

September 5, 2017

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2017-240

We appreciate the opportunity to comment on the proposed Accounting Standards Update, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities* and we support the improvement of general purpose financial reporting as it relates to variable interest entities.

Our responses to the questions for respondents are as follows:

Question 1: Should all common control arrangements (that is, for both private companies and public business entities) be excluded from the scope of VIE guidance (as opposed to just an option for private companies as provided in the amendments in this proposed Update)? Please explain.

No. We believe that private companies would significantly benefit from the amendments in this proposed Update. As many users of financial statements for private company have access to a management, the consolidation of VIEs often does not result in decision-useful information that is more representative of the reporting entity's financial position and operating results. Comparatively, users of financial statements for public benefit entities may have limited access to a management and consolidation of VIEs may be more helpful to understand the economic risks associated with the reporting entity's relationship with the VIE.

Question 2: Do you agree that a private company (reporting entity) should have an option to not apply VIE guidance to legal entities under common control if both the common control parent and the legal entity being evaluated for consolidation are not public business entities? If not, please explain why.

Yes. We believe that a private company should have an option to not apply VIE guidance to legal entities under common control that are not public business entities. Despite understanding that it's a GAAP departure, many users of private company financial statements (such as, lenders and owners) specifically request financial statements that do not consolidate VIEs. Having disclosure requirements of the reporting entity's arrangements with and exposure to VIEs is sufficient to inform the financial statements users.

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Question 3: Should the current accounting alternative for private company leasing arrangements under common control provided under Update 2014-07 be retained, or should it be replaced by the proposed broader private company alternative, assuming this proposed Update is finalized? Would the proposed accounting alternative continue to address the concerns of private companies currently applying the accounting alternative for leasing arrangements under common control? If not, please explain why. Additionally, what existing leasing arrangements that are eligible to be accounted for using the current alternative, if any, would not be captured by the accounting alternative in the proposed amendments?

The guidance in Update 2014-07 should be replaced by this proposed Update in order to avoid unnecessary confusion as to different VIE alternatives for private companies. We believe the guidance in this Update adequately addresses the disclosure requirements contained within Update 2014-07 for common control leasing arrangements. We are not aware of any existing leasing arrangements that are eligible to be accounted for using the current alternative that would not be captured by the accounting alternative in the proposed amendments.

Question 4: Do the proposed disclosure requirements in paragraphs 810-10-50-2AG through 50-2AI adequately provide information about a reporting entity's involvement with and exposure to a legal entity? Also, please elaborate on any additional disclosures that you consider necessary to appropriately reflect a reporting entity's involvement with and exposure to a legal entity.

Yes. We believe the proposed disclosure requirements are adequate.

Question 5: Should indirect interests held through related parties that are under common control with a decision maker or service provider be considered on a proportionate basis, as opposed to being considered the equivalent of a direct interest in its entirety, when determining whether a decision-making fee is a variable interest in a VIE? If not, please explain why.

Yes. We believe that indirect interests held through related parties that are under common control should be considered on a proportionate basis.

Question 6: Should a reporting entity be required to determine whether a controlling financial interest exists at the reporting entity level for situations in which power is shared among related parties or when related parties under common control, as a group, have a controlling financial interest but the parties individually do not? If not, please explain why. In doing so it is acknowledged that, in certain situations, it is possible that no reporting entity under common control will consolidate a VIE.

No. We believe that when no party has a controlling financial interest, the disclosure requirements in the proposed Update are adequate.

Question 7: Are the factors in paragraph 810-10-25-44A adequate for determining whether a reporting entity within a common control group may be the primary beneficiary of a VIE? If not, please explain why and describe what other factors you would recommend.

Yes. We believe the factors in paragraph 810-10-25-44A are adequate for determining whether a reporting entity within a common control group may be the primary beneficiary of a VIE.

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Question 8: Does the “related party tie-breaker” test currently in GAAP (paragraph 810-10-25-44) result in appropriate consolidation results? If yes, please explain why. Alternatively, would the proposed amendments cause unintended consequences or allow reporting entities to achieve a desired consolidation result that is inconsistent with the economics of a related party arrangement? If yes, please explain how.

Yes. We believe the related party tie-breaker results in appropriate consolidation in most circumstances.

Question 9: Do you agree with the proposed transition requirements in paragraph 810-10-65-9? If not, what transition approach would be more appropriate?

Yes. We agree with the proposed transition requirements in paragraph 810-10-65-9.

Question 10: Should a reporting entity be required to provide the transition disclosures specified in this proposed Update? Should any other disclosures be required? If so, please explain why.

Yes. We believe the transition disclosures specified in this proposed Update are appropriate.

Question 11: How much time is needed to implement the proposed amendments?

We believe that not much time is needed to implement this proposed Update, as it provides significant relief from current GAAP.

Question 12: Should the proposed amendments be effective on the same date for both public business entities and entities other than public business entities?

Yes.

Question 13: Should the effective date of the private company accounting alternative be consistent with the amendments in Accounting Standards Update No. 2016-03, Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance?

Yes.

If you have any questions about our response, or wish to discuss our comments, then please contact Jeremy Dillard, Partner, at JDillard@SingerLewak.com.

Sincerely,

