December 4, 2015

VIA EMAIL TO: director@fasb.org

Technical Director
File Reference: No. 2015-310
Financial Accounting Standards Board (FASB)
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

RE: Proposed Accounting Standards Update
   Notes to Financial Statements (Topic 235)
   Assessing Whether Disclosures Are Material

We appreciate the opportunity to comment on the Exposure Draft: Notes to Financial Statements (Topic 235), and strongly support FASB’s efforts to improve the disclosure framework. Founded in 1919, the Alabama Society of Certified Public Accountants (ASCPA) is the statewide, professional membership organization representing over 6,700 Alabama CPAs in public practice, industry, government and education. The ASCPA actively works to serve the needs of Alabama citizens and its CPA members.

The following are our responses, on behalf of the ASCPA’s Professional Standards Committee, to the questions submitted in the exposure draft:

We agree with the objective and primary focus of the proposed ASU to improve the effectiveness of disclosures in the notes to the financial statements.

We have concerns about referring to materiality as a legal concept. Materiality is a matter of professional judgment which requires a review of the surrounding facts and circumstances taking into consideration both quantitative and qualitative factors, including whether the disclosure would be important to the users of the financial statements.

Question 1: Would assessing materiality subject to the proposed changes to paragraphs 235-10-50-7 through 50-8 be any easier than under current GAAP? If yes, please explain why.
We do not believe that assessing materiality would be any easier then under current GAAP.

Question 2: Would applying the amendments in this proposed Update significantly increase or reduce costs of preparing the notes to financial statements? Why or why not?
We do not believe there would be any significant increase or reduction of costs related to the initial implementation of the proposed changes, but there could potentially be a significant decrease after initial implementation.

Question 3: Would the amendments in this proposed Update change the information you otherwise would include in the notes to financial statements? Why or why not? If yes, how would that increase, diminish, or otherwise change the notes’ usefulness to investors, creditors, and other financial statement users?
We can see where both the quantitative and qualitative assessment of materiality could cause an elimination of several disclosures currently required (i.e.,advertising costs, shipping and handling costs, fair value disclosures, open tax years and uncertain tax positions) and lead to more relevant and useful disclosures.

Question 4: Do you expect regulatory, legal, or audit consequences that would affect your ability to consider materiality when selecting information to be disclosed in notes to financial statements? Please explain.
We do not expect to see any regulatory, legal or audit consequences that would affect our consideration of materiality.

Question 5: How would you disclose information in comparative financial statements if your assessments of materiality differed in different years?
If a disclosure is considered in one year of the presentation then that disclosure would still be considered for all years presented even if not considered material for a subsequent year.
Question 6: Should the Board eliminate from the Accounting Standards Codification phrases like “an entity shall at a minimum provide” and other wording that could appear to limit an entity’s discretion to omit immaterial disclosures? Are there particular Topics or Sections in which those changes should not be made? Are there additional paragraphs within the Accounting Standards Codification in which the wording is particularly restrictive and is not identified in Appendix B of this proposed Update? If so, please identify them.

The phrase “an entity shall at a minimum provide” and other similar wording that could appear to limit an entity’s discretion to omit immaterial disclosures should be eliminated.

Question 7: Do you agree with the proposed amendment that would explicitly state that the omission of an immaterial required disclosure is not an accounting error? Why or why not?

Yes. We agree with the board’s conclusion that excluding immaterial disclosures can improve the effectiveness of financial statements. Without this modification then the majority of financial statement preparers will continue to make all potentially required disclosures regardless of materiality.

Question 8: Are there considerations other than those discussed in this proposed Update that would apply to not-for-profit entities?

None that we are aware of.

Question 9: Should the proposed amendments be effective upon issuance?

Yes.

If you have any questions regarding our comments, please contact Jason Miller at (256) 489-7064.

Sincerely,

Jason L. Miller, CPA
Chair of the ASCPA Professional Standards Committee