

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

**File Reference Number PCC-13-02**

To the Technical Director:

RubinBrown LLP appreciates the opportunity to comment on the FASB's and the Private Company Council's Proposed Accounting Standards Update (ASU), *Applying Variable Interest Entity Guidance to Common Control Leasing Arrangements*. Overall, we support the Board's and the Council's efforts to provide alternative guidance for non-public companies regarding certain accounting issues. Our responses to the questions posed in the exposure draft are as follows:

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

a. Please indicate whether you primarily are a preparer, user, or public accountant. If other, please specify. **Public Accountant**

b. If you are a preparer of financial statements, please indicate whether your entity is privately held or publicly held and describe your primary business and its size (in terms of annual revenue, the number of employees, or other relevant metric).

c. If you are a public accountant, please describe the size of your firm (in terms of the number of partners or other relevant metric) and indicate whether your practice focuses primarily on public entities, private entities, or both. **RubinBrown is a public accounting firm with 79 partners. Our practice focuses on both private and public companies.**

d. If you are a user of financial statements, please indicate in what capacity (for example, lender, investor, surety, analyst, or rating agency) and whether you primarily use financial statements of private entities or those of both private entities and public entities.

**Question 2:** Do you agree that the accounting alternative in the proposed Update should apply to all entities except public business entities, not-for-profit entities, or employee benefit plans within the scope of Topics 960 through 965 on plan accounting? If not, what type of entities should not be included in the scope of this accounting alternative? **Yes, we agree with the scope.**

**Question 3:** Do you agree that the proposed Update does not apply to public business entities and employee benefit plans because they lack the arrangements that the accounting alternative addresses? If not, please describe the arrangements that exist for those types of entities that the Board should consider in determining whether any public business entities or employee benefit plans should be included in the scope of the proposed accounting alternative. **Yes**

**Question 4:** Do you agree with the required criteria for applying the proposed accounting alternative? If not, please explain why. **Yes, the criteria is appropriate.**

**Question 5:** Do you agree that paragraph 810-10-55-9, which describes the effects of guarantees and joint and several liability arrangements related to a mortgage on the lessor's assets, provides sufficient guidance to clarify what constitutes a supporting leasing activity for applying paragraph 810-10-15-17A(c)? If not, please explain why. **Yes, the guidance is sufficient.**

**Question 6:** Do you agree that the following additional disclosures about lessor entities should be provided if a private company elects the proposed accounting alternative? **No, disclosure regarding all debt and liabilities of the lessor entity is too broad. The disclosures should relate only to debt and liabilities that are related to the lessee.** If not, please explain why.

- a. The key terms of the leasing arrangements
- b. The amount of debt and/or significant liabilities of the lessor entity under common control
- c. The key terms of existing debt agreements of the lessor entity under common control (for example, amount of debt, interest rate, maturity, pledged collateral, and guarantees)
- d. The key terms of any other explicit interest related to the lessor entity under common control.

Should other disclosures be required as a result of applying this alternative? **No**

**Question 7:** Do you agree that, generally, the primary purpose of establishing a separate lessor entity in a private company setting is for tax and estate-planning purposes and not to structure off-balance-sheet debt arrangements? If not, please explain why. **Yes**

**Question 8:** Would the proposed accounting alternative, including the required disclosures, address private company stakeholder concerns about relevance of consolidated information without causing a proliferation of the use of lessor entities to avoid reporting assets and liabilities for which the reporting entity is responsible? If not, why? **Yes**

**Question 9:** Do you agree that the proposed accounting alternative, when elected, is an accounting policy election that should be applied by an entity to all current and future lessor entities under common control that meet the criteria for applying this approach? **Yes**

**Question 10:** Do you agree that the proposed accounting alternative should be applied using a full retrospective approach in which financial statements for each individual prior period presented and the opening balances of the earliest period presented would be adjusted to reflect the period-specific effects of applying the proposed amendments? **Yes, a full retrospective approach is appropriate.**

**Question 11:** When should the proposed alternative accounting be effective? Should early application be permitted? **The implementation date should be as soon as reasonably possible and early implementation should be permitted.**

**Question 12:** Do you agree that the example that is codified in paragraphs 810-10-55-87 through 55-89 (described in paragraphs BC19 through BC20 of this proposed Update) should be removed? **Yes** Do you agree that the removal of the example would not significantly affect public business entity stakeholders? **Yes** If not, please explain why.

**Question 13:** The PCC considered two other alternatives (as described in paragraphs BC15 through BC18 of this proposed Update) to clarify the application of VIE guidance to common control leasing arrangements.

- a. Would either of those alternatives better address the concerns raised by private company stakeholders? **No**
- b. Should the PCC and the Board consider either of those alternatives in conjunction with the guidance in this proposed Update to better address the concerns raised by private company stakeholders? **No**

We appreciate the opportunity to provide our comments on this exposure draft.

Sincerely,

RubinBrown LLP

A handwritten signature in black ink that reads "RubinBrown LLP". The signature is written in a cursive, flowing style.