Ms. Susan M. Cosper  
Technical Director  
Financial Accounting Standards Board  

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

I have included my answers to the questions suggested based upon my own understanding on the proposed update.  

**Question 1:** The proposed update does provide clear guidance on the differences on contributions and exchange transactions as well as what is a conditional contribution.  

**Question 2:** The clarification of 958-605-15-5A appears to determine commensurate value as depending on whether the resource provider receives the primary benefit of the recipient’s actions or determines their benefit is commensurate themselves. While this provides clarification in some situations, there are many such as outsourcing of public services where the commensurate value to the provider are not as clear. A more comprehensive clarification of how to determine commensurate value would be appreciated.  

**Question 3:** The term donor-imposed is properly defined as the definition provides both an objective and recourse to failure of the condition. The clear criteria covers current practices of contributions to NFP entities.  

**Question 4:** To answer the second part first, there should not be a single determinative indicator. As for the table itself, I find (A), (B), and (D) informative with some vague terminology being used in (C). Further clarification of what “limited discretion” includes would prevent interpretation issues going forward.
**Question 5:** Consistency between both provider and recipient is a good goal to strive for, but given some of the other requirements for reporting entities it may not be possible. Government grants specifically could split how the contributions are recorded.

**Question 6:** I have no suggestion for addition or alteration of existing terminology.

**Question 7:** I do not believe current disclosure requirements need to be amended. Once the transactions changes are made to conditional contributions from their existing status, the information should be adequately provided to interested parties.

**Question 8:** As with any significant change, there will be difficulties during a transition (especially for smaller entities). While it is possible to enact such changes quickly, it could become prohibitive for smaller entities. Allowing smaller entities an easier method to conform to the new rules would allow them to continue to operate unimpeded while working towards compliance.

**Question 9:** It would be logical to enact the update along with Topic 606 as they are crafted to reduce diversity in reporting practices. This would be aided by allowing an easier transition method as mentioned in the previous question.

Jeff Hillman
Orlando, FL