

October 1, 2013

Technical Director
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Via e-mail: director@fasb.org

File Reference No. PCC-13-02

Re: Proposed Accounting Standards Update – Variable Interest Entity Guidance to Common Control Leasing Arrangements (a proposal of the Private Company Council) (Topic 810)
Consolidation

Dear Board Members:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Accounting Standards Update, including the thirteen questions posed in the “Questions for Respondents”. The Committee has the following comments related to the questions numbered below:

1. The FICPA has approximately 18,500 members, with its membership comprised primarily of CPAs in Public Practice and Industry. The Committee is comprised of 20 members, of whom 50% are from local or regional firms, 20% are from large multi-office firms, 10% are sole practitioners, 10% are in academia or private industry, and 10% are in international firms. Therefore we are addressing this exposure draft both from the viewpoint of preparers of financial statements as well as those performing attest services on them.
2. The Committee does not believe any types of entities should be excluded from the scope of this proposed Update other than those types of entities already excluded under ASC 810-10-15. While we understand the intent is to exclude public business entities from the scope of this proposed Update, we do not support such an exception.
3. The proposed Update, as written, would not apply to public business entities or employee benefit plans due to the assertion that these types of entities lack the arrangements that the accounting alternatives address. However, the Committee has identified instances where public business entities may potentially have such an arrangement. In a closely held public business entity where one or a few shareholders control the entity through majority ownership, a leasing arrangement with another business entity owned by one or more of these shareholders could exist. The Committee

did not identify any specific instances of applicability to employee benefit plans. In the interest of consistency across all entities applying US GAAP, the Committee feels the changes in this proposed Update should be available to all entities except those already excluded from its scope under ASC 810-10-15.

4. The Committee agrees with the required criteria for applying the proposed accounting alternative, with the exception of limiting the alternative to private companies. In the interest of consistency across all entities applying US GAAP, the Committee feels the changes in this proposed Update should be available to all entities except those already excluded from its scope under ASC 810-10-15.
5. The Committee agrees that paragraph 810-10-55-9 provides sufficient guidance to clarify what constitutes a supporting leasing activity.
6. The Committee agrees that these disclosures should be provided. The Committee did not identify any additional disclosures that should be required.
7. The Committee agrees that, generally, the primary purpose of establishing a separate lessor entity is driven by tax and estate-planning purposes and not to structure off-balance-sheet debt arrangements. The Committee also recognizes that liability protection and other business planning purposes also drive the decisions to establish separate lessor entities.
8. The Committee concludes that the proposed accounting alternative, including the required disclosures, will address stakeholder concerns about the 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 because, in general, there is not perceived to be a significant incentive to avoid such reporting.
9. The Committee agrees that, when elected, the alternative should be applied to all current and future lessor entities that meet the criteria, and should be applied retrospectively, in order to promote consistency and comparability across entities and reporting periods.
10. Included in response 9 above.
11. The Committee concludes that the proposed alternative should be effective immediately upon adoption and issuance of the Update by the Board, and early application should be permitted, if applicable.
12. The Committee agrees that the example codified in paragraphs 810-10-55-87 through 55-89 should be removed and will not significantly affect any stakeholders.

13. The Committee concludes that neither of the other two alternatives offered would better address the concerns of stakeholders and we would not support further consideration of those two alternatives by the Board.

The Committee appreciates this opportunity to respond to this Proposed Accounting Standards Update. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully submitted,

Steven Morrison, CPA
Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:
Steven Wm. Bierbrunner, CPA