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Technical Director
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Re: File Reference No. 2019-600

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 43,000 members. The Committee consists of 51 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.

The Committee has the following replies to the Questions for Respondents.

Question 1: Do you agree with the amendments to the Codification in this proposed Update? If not, please explain which proposed amendment(s) you disagree with and why.

The Committee agrees with the proposed amendments to the extent they affect public business entities. It is useful to have conformity between Regulation S-X and the Accounting Standards Codification to the extent possible.

The Committee agrees with the proposed amendments to the extent they affect entities other than public business entities, except to as follows:

- 470-10 Debt-Overall: Information on weighted average interest rates: The Committee questions the usefulness of this information in financial statements of these entities and points out that it can be complex and costly to prepare. The disclosure should not be required.

- 505-10 Equity-Overall: The Committee does not believe that this disclosure is always relevant and could thus be disproportionately difficult for entities with complex capital structures. Nevertheless, the Committee agrees that for securities with a liquidation preference materially in excess of par or stated value the disclosure could be relevant and should be required. The Committee does agree that the current "considerably in excess" requirement is too subjective and judgmental.

- 805-50 Business Combinations-Related Issues: The disclosure of individual entities' separate results for periods before a combination may not be feasible if any of the combined entities did not prepare interim financial statements. The Committee also questions the usefulness of the information in the financial statements of an entity other than a public business entity and points out that it may be available to users of the financial statements by alternative means. The Committee suggests narrowing the proposed disclosure to require disclosure of separate information about the combined entities, and quantification of operating results to the extent practical.

Question 2: Would the proposed amendments result in decision-useful information? Please explain why or why not.

Except as described in our response to Question 1, the Committee believes that the proposed amendments result in decision-useful information.

Question 3: For entities other than public business entities, are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability concerns and why?

The Committee believes that the disclosures to which it objects in its response to Question 1 may not be operable for some entities other than public business entities.

Question 4: For entities other than public business entities, would any of the proposed disclosure requirements impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

The Committee believes that the disclosures to which it objects in its response to Question 1 may, if adopted as proposed, impose significant incremental costs for some entities other than public business entities.

Question 5: The proposed amendment to paragraph 850-10-50-4A would not apply to entities other than public business entities. Do you agree with this proposed scope? Are there other proposed disclosure requirements that entities other than public business entities should not be required to apply? If so, please explain why.

The Committee agrees with the proposed scope of the proposed amendment to paragraph 850-10-50-4A to exclude entities other than public business entities.

Our response to Question 1 describes the additional proposed disclosure requirements that should not be required for entities other than public business entities.

Question 6: The proposed amendment to paragraph 810-10-50-1C would require that an entity disclose the names of newly consolidated or deconsolidated entities. Would this proposed disclosure requirement impose incremental costs for entities other than public business entities? If so, please describe the nature and extent of the additional costs.

The Committee does not believe that this proposed disclosure requirement would impose significant incremental costs for entities other than public business entities

Question 7: Should the proposed amendments be applied prospectively to financial statements issued after the effective date? If not, what transition method would be more appropriate and why?

The Committee agrees with the proposed prospective transition. The Committee would have no objection to permitting early implementation.

Question 8: How much time would be needed to implement the proposed amendments? Should early adoption be permitted? 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? Why or why not?

The Committee does not believe the time needed to implement the proposals would be significant to the extent the information is already required in documents filed with the SEC. However, entities other than public business entities may require more time to understand the requirements and gather the information, and the Committee suggests a one year deferral of the effective date for those entities.

Question 9: Should the proposed amendments be finalized if the SEC does not eliminate the referred disclosure requirements in Regulation S-X and Regulation S-K? Why or why not?

Since an objective of the proposal is conformity between SEC and FASB requirements, the Board should be certain that this objective will be achieved in adopting the proposed amendments.

Question 10: Do you agree with the Board's decision not to propose amendments to the Codification for certain referred disclosures? If not, please explain why.

The Committee agrees with the Board's decision not to propose amendments to the Codification for certain referred disclosures.

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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,

Nancy Rix

Nancy A. Rix, Chair
Accounting Principles and Assurance Services Committee
California Society of Certified Public Accountants