



June 3, 2010

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**Re: Exposure Draft, Accounting Standards for Not-for-Profit Organizations**

The Committee on Corporate Reporting of Financial Executives International Canada (FEI Canada) is writing to provide its comments to the exposure draft on “Accounting Standards for Not-for-Profit Organizations” issued in March 2010.

FEI Canada is the all-industry professional membership association for senior financial executives. With eleven chapters across Canada and more than 2,000 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada’s leading and most influential corporations.

The Committee on Corporate Reporting (CCR) is one of two national advocacy committees of FEI Canada. CCR comprises more than 30 senior financial executives representing a broad cross section of the FEI Canada membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

We are in agreement with the approach taken by the CICA to incorporate accounting for not-for-profit organizations as Part III of the handbook and have no specific responses to the questions provided in the draft exposure draft. However, we do have the following more general comments.

We ask the Board to consider providing additional guidance on the definition of not-for-profit organizations provided in the preface of the handbook and also in section 4400. This has bearing on the definition of a publicly-accountable enterprise (PAE), because by definition, PAEs exclude not-for-profit organizations. There are circumstances where the definition of not-for profit organization is not clear, and that has bearing on whether or not an entity should be considered a PAE.

The main reason for the confusion is that the definition of an NPO is sometimes applied to organizations that provide a public service and are not expected to earn a profit but are not NPOs to which the 4400 sections should apply. Airport authorities, which can and do issue publicly-traded debt, are an example. These organizations may be characterized as NPO solely as a result of the section of statute under which they are incorporated. The statute under which an entity is incorporated should not in and of itself determine whether or not an organization is an NPO. We would clarify this by simply stating in the definition of not-for-profit organization that the legal form of incorporating an organization does not determine whether or not an organization is not-for-profit.



Another reason for the confusion is that the current definition for a not-for-profit organization, “an entity... operated for... any other not-for-profit purpose” renders the definition incomplete because “not-for-profit purpose” is not itself defined. “Not-for-profit purpose” should therefore be defined.

We have a very minor drafting comment with regards to draft section 1001.07, which we believe to be inadvertently inaccurate. The current drafting implies that in Canada, all provision of services (“and, in some cases the production of goods...”) are carried out by NPO’s in the private sector. We would suggest that this could be easily fixed by moving the phrase “in some cases” so that the clause reads as follows: “In the Canadian economic environment, in some cases the provision of services and the production of goods are carried out...” An alternative would be to rephrase this into the active voice rather than the passive voice.

We appreciate the opportunity to comment on the exposure draft. If you would like to further discuss any of our comments, please do not hesitate to contact me at (416) 520-6513 or [vwells1@cogeco.ca](mailto:vwells1@cogeco.ca).

Yours very truly,

A handwritten signature in black ink, appearing to be "V Wells".

Chair  
Committee on Corporate Reporting  
FEI Canada