June 27, 2016

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

File Reference No. EITF-16A

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide its perspective on the Proposed Accounting Standards Update—Restricted Cash: a consensus of the FASB Emerging Issues Task Force. 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.

We are supportive of the Board’s efforts to promote consistency in the classification and presentation of changes in restricted cash on the statement of cash flows, and we believe that the proposed guidance will be helpful to financial statement users.

In addition to our comments below, we believe that the proposed amendments to the presentation guidance for not-for-profit entities could be enhanced. As amended, ASC 958-230-55-3 explains that an adjustment to the change in net assets is necessary to present cash receipts with certain donor-imposed restrictions as cash inflows from financing activities. While it is clear in the marked version of ASC 958-205-55-20 where this adjustment is made (the change in “Contributions restricted for long-term investment” is adjusted from (2,740) to (3,030)), we do not believe this will be as clear once the guidance is finalized and the marked changes are removed. Therefore, we believe that additional explanation is necessary in ASC 958-230-55-3 to clarify how this adjustment is to be made, perhaps by referencing the example in ASC 958-205-55-20.

Following are our responses to the proposal’s Questions for Respondents.

1. Do you agree that the statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents? If not, please explain what presentation is more appropriate and why.

   We agree.

2. Do you agree that if the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents at the beginning and end of the period shown on the statement of cash flows cannot be reconciled to the amounts of similarly titled line items on the statement of financial position, an entity should disclose on the face of the statement of cash flows or in the notes to the financial statements, the amounts and line items in which such amounts are reported within the statement of financial position? If not, please explain why that information would not be useful.

   In our view, many users are accustomed to reconciling the amounts denoted as cash and cash equivalents on the statement of cash flows to the corresponding balances on the statement of financial position. We believe the Task Force should consider requiring separate presentation of (1) cash and cash equivalents and (2) restricted cash and restricted cash equivalents on the statement of cash flows, thus allowing the balance in (1) to be traced back to the statement of financial position.
Regardless, we agree that entities should disclose the line items in which restricted cash and restricted cash equivalents are reported on the statement of financial position.

3. Do you agree that an entity should be required to disclose information about the nature of restrictions on its cash and cash equivalents? If not, please explain why that information would not be useful.

We agree.

4. Would disclosures of the amounts of gross transfers between cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents (excluding transfers, constructive or actual, that result in a concurrent cash receipt from or a concurrent cash payment to an outside source) provide meaningful information to financial statement users? Please explain why.

While there might be circumstances in which disclosure of this information would provide meaningful information to financial statement users, on balance we do not believe that the benefits of requiring such disclosure would outweigh the costs. In our view, it is sufficient to require entities to disclose the balances of restricted cash and restricted cash equivalents at each reporting date, and to describe the nature of the restrictions.

5. Should any other disclosures be provided? If so, please explain what disclosures should be provided and why that information would be useful.

We do not believe any other disclosures should be provided.

6. Do you agree that the proposed amendments should be applied using a retrospective transition method? If not, please explain what transition method would be more appropriate and why.

We agree.

7. Do you agree that an entity should be required to provide the transition disclosures specified in the proposed Update? Should any other transition disclosures be required? If so, please explain what transition disclosures should be required and why.

We agree.

8. How much time will be necessary to implement the proposed amendments? Do entities other than public business entities need additional time to apply the proposed amendments? Why or why not?

We do not believe that entities will require a significant amount of time to adopt the proposed guidance. We do not believe that non-public business entities will require additional time to adopt the proposed guidance.

9. Should early adoption be allowed? Why or why not?

We believe that early adoption should be allowed. We believe that the proposed guidance, in addition to promoting consistency once all entities have adopted the proposed guidance, enhances transparency and provides meaningful information to financial statement users.

We appreciate the opportunity to offer our comments.

Sincerely,
**Ryan Brady, CPA**  
Chair, Accounting Principles Committee

**Brian Kot, CPA**  
Vice Chair, Accounting Principles Committee
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:

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**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
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- Michael Kidd, CPA  Mowery & Schoenfeld LLC
- Matthew Mitzen, CPA  Marcum LLP
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- Peggy Brady, CPA  Selden Fox, Ltd.
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- John Hepp, CPA  University of Illinois at Urbana-Champaign

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- Joshua Shenton, CPA  Northern Trust Corp.
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**Staff Representative:**
- Gayle Floresca, CPA  Illinois CPA Society