CFGI
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August 13, 2015

Russel G. Golden
Financial Accounting Standards Board
401 Merritt 7
PO Box 5166
Norwalk, CT 06856-5116

Re: Exposure Draft: Stock Compensation Topic 718 – Improvements to Employee Share-Based Payment Accounting

Dear Mr. Golden:

CFGI, LLC is a unique and highly specialized financial consulting firm that supports companies through a range of complex business scenarios. CFGI works alongside a client's internal staff to serve a variety of roles – from technical accounting advisor and M&A support to interim Controller and CFO – and delivering valuation and other support services. CFGI provides these services to a wide array of companies from minimally staffed early-stage entities to Fortune 500 companies. Our responses within this comment letter reflect our experience and observations that comes from working with 100's of Companies, both private and public, over a period of fifteen years.

We appreciate the opportunity to comment on the FASB's Exposure Draft of a Proposed Statement of Financial Accounting Standards, *Compensation – Stock Compensation* (the "Exposure Draft"). We agree with the Board's decision to continue its initiative to reduce complexity in accounting standards, including these proposed standards to reduce the complexity of share-based payment transactions. We believe that these standards reduce the burden and complexity in calculating stock compensation while not impacting the usefulness of the information provided.

Our comments relate solely to questions 4, 7, 8, 9, 10, and 11:

Question 4: Should entities be permitted to make an accounting policy election either to account for forfeitures when they occur or to estimate forfeitures? If not, why?

We believe that preparers should be permitted to make an accounting policy election to account for forfeitures when they occur or to estimate forfeitures. This election will reduce the burden and complexity for the preparers. We find that nonpublic entities frequently lack historical forfeiture data and lack homogenous termination history. Additionally, the impact on the non-cash compensation charge would not materially impact an investor's assessment of the company value. Far more important is the quantity of equity awards being granted, potential dilution they may create and their impact on an entity's capital structure. Therefore, financial statement users do not derive much value from companies using a forfeiture rate and accounting for forfeitures when they occur will have little impact on this assessment.

Question 7: When assessing the classification of an award with a repurchase feature that can only be exercised on the occurrence of a contingent event, should a contingent event within the employee's control be assessed in the same manner as a contingent event outside the employee's control? If not, why should there be a difference in the assessment?

We believe that the referenced repurchased features should not be assessed differently. The occurrence of the described contingent events is outside of an entity's control regardless of whether or not the counter party can control the event. In either case, we believe that FASB's proposed approach of an entity assessing the probability of the contingent event occurring should be applied.

Question 8: Is the practical expedient for nonpublic entities to estimate the expected term of all awards with performance conditions that affect vesting or service conditions appropriate? If not, are there other practical expedients that are more appropriate and why? Should the expedient be limited to nonpublic entities?

We agree with the proposed practical expedient for both performance conditions and service conditions that affect vesting.

We find that nonpublic entities typically lack enough historical data to appropriately determine the expected term of a performance award. Nonpublic companies should assess if they have the information to calculate an expected term of a performance award and use the practical expedient if no better method exists. Additionally, we believe the expedient should be expanded to public companies that lack data to determine more accurate expect term for the awards. We believe that FASB should emphasize that the practical expedient should not be the default measurement of expected term but should be used when better data is not available.

We find that nonpublic entities frequently include provisions in award agreements to protect the closely held equity structure of the entity. These provisions typically result in the award not meeting the "plain-vanilla" criteria; however, exercise behavior for the awards will mirror that of plain-vanilla awards. We believe that service based vesting awards should use the practical expedient for calculating the term unless a more appropriate term can be calculated.

Question 9: Should nonpublic entities be allowed to make a one-time election to switch from measuring liability-classified awards at fair value to intrinsic value? If not, why? While not proposed, should the Board consider making the ability to elect intrinsic value an ongoing election alternative for nonpublic entities?

We do not believe that nonpublic entities should be allowed to switch from measuring liability-classified awards at fair value to intrinsic value. We believe the fair value approach is both reasonable and practical. Nonpublic entities obtain and prepare the necessary data for fair value measurement through the calculation of enterprise value in preparing annual 409A valuations. Given that the election was provided upon the initial adoption of FAS 123(R) and few companies adopted the election, there appears to be little interest or incentive in providing the election again. Additionally, allowing for the election of measuring at intrinsic value would result in less conformity in practice

Question 10: Are the transition requirements for each area appropriate? If not, what transition approach is more appropriate?

Modified retrospective approach for forfeitures and practical expedient adoption is consistent with adoption of FAS 123(R) and is appropriate.

Question 11: 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?

Enacting the changes will be complicated to implement as the stock compensation software providers will need to determine how to calculate the modified retrospective adjustment for each entity. We propose an effective date for fiscal years beginning after December 15, 2016. We believe that nonpublic companies will not need a longer adoption as the entities rely on the same stock compensation software providers as public entities.

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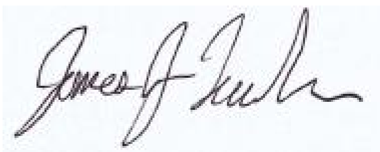
We appreciate the opportunity to comment on the Exposure Draft and if you have any questions, please contact me at 617-531-8270.

Sincerely,



James Quinlan
Partner

CFGI, LLC