



December 19, 2013

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

File Reference No.EITF-13D

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide its perspective on *FASB Proposed Accounting Standards Update—Compensation – Stock Compensation (Topic 718)*. The Committee is a voluntary group of CPAs from public practice, industry and education. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of the Committee are outlined in Appendix A to this letter.

Our Committee supports the Board's efforts to resolve the diverse accounting treatment applied to share-based payments when the performance target could be achieved after an employee completes the requisite service period. For the reasons included in our responses to the Board's questions, we agree that a performance target that could be achieved after the requisite service period should be treated as a performance condition that affects the vesting of the award and accounted for by applying the existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting. We believe that adoption of this proposed Exposure Draft will increase the consistency of accounting for these awards, which will increase the usefulness of the financial statements for decision making purposes and will increase the comparability of financial statements for companies that award such share-based payments.

The Board notes that if the current IFRS Interpretations Committee's proposed definition of a "performance condition" is finalized, that will result in differences between US GAAP and IFRS accounting for these types of share-based payments. However, we believe that guidance set forth in the proposed Exposure Draft provides a more useful approach with measuring compensation cost during and after the requisite service period.

Our responses to the "Questions for Respondents" are below:

Question 1: Do you agree that a performance target that could be achieved after the requisite service period should be treated as a performance condition that affects vesting? If not, please explain why.

We agree with the clarification provided by the amendment that a performance target that could be achieved after the requisite service period should be treated as a performance condition that affects vesting.

Question 2: Are there circumstances in which a performance target that could be achieved after the requisite service period should be treated as a nonvesting condition? If yes, please explain why.

We do not believe that performance targets that can be achieved after the requisite service period should be treated as a nonvesting condition.

Question 3: The amendments in the proposed Update do not require any incremental disclosures for share-based payments in which a performance target could be achieved after the requisite service period. Should incremental disclosures be required for those awards? If yes, please explain why.

We believe that the current guidance in Topic 718 provides for a sufficient level of disclosure. We believe that requiring additional disclosures adds costs and complexity to the reporting process while not providing additional useful information for decision makers.

Question 4: Do you agree that the proposed amendments should be applied prospectively to all share-based payments granted or modified on or after the effective date? Should early adoption be permitted? Under the proposed Update, retrospective adoption would not be allowed. Should retrospective adoption be allowed? If yes, please explain why.

We agree that the proposed amendments should be applied prospectively to all share-based payments granted or modified on or after the effective date. Further, we believe that entities should be allowed transition alternatives.

We believe that retrospective adoption should be permitted. As noted in the Summary of this Exposure Draft, some reporting entities already account for similar share-based payments in the manner prescribed by the proposed language. Consequently, to the extent reporting entities which did not historically account for similar share-based payments in a comparable manner wish to retrospectively adopt the guidance set forth in this Exposure Draft, we believe they should be allowed to do so as the benefits of retrospective adoption outweigh the costs associated with doing so. Similarly, early adoption should also be permitted.

Question 5: The proposed amendments would apply to public and nonpublic entities. Should the proposed amendments be different for nonpublic entities? If so, please describe how and why they should be different.

We do not believe the proposed amendments should be different for nonpublic entities. The goal of this Exposure Draft is to harmonize the accounting for a specific type of share-based payment award. Allowing nonpublic entities the option to continue accounting for similar share-based payments as nonvesting conditions creates complexities for the financial statement users with little, if any, additional benefits.

Question 6: What is the level of effort and time needed to implement the proposed amendments?

We believe the level of effort and time needed to implement the proposed amendments would vary based on the alternative elected by the reporting entity (as noted in Question 4). For example, we imagine that the level of effort and time needed to implement the proposed amendments on a prospective basis will be less than the level of effort and time needed to implement the proposed amendments on a retrospective basis. Further, we believe that the level of effort and time needed for nonpublic entities will be greater than for public entities.

We appreciate the opportunity to offer our comments.

Sincerely,

Scott G. Lehman, CPA
Chair, Accounting Principles Committee

Amanda M. Rzepka, CPA
Vice-chair, Accounting Principles Committee

APPENDIX A

ACCOUNTING PRINCIPLES COMMITTEE
 ORGANIZATION AND OPERATING PROCEDURES
 2013-2014

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to fully study and discuss exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

| | |
|---------------------------|---------------------------------|
| Ryan Brady, CPA | Grant Thornton LLP |
| Todd Briggs, CPA | McGladrey LLP |
| Brian Chmiel, CPA | Crowe Horwath LLP |
| Frank Dery, CPA | PricewaterhouseCoopers LLP |
| John Hepp, CPA | Grant Thornton LLP |
| David Jamiolkowski, CPA | Baker Tilly Virchow Krause, LLP |
| Scott Lehman, CPA (Chair) | Crowe Horwath LLP |
| Elizabeth Prossnitz, CPA | BDO USA LLP |
| Robert Sledge, CPA | KPMG LLP |

Medium: (more than 40 professionals)

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|--------------------------|----------------------------------|
| Timothy Bellazzini, CPA | Sikich LLP |
| Christopher Cameron, CPA | Kutchins Robbins & Diamond Ltd |
| Michael Kidd, CPA | Mowery & Schoenfeld LLC |
| Gary Mills, CPA | Frost, Ruttenberg & Rothblatt PC |
| Tad Render, CPA | Miller Cooper & Company Ltd |
| Steven Roiland, CPA | FGMK, LLC |
| Jeffery Watson, CPA | Miller Cooper & Company Ltd |

Small: (less than 40 professionals)

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| Peggy Brady, CPA | Selden Fox, Ltd. |
| Marvin Hoffman, CPA | Bronswick, Reicin, Pollack, Ltd. |
| Brian Kot, CPA | Cray Kaiser Ltd CPAs |

Industry:

| | |
|---------------------------------|------------------------------------|
| Rose Cammarata, CPA | CME Group Inc. |
| Farah Hollenbeck, CPA | Abbvie Inc. |
| Joshua Lance, CPA | N Pritzker Capital Management LLC |
| Marianne Lorenz, CPA | AGL Resources Inc. |
| Michael Maffei, CPA | GATX Corporation |
| Anthony Peters, CPA | McDonald's Corporation |
| Amanda Rzepka, CPA (Vice Chair) | Jet Support Services, Inc. |
| Richard Tarapchak, CPA | Navistar International Corporation |

Educators:

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|----------------------------|-----------------------------|
| Martin Coe, CPA | Western Illinois University |
| James Fuehrmeyer, Jr., CPA | University of Notre Dame |

Staff Representative:

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| Gayle Floresca, CPA | Illinois CPA Society |
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