

August 21, 2013

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

Re: File Reference No. PCC-13-03: Proposed Accounting Standards Update, Derivatives and Hedging – Accounting for Certain Receive-Variable, Pay-Fixed Interest Rate Swaps (*Topic 815*)

The Accounting and Auditing Procedures Committee (the committee) of the Pennsylvania Institute of Certified Public Accountants (PICPA) appreciates the opportunity to comment on the proposed Accounting Standards Update (ASU) on derivatives and hedging. The PICPA is a professional association of more than 20,000 members working to improve the profession and better serve the public interest. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The committee is composed of practitioners from both regional and small public accounting firms, members serving in financial reporting positions, and accounting educators.

The committee strongly supports a proposed accounting alternative for certain swaps. However, including two approaches with numerous requirements for each approach adds to the complexity of the standards. The committee favors providing one alternative approach. Also, while the committee generally agrees with the requisite criteria, it is unclear why the swap cannot be a forward-starting swap. The committee requests that this requirement be removed. Regarding the scope of the proposed alternative, the committee supports expanding the scope of the proposed standard to not-for-profit organizations. Finally, the committee requests that privately held entities and not-for-profit organizations be exempted from the documentation requirements included within paragraph 815-20-25-3. For many smaller organizations, monthly accounting consists of a non-CPA bookkeeper who maintains the books on a cash basis. In these types of organizations, the translation of the books and records to U.S. GAAP (and accounting policy selections) could be months after the transactions have occurred. Therefore, requiring the accounting policy election to be made and the documentation to be completed “within a few weeks” does not offer sufficient relief for these types of entities.

We appreciate your consideration of our comments, and we are available to discuss any of these with you at your convenience.

Sincerely,



Richard E. Wortmann, CPA
Chair, PICPA Accounting and Auditing Procedures Committee