



December 7, 2015

Technical Director
Financial Accounting Standards Board
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File Reference No 2015-310

To the Technical Director:

RubinBrown LLP appreciates the opportunity to comment on the Exposure Draft: Notes to Financial Statements Topic 235, Assessing Whether Disclosures are Material. RubinBrown is a public accounting firm with approximately 500 total team members. Our practice focuses on private, public, nonprofit, and governmental organizations.

Question 1 – Would assessing materiality subject to the proposed changes to paragraphs 235-10-50-7 through 50-8 be any easier than under current GAAP?

Yes. We believe that the legal concept of materiality is more intuitive than the current discussion of materiality in FASB Concepts Statement No. 8.

Question 2 – Would applying the amendments in this proposed Update significantly increase or reduce costs of preparing the notes to financial statements?

There would likely be minimal increases in costs, due to increased discussion about what constitutes material and immaterial disclosures. These costs would generally only be incurred in the year of adoption of this Update. We feel that these increased costs should not be used as a reason to not adopt this Update.

Question 3 – Would the amendments in this proposed Update change the information you otherwise would include in the notes to financial statements? Why or why not?

The effect of the Update on the notes to the financial statements will be evaluated on an individual client basis. In general, the Update is likely to slightly reduce the amount of disclosures in the notes to the financial statements, given the increased focus on only including material disclosures.

Question 4 – Do you expect regulatory, legal, or audit consequences that would affect your ability to consider materiality when selecting information to be disclosed in notes to financial statements?

We believe there will be some initial hesitance to adopt the new materiality guidance until all parties become comfortable with the definitions. However, we expect the hesitance to decline over time.

Question 5 – How would you disclose information in comparative financial statements if your assessments of materiality differed in different years?

Comparability of financial statements is a key factor in evaluating their usefulness. For many of our clients, we would encourage reporting the material amount, as well as the immaterial amounts, to allow the financial statements to be comparative.

Question 6 – Should the Board eliminate from the Accounting Standards Codification phrases like “an entity shall at a minimum provide” and other wording that could appear to limit an entity’s discretion to omit immaterial disclosures? Are there particular Topics or Sections in which those changes should not be made? Are there additional paragraphs within the Accounting Standards Codification in which the wording is particularly restrictive and is not identified in Appendix B of this proposed Update?

The Board should remove conflicting phrases, such as “at a minimum provide”. We do not feel that there are any particular topics or sections in which changes should not be made. At this time, we are not aware of any unidentified sections that would need to be revised and listed under Appendix B.

Question 7 – Do you agree with the proposed amendment that would explicitly state that the omission of an immaterial required disclosure is not an accounting error?

Yes.

Question 8 – Are there considerations other than those discussed in this proposed Update that would apply to not-for-profit entities?

The subject discussed through this Exposure Draft should be applicable to all entities, including public entities, non-public entities, and not-for-profit entities.

Question 9 – Should the proposed amendments be effective upon issuance?

Our suggestion is that there be approximately a one year period from the issuance of the Update to the effective date. This would allow for companies to better understand the Update and make adjustments accordingly.

Thank you for your continued efforts to improve the Accounting Standards through this Exposure Draft. We believe this is an important endeavor and are grateful for the opportunity to comment.



RubinBrown LLP