



October 3, 2016

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2016-280

The Not-for-Profit Organizations Committee and Accounting Principles Committee of the Illinois CPA Society (Committees) appreciate the opportunity to provide their perspective on the Proposed Accounting Standards Update—*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 Committees are voluntary groups of CPAs from public practice, industry and education. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of the Committee are outlined in Appendix A to this letter.

We are supportive of the Board's efforts to clarify when a not-for-profit entity (NFP) that is a general partner should consolidate a for-profit limited partnership or similar legal entity once the amendments in Accounting Standards Update No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* become effective. Overall we believe the amendments in this proposed Update would maintain how NFP general partners currently apply the consolidation guidance in Subtopic 810-20 by including that guidance within Subtopic 958-810.

Following are our responses to the proposal's Questions for Respondents.

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

The Committee is composed of public accountants and members who work in not-for-profit organizations.

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 that the amendments would clarify Update 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 allowing both a retrospective approach and a modified retrospective approach for the early adopters of Update 2015-02. We believe that the decision should be left to the organization to decide based on cost/benefit considerations and the needs of the users of their financial statements. Requiring a retrospective approach only could result in the need to do additional audit work to prior periods on entities that would be required to be consolidated under this amendment, which will introduce undue hardship, or might not be practicable for example in a situation when the reporting entities changed auditors. In this situation, the modified retrospective approach of recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption would be practicable.

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.

Yes, the specified disclosures should be required.

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?

Implementation time should be allotted for any standard or update that is issued, therefore, we recommended the issuance of a final update to be effective one year from the date of issuance. Early adoption should be permitted.

We appreciate the opportunity to offer our comments.

Sincerely,

Melissa Struck, CPA

Not-for-Profit Organizations Committee

Ryan Brady, CPA

Chair, Accounting Principles Committee

Brian Kot, CPA

Vice Chair, Accounting Principles Committee

APPENDIX A

ILLINOIS CPA SOCIETY
NOT-FOR-PROFIT ORGANIZATIONS COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2016-2017

The Not-for-Profit Organizations Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from government and public accounting. These members have Committee service ranging from newly appointed to more than 30 years. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed, and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

Public Accounting/Professional Service Firms:

Megan Angle	Porte Brown LLC
Gary Bausch	Baker Tilly Virchow Krause, LLP
Paul Betlinski	Sasseti, LLC
Howard Blumstein	BDO USA, LLP
Joshua Bream	Mueller & Company LLP
Sheree Brugmann	Capin Crouse LLP
Jennifer Casacchia	Sikich LLP
Jennifer Culotta	Plante Moran, PLLC
Rose Doherty	Legacy Professionals LLP
Scott Duenser	Klein Hall CPAs, LLC
Rebekuh Eley	BDO USA, LLP
Alison Fetzer	Ostrow Reisin Berk & Abrams Ltd
Davida Finkle	Mann, Weitz & Associates LLC
Jody Gauthier	BKD, LLP
Nancy Gonsiorek	Nancy L. Gonsiorek, CPA LLC
Susan Greggo	Warady & Davis LLP
Susan Jones	Miller Cooper & Company Ltd.
Emmett Murphy	The Murphy Financial Group
Alex Pekler	Kessler, Orlean, Silver & Co., PC
Kurt Peterson	BIK & Company LLP
Izabela Poludniak	Sasseti, LLC
Jennifer Richards	Crowe Horwath LLP
Jason Rosheisen	KPMG LLP
Mark Rozowicz	RSM US LLP
Mickey Scheffki	Morningbelle Consulting
Judith Segal	Baker Tilly Virchow Krause, LLP
Rosemarie Sison	E.C. Ortiz & Co. LLP
Marcy Steindler	Mann, Weitz & Associates LLC
Melissa Struck (chairperson)	CliftonLarsonAllen LLP
Laurie Styron	Styron Consulting
Nancy Wallace	Nancy Wallace, CPA
Maureen Wheeler	Maureen J Wheeler
Janet Wilson	Janet M. Wilson, CPA

Not-for-Profit Organizations:

Steve Andes	Northwestern University
John Budzynski	Illinois College of Optometry
Edwin Czopek	Healthcare Financial Management Association
William Flowers	Cedille Chicago, NFP
Devin Henderson	The Art Institute of Chicago
Dennis James	Healthcare Information & Management Systems Society
Jack Medor	Lutheran Child & Family Services
Kim Michael-Lee	Illinois Medical District Commission
Raymond Naegele	Medical Library Association
Brian Registe	Heartland Alliance For Human Needs & Human Rights
Linda Rossi	Big Shoulders Fund
Christopher Schrantz	Allendale Association
Dina Tsourdinis	Adler University
Staff Representative: Gayle Floresca, CPA	Illinois CPA Society

APPENDIX A
ACCOUNTING PRINCIPLES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2016-2017

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to fully study and discuss exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

Jared Bourgeois, CPA	PricewaterhouseCoopers LLP
Ryan Brady, CPA (Chair)	Grant Thornton LLP
Rakesh Desai, CPA	KPMG LLP
William Keirse, CPA	Ernst & Young LLP
Scott Lehman, CPA	Crowe Horwath LLP
Reid Mitchell, CPA	Wipfli LLP
Elizabeth Prossnitz, CPA	BDO USA LLP

Medium: (more than 40 professionals)

Timothy Bellazzini, CPA	Sikich LLP
Michael Kidd, CPA	Mowery & Schoenfeld LLC
Matthew Mitzen, CPA	Marcum LLP
Jeffery Watson, CPA	Miller Cooper & Company Ltd

Small: (less than 40 professionals)

Peggy Brady, CPA	Selden Fox, Ltd.
Marvin Hoffman, CPA	Bronswick, Reicin, Pollack, Ltd.
Brian Kot, CPA (Vice Chair)	Cray Kaiser Ltd CPAs
Joshua Lance, CPA	Joshua Lance CPA, LLC

Educators:

John Hepp, CPA	University of Illinois at Urbana-Champaign
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Industry:

Rose Cammarata, CPA	Mattersight Corp.
Ashlee Earl, CPA	Seaway Bank and Trust Company
Jeffrey Ellis, CPA	FTI Consulting, Inc.
Christopher Hamm, CPA	Artex Risk Solutions, Inc.
Marianne Lorenz, CPA	AGL Resources Inc.
Michael Maffei, CPA	GATX Corporation
Joshua Shenton, CPA	Northern Trust Corp.
Richard Tarapchak, CPA	Reynolds Group Holdings

Staff Representative:

Gayle Floresca, CPA	Illinois CPA Society
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