



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

Re: Proposed Accounting Standards Update: Clarifying the Scope and the Accounting Guidance for *Contributions Received and Contributions Made (Not-for-Profit Entities – Topic 958)*

Dear Ms. Cosper:

The Accounting Principles and Auditing Standards Committee (the “Committee”) of the Florida Institute of Certified Public Accountants (“FICPA”) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced proposed ASU. The FICPA has more than 20,000 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of approximately 23 members, of whom 48% are from local or regional firms, 26% are from large multi-office firms, 13% are sole practitioners, 9% are in international firms, and 4% are in education. The Committee has the following comments related to the questions numbered below:

1. The Committee believes that the proposed amendments would provide considerable improvement in clarifying existing guidance for both:

- a) Determining whether a transaction is either a contribution or an exchange transaction, and;
- b) Determining whether the above transaction is conditional or unconditional

We believe the proposed amendments would reduce diversity in practice and would be operable given certain updates; all of which will be addressed throughout the remainder of this letter.

2. While we believe the proposed amendments in ASC 958-605-15-5A (a) through (c) would provide clarification to the existing guidance with respect to the meaning of commensurate value, we believe additional clarification would be beneficial. We believe an addition of a *materiality threshold* would help reduce diversity in practice for transactions where donations are made, and gifts are received. While it would be presumed that such a transaction would normally fall within the scope of a contribution, some interpretations of the above amendment may lead a person in practice to apply this transaction as an exchange transaction inappropriately. Additionally, the above example could be interpreted as a *partial exchange* transaction. In such a case, we believe clarification to the intent of the Board regarding this type of transaction, with further clarification to its applicability, would be beneficial as well.

3. Yes, we believe the proposed amendments within 958-605-25-5A help to clarify the condition of a given contribution and should 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.

4. We believe the proposed table of indicators, amended to 958-605-25-5C, provides useful guidance for determining the application of donor-imposed conditions. Additionally, we do not believe any single indicator should be determinative. Furthermore, we do not have additional recommendation for change to these proposed indicators at this time.

5. We believe, for purposes of maintaining consistency, that the requirements for application of both conditional and unconditional contributions should be applied to equally to both the recipient and the resource provider.

6. We believe it would be beneficial for the Board to update the master glossary to exclude the term *unconditional transfer* based on the idea that this term is no longer in practice and has been replaced. Conversely, we believe the term *unconditional contribution* should be added and defined in a manner consistent with the concepts of subtopic 958-605.

7. We believe the effects of the proposed amendments may result in a shift in the reporting of a significant percentage of transactions from those currently recorded as exchanges to now being reported as conditional contributions. This move could potentially result in an abundance of disclosures which may no longer prove useful to certain users. Therefore, we recommend further clarifying the proposed guidance to require entities to disclose this information only if they determine its inclusion would be beneficial to their intended financial statement users.

8. We believe inclusion of the modified prospective transition method (i.e. contracts not yet complete as of the effective date of the proposed amendment) would be more beneficial than the purely prospective transition method. While we understand this may be difficult for some organizations to coordinate, we believe the use of a purely prospective transition method (application only to contracts with effective dates subsequent to the proposed amendment's effective date) would result in inconsistencies for both an organization's internal financials and the industry as a whole.

9. The Committee believes the effective date of the proposed amendments should be the same as the effective date of Topic 606 and early adoption should not be permitted.

The Committee appreciates the opportunity to respond to the Proposed Accounting Standards Update Clarifying the Scope and the Accounting Guidance for *Contributions Received and Contributions Made (Not-for-Profit Entities – Topic 958)*. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully submitted,

Steven W. Bierbrunner, CPA
Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee member coordinating this response:

Allan Franklin, CPA
Yanick J. Michel, CPA
Rosi G. Larrieux, CPA