To: Director of Research and Technical Activities, Project No. 3-26E

This document serves as our written comments on the Exposure Draft of a proposed GASB statement for Irrevocable Split-Interest Agreements. We thought the proposed guidance and standards outlined in this Exposure Draft were appropriate. We had the following questions regarding the standard.

**Issue 1**

The Exposure Draft states in paragraph 3 that this Statement establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts or equivalent arrangements in which the donor irrevocably transfers its resources to an intermediary, which administers these resources for the unconditional benefit of a government and at least one other beneficiary.

*What are the accounting standards to follow if you had 100% interest in an irrevocable Beneficial Interest in Trust that was held by an intermediary?*

**Issue 2**

The Exposure Draft states in paragraph 35 that the asset should be initially measured at fair value and remeasured at fair value at each financial reporting date. A deferred inflow of resources should be recognized for a beneficial interest recognized as an asset. The balance of the deferred inflow of resources should be adjusted to reflect the value of the remeasured asset at each reporting date. Changes in the fair value of the asset and adjustments to the related deferred inflow of resources should be recognized in resource flows statements as revenues and reduction of revenue, as appropriate.

*How would those changes impact the Statement of Revenues, Expenses and Changes in Net Position (SRECNP)? How should the change in the fair value of the assets be reported? How would the change in the Deferred Inflows/Outflows of Resources be reported on the SRECNP?*

**Issue 3**

The Exposure Draft states in paragraph B28 that the elements recognized pursuant to the requirements of this Statement are assets, deferred inflows of resources, and liabilities. Generally, assets that the government holds and administers under split-interest agreements meet the definition of investments and, consequently, would be subject to the guidance provided in standards that address measurement and disclosure of investments, for example, Statements 31 and 72.

*Could the Beneficial Interest in Trust be its own line item under investments on the Statement of Net Position and in the footnote disclosure instead of being grouped in with the other investments of the Entity?*

We appreciate the opportunity to review and provide written questions/comments on the GASB’s Exposure Draft on Irrevocable Split-Interest Agreements.

Sincerely and thanks for your consideration,

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