CSA CASSADY SCHILLER
CPAs & Advisors

August 11, 2015

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

Reference No. 2015-270

Re: Proposed Accounting Standards Update: Compensation – *Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting*

Cassady Schiller & Associates, Inc. (Cassady Schiller), located in Cincinnati, Ohio, respectfully submits its comments on the referenced proposal. Cassady Schiller consists of approximately 50 employees, and serves a large number of private business entities, as well as many non-business entities such as not-for-profits and employee benefit plans.

Question 1) Do you agree that the proposed amendments result in a reduction (or potential reduction) of cost and complexity while maintaining or improving the usefulness of information provided to users of financial statements? If not, why?

The Firm agrees that the proposed amendments will reduce cost and complexity, and will improve the usefulness of information provided to user of financial statements. We are in agreement largely because the accounting treatment will be closer aligned with income tax treatment, which we believe will be more useful to the users and eliminate some of the complexity associated with accounting for stock compensation.

Question 2) Should excess tax benefits and tax deficiencies be recognized in the income statement? If not, why, and are there other alternatives that are more appropriate? Should an entity delay recognition of an excess tax benefit until the benefit is realized through a reduction to taxes payable? If yes, why?

The Firm agrees that excess tax benefits and tax deficiencies be recognized in the income statement. We believe this recognition is more closely aligned with existing accounting for stock compensation, as well as the income tax treatment. Furthermore, the Firm does not believe there should be a delay in the recognition of an excess tax benefit until the benefit is realized through a reduction to taxes payable, as we don't believe this would simplify the accounting treatment for these types of transactions.

Question 3) Should the effect on the tax cash flows related to excess tax benefits be classified as an operating activity on the statement of cash flows? If not, what classification is more appropriate and why?

The Firm believes the effect on the cash flows related to excess tax benefits be classified as an operating activity on the statement of cash flows, as this treatment is consistent with treatment related to stock based compensation expense on the statement of cash flows.

CERTIFIED PUBLIC ACCOUNTANTS
4555 Lake Forest Drive, Suite 400 513.483.6699
Cincinnati, Ohio 45242 800.378.8606

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Question 4) Should entities be permitted to make an accounting policy election either to account for forfeitures when they occur or to estimate forfeitures? If not, why?

The Firm agrees with the proposal that entities be permitted to make an accounting policy election either to account for forfeitures when they occur or to estimate forfeitures. Often, estimating forfeitures results in time consuming adjustments to actual that ultimately results in no benefit to the Company. Furthermore, many private companies and new companies in general don't have the history to provide a reasonable and meaningful estimate of forfeitures. Therefore, accounting for forfeitures when they occur would result in less uncertainty and complications than estimating forfeitures.

Question 5) Is the proposed expansion of the exception to liability classification related to the amount withheld for employee's taxes appropriate? If not, is there another exception that is more appropriate and why?

We agree with the proposed expansion of the exception to the liability classification related to the amount withheld for employee taxes. The existing requirements are complex and stringent, and don't recognize the effort of complying with income tax regulations.

Question 6) Should the cash paid by an employer to the taxing authorities when directly withholding shares for tax-withholding purposes be classified as a financing activity on the statement of cash flows? If not, what classification is more appropriate and why?

The Firm agrees with the proposal to classify as a financing activity on the statement of cash flows cash paid by an employer to the taxing authorities when directly withholding shares for tax-withholding purposes consistent with the accounting treatment related to the repurchase of an entity's equity.

Question 7) When assessing the classification of an award with a repurchase feature that can only be exercised on the occurrence of a contingent event, should a contingent event within the employee's control be assessed in the same manner as a contingent event outside the employee's control? If not, why should there be a difference in the assessment?

We agree with the proposal to allow entities to assess whether the contingent event that allows for exercise of the repurchase feature is probable of occurring, regardless of whether the contingent event is within or outside the control of the employee.

Question 8) Is the practical expedient for nonpublic entities to estimate the expected term of all awards with performance conditions that affect vesting or service conditions appropriate? If not, are there other practical expedients that are more appropriate and why? Should the expedient be limited to nonpublic entities?

The Firm agrees with the proposal by the Board to allow nonpublic entities to estimate the expected term of all awards with performance conditions that affect vesting or service conditions using a practical expedient. We don't believe the practical expedient should be limited to nonpublic entities. Like nonpublic entities, there are also some public entities that don't have an adequate history for such awards to estimate a term. We would be in favor of allowing public entities to use a practical expedient for a limited number of years until a sufficient amount of history was established.

Question 9) Should nonpublic entities be allowed to make a one-time election to switch from measuring liability-classified awards at fair value to intrinsic value? If not, why? While not proposed, should the Board consider making the ability to elect intrinsic value an ongoing election alternative for nonpublic entities?

The Firm agrees with the proposal to allow nonpublic entities to make a one-time election to switch from measuring liability-classified awards at fair value to intrinsic value. However, we don't believe this should be an ongoing election, as an ongoing election of intrinsic value shouldn't be necessary.

Question 10) Are the transition requirements for each area appropriate? If not, what transition approach is more appropriate?

We would be in favor of an option to elect either a cumulative-effect adjustment to equity as of the beginning of the annual period in which the guidance is effective for nonpublic companies or retrospectively implementing the amendments due to the impact of the proposed amendments having different ramifications on an entity by entity basis.

Question 11) How much time will be necessary to adopt the amendments in this proposed Update? Should the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?

We believe the adoption of these proposed amendments should result in time saved by the entities implementing the standard. We believe the time saved will be a function of the features and volume of share-based awards of each applicable entity, and not necessarily if the entity is public or nonpublic.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Sincerely,

Nathan Oswald, ~~CPA~~
Accounting & Audit Manager