November 16, 2015

Submitted via email: director@fasb.org

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. PCC-15-01

Dear Technical Director:

The Technical Issues Group (TIG) of the Missouri Society of CPAs (MSCPA) appreciates the opportunity to respond to certain matters in the Proposed Accounting Standards Update—Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), and Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance (a proposal of the Private Company Council). The views expressed herein are written on behalf of the TIG of the MSCPA. The TIG has been authorized by the MSCPA Board of Directors to submit comments on matters of interest to the society’s membership. The views expressed in this letter have not been approved by the MSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the MSCPA.

We generally agree with the direction taken by the Financial Accounting Standards Board (Board) and support any action by the Board that addresses the needs of preparers and users of private company financial statements. We agree with the Board’s objectives of reducing the cost and complexity of accounting for these transactions and, therefore, the preparation of financial statements. However, the responses below are not intended to convey either support or opposition to the Board’s establishment of the Private Company Council (PCC) or the PCC’s intended authority and responsibilities. We acknowledge that certain constituencies do not believe the current plan does enough to solve the problems of private company standard setting and believe a separate standard setting body, independent of the Board, should set accounting standards for private companies.

We endorse the Board’s decision to remove the effective date from a private company’s adoption of the accounting alternatives prescribed in the above exposure draft and the removal of the requirement to perform the preferability assessment upon the first time adopting each of the accounting alternatives. We encourage the Board to consider similar transition guidance when issuing future accounting alternatives.
We also concur with the Board’s amendment with respect to the existing transition guidance as it relates specifically to Update 2014-02 and Update 2014-3. With respect to Update 2014-2, the previous guidance would have required adoption of the accounting alternative subsequent to the effective date to be accounted for retrospectively. We believe that such a provision would have imposed an undue burden on a private company in terms of time and money. Allowing a private company to account for the change prospectively will significantly ease this burden and will avoid confusing users of financial statements with retroactive changes to goodwill. As noted in Question 3 of the attached, we believe that there is the potential for differing interpretation of the intent of the transition guidance for when a private company should start amortizing goodwill when adopting the accounting alternative. We encourage the Board to clarify whether the Board intended to permit a private company to choose to begin amortizing goodwill at either the beginning of an interim period or the beginning of an annual period.

Similarly, the Board’s decision to adopt the recommendation of the PCC to extend the transition guidance in Update 2014-03 indefinitely upon the first-time adoption will permit an adopting entity to obtain the benefits of the accounting alternative without having to wait for the termination of existing qualifying swaps. Indeed, preventing private companies from adopting the simplified hedge accounting approach upon initial election to existing swaps after some set date would make adoption of the accounting alternative ineffective in easing the burden on a private company.

In summary, the elimination of the effective date and preferability assessment requirements will allow private entities to maximize the benefits of accounting alternatives in the proposed Update. In this regard, we believe the changes contained in this exposure draft will enhance the usefulness of the accounting alternatives for private companies, allow these firms to deploy economic resources more efficiently, and contribute to a more favorable financial reporting environment for private companies.

Thank you for considering our comments, and we would be pleased to respond to any questions the Board or its staff may have about them. Please direct any questions to Mark Winiarski, TIG Chairman, at mwniarski@CBIZ.com.

Sincerely,

Mark Winiarski, CPA  Jeffrey P. Antrainer, CPA  Robert A. Singer, Ph.D., CPA  Phil Hayes, CPA  TIG Chairman  Project Leader  Project Leader  Project Leader
The following responses address selected questions:

**Question 1:** Please describe the entity or individual responding to this request.

**Response:** The Technical Issues Group (TIG) of the Missouri Society of CPAs (MSCPA).

The MSCPA is the largest professional association dedicated to advancing CPAs in Missouri and represents more than 8,000 members in public practice, industry, government and education. Established in 1909, the MSCPA provides members with continuing education, governmental advocacy, and networking opportunities, while working to further the future of the CPA profession through student-focused initiatives.

The objective of the TIG is to selectively respond to publicly issued exposure drafts of proposed accounting and auditing standards as well as rules and regulations issued by standard setting bodies that have an impact on the practice of accountancy and auditing in Missouri. Members of the TIG include financial statement preparers, users, academics, and public accountants with both public and private company experience.

**Question 2:** Would the proposed amendments adequately address private company stakeholder concerns, if any, about the assessment of preferability when a private company accounting alternative within the scope of this proposed Update is elected for the first time after its effective date? If not, please explain why.

**Response:** Yes. The proposed amendment would adequately address private company stakeholders’ concerns about the assessment of preferability when a private company elects an accounting alternative with respect to the proposed Update for the first time. We believe the assessment of preferability is unnecessary and contrary to the objective of the accounting alternatives.

**Question 3:** Would the proposed amendments adequately address private company stakeholder concerns, if any, about the transition guidance in Update 2014-02? If not, please explain why.

**Response:** Yes. The proposed amendment would adequately address private company stakeholders’ concerns about the transition guidance in Update 2014-02. We strongly support permitting the application of the goodwill accounting alternative in Update 2014-02 prospectively.

We believe there are two interpretations of the proposed transition guidance, and that these interpretations may create diversity in practice that the Board should consider addressing. To illustrate these two interpretations, assume a private company with...
pre-existing goodwill does not make available for issuance interim financial statements. One interpretation is that when adopting Update 2014-02 during the year, the private company may begin amortizing goodwill at either the beginning of the annual reporting period or at the beginning of the interim period in which it decided to adopt the accounting alternative. A second interpretation is the private company is required to begin amortization of pre-existing goodwill at the beginning of the annual period. We encourage the Board to clarify its intent for how a private company should interpret the transition guidance.

**Question 4:** Would the proposed amendments adequately address private company stakeholder concerns, if any, about the transition guidance in Update 2014-03? If not, please explain why.

**Response:** Yes. The proposed amendment would adequately address private company stakeholders’ concerns about the transition guidance in Update 2014-03. We strongly support permitting private companies to apply the simplified hedge accounting approach in Update 2014-03 to existing swaps.

**Question 5:** Do you agree that no additional disclosures should be required as a result of the proposed amendments? If not, please explain why.

**Response:** Yes. We agree that no additional disclosures should be required as a result of the proposed Updates.