



December 6, 2017

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

File Reference No. 2017-280

The Accounting Principles Committee of the Illinois CPA Society (“Committee”) appreciates the opportunity to provide its perspective on the Proposed Accounting Standards Update (“ASU”), *Consolidation (Topic 812): Reorganization*. The Committee is a voluntary group 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.

In general, the Committee is supportive of the Board’s proposed changes. The Committee believes the proposed reorganization of the Consolidation Topic into a new Topic 812 will improve stakeholders’ understanding of the consolidation guidance by making navigation easier, which should result in a better understanding of the consolidation guidance without affecting how the consolidation analyses are performed today.

We have provided our responses to specific questions raised in the proposed ASU below.

Question 1: *Would the reorganization of Topic 810 into a new Topic 812 with separate Subtopics for VIEs (Subtopic 812-20) and voting interest entities (Subtopic 812-30) be easier to understand and navigate? If not, please explain what other approaches the Board should consider.*

Response: As noted above, the Committee believes the reorganization of the consolidation guidance into Topic 812 will be easier to navigate than under Topic 810, which should result in a better understanding of the consolidation guidance and potentially more consistent application among stakeholders.

Question 2: *Is the guidance for “Consolidation of Entities Controlled by Contract” applicable only for not-for-profit entities and, thus, should be within Topic 958? If not, please explain why.*

Response: The Committee believes that the “Consolidation of Entities Controlled by Contract” guidance is, in practice, applicable only for not-for-profit entities and should be moved to Topic 958 to ensure those entities controlled by a not-for-profit are properly included in the not-for-profit’s consolidation. We believe that any commercial entity with a similar contract arrangement as “controlled by contract” would follow the guidance in Subtopic 812-20 (variable interest entities) in determining if consolidation is required and would not be impacted by moving the “Consolidation of Entities Controlled by Contract” guidance to Topic 958-812.

Question 3: *Is the consolidation guidance for research and development arrangements currently in Subtopic 810-30 not used in practice and, therefore, should be superseded? If not, please explain why or why and the types of transactions that may still be within the scope of that Subtopic.*

Response: The Committee is not aware of any situations where Subtopic 810-30 is used in practice today. The Committee is in agreement with the Board’s proposal to supersede the guidance.

Question 4: *Are there any areas or items in proposed Topic 812 that, as reorganized or clarified, are difficult to understand? If so, please describe the areas or items and explain why they are difficult to understand.*

Response: The Committee has not identified any areas or items in proposed Topic 812 that, as reorganized or clarified, would be difficult to understand.

Question 5: *Given that the Board does not anticipate changes to accounting for consolidation or changes in outcomes reached as a result of the amendments in this proposed Update, should transition guidance be provided? If so, please explain what changes in this proposed Update may cause changes in practice or outcomes.*

Response: The Committee believes transition guidance should be provided in the final ASU. While we do not have specific examples of anticipated changes in practice or outcomes, similar to the explanation provided in BC16, the Committee believes there is the potential for outcomes to change from those reached historically under Topic 810 due to a better understanding of the guidance that warrants including transition guidance in the final ASU.

Question 6: *Do you agree with the proposed transition requirements in paragraph 812-30-65-1? If not, what transition approach would be more appropriate?*

Response: The Committee agrees with the proposed transition requirements in paragraph 812-30-65-1 and we don’t anticipate any issues in applying them in practice.

Question 7: *Should a reporting entity be required to provide the transition disclosures specified in the amendments in this particular update? Should any other disclosures be required? If so, please explain why.*

Response: The Committee agrees that a reporting entity be required to provide the transition disclosures specified in the proposed ASU. We are not aware of any other disclosures that should be required.

Question 8: *Should the effective date be the same for both public business entities and entities other than public business entities?*

Response: The Committee believes the effective date of the proposed reorganization should be the same for both public business entities and entities other than public business entities.

Question 9: *How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided with more time? If so, how much more time?*

Response: As the reorganization simplifies the consolidation topic, the Committee does not believe it would require significant time to implement. We also believe that due to the simplification of the proposed ASU, entities other than public business entities would not require additional time to implement the update.

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We appreciate the opportunity to provide our comments and observations on the proposed ASU and would be pleased to discuss them with the Board members or the FASB staff at your convenience.

Sincerely,

Ryan Brady, CPA

Chair, Accounting Principles Committee

Brian Kot, CPA

Vice Chair, Accounting Principles Committee

APPENDIX A
 ACCOUNTING PRINCIPLES COMMITTEE
 ORGANIZATION AND OPERATING PROCEDURES
 2017-2018

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)

Timothy Bellazzini, CPA
 Jared Bourgeois, CPA
 Ryan Brady, CPA (Chair)
 Jason Eaves, CPA
 William Keirse, CPA
 Scott Lehman, CPA
 Melissa Lynch, CPA
 Reid Mitchell, CPA
 Matthew Mitzen, CPA
 Elizabeth Prossnitz, CPA

Sikich LLP
 PricewaterhouseCoopers LLP
 Grant Thornton LLP
 Crowe Horwath LLP
 Ernst & Young LLP
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 Plante Moran, PLLC
 Wipfli LLP
 Marcum LLP
 BDO USA LLP

Medium: (more than 40 professionals)

Almira Goethe, CPA
 Michael Kidd, CPA
 Danielle Martin, CPA
 Iryna Prokhorov, CPA
 Jeffery Watson, CPA

CDH, PC
 Mowery & Schoenfeld LLC
 Porte Brown LLC
 Mueller & Company, LLP
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Small: (less than 40 professionals)

Peggy Brady, CPA
 Marvin Hoffman, CPA
 Brian Kot, CPA (Vice Chair)
 Joshua Lance, CPA

Selden Fox, Ltd.
 Bronswick, Reicin, Pollack, Ltd.
 Cray Kaiser Ltd CPAs
 Joshua Lance CPA, LLC

Educators:

John Hepp, CPA

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 Jason Crider, CPA
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 Adam Karac, CPA
 Marianne Lorenz, CPA
 Michael Maffei, CPA
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Mattersight Corp.
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 GATX Corporation
 Ingersoll Machine Tools
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 Reynolds Group Holdings

Staff Representative:

Rafael Wiesenberg, CPA

Illinois CPA Society