Tel: 312-856-9100
Fax: 312-856-1379
www.bdo.com

330 North Wabash, Suite 3200
Chicago, IL 60611

December 24, 2019

Via email to director@fasb.org

Mr. Shayne Kuhaneck, Acting Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Codification Improvements (File Reference No. 2019-800)

Dear Mr. Kuhaneck:

We are pleased to provide comments on the Board's proposed technical corrections to the Accounting Standards Codification. In general, we support the Board's efforts but think that additional clarifications on certain aspects of the proposed guidance would make it more operational.

Our detailed responses and suggestions to the Questions for Respondents are contained in the attached Appendix.

We would be pleased to discuss our comments with the FASB staff. Please direct questions to Gautam Goswami at (312) 616-4631 or Adam Brown at (214) 665-0673.

Very truly yours,

BDO USA, LLP

BDO USA, LLP

Appendix

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

We generally agree, but have certain observations on a selection of the Issues raised, as follows.

- *Issues 2: Amendments to Master Glossary*

  In Issue 2, we recommend a more plain-English approach for the edits, such as:

  "~~All contractual~~ Contractual rights (contractual obligations) that are financial instruments ~~that are assets (liabilities) in accordance with applicable GAAP meet the definition of asset (liability) set forth in FASB Concepts Statement No. 6, Elements of Financial Statements, although some~~ may not be recognized as assets (liabilities) in financial statements—that is, they may be off-balance-sheet—because they fail to meet some other criterion for recognition."

- *Issue 8: Amendments to Subtopic 410-20, Asset Retirement and Environmental Obligations—Asset Retirement Obligation*

  We suggest explaining why the Board is including Topic 480 liabilities within the scope of Topic 410, as this could be confusing. Further, the additions to paragraph 410-20-25-4A through 25-4B could be interpreted to inform or possibly change the timing of recognition and the measurement for liabilities under Topic 480, and we suggest the Board clarify the intended application.

- *Issue 9: Amendments to Subtopic 420-10, Exit or Disposal Cost Obligations—Overall*

  We note that when adding explanations for the terms *liability*, *probable*, and *obligation* to the proposed guidance, the following language from footnote 18 of Concepts Statement 6 has not been included:

  "Probable is used with its usual general meaning, rather than in a specific accounting or technical sense (such as that in FASB Statement No. 5, Accounting for Contingencies, par. 3),…."

  We believe retaining the above language, as updated for the Codification references, would facilitate application as it would provide context and comparison with already Codified guidance.

  Similar to our observation in Issue 8, we recommend that the Board provide additional clarification as to the rationale for including Topic 480 liabilities within the scope of Topic 420.

- *Issue 21: Amendments to Subtopic 250-10, Accounting Changes and Error Corrections—Overall*

  We recommend that the proposed paragraph 250-10-50-12 be cross-referenced to paragraph 250-10-45-27, considering that the disclosure is also for items only considered material.

Alternatively, the Board could consider including the entirety of this guidance in the disclosure section only.

- *Issue 26: Amendments to Subtopic 840-30, Leases—Capital Leases*

  We suggest that the Board consider revising the phrase "not separately disclosed by the lessee" in paragraph 840-30-50-2 to "not separately presented by the lessee" to be consistent with the rest of the proposals.

- *Issues 36: Amendments to Subtopic 310-10, Receivables—Overall*

  In Issue 36, we do not believe deleting the word "all" changes how the sentence could be interpreted. We suggest explicitly stating what other guidance should be considered, such as:

  "For guidance on accounting for transfers of all financial assets, including receivables, see Subtopic 860-20, unless the substance of the transaction is addressed by guidance in other Topics including, but not limited to, all of the following:
  1. *Topic XX on ……….*
  2. *Topic XX on………."*

- *Issue 40: Amendments to Subtopic 470-50, Debt—Modifications and Extinguishments*

  We note that in addition to third-party costs, lender fees also may be incurred. Therefore, consistent with the proposed clarification in paragraph 470-50-40-18, we suggest that the Board consider providing a cross-reference in paragraph 470-50-40-17 to paragraph 470-50-40-21 for lender fees incurred in amendments of line-of-credit or revolving-debt arrangements.

- *Issue 44: Amendments to Subtopic 825-10, Financial Instruments— Overall*

  We observe that this amendment clarifies the application of certain fair value disclosure requirements for private companies electing the fair value option. As such, we recommend explaining why the amendment is being made in the final amendments.

- *Issue 48: Amendments to Subtopic 835-30, Interest—Imputation of Interest*

  We note that the language being revised was intentionally added by Accounting Standards Update No. 2018-09, *Codification Improvements*. As such, we believe it would be helpful to explain the basis for the current amendment.

Question 2—Would any of the proposed amendments result in substantive changes to the application of existing guidance that would require transition provisions? If so, please describe.

As noted below, preparers and users may have additional input affecting transition matters. Otherwise, we have not identified any additional concerns related to transition.

Question 3—Would the proposed amendment to Topic 805, Business Combinations (Issue 10), affect your assessment of liabilities assumed in a business combination?

In the final amendments, we suggest that the Board affirm that this revision is not intended to change the recognition of liabilities assumed in a business combination per Topic 805, *Business Combinations*. For example, this revision is not intended to cause companies to record liabilities based on potential moral, ethical or social obligations potentially encompassed in the definition of *Liabilities*.

Question 4—The proposed amendments related to Issue 37 would be effective immediately. Do you have any concerns with that and, if so, why? Can you apply the guidance on a modified retrospective basis if you already have adopted the amendments in Accounting Standards Update No. 2017-08, Receivables— Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities? Do you agree with the transition disclosures? If not, please explain why.

We think the clarifications are reasonable, but acknowledge preparers and users may have additional input, including as it relates to disclosures.

Question 5—For entities that have adopted the amendments in Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, the proposed amendments related to Issues 38 and 49 would be effective immediately. Do you have any concerns with that and, if so, why? Do you agree with the transition disclosures? If not, please explain why.

We recommend clarifying that the proposed improvements to Issue 49 continue to reflect a fair value measurement attribute as required under paragraph 860-20-30-3 for rerecognized assets. We defer to preparers and users of the financial statements for any concerns on the proposed effective date or transition disclosures.

Question 6—Are there other changes that should be made that are directly or indirectly related to the proposed amendments?

We haven't identified any such changes.

Question 7—The proposed amendments would apply to public and nonpublic entities. Would any of the proposed amendments require special consideration for nonpublic entities? If so, which proposed amendment(s) would require special consideration and why?

Depending on the input from private company stakeholders, the Board might consider allowing private companies additional time to provide the fair value disclosures in Issue 44. As noted in paragraph 104 of the proposal, no transition has been provided. A one-year transition period would be useful for stakeholders that do not closely monitor the Board's standard-setting activity to learn about them through the annual continuing education cycle and implement the disclosures accordingly.