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Proposed Accounting Standards Update: *Compensation-Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606) Codification Improvements- Share Based Consideration Payable to a Customer*

The California Society of CPA's ("CalCPA") Accounting Principles and Assurance Services Committee (the "Committee") is the senior technical committee of CalCPA. CalCPA has approximately 42,150 members. The Committee consists of 54 members, of whom 45 percent are from local or regional firms, 32 percent are from large multi-office CPA firms, 12 percent are sole practitioners in public practice, 6 percent are in academia and 5 percent are in international firms. Members of the Committee are with CPA firms serving a large number of public and nonpublic business entities, as well as many non-business entities such as not-for-profits, pension plans and governmental organizations.

We have the following comments on the proposed ASU.

Question 1: Do you agree that share-based payment awards issued to customers as consideration payable should be measured at the grant date of the award? If not, why should there be a difference in the measurement date for share-based payment awards issued to customers and nonemployee share-based payment awards, and what other alternatives would be more appropriate?

The Committee agrees that share-based payment awards issued to customers as consideration payable should be measured at the grant date of the award

Question 2: Do you agree that share-based payment awards issued to customers as consideration payable should be classified in accordance with the guidance in Topic 718?

We agree that share-based payment awards issued to customers as consideration payable should be classified in accordance with the guidance in Topic 718.

Question 3: Do you agree that the amendments in the proposed Update provide sufficient guidance to account for share-based consideration to a customer?

The Committee agrees that the guidance in the proposed update is adequate to account for share-based consideration to a customer.

Question 4: Are the transition requirements for the proposed amendments appropriate? If not, what transition approach would be more appropriate and why?

We believe that the transition requirements for the proposed amendments are adequate.

Question 5: How much time would be necessary to adopt the proposed amendments? Should early adoption be allowed?

The Committee is unable to provide information on how much time might be necessary to adopt the proposed amendments. However, it would seem that compliance with the proposed amendments, once implemented, will be less expensive than alternatives not based on Topic 718.

We favor early adoption, but no earlier than adoption of ASU 2018-07, to afford entities to benefit from the simplification.

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We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Sincerely,



Matthew J. Lombardi
Chair
Accounting Principles and Assurance Services Committee
California Society of Certified Public Accountants