May 21, 2018

Susan M. Cosper, CPA
Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116


Dear Ms. Cosper:

The American Institute of CPAs (AICPA) is the world’s largest member association representing the accounting profession, with more than 418,000 members in 143 countries, and a history of serving the public interest since 1887. One of the objectives that the Council of the AICPA established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms’ interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the Proposed Accounting Standards Update, Collaborative Arrangements (Topic 808): Targeted Improvements (ED) and is providing the following comments for your consideration.

GENERAL COMMENTS

TIC agrees that the issuance of FASB Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), heightened the need for clarity on whether the guidance in Update 2014-09 applies to collaborative arrangements. The Board has noted, and TIC agrees, that the guidance in Update 2014-09 appears to be inconsistent with language included in the basis for conclusions of that Update as it relates to the application to collaborative arrangements.

TIC believes that this new guidance will result in a more clear path for entities to follow when they enter into these collaborative arrangements and will result in less diversity in practice for the accounting for such arrangements going forward.
SPECIFIC COMMENTS

**Question 1:** Would the amendments in this proposed Update clarify when a transaction between collaborative participants is within the scope of the revenue guidance in Topic 606? Would the proposed amendments reduce diversity in practice in this area? If not, please explain why.

Yes. TIC believes the amendments in this proposed Update would clarify when a transaction between collaborative participants is within the scope of the revenue guidance in Topic 606. TIC also believes this new guidance will reduce the diversity in practice with regard to collaborative type arrangements.

**Question 2:** Is additional guidance necessary to determine whether a collaborative participant is a customer? If so, please provide suggestions.

No. TIC could not determine any additional guidance that would be necessary in determining whether a collaborative participant is a customer. TIC believes the ED provides clear guidance for making this determination.

**Question 3:** Are the proposed amendments on presentation in paragraph 808-10-45-3 operable? Would the proposed amendments reduce diversity in practice in this area?

Yes. As written, TIC believes that the proposed amendments in paragraph 808-10-45-3 are operable and would effectively reduce diversity in practice in this area.

**Question 4:** Would the proposed amendments on the unit of account clarify that the unit-of-account guidance in Topic 606 should be applied for determining if a transaction is within the scope of Topic 606? If not, please explain why.

Yes. TIC believes that the proposed amendments on the unit of account would clarify that the guidance in Topic 606 should be applied for determining if a transaction is within the scope of Topic 606.

**Question 5:** Should a reporting entity be required to provide additional recurring disclosures (that is, incremental disclosures to those required in Topic 808 and Topic 606) because of the proposed amendments? If so, what additional recurring disclosures should be required?

No. TIC does not think that reporting entities should be required to provide additional recurring disclosures because of the proposed amendments.

**Question 6:** Do you agree with the proposed transition requirements, including the retrospective application to the adoption date of Topic 606? If not, what transition method would be more appropriate and why?

Yes. TIC agrees with the proposed transition requirements, including retrospective application to the adoption date of Topic 606.


**Question 7:** How much time is needed to implement the proposed amendments? Should early adoption be permitted?

TIC believes that it would be prudent to have the effective date of this guidance align with the Topic 606 effective date. However, TIC has expressed concerns in previous comment letters with the effective date of Topic 606 for not-for-profit conduit debt obligors (CDOs). TIC believes that many of these entities are smaller and less complex in nature and tend to operate more like a private company and, therefore, the effective date for Topic 606, the forthcoming amendments expected to be released this summer on grant revenue and expenses, as well as the amendments proposed by this ED, should all align the effective date for CDOs with those of private companies. This would afford CDOs one additional year from the effective date of public business entities (PBEs) to adopt these amendments related to revenue.

**Question 8:** Should entities other than public business entities be provided with more time to implement the proposed amendments? If so, how much more time?

TIC believes that similar to the effective date for Topic 606, entities other than PBEs should be provided one additional year to implement the proposed amendments. In addition, as noted above, TIC believes that not-for-profit CDOs also should be permitted one additional year to implement the proposed amendments.

TIC appreciates the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

Michael A. Westervelt, Chair
PCPS Technical Issues Committee
cc: PCPS Executive and Technical Issues Committees