Crowe Horwath LLP
Independent Member Crowe Horwath International

One Mid America Plaza, Suite 700
Post Office Box 3697
Oak Brook, Illinois 60522-3697
Tel 630.574.7878
Fax 630.574.1608
www.crowehorwath.com

August 4, 2015

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

Via email to director@fasb.org

Re: File Reference No. 2015-280

Dear Ms. Cosper:

We are pleased to comment on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update, *Investments – Equity Method and Joint Ventures (Topic 323); Simplifying the Equity Method of Accounting* (Proposal).

We appreciate the Board's efforts to reduce the complexity of areas of U.S. generally accepted accounting principles (GAAP) where such changes may be of benefit to preparers and users of financial statements and are generally supportive of the amendments being proposed.

Consistent with recently issued Accounting Standards Updates (ASU), that contain private company accounting alternatives, we suggest that the Board consider providing for application of the final ASU to financial statements that have yet to be issued. We liken the ASUs issued under the Board's simplification initiative to standards issued that contain private company accounting alternatives in that they provide for a cost beneficial application of GAAP without sacrificing the quality of financial reporting. As such, we believe that entities should be allowed to apply this Proposal, once final, to financial statements that have yet to be issued.

Our responses to specific questions in the Proposal are included in Attachment 1.

Please contact Scott G. Lehman at (630) 574-1605 or scott.lehman@crowehorwath.com should you have any questions.

Sincerely,

Crowe Horwath LLP

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Attachment 1
Responses to the Proposal's Questions

Question 1: Should accounting for the basis difference of equity method investments as if the investment were a consolidated subsidiary be eliminated? Why or why not? Would amortization of the entire basis difference through equity method earnings be preferable? If so, what would be the suggested amortization period?

We believe accounting for the basis difference of equity method investments as if the investment were a consolidated subsidiary should be eliminated. For many financial statement users and investors, there is little benefit of accounting for the basis difference as if the investment were a consolidated subsidiary as an equity method investor does not control the activities of an equity method investee. In addition, given that an equity method investor does not control the activities of an equity method investee, often times it can be challenging for equity method investors to obtain the necessary information to appropriately determine the basis difference. Accordingly, many financial statement users and investors do not believe the costs outweigh the value in accounting for the various components of the basis difference.

While there may be some merit to recognizing the basis difference separately and amortizing it over some period of time, we believe it is preferable and consistent with the simplification objective to include in the cost basis as described above.

Question 2: Should the accounting for capitalized interest, which adds to the basis of an entity's equity method investment and is amortized, also be eliminated for equity method investments? Why or why not?

If the decision is made to eliminate the accounting for the basis differences of equity method investees, then we believe all basis differences should be eliminated, including capitalized interest, for the reasons provided in our response to Question 1. In addition, many financial statement users and investors simply do not place significant value on the concept of capitalized interest as it relates to an equity method investment.

Question 3: Should an entity be required to apply the proposed amendments related to accounting for the basis difference on a modified prospective basis as of the effective date? Why or why not?

We believe application on a modified prospective basis enables users to simplify the accounting for both new and existing investments and outweighs the benefit of improved consistency under a retrospective approach due to the costs of preparing and making retrospective adjustments. The disclosure requirements under the proposed Update provide ample information about amortization impacts on historical periods.

Question 4: Should an entity no longer be required to retroactively adopt the equity method of accounting if an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest? Why or why not?

We believe that current guidance, which requires retroactive adoption of the equity method of accounting can be complex and costly, and the benefits to financial statement users and investors are unclear. We believe the change does not result in a significant loss of decision-useful information to users of financial statements.

Question 5: Should the proposed guidance to eliminate the requirement to retroactively adopt the equity method of accounting be applied prospectively? Why or why not?

We believe the prospective application of the proposed guidance that eliminates the requirement to retroactively adopt the equity method of accounting would enable entities to immediately realize the benefits of reduced cost and complexity. We do not believe there is a significant benefit in requiring retrospective application.

Question 6: How much time will be necessary to adopt the amendments in this proposed Update? Should early adoption be permitted? 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?

Because the proposed Update simplifies the application of GAAP, we expect the adoption of the amendments in the proposed Update will likely not require any more time and effort, though there will be some minimal effort to understand the new requirements and apply those changes based on the transition guidance specified. We support permitting early adoption and believe the same effective date should be required for all entities.

Question 7: Would the proposed amendments meet the objective of the Simplification Initiative, which is to improve GAAP by reducing cost and complexity while maintaining or improving the usefulness of the information provided to users of financial statements? Why or why not?

We believe the proposed amendments meet the objective of the Simplification Initiative as provided in our responses.

Other Matter for Consideration

The Board may want to consider the potential impact of the Proposal on certain companies that file financial statements with the SEC. Specifically, as it relates to the determination of and reporting requirements of an investor's significant equity method investments under Rule 3-09 of Regulation S-X. This rule requires investors to include, in their annual filings, separate audited financial statements of investees when the investee exceeds a significance threshold. Given that basis differences would no longer be amortized under the proposed amendments, it could lead to more investees' financial statements being included in filings, than would have otherwise under existing GAAP because of expected higher investment basis under the Proposal. As one of the primary objectives of the Proposal is to simplify financial reporting, for some entities, albeit a small number, the Proposal could result in financial statements being included in SEC filings that would not have under existing GAAP. While we recognize this likely affects a very small number of companies, the Board may want to further understand the impact as part of their deliberations.