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January 15, 1996

Financial Accounting Standards Board
File Reference 154-D
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

RE: Exposure Draft - Consolidated Financial Statements: Policy and Procedures

Dear Sirs:

The Accounting Practices Committee of the United States Catholic Conference is pleased to offer its comments on this document.

Our response is on behalf of 188 (Arch)dioceses and 800 religious institutes of the Roman Catholic Church in the United States, embodied as the United States Catholic Conference, Leadership Conference of Women Religious, and Conference of Major Superiors of Men. These organizations operate and sponsor thousands of religious, educational, charitable and other not-for-profit entities throughout the United States collectively known as the Catholic Church. This Church ministers to the spiritual needs of a Christian faithful that numbers in excess of 50 million people.

In our comments to the "Preliminary Views-Consolidation Policy" we focused on paragraph 57 which dealt specifically with religious organizations. The Accounting Practices Committee wants to express it's appreciation for some of the changes made as a result of those comments which are included in paragraph 171 of the Exposure Draft to which we are now responding.

We do, however, feel that although paragraph 171 disclaims any intention to force consolidation of religious organizations contrary to their ecclesiology, the FAS could further clarify the "disclaimer" effect by adding the following sentence after the first one of that paragraph as follows:

. . . or otherwise join together to achieve their mission. "Common action on account of shared religious beliefs does not constitute "control" (thus triggering application of this policy) if consolidation would be contrary to the religious organization's self-understanding or internal law."

Financial Accounting Standards Board
File Reference 154-D
January 15, 1996
Page 2 of 2

Although the committee focused most of its attention on paragraph 171, we would also like to comment on paragraph 134 addressing combined financial statements.

We are in agreement with your conclusion in paragraph 134 that the decision to present a combined statement should be left to the judgement of those involved. While we would not advise combining of related entities in those situations where consolidation is not warranted, we feel there can be instances among church organizations in which a combined statement could be both meaningful and useful. Therefore, a recommendation could be made to explore, on the basis of utility and meaningfulness, the possibility of presenting a combined report when consolidation does not apply.

Once again, we are grateful to the FASB for the opportunity to comment on the Exposure Draft on Consolidated Financial Statements: Policy and Procedures. If you have any questions about our comments, or if we can be of any further assistance in the project, please feel free to contact me.

Very truly yours,



Wayne A. Schneider
Chairperson, Accounting Practices Committee

WAS:kds

Responses to:

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