



November 22, 2007

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

Re: File Reference No. 2017-270

The members of the Not-for-Profit Committees of the Connecticut Society of Certified Public Accountants are pleased to submit their comments on the *Proposed Accounting Standards Update, Not-for-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*

The views expressed in this letter are those expressed by members of the Not-for-Profit Committee. These views are not necessarily the view of the membership of the Connecticut Society of Certified Public Accountants.

We appreciate the opportunity to present our comments. Should there be any questions, please feel free to contact Lisa Wills, chair of the CTCPA Not-for-Profit Committee at 860-524-4412.

Very truly yours,

Lisa Wills, CPA
Chair, Not-for-Profit Committee
Connecticut Society of Certified Public Accountants

**CTCPA Response to FASB:
*Clarifying the Scope and Accounting Guidance for Contributions
Received and Contributions Made*
November 22, 2017**

The following represents the response to the Financial Accounting Standards Board (FASB) proposal ***Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*** by the Not-for-Profit Committee of the Connecticut Society of Certified Public Accountants (“CTCPA”).

We believe distinguishing between a “barrier” as a component of a conditional contribution and a “restriction” on a contribution may prove difficult, and therefore subject to variation in practice.

We also see a divergence of interests between the provider of resources and the Not-for-Profit organization, thus the interpretation of whether the possibility of *not meeting* a barrier is *remote* may not be mirrored by both entities.

Question 1: Many not-for-profit organizations receive funding contracted through the state and most likely won’t see any major effect on reported revenue.

Question 2: We believe there could be some deviation defining *commensurate value*. As this guidance is expected to increase transactions defined as contributions, *commensurate value* may become a more subjective interpretation. We are not confident that the change in the definition of what a contribution is not will provide standardization.

Question 3: Yes, the definition of the term *donor-imposed condition* should include both (a) a barrier that must be overcome and (b) a right to return of the assets transferred or a right of release of the promisor from its obligation to transfer assets. Without both requirements, the donor’s contribution would be unconditional. For example, the donor’s restriction is that the Not for Profit (NFP) can only use the contribution for summer school program. Without a right of return or right of release of obligation, the donor does not have a way to ensure that NFP uses the contribution as restricted.

Question 5: Yes, the proposed amendments should be applied equally to both the recipient and the resource provider. Conditional contributions based on facts and circumstances would be reflected as a “mirror image” by the recipient and the resource provider. As detailed in example 19, contributions to a museum, each party recognizes the transaction as conditions are met. With an unconditional contribution both sides recognize the donation/contribution at the same time when contributed.

Question 6: We think defining something by *what it is not* is problematic. Limited discretion is defined by *what it is not* as are contributions. As stated in the answer to question 2, negative definitions are open to subjectivity.

Question 7: We agree with the Board’s decision to not require recipients to provide any additional recurring disclosures. We believe that the current disclosure requirements provide sufficient, valuable information.

Question 8: We believe that prospective transition requirements would be more operable than the proposed modified prospective approach. The proposed modified prospective method would create complexity for contracts which have been entered into and not completed as of the effective date. Revenue for those contracts could potentially be accounted for differently before and after the implementation date. Using a prospective approach, entities would only be required to consider the impact of the amendments for new contracts entered into after the effective date.

Question 9: The effective date of the proposed amendments should be the same as the effective date of Topic 606. Under this approach, entities would evaluate all types of revenue transactions and adopt the provisions concurrently. Different adoption dates would create inconsistency.

The Not-for-Profit Committee of the Connecticut Society of Certified Public Accountants appreciates the opportunity to comment.