FICPA Florida Institute of Certified Public Accountants

May 23, 2013

Technical Director
File Reference No. 2012-260
FASB
401 Merritt 7
Post Office Box 5116
Norwalk, Connecticut 06856-5116

Submitted via electronic mail to director@fasb.org

Re: FASB Exposure Draft Financial Instruments –
Credit Losses (Subtopic 825-15)

Ladies and Gentlemen:

The Accounting Principles and Auditing Standards Committee (the "Committee") of the Florida Institute of Certified Public Accountants ("FICPA") has reviewed and discussed the subject exposure draft and has the following comments and recommendations.

General Comments and Recommendations

The Committee members present were in unanimous agreement that the principles set forth in the Draft would provide users with more decision-useful information about expected credit losses on financial assets and other commitments to extend credit held by reporting entities at each reporting date. However, also unanimously, the Committee members present disagreed with the Draft's inclusion of trade accounts receivable and strongly recommend that trade accounts receivable be excluded from the financial assets subject to the proposal. We believe that compliance with the Draft, as it relates to trade accounts receivable, would create an excessive burden for reporting entities and their accountants, particularly for small to medium sized entities and, in a practical sense, would not improve the accuracy of reported allowances for uncollectible trade accounts receivable. Further, we do not believe that the users of the financial statements perceive a deficiency in the current methodology used to account for uncollectible trade accounts receivable.

Specific Comments

Question 1

As discussed above, other than our strong exception for trade accounts receivable, we agree with the inclusion of the contemplated financial assets.

Questions 2 Through 8

We offer no responses since these questions are addressed to financial statement users. Our Committee does not comprise users.

Question 9

We do not foresee any significant operability or auditing concerns regarding financial instruments other than with trade accounts receivable. With respect to trade accounts receivable, we have significant concerns regarding the ability to accumulate and utilize the information contemplated by this question.

Question 10

The Committee believes that most of our client companies do not have ready access to the information referred to in this question and another form of suitable data is not available that would allow companies to achieve the objectives of the proposed amendments as they relate to trade accounts receivable.

Question 11

The Committee perceives no operability or auditing concerns regarding the issues referred to in the question other than those relating to trade accounts receivable.

Question 12

The Committee expressed no concerns with the proposal that an estimate of expected credit losses reflect the time value of money either explicitly or implicitly.

Question 13

The Committee expressed no concerns about the issue of determining the discount embedded in the purchase price that is attributable to credit at the date of acquisition.

Question 14

The Committee expressed no concerns about determining whether a reporting entity met the criteria to apply the practical expedient referred to in this question.

Question 15

With respect to the application of the cost-recovery method or the cash-basis method as described in ASC 825-15-25-10 to financial assets placed on non-accrual status, the Committee did not express any concerns.

Question 16

The Committee believes that the distinction between troubled debt restructurings and non-troubled debt restructurings remains relevant and agrees with the rationale described in the proposed Update’s “Basis for Conclusions.”

Question 17

This question is intended for users and not members in public practice. As such, we have not responded to this question.

Question 18

The Committee does not foresee any concerns in complying with the proposed Update's disclosure proposals except as it relates to trade accounts receivable. As noted previously, we believe trade accounts receivable should be exempted from the proposed Update.

Question 19

The Committee believes that implementation guidance and illustrative examples in the proposed Update are sufficient except that they should be modified to exempt trade accounts receivable from same.

Question 20

The Committee agrees with the transition provisions in the proposed Update.

Question 21

The Committee agrees that early implementation should be permitted.

Question 22

The Committee believes that the effective date should be the same for a public entity as for a non-public entity.

Question 23

The Committee believes that the transition provision in the proposed Update is operable other than with respect to trade accounts receivable. As discussed above, we believe the inclusion of trade accounts receivable would make the proposed Update inoperable.

Question 24

The Committee believes that at least one year would be needed to allow reporting entities to implement the proposed guidance. The types of system and process changes are varied and industry dependent. As such, the impact of these matters is beyond the scope of our Committee's discussion.

The Committee appreciates this opportunity to respond to this exposure draft. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully Submitted,

Steven Morrison, CPA, Chair
FICPA Accounting Principles and
Auditing Standards Committee

Committee members coordinating this response:
Thomas V. Durkee, CPA
Duncan B. Will, CPA