



May 31, 2017

Rebecca Villmann, CPA, CA, CPA (Illinois)  
Director, Accounting Standards  
Accounting Standards Board  
277 Wellington Street West  
Toronto, Ontario M5V 3H2

**Re: Exposure Draft: Accounting Standards Improvements for Not-for-Profit Organizations February 2017**

Dear Ms. Villmann:

We are writing in support of [Imagine Canada's submission to the Accounting Standards Board \(AcSB\)](#). We agree with all of their comments and responses to the questions posed in the Exposure Draft with the exceptions of their position on Accounting Standards for Not-for-profit Organizations (ASNFPPO) and Public Sector Accounting Standards (PSAS) harmonization.

Imagine Canada writes: (italics added)

Differences with PSAB: The Basis of Conclusions highlights that the AcSB is committed to continue to work with PSAB with the objective of achieving consistency between private and public sector standards for NFPOs when appropriate. *We believe strongly that accounting standards for similar organizations in the public and private sectors should be consistent. We are concerned that some of the changes proposed in the Exposure Draft will create further differences between Part II of the Handbook and the standards used by public sector NFPOs.*

**ONN holds the position that consistent accounting standards between public sector and private NFPOs are not always desirable. The NFPOs using Part II and III of the Handbook have very different needs for financial reporting and would not be well served by PSAB accounting standards. We can also appreciate that the interests of the Public Sector may differ from the private NFPO sector. Consistency in reporting may not be possible or practical.**

If, as suggested in this Exposure Draft, PSAB adopts standards contained in Part II and III of the Handbook we have no objection to harmonization. However we do have concerns if PSAS standards are adopted for private NFPOs. Current differences in

PSAS related to cash and debt presentation are not helpful for private NFPOs. The PSAS cash and debt positions are blended and so it would be unclear to a NFPO Board of directors or funder for example, how much they have in the bank currently and how much debt they are currently carrying. PSAB standards would make it very difficult for the majority of small to medium sized organizations to easily understand their financial position.

The average small or mid-sized nonprofit may have several different funders, much of it short term project funding in addition to earned revenues. These highly variable revenue streams and the pressures that all of this creates requires active monitoring and planning by the organization. It is vital for NFPs and their funders to understand the current cash/assets and debt/liabilities position for effective management.

As we explained in our submission to AcSB in 2009, we advise against harmonizing Part II and III of the Handbook with the PSAS where such harmonization will create additional difficulties for the vast majority of NFPOs. Government and the nonprofit sector's needs are sometimes different and the number of NFPOs using PSAS are a very small percentage of the NFP sector (>1%)<sup>1</sup>.

As the AcSB states in the Basis for Conclusion<sup>2</sup>, it is committed to “updating accounting standards for not-for-profit organizations, as necessary, to ensure these standards continue to meet the needs of users of private sector NFPO financial statements. Part of this process is to understand the differing needs of these users. Based on that understanding, the AcSB decides, on a case-by-case basis, the extent to which a standard that is being improved should align with or differ from the corresponding public sector NFPO standard (issued in the CPA Canada Public Sector Accounting (PSA) Handbook).” We support this approach.

ONN is the independent nonprofit network, for the 55,000 nonprofits and charities in Ontario, focused on policy, advocacy, and services to strengthen Ontario’s nonprofit sector as a key pillar of our society and economy. We welcome this opportunity to provide comments to the Accounting Standards Board (AcSB) on the accounting standards improvements for Not-for-Profit Organizations (the Exposure Draft).

Sincerely,



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<sup>1</sup> Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations, Statistics Canada catalogue no 61-533-xpe.

<sup>2</sup> Disclosure Draft, Accounting Standards for Not-for-profit organizations, Basis for Conclusion, pg 19.

Cathy Taylor, Executive Director  
Ontario Nonprofit Network

*The Ontario Nonprofit Network (ONN) is a 7,500-strong provincial network for the 55,000 nonprofit organizations across Ontario that make communities more vibrant, innovative and inclusive. We bring the diverse voices of Ontario's nonprofit sector to government, funders, and the private sector to influence systemic change. Our work is guided by the vision that a strong nonprofit sector leads to thriving communities, and in turn, a dynamic province.*