Record ID: 636296023223619978

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 *	Anders CPAs + Advisors	
First name *	Jeanne	
Middle initial		
Last name *	Dee	
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Phone number		
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.	We agree with the Board that the proposed principle simplifies the classification guidance in GAAP and is a more cohesive, uniform principle than is available in current GAAP. This principle itself does not diminish the usefulness of the information provided in the financial statements. However, as further discussed in our responses to Questions 5 and 6, we have concerns about the application of the principle with respect to refinancing of long-term debt, and disclosures of defaults. Nevertheless, the proposed principal is as stated in the exposure draft is clear	Completed
The scope of the amendments in this proposed Update includes debt	The scope of the proposed amendments is clear and can be easily applied to the majority of debt instruments commonly used in the marketplace today. We are not aware of other instruments that should be included within the scope of the	Completed

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.	proposal. In addition to small and medium sized businesses, our firm also works with many not-for-profit and exempt entities. We defer to the Board's judgment for the need to address forgivable debt instruments in the proposal.	
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.	We do not feel that costs will be a significant factor in implementing the proposed amendment. That said, we believe the exception in Paragraph 470-10-45-23 will not result in significant cost savings to implementation. Furthermore, the addition of unnecessary complexity to information already presented in the footnotes may increase costs.	Completed
Paragraph 470-10-45-24 would require separate	We do not feel that separate presentation for debt that is classified as noncurrent because of a waiver of debt covenant violation received provides decision useful	Completed

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.	information for the users of those financial statements. Our client base consists of mainly small and medium sized, closely held business and exempt entities. As such, the primary users of the external financial statements are the very same banks and lenders that provided the debt covenant violation waiver. In this case, we feel that current GAAP and current disclosure requirements provide sufficient information for these financial statement users.	
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	We have several concerns about this requirement. As previously discussed, our client base consists of mainly small and medium-sized closely held business and exempt entities. The requirement will have an unnecessary and undeserved detrimental impact on these entities' financial ratios. The refinancings noted in this requirement are essential to management's budgeting and cash flow decisions, and it seems unreasonable to ignore such relevant information. We also respectfully disagree with the Board's dismissal of the definition of current liability – "obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets" – specifically for refinancings performed after the balance sheet date but before the financial statements are issued. Upon successful completion of a refinancing, we feel there is no longer a reasonable expectation to require the use of current resources. Furthermore, the proposed change would be a complete reversal of existing GAAP, causing unwarranted confusion among entities and their lenders. For these reasons, we do not agree that these refinancings are non-recognized subsequent events.	Completed

explain why and suggest alternatives.		
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.	As previously mentioned, our firm work with many small and medium sized entities, including start-up and growing business. We feel the new disclosure requirements may be unfairly punitive to these types of entities. As an alternative, the board should consider a less strict definition of a default. Also, as auditors we would be unable to apply reasonable judgment under the proposed definition of default.	Completed
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?	We do not feel that significant implementation time would be required. However, reasonable advanced time would be helpful to entities to educate their financial statement users on this change. As with many pronouncements, we would like to better understand the impact to public business entities prior to implementation for other entities. Early adoption should be permitted.	Completed
Please provide any additional comments on the proposed Update:		Completed
Please provide any comments on the electronic feedback process:		Completed
Below is a printable summary of your responses to the questions in this feedback form.	Not Answered	Not Answered

You can revise your responses by clicking the "Back" button. All comments received constitute part of the FASB's public file. The FASB will make all comments publicly available by posting them to the Online Comment Letters portion of its website. If you are finished providing comments, click the 'Submit' button at the bottom of this page.		