

Consolidated Audits: The Benefits and Challenges

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Supportive Housing Network
of New York

Why

- EITF 04-05

Determining When a General Partner, or General Partners as a Group, Controls a Limited Partnership or Similar Entity when the Limited Partners have Certain Rights

When

Implementation Date

- - **June 29, 2005** for new LP's and existing partnership for which the partnership agreements are modified.
- - No later than the beginning of the first reporting period of the fiscal year beginning after **December 15, 2005** for all other LP's

The Test

Presumption of Control – any one of the following:

- **Kick out rights**

Ability to be removed without cause

- **Participating rights**

Effectively participate in significant decisions that would be expected to be made in the ordinary course of the limited partnership's business

- **Protective rights**

Limited partner's ability to block certain action of the limited partnership (amendments, dissolution, acquisition and dispositions etc.)

Benefits

- Ability to tell story at enterprise level
- Comprehensive picture by business lines
- Demonstrates organization's strength

Issues and Challenges

- Cost
- Resource limitations
- Fiscal vs. Calendar year ends
- Consistency
- 18 month or 6 month audit
- Clarity or confusion
- Trending issues

Mechanics

- Supplemental consolidating schedules
- Reporting by business lines
- Eliminating entries
- Non controlling (minority) interest
- Revenue recognition
- Disclosures

Multiple General Partners

- Who has control
- May result in no consolidation