

Comments FASB Government Assistance (Topic 832)-File Reference No. 2015-340

Missing in the discussion is the use of RELATED ENTITIES by governmental agencies. Types of Financing Authorities are used instead of an elected body.

The non-profit corporation is used to bypass a vote by the public, contract bids and even as simple as public comment.

Governmental agencies or departments within a city can engage with other governmental agencies and not require public approval by an elected representative.

You are viewing the non-profit corporation as a fundraising entity receiving private contributions while the non-profit corporation is now engaging in profit making activities, not part of their mission statement, and awarding contracts without a bid or public oversight.

Development Agreements or Public Private Partnerships with government agencies that cover many benefits, not quantified on any government financial statement. Public companies may benefit by giving COMMUNITY BENEFITS through a non-profit corporation that is not a Related Entity. The Community Benefits may not even be an equal compensation to the entitlements received.

TFAR Transfer Floor Area Rights are given to developers from Air Space over public property such as a convention center, parking lot or public building. The exchange is COMMUNITY BENEFITS, as stated previously, given to a non-profit corporation that is not a Related Entity. Even freeways are being developed to have housing and parks built over them.

Public companies may benefit by reduction of TOT Transient Occupancy Tax or receive Signage Districts which produce advertising income or Naming Rights which produce a type of advertising income. These entitlements never have a dollar amount assigned to the benefit. The public has no idea of revenues lost and the private company does not wish to reveal such detail.

There are also RIGHTS OF ENTRY. This is used to allow a private company to enter public property such as a park. The private company earns revenue from an event and gives the fee to a non-profit corporation that is not a Related Entity to the government agency. The non-profit corporation may donate cash to the local government, yet public property was used.

On Non-Federal Sponsor or local matches for government projects, a public company can donate to a non-profit corporation who then gives the Non-Federal Sponsor match

to a federal agency such as the US Army Corps of Engineers. That non-profit corporation is not a Related Entity to the local government.

In other words, there is a form of money laundering through non-profit corporations. These non-profit corporations are not RELATED ENTITIES and are not reported on the Financial Statements of the Local Government.

You omit Public Companies that have contracts with Government, yet you do not address that a non-profit corporation may apply for a government grant, have no site control of the public property at the time of the grant request, construct a project, have no bidding process and then donate the project to the government. Grants are considered public funds and we do not understand why the government grantee, such as the State government, allows a gift of public money. Public companies have no conflict of interest issues because of the non-profit status. There is a benefit never disclosed by any party.

Local Governments award construction projects to non-profit corporations, not a Related Entity, with no site control or bidding process. There is a benefit to the contractors but it is shielded from the public. We have no way to ascertain if any contribution was made to a non-profit corporation that results in the contractor choice.

Governing Boards of non-profit corporations may include principals or employees whose companies benefit from the non-profit involvement.

Joint Powers Authorities are difficult. Departments of governments may be a JPA partner and there is no JPA financial disclosure. JPA are not even noted in the Financial Statements.

We are seeing transparency bypassed in many clever ways.

Housing is developed on Public Facilities with land that is not taxed and has no land value assigned. There is no disclosure on the government side of that value of land because it does not have a tax basis. Tax credit recipients are not disclosed though tax credit awards are made public. Some entity benefits, but that information is not public.

Related Entities may be non-profit corporations whose Governing Board are government employees in management who award tax credits such as the New Markets Tax Credit. Because of the CDFI relationship, those entities are not considered a Related Entity and their financials are not disclosed on the government financial statements.

Entities are formed, even by local government departments, to meet the CDFI criteria for tax credits without any elected officials' vote or public notification.

CAP AND TRADE needs to be addressed as to the public company benefit. We have auctions under the California Air Resources Board. This includes the Quebec market.

In the planning, through the federal permitting process given to the states, is a Stormwater Capture Credit or Cap and Trade market.

Question 1

Do you agree that the scope of the amendments in this proposed Update should be limited to legally enforceable agreements in which an entity or entities receive value from a government?

Do you also agree that the scope of the proposed amendments should not apply to transactions in which the government is

- (a) legally required to provide a nondiscretionary level of assistance to an entity simply because the entity meets applicable eligibility requirements that are broadly available without specific agreement between the entity and the government or*
- (b) solely a customer?*

If not, what other types of arrangements should be included in or excluded from the scope of the amendments in this proposed Update?

Explain why.

And

Question 4

Do you agree that the scope of the proposed amendments should exclude NFP entities?

Alternatively, should any proposed disclosure requirement(s) be applied by NFP entities?

If so, specify which proposed disclosure requirement(s) and explain why.

Legally Enforceable Agreements are not the only way an entity received value. It is in those gray areas, not regulated properly, where the policy needs to occur. Eligibility is not even an issue in some cases. The Customer is being fronted non-profit corporations who do not have Conflict of Interest issues because of the non-profit status.

This is trillions of dollars in loopholes. Taxpayers need full disclosure in every way possible of the use of public funds, property and revenues or loss thereof.

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