



October 3, 2016

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

File Reference No. 2016-280

Dear Ms. Cospers:

RSM US LLP appreciates the opportunity to comment on the Proposed Accounting Standards Update (ASU), *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* (the “proposed Update”).

Overall, we support the Board’s efforts to clarify the application of the consolidation guidance to not-for-profit general partners of for-profit limited partnerships. Provided below for your consideration are our responses to the “Questions for Respondents” on which specific comment was requested in the proposed Update.

Responses to Questions for Respondents

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.*
- b. If you are a preparer of financial statements, please indicate whether your entity is an NFP and describe your primary business and its size (in terms of annual revenue, the number of employees, or other relevant metric).*
- 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.*
- d. If you are a user of financial statements, please indicate in what capacity (for example, lender, investor, analyst, rating agency, donor, or grantor) and whether you primarily use financial statements of NFPs or those of both NFPs and for-profit entities.*

RSM US LLP (formerly McGladrey LLP) is a public accounting firm. On October 26, 2015, McGladrey united with fellow firms in our global network, RSM International, under a common brand name. RSM US LLP employs more than 9,000 professionals and associates in 86 cities nationwide and has access to more than 38,300 people in 120 countries through the RSM network. While our practice does not focus primarily on not-for-profit entities, we do serve a significant number of not-for-profit entities (NFPs).

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Susan M. Cospier
Financial Accounting Standards Board
October 3, 2016
Page 2

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 the proposed approach. We believe NFPs should be excluded from the scope of the variable interest entity (VIE) model (other than those NFPs that are used by business reporting entities in a manner similar to a VIE in an effort to circumvent the provisions of the VIE model, as discussed in Accounting Standards Codification (ASC) 810-10-15-17(a)). Therefore, we concur with the proposal to retain the guidance under which NFPs that are general partners in a for-profit limited partnership should be presumed to control that limited partnership.

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

We believe the proposed amendments would clarify the amendments in ASU 2015-02, and we believe that application of the proposed amendments would result in consolidation decisions that are preferable to, and more meaningful than, those that are made when applying the amendments in ASU 2015-02.

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 proposed transition requirements in paragraph 810-10-65-2.

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 agree with the proposal to make the proposed amendments effective immediately upon issuance for all entities that adopted the amendments in ASU 2015-02 early.

We appreciate this opportunity to provide feedback on the proposed Update and would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day 563.888.4017 or Richard Stuart 203.905.5027.

Sincerely,

RSM US LLP

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