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 Sassetti, 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 Sassetti, 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

**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