

October 30, 2017

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

Re: File Reference No. 2017-270

We appreciate the opportunity to comment on the proposed Accounting Standards Update, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. We support the proposed objectives to provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or an exchange to be accounted for under other guidance, such as Topic 606; and to clarify the guidance about whether a contribution is conditional or unconditional.

Our responses to the questions for respondents are as follows:

Question 1: Would the amendments in this proposed Update provide clarifying guidance that would be operable in practice? If not, why not?

Yes. The amendments are instrumental in providing both clarity in application and removing the diversity in practice that currently exists.

Question 2: Would the proposed amendments clarify whether a resource provider is receiving commensurate value in return for assets transferred and when a transaction is within the scope of Subtopic 958-605? If not, why not?

Yes.

Question 3: Should the definition of the term donor-imposed condition include both (a) a barrier that must be overcome and (b) a right of return of the assets transferred or a right of release of the promisor from its obligation to transfer assets? If not, why not?

Yes.

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Question 4: Does the proposed table of indicators to describe a barrier provide useful guidance that will allow for the application of appropriate judgment? Should no single indicator be determinative? What changes should be made, if any, to the proposed indicators?

Yes, the table provides useful guidance and we believe no single indicator should be determinative. It would be helpful to include the definition of “measurable” when referring to barriers. We would request an additional example regarding whether a barrier exists if an entity routinely performs a function as part of its program. For example, utilizing the 200 meals a month donor requirement example in the exposure draft. If the nonprofit routinely prepares 500 meals a month, would adding the 200 meals be considered a performance barrier?

Question 5: Should the proposed amendments about distinguishing between conditional contributions and unconditional contributions be applied equally to both the recipient and the resource provider?

Yes, for all entities except for government grants considered as conditional contributions. Our experience with government grant transactions show our clients are routinely treating them as exchange transactions. We recommend government grants continue to be treated as an exchange transaction and allow the indirect benefit to be synonymous to the value received by the resource provider. It is our opinion the value received is the relief of the resource provider in having to directly perform the obligation. We also recommend the FASB research whether there are legal implications for governmental entities if their grants are classified as contributions.

Question 6: Should certain other terms and/or their definitions be clarified (for example, contribution or donor-imposed restriction)? If yes, list which term(s) and/or definition(s) should be clarified, why they should be clarified, and any recommended changes.

Yes, we believe that conditional contribution, unconditional contribution and qualifying expenses as well as measurable barrier should be added.

Question 7: Should current recurring disclosure requirements be amended for either a recipient or a resource provider? Should new disclosure requirements be added? If yes, what amendment(s) and/or addition(s) do you recommend? Please explain why.

Yes, we recommend adding a subsequent event disclosure for conditional grants that become unconditional after year-end and before the date the financial statements are available for issuance. We also recommend additional disclosures for conditional grants at year end for both the resource provider and the recipient.

Question 8: Would the proposed transition requirements be operable, and would they provide decision-useful information? If not, please explain why and what you would recommend. Would modified prospective application be more operable than prospective application? If not, why not?

Yes.

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Question 9: Should the effective date of the proposed amendments be the same as the effective date of Topic 606? Should early adoption of the proposed amendments be permitted?

No. We recommend the effective date should be no earlier than for the interim and annual periods beginning after December 15, 2018. Early adoption should be permitted.

If you have any questions about our response, or wish to discuss our comments, please contact Karen Miessner, Nonprofit Lead Audit Partner, at KMiessner@SingerLewak.com.

Sincerely,

Singer Lewak LLP