September 9, 2015

David Bean
Director of Research
Project No. 3-26E
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the Tennessee Department of Audit, we thank the GASB for the opportunity to comment on its proposed Exposure Draft (ED), Accounting and Financial Reporting for Irrevocable Split-Interest Agreements. We generally agree with the ED proposals. We agree that this proposed statement would provide recognition and measurement guidance for certain transactions and balances for which little authoritative guidance currently exist. In addition, we offer the following suggestions for clarifying the ED guidance:

1. For ¶8, “unitrust” is bolded but has not been defined in the glossary.
2. For ¶34c, when referring to an irrevocable donation agreement, will this also apply to a donor agreement of equivalent arrangement to irrevocability (i.e., irrevocable or equivalent arrangement)? The board might consider whether this should be clarified.
3. Because some foundations do not meet the governmental entity definition in the AICPA Audit and Accounting Guide, State and Local Governments, and thus follow FASB standards, should the Basis for Conclusions address the substantive differences in the FASB and GASB guidance and the reasons differences should exist? This discussion might be more appropriate in the Background section (Appendix A).

Should you have questions or need clarification on any of our comments, please contact Gerry Boaz or me at (615) 747-5262.

Sincerely,

Deborah V. Loveless, CPA
Director, Division of State Audit