



November 18, 2014

Technical Director
File Reference No. 2014-230
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Submitted via e-mail to director@fasb.org

Re: Proposed Accounting Standards Update: Intangibles—Goodwill and Other—Internal- Use Software (Subtopic 350-40) Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement

Dear Technical Director:

The Virginia Society of CPAs (VSCPA) Accounting and Auditing Advisory Committee has reviewed the proposed Exposure Draft (ED), *Intangibles — Goodwill and Other — Internal Use Software (Subtopic 350-40) Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement* issued by the Financial Accounting Standards Board (the Board). The VSCPA is a leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism and advocating members’ interests. The VSCPA membership consists of more than 11,000 individual members who actively work in public accounting, private industry, government and education. We appreciate the work the Board has undertaken on this effort and the opportunity to respond to this ED.

The VSCPA offers the following comments related to the “Questions for Respondents” section of the ED:

Question 1 — Should a customer in a cloud computing arrangement evaluate whether the arrangement involves a software license by applying the criteria in paragraphs 350-40-15-4A through 15-4C? If not, what guidance should be applied and why?

Yes. We support the Board’s proposal to include the existing guidance currently used by cloud service providers to determine when an arrangement includes a license of software to provide the necessary guidance to customers in evaluating their accounting for fees paid in a cloud computing arrangement.

Question 2 — Should an entity be permitted to elect prospective or retrospective transition?

We support the position that the proposed Update may be applied prospectively after the date of adoption or elected to be applied retrospectively if so warranted by the preparers.

Question 3 — Should the amendments in this proposed Update be effective for:

a. Public business entities for annual periods, including interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted?

b. All other entities for annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016, with early adoption permitted?

We agree with the Board’s position that the proposed Update would be effective in annual periods, and interim periods within those annual periods, beginning after Dec. 15, 2015, with early adoption permitted. Given that the objective of the proposed guidance is to save time and reduce costs during the financial reporting process, we support the proposal for early adoption.

We support the Board's efforts with regard to the "Simplification Initiative" to identify, evaluate and improve areas of generally accepted accounting principles for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of the financial statements. We believe the proposed accounting standards update will help the Board meet its objectives.

Again, the VSCPA appreciates the opportunity to respond to this ED. Please direct any questions or concerns to VSCPA Government Affairs Director Emily Walker at ewalker@vscpa.com or (804) 612-9428.

Sincerely,



Charles M. Valadez, CPA, CGMA, CITP
Chair

2014-15 VSCPA Accounting & Auditing Advisory Committee

Charles Valadez, CPA — Chair
Joshua Keene, CPA — Vice Chair
Michael Cahill, CPA
Mitchell Hartson Jr., CPA
Staci Henshaw, CPA
James Nesbitt, CPA
Brent Simer, CPA