



Crowe LLP
Independent Member Crowe Global
One Mid America Plaza, Suite 700
Post Office Box 3697
Oak Brook, Illinois 60522-3697
Tel +1 630 574 7878
Fax +1 630 574 1608
www.crowe.com

June 28, 2019

Mr. Shayne Kuhaneck
Acting Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856

Re: File Reference No. 2019-600

Dear Mr. Kuhaneck:

We appreciate the opportunity to respond to the FASB's request for comment on Proposed Accounting Standards Update, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("Proposed ASU").

We support the FASB's efforts to align disclosure requirements in the Codification with certain SEC regulations. We agree this alignment will help simplify the application of GAAP, especially for public business entities, by reducing redundancies and providing helpful clarifications. However, we have reservations about certain aspects of the proposal, including: 1) the removal of the impracticability exception to the requirement to disclose revenues for each product and service; 2) the requirement to disclose assets mortgaged, pledged or otherwise subject to lien and the obligations collateralized; and 3) the requirement to disclose the separate results of combined entities for periods prior to combination.

Removal of Impracticability Exception

The Proposed ASU correctly states that Regulation S-K Item 101(c)(1)(i) does not include an impracticability exception, and proposes removing the existing exception in US GAAP that conflicts with the requirement in Regulation S-K. Given the reality of financial reporting system limitations, especially in organizations comprised of a large number of legal entities on different systems or platforms, we believe it is appropriate to retain the impracticability exception in US GAAP. We understand that even SEC filers, at times, do not provide the required information under Regulation S-K Item 101(c)(1)(i) when it is impracticable for them to do so, in spite of Regulation S-K Item 101(c)(1)(i) not including an impracticability exception. Furthermore, Regulation S-K Item 101(c)(1)(i) currently limits the disclosure to products or services that have revenue exceeding a certain threshold, limiting the disclosure to more significant revenue streams. Given these facts, we recommend retaining the impracticability exception requirement.

Requirement to Disclose Assets Mortgaged, Pledged, or Subject to Lien

The Proposed ASU would require all entities, including private companies, to disclose quantitative information about assets mortgaged, pledged, or otherwise subject to lien and the related obligations collateralized. While we conceptually support the proposed disclosure, we believe this represents a significant change to the existing disclosure requirement, which has often been satisfied through narrative discussion only. The proposed disclosure could require system or other process changes to obtain the necessary quantitative information, which could result in significant upfront costs to preparers of financial statements, especially private companies. At a minimum, we encourage the Board to reconsider providing an exception for private companies, whose users will generally have access to such information if they are interested in obtaining it.

Requirement to Disclose Separate Results of Combined Entities

Conceptually, we do not agree with the proposal requiring entities that have effected a combination of entities under common control to disclose the separate results of each combined entity for any comparative periods presented. This requirement contradicts the theory underpinning the accounting for changes in reporting entity under Topic 250, which requires retrospective application to all periods presented for such a change. We question the usefulness of requiring the presentation of historical separate results of the combined entities when the results of the combined entity are presented on a combined, retrospective basis under Topic 250 and Subtopic 805-50, including the elimination of intercompany transactions.

While we acknowledge the cost of providing the information would likely be low, given the concerns noted above, we recommend the final ASU not require disclosure of the separate results of each entity for historical periods presented. At a minimum, we encourage the Board to reconsider providing an exception for private companies, and PBEs that are not SEC filers, whose users will generally have access to such information if they are interested in obtaining it.

Other Comments

As noted previously, we are supportive of the Board's Proposed ASU with the exception of the items noted above. We do not foresee any auditability concerns with the proposals, though we do believe some of the disclosures will likely result in incremental costs for preparers of financial statements. As a result, we would support a one-year deferral for private companies. We have no objections to permitting early adoption for those entities prepared to do so, and agree with prospective transition.

Finally, the proposed amendments should not be finalized if the SEC does not eliminate the similar disclosure requirements in Regulation S-X and Regulation S-K. To do so would be contrary to the stated purpose of the Proposed ASU of reducing redundancies and providing helpful clarifications.

Please contact Scott Lehman at (630) 574-1605 (scott.lehman@crowe.com) should you have any questions or would otherwise like to discuss our response.

Sincerely,

A handwritten signature in black ink that reads "Crowe LLP". The "C" is large and stylized, with a loop that extends upwards and then down to underline the "C". The rest of the name is written in a cursive, handwritten style.

Crowe LLP

cc: Jim Dolinar, Partner, Crowe LLP
Mark Shannon, Partner, Crowe LLP