are general partners are presumed to control a limited partnership, regardless of the extent of their ownership interest, unless that presumption is overcome. The presumption would be overcome if the limited partners have either substantive kick-out rights or substantive participating rights. Do you agree with this approach? If not, please explain why.

We agree with this approach.

Question 3: Would the proposed amendments clarify the amendments in Update 2015-02? If not, what would make the guidance clearer and why?

We agree with that this amendment would clarify the guidance for NFPs, when the NFP is a general partner in a for-profit limited partnership.

Question 4: Do you agree with the proposed transition requirements in paragraph 810-10-65-2? If not, how would you modify those requirements? Please explain your reasons.

We agree with the transition requirements.

Question 5: Should a reporting entity be required to provide the transition disclosures specified in this proposed Update? Should any other disclosures be required? If so, please explain why.

We agree with the proposed transition disclosures.

Question 6: Should the proposed amendments be effective immediately upon issuance of a final Update for all entities that elected to early adopt the amendments in Update 2015-02?

We do not support an immediate effective date, as reporting entities generally need a reasonable period of time to absorb and implement a new accounting standard. We also observe that the amendments go beyond retaining legacy guidance and also address when a NFP that is a limited partner should consolidate a limited partnership (or similar entity). Therefore, we recommend at least one year should be provided prior to the required effective date, with an option to early adopt.