June 29, 2015

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update – Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Cards (a consensus of the FASB Emerging Issues Task Force)

(EITF-15B)

Dear Ms. Cosper:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the Financial Accounting Standards Committee at (212) 303-1058, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,
N Y S S C P A
N Y S S C P A
Joseph M. Falbo, Jr.
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE – LIABILITIES—EXTINGUISHMENTS OF LIABILITIES (SUBTOPIC 405-20): RECOGNITION OF BREAKAGE FOR CERTAIN PREPAID STORED-VALUE CARDS (A CONSENSUS OF THE FASB EMERGING ISSUES TASK FORCE)

(EITF-15B)

June 29, 2015

Principal Drafters

Michael D. Kasperski
Margaret A. Wood

New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update – Liabilities—Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Cards (a consensus of the FASB Emerging Issues Task Force)

(EITF-15B)

General Comments

We are pleased to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update – *Liabilities-Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Cards* (Proposed Update).

We are pleased that the Emerging Issues Task Force (EITF) has taken action to resolve the diversity in practice related to the lack of standards on the recognition of breakage for the specified type of cards. There was no guidance provided in the FASB standards that pertained to the recognition of breakage for these specific stored value cards other than direction provided in a U.S. Securities and Exchange Commission staff member's speech on breakage as indicated in the background of the Proposed Update.

We believe it is essential that the Board continue to promote greater consistency in the application of accounting standards by identifying issues where there is divergence in practice and we support the Board in these efforts.

We agree with the Proposed Update, including the scope limitations, the proposed breakage model and proposed disclosures.

Our responses to the Board's questions for respondents are presented below.

Specific Comments

Question 1: Should the scope of the proposed amendments be limited to prepaid stored-value card liabilities resulting from the sale of cards with the characteristics specified in this proposed Update? If not, what other liabilities should be included in the scope of this proposed Update?

Response: We agree with the characteristics of the limited scope of the proposed amendments. In addition, we do not believe the scope should be broadened at this time. The Board can address other similar liabilities brought to its attention in a future update.

Question 2: If an entity expects to be entitled to a breakage amount, should a prepaid stored-value card liability within the scope of the proposed amendments be derecognized in proportion to the pattern of rights expected to be exercised by the card holder only to the extent that it is probable that a significant reversal of the recognized breakage amount will not subsequently occur? If an entity does not expect to be entitled to a breakage amount, should the liability be derecognized when the likelihood of the customer exercising its remaining rights becomes remote? If not, what breakage model would be appropriate?

Response: We agree with the proposed model for recognition of breakage. An entity should be able to recognize a breakage amount based in proportion to the pattern of the rights expected to be exercised by the cardholder. An entity that does not immediately recognize breakage or have a pattern of the rights expected to be exercised should be entitled to recognize breakage when it is determined that the probability of the customer exercising its remaining rights is remote and the revenue can be reasonably estimated. This will allow established companies that already have sufficient data to set an expected breakage amount and to recognize revenue immediately. It also allows those entities that do not immediately expect breakage to not have a liability on their financial statements perpetually.

Question 3: Should an entity be required to provide the disclosures specified in this proposed Update? Should any other disclosures be required? If yes, please explain what disclosures should be provided.

Response: We agree with the disclosures specified in the Proposed Update. The disclosure requirement is not difficult; nor do we believe there will be material costs associated with the disclosure.

We do not believe any additional disclosures are required other than those proposed.

We agree with the Task Force recommendation that a technical correction be made to include a cross-reference to other disaggregation guidance in U.S. GAAP, for example paragraphs 606-10-55-46 through 49.

The disclosures allow stakeholders to be better informed on how an entity is reaching a particular estimated breakage and help in the understanding and clarification of the outcomes related to a company's financial statements.

Question 4: Should the proposed amendments be applied using a modified retrospective transition method (requiring a cumulative-effect adjustment as of the beginning of the annual period in which the guidance is effective)? If not, please explain why.

Response: We agree that the proposed amendments should be applied using the modified retrospective transition method.

Question 5: How much time would be needed to implement the proposed amendments? Should early adoption be permitted?

Response: We believe the Proposed Update should be implemented for annual periods beginning on or after December 15, 2015 and interim periods with annual periods beginning on or after December 15, 2015. Early adoption should be permitted if an entity's financial statements have not been issued or are not available to be issued at the time the final Proposed Update is released.

Question 6: Do entities other than public business entities (that is, private companies and not-for-profit entities) need additional time to apply the proposed amendments? Why or why not?

Response: We believe all entities should be given the same amount of time to implement.