

## DIOCESE OF CHARLOTTE PASTORAL CENTER



Financial Accounting Standards Board Technical Director—File Reference: Proposed FSP FAS 117-a 401 Merritt 7, P.O. Box 5116 Norwalk, CT 06856-5116

Re: Proposed FSP FAS 117-a

Ladies and Gentlemen:

The Accounting Practices Committee of the United States Conference of Catholic Bishops (USCCB) is pleased to offer its comments on the above referenced document.

Our response is on behalf of 195 (Arch) dioceses and 634 religious institutes of the USCCB, 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.

The USCCB Accounting Practices Committee consists of eleven members with an (Arch) diocesan affiliation, four members representing religious orders, and four advisors from certified public accounting firms.

The Committee has discussed the aforementioned document. With respect to the specific questions which you asked us to answer, please note the following comments, by question number:

- 1. We believe that the net asset classification guidance is appropriate, subject to the exceptions discussed below.
- 2. We believe that some of the disclosures are appropriate, but that some are unnecessary and undesirable, as discussed below.
- 3. We agree with the Board's decision to require certain disclosures, even though the organization may not be subject to the UPMIFA.
- 4. We do not agree with the Board's decision to make the provisions of the FSP effective for fiscal years ending after June 15, 2008.

Our primary concern is with respect to #4 above. We strongly believe that there is insufficient time to take the necessary steps to implement all of the provisions of the FSP for fiscal years ending as soon as June 30, 2008. In terms of timeframe, it is a very short period of time between now and June 15, 2008, but, when one considers the extent of information that the FSP requires; the short timeframe becomes even more unworkable. Accurate beginning balance net asset

classifications for all endowed funds could require a significant effort on the part of many not-for-profit organizations.

Also of significant concern are the required disclosures in Appendix C4 of the FSP, more specifically, those disclosures required by the table entitled "Changes in Endowment Net Assets for the fiscal year ended June 30, 200Y". We consider this to be unnecessary and unduly burdensome. Audit report disclosures have already become far too voluminous for most readers to absorb and comprehend; we believe that this adds significantly to the existing complexity of such reports.

Also with respect to Appendix C4 of the FSP, specifically the table entitled "Endowment Net Asset Composition by Type of Fund as of June 30, 200y", we believe that this form of disclosure could be confusing to the reader when there are non-endowment net assets. As this information represents a component of total unrestricted, total temporarily restricted, and/or total permanently restricted net assets, there will necessarily be a portion of each net asset category not included in this disclosure. We believe the Board should reevaluate how this summary information can be communicated to the reader without causing confusion as to what constitutes "total funds" by net asset type.

Subject to our other comments herein, we believe that the adopted provisions of this FSP should be applied prospectively.

We also, suggest that the Board eliminate paragraph 13 of the FSP. Although the Board qualifies the disclosure requirement with the term, "if known", as a practical matter, many organizations will not know the amount of this appropriation. Furthermore, the appropriation amount could change significantly during the subsequent reporting period. As such, the "planned appropriation" as disclosed in an audit report could differ substantially from the "actual appropriation" in the subsequent year's audit report. We do not support the concept of including this type of prospective information in the audit report.

Thank you for your attention and consideration of our concerns. If we can be of any further input or assistance, please do not hesitate to contact me.

Very truly yours,
William & Wilder

William G. Weldon, CPA

Chief Financial Officer - Diocese of Charlotte
Chair of the Accounting Practices Committee of
the USCCB, in care of Diocese of Charlotte
1123 South Church Street

Charlotte, NC 28203

704.370.3313

wgweldon@charlottediocese.org