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October 31, 2017

SENT VIA EMAIL

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

File Reference No. Topic 2017-270, Proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*

Dear Ms. Cosper:

We appreciate the opportunity to share our views on the proposed Accounting Standards Update, *Not- for- Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (the “proposed Update”).

Moss Adams LLP is the largest accounting and consulting firm headquartered in the western United States, with a staff over 2,600, including more than 275 partners. Founded in 1913, the firm serves public and private middle- market business, not- for profit, and governmental organizations across the nation through specialized industry and service teams.

We appreciate the FASB’s efforts to clarify the accounting for contributions for not-for-profit entities. We support many of the aspects of the proposed Update and believe it will improve the usefulness of the financial statements as well as reduce inconsistencies in practice. We specifically appreciate the flowchart included in the implementation guidance at 958-605-55-1A and the various examples included to support the implementation of the eventual issued standard.

Our responses to certain questions included in the proposed Update are presented in the Appendix to this letter. If you require further information regarding our response, please contact Laura Roos, Partner, at 858-627-1403 or by e-mail at laura.roos@mossadams.com.

Sincerely,

Moss Adams LLP

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Appendix

Responses to Questions for Respondents in the Proposed ASU

1. Would the amendments in this proposed Update provide clarifying guidance that would be operable in practice? If not, why not?

We believe the amendments in the proposed Update provide clarifying guidance that will be generally operable in practice. Evaluating these transactions will still involve judgement in complex transactions, but we believe the proposed guidance will reduce differences currently seen in practice. We believe the flowchart provided in 958-605-55-1A is helpful to lead the financial statement preparer and auditors through the process of distinguishing a contribution from an exchange transaction, including the determination of whether or not a contribution is conditional or unconditional, and evaluating the restrictions associated with the contribution.

2. Would the proposed amendments clarify whether a resource provider is receiving commensurate value in return for assets transferred and when a transaction is within the scope of Subtopic 958-605? If not, why not?

We believe the guidance in the proposed Update at 958-605-15-5A clarifies whether the resource provider is receiving commensurate value in return for the assets transferred. In addition, the examples that are provided at 958-605-55-13A will be useful in evaluating transactions.

3. Should the definition of the term *donor-imposed condition* include both (a) a barrier that must be overcome and (b) a right of return of the assets transferred or a right of release of the promisor from its obligation to transfer assets? If not, why not?

We agree with the proposed Update that the donor-imposed conditions should include both a barrier that must be overcome and a right of return.

4. Does the proposed table of indicators to describe a barrier provide useful guidance that will allow for the application of appropriate judgment? Should no single indicator be determinative? What changes should be made, if any, to the proposed indicators?

We believe the table at 958-605-25-5C includes useful guidance that will help in the application of the standard. We agree that no single indicator should be determinative in the evaluation of a barrier. We recommend that the table be updated to include references to the example paragraphs within the Accounting Standards Codification.

5. Should the proposed amendments about distinguishing between conditional contributions and unconditional contributions be applied equally to both the recipient and the resource provider?

We believe the amendments about distinguishing the conditional nature of contributions should be applied equally to both the recipient and the resource provider. However, we do not believe it is the responsibility of either party to ensure the transactions are recorded similarly. We believe it would be useful to provide an analysis of the example transactions in ASC 958-605-55-70 from the resource provider’s perspective, specifically those involving community foundations and private foundations such as those identified in the proposed ASC 958-605-55-70C and 70K.

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6. Should certain other terms and/or their definitions be clarified (for example, *contribution* or *donor-imposed restriction*)? If yes, list which term(s) and/or definition(s) should be clarified, why they should be clarified, and any recommended changes.

We believe the current definition of *contribution* in the Master Glossary should be updated and the term *unconditional* should be removed from the definition. In addition, we believe the following terms should be considered for the Master Glossary – *resource provider*, *qualified expenses*, *conditional contribution*, and *unconditional contribution*.

7. Should current recurring disclosure requirements be amended for either a recipient or a resource provider? Should new disclosure requirements be added? If yes, what amendment(s) and/or addition(s) do you recommend? Please explain why.

We believe the current disclosure requirements related to conditional promises to give should be removed from the guidance. These disclosure requirements were developed to give the users of the financial statements additional information on conditional contributions under the previous definitions. As the definition has changed and will incorporate different types of conditional contributions, we do not believe the benefits of providing this information will outweigh the costs to accumulate this information. We do not believe additional disclosure is required related to the conditional contributions and believe the disclosure requirements should be the same whether the contribution is conditional or unconditional. However, if an entity determined it would be useful to the users of the financial statements to include such disclosures, they should not be precluded from providing them.

8. Would the proposed transition requirements be operable, and would they provide decision-useful information? If not, please explain why and what you would recommend. Would modified prospective application be more operable than prospective application? If not, why not?

We believe the proposed transition requirements would be operable and would provide decision-useful information to users of financial statements. We agree that a modified prospective application would be more operable than prospective application in order to provide comparable and consistent information industry-wide.

9. Should the effective date of the proposed amendments be the same as the effective date of Topic 606? Should early adoption of the proposed amendments be permitted?

We believe the effective date of the proposed amendment must conform with the effective date of Topic 606. Without alignment in the effective dates, not-for-profit organizations would be required to apply the guidance required by Topic 606 and then the guidance required by the proposed amendment shortly thereafter. This could potentially result in inconsistencies in treatment of contributions and exchange transactions. We agree that early adoption should be permitted, under the same guidelines as Topic 606, with disclosure.