



May 31, 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. 2012-260: Proposed Accounting Standards Update, *Financial Instruments – Credit Losses (Subtopic 225-15)*

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 *Financial Instruments – Credit Losses*. 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 believes that the scope of the exposure document is too broad. Specifically, our concern is that the exposure document and the proposed change to an expected loss model from the incurred loss model will unfairly affect private companies that are not financial lending institutions. We ask that the FASB provide an exemption to private companies that are non-financial-lending institutions to avoid unnecessary burden and complexity as it relates to trade receivables and related party receivables for private companies.

The committee supports the FASB's attempt to better align the recognition of losses for financial institutions on lending activities, however we believe that if the FASB is not prepared to provide an exemption for private companies then the FASB should seek the input of the Private Company Council to ensure that the needs of private companies (non-financial-institutions) are being served.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Richard E. Wortmann".

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