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May 3, 2017

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Updated *Debt (Topic 470):  
Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*

I have reviewed the Board's simplification initiative and I appreciate its efforts to simplify the standards. However, I have concerns that the simplification of the standards could potentially remove existing guidance that was previously adopted for valid reasons. The simplification of standards should not diminish the usefulness of the information provided in the financial statements. Below are my comments to the questions posed in the proposed accounting standards.

**Question 1:** 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.

I believe the proposed changes will diminish the usefulness of the information provided in the financial statements. The most current information regarding whether debt is current or noncurrent is more useful than the classification determined as of the balance sheet date.

**Question 2:** The scope of the amendments in this proposed Update includes debt 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.

I believe the scope is clear and I have no suggestions.

**Question 3:** 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.

The exception appears to be a continuation of the current practice. I support the exception as the exception takes into consideration current information.

**Question 4:** Paragraph 470-10-45-24 would require separate 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.

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I support the exception since the debt would be classified as noncurrent based on receipt of a waiver of a debt covenant violation. However, I believe the separate presentation in the balance sheet for debt being classified as noncurrent as a result of the exception is unnecessary. I believe that the footnotes should state that a debt covenant violation occurred and that a waiver was obtained.

**Question 5:** 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 explain why and suggest alternatives.

I do not support the amendment since the debt would be classified as current even though the current facts and circumstance would deem the debt be classified as noncurrent. The proposed amendment is inconsistently applying two similar situations. In question number 3, the debt was classified as noncurrent as a result of a waiver being provided by the lender in a noncompliance of a debt covenant situation. I believe that the waiver situation and subsequent refinance situation should be treated in the same manner, classified as a noncurrent debt. I believe the standards as originally written make the information presented in the financial statement more useful to the reader.

**Question 6:** 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.

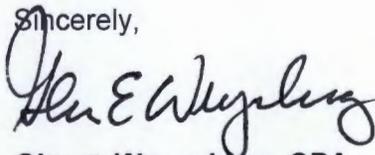
I agree with the proposed disclosure.

**Question 7:** 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?

As the proposed amendment relates only to the preparation of the financial statements, I believe the time to adopt any final changes should not be substantial and early adoption should be permitted.

I thank you for the opportunity to comment on this matter.

Sincerely,



**Glen E. Weyenberg, CPA**  
Principal  
SVA Certified Public Accountants, S.C.  
P: 608.826.2005  
[weyenbergg@sva.com](mailto:weyenbergg@sva.com)