

December 15, 2014

Financial Accounting Standards Board  
Technical Director, File Reference No 2014-250  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

Via e-mail to: Director@fasb.org

**RE: EXPOSURE DRAFT ISSUED OCTOBER 15, 2014 - PROPOSED ACCOUNTING STATEMENTS  
UPDATE – INTEREST – IMPUTATION OF INTEREST (SUBTOPIC 835-30)**

Ladies and Gentlemen:

The Accounting Principles and Auditing Procedures Committee (“Committee”) is the senior technical committee of the Massachusetts Society of Certified Public Accountants. The Committee consists of members who are affiliated with public accounting firms of various sizes as well as members in both industry and academia. The majority of the members of the Committee primarily serve small and medium sized clients. The Committee has reviewed and discussed the above-mentioned Exposure Draft. The views expressed in this comment letter are solely those of the Committee and do not reflect the views of the organizations with which the Committee members are affiliated.

First the Committee thanks the FASB for the opportunity to comment on this Exposure Draft.

The Committee has reviewed the Exposure Draft as detailed above. The Committee is overall supportive of the work of the FASB.

**Question 1**

**Should debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts? If not, why?**

The Committee does not fully agree with the proposed standard change as presented in the exposure draft.

The Committee feels that for small and medium sized clients and for the users of the financial statements of those clients that more useful information about the state of the entity would be presented if the debt liability is shown in total and not netted. The Committee feels that for the financial statements of small and medium sized clients that netting the issuance costs with the debt liability results in a less clear picture of the entity.

The Committee respectfully requests that entities with assets under \$100 million be allowed an option to adopt either apply the direct deduction method as set forth in the exposure draft or to reflect the costs as a deferred asset.

The Committee notes that GASB standards require debt issuance costs to be expensed in full. The Committee is concerned about this difference and how this proposed change will effect practice.

Some members believe debt issuance costs should be expensed in their entirety and not shown as either a deferred charge or offset against the debt liability. This is consistent with the GASB position detailed above and those members agree the standard set by the GASB is appropriate.

The Committee has a concern how this change of standards related to debt financing costs on available lines of credit is to be applied. The Committee foresees a negative liability when the line is at zero and there are outstanding debt issuance costs. The Committee respectfully requests that the debt issuance costs related to lines of credit be scoped out of this standard change.

Finally the Committee requests that whatever method is adopted with regard to debt issuance costs the disclosure of the method used in the financial statement by disclosed in the notes to the financial statements.

#### **Question 2**

**Should the proposed guidance be applied on a retrospective basis?**

The Committee is in agreement that the proposed guidance should be applied retrospectively.

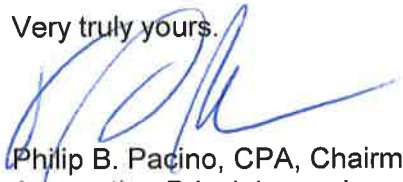
#### **Question 3**

**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**

The Committee believe whatever standards changes are to be adopted that the standards should be effective for period after December 31, 2014. The Committee believes this requirement should be the same for both private and public entities.

Thank you for allowing us the opportunity to comment on this exposure draft.

Very truly yours.



Philip B. Pacino, CPA, Chairman  
Accounting Principles and  
Auditing Procedures Committee  
Massachusetts Society of Certified Public Accountants