

Record ID: 636199268026023941

Question Text	Response	Status
* Please select the type of entity or individual responding to this feedback form.	Accounting Firm/Auditor	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
Organization *	Milbern Ray & Company	
First name *	Carol	
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Paragraph 470-10-45-22 includes a principle for classifying debt as a noncurrent liability in a classified balance sheet. Would the proposed principle simplify the classification guidance in GAAP without diminishing the usefulness of the information provided in the financial statements? Is the proposed principle clear? Why or why not? Please explain and suggest alternatives.	Yes to both questions. The principle is something many of us have been using for years, but there's been no justification for using it. It's written well.	Completed
The scope of the amendments in this proposed Update includes debt		Completed

<p>arrangements as well as (a) liability-classified mandatorily redeemable financial instruments within the scope of Topic 480, Distinguishing Liabilities from Equity, and (b) debt with conversion and other options that are within the scope of Subtopic 470-20, Debt—Debt with Conversion and Other Options. Is the scope of the proposed amendments clear? Why or why not? Are there any other instruments that should be included within the scope of the proposed amendments? If so, please explain.</p>		
<p>Paragraph 470-10-45-23 includes an exception to the classification principle for waivers of debt covenant violations received after the reporting date but before the financial statements are issued (or are available to be issued). Will including this exception reduce the cost of the proposed amendments? Why or why not? Please explain and suggest alternatives.</p>	<p>That exception was wise, and it took into consideration the fact that most companies would not tolerate the debt being current. Instead, they would insist that banks be called for waivers before the balance sheet date. Before the balance sheet date, they may not know for sure if the covenant would be violated, so they'd get waivers if a covenant was "borderline." The exception reduces the cost of the proposed amendment since companies will not need waivers of covenants unless those covenants are violated.</p>	<p>Completed</p>
<p>Paragraph 470-10-45-24 would require separate</p>	<p>I have a minor disagreement with this provision. As a theoretical matter, I see the distinction between debt whose covenants were waived before the balance sheet date and</p>	<p>Completed</p>

<p>presentation in a classified balance sheet for debt that is classified as a noncurrent liability because of a waiver of a debt covenant violation received after the reporting date but before the financial statements are issued (or are available to be issued). Does separate presentation of this amount provide decision-useful information for those using the financial statements? Why or why not? Please explain and suggest alternatives.</p>	<p>debt whose covenants were waived after the balance sheet date. As a practical matter, I don't see that distinction. (Just because a company "did not" have covenants waived before the balance sheet date doesn't mean they "could not" have had covenants waived before the balance sheet date. Maybe their CFO took a vacation in December.) Because of this, I disagree with separate presentation. I think disclosure is sufficient. To reiterate, this is a minor disagreement.</p>	
<p>The proposed amendments would require an entity to classify as a current liability a debt arrangement that is short-term debt (at the balance sheet date) but that is subsequently refinanced as long-term debt (after the balance sheet date but before the financial statements are issued). That would result in more current liabilities and less noncurrent liabilities, as compared with current GAAP. Do you agree that these refinancings are nonrecognized subsequent events? If not, please</p>	<p>I agree that refinancings are Type 2 subsequent events and should not be recognized.</p>	<p>Completed</p>

<p>explain why and suggest alternatives.</p>		
<p>Paragraph 470-10-50-6 provides new disclosure requirements. Do the proposed disclosure requirements provide decision-useful information? If not, please explain why and suggest alternatives.</p>		<p>Completed</p>
<p>How much time would be necessary to adopt the proposed amendments? Would 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? Do you agree that early adoption should be permitted?</p>	<p>No basis to comment for PBEs. Most private companies would not require separate presentation or additional disclosure. These companies shouldn't take any extra time to implement the amendments. The other companies will have some additional time, but that should be nominal - maybe 2 hours the first year and 1 hour per year after that.</p>	<p>Completed</p>
<p>Please provide any additional comments on the proposed Update:</p>	<p>Since I work with private companies, most of the areas in which you're rolling back specific requirements don't apply.. But I think it's better to have a stated principle.</p>	<p>Completed</p>
<p>Please provide any comments on the electronic feedback process:</p>		<p>Completed</p>
<p>Below is a printable summary of your responses to the questions in this feedback form.</p>	<p>Not Answered</p>	<p>Not Answered</p>

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