

Record ID: 637370707466418223

Question Text	Response	Status
* Please select the type of entity or individual responding to this feedback form.	Not Asked	Not Asked
Other, please specify (Specified)		
* Please select the type of entity or individual responding to this feedback form.	Industry Organization	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
Organization *	Connecticut Society of Certified Public Accountants	
First name *	Bryan	
Middle initial		
Last name *	Decker	
Email address *	bdecker@pkfod.com	
Phone number	203-323-2400	
Is the practical expedient as drafted in this proposed Update operable? If not, please explain why.	Yes, the practical expedient is operable. By matching the GAAP requirement to the tax requirement, it actually simplifies the compliance that a nonpublic company must comply with.	Completed
The practical expedient in this proposed Update is applicable only for equity-classified share-option awards. Should the scope of the practical expedient in this proposed Update be expanded to include other equity-classified	If the valuation of nonvested shares can be matched to the tax valuation requirements, it should simplify the compliance requirements of the nonpublic company for tax and GAAP.	Completed

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<p>share-based compensation arrangements (for example, nonvested shares)? Please explain why or why not.</p>		
<p>Will the proposed practical expedient reduce costs, including audit costs or fees, associated with the current price input? Please explain why or why not.</p>	<p>The practical expedient should not have a significant effect on audit costs, as the auditor will still need to do the necessary procedures on the 409A valuation as they would have to do on the existing topic 718 valuation. It should reduce costs on obtaining valuation as only one valuation will be needed.</p>	<p>Completed</p>
<p>Do you or your clients obtain separate valuations to satisfy GAAP requirements (Topic 718) and tax regulations (Section 409A)?</p>	<p>Typically only one valuation is obtained. The materiality variance between a valuation for Topic 718 vs Section 409A would typically not be material to the financial statements.</p>	<p>Completed</p>
<p>Do you agree with allowing the proposed practical expedient to be elected on an award-by-award basis?</p>	<p>Although probably not material, the ability to choose the valuation method on an award-by-award basis, does theoretically allow an entity to manipulate earnings. Even if disclosed, without knowing what the other valuation method result is, it is impossible to measure the impact of the varying valuations. However, there would be added costs to the entity to obtain the different valuations which would most likely reduce the chances of this happening.</p> <p>Additionally, if awards are awarded at the same time, could the award to one person be valued differently than the award to another person? This ability seems contrary to the consistency principle.</p>	<p>Completed</p>
<p>Will the proposed practical expedient compromise the decision usefulness of information related to equity-classified share-option awards? If yes, please explain how.</p>	<p>No, the proposed practical expedient will not impact the usefulness of information related to equity classified share option awards. For private companies, the value of options as an estimate is merely speculative. The more valuable information is the number of options outstanding.</p>	<p>Completed</p>
<p>Do you agree with the proposed prospective transition requirements? If</p>	<p>We agree with the proposed prospective transition requirements.</p>	<p>Completed</p>

Proposed Accounting Standards Update—
Compensation—Stock Compensation (Topic 718):
Determining the Current Price of an Underlying
Share for Equity-Classified Share-Option Awards
(a proposal of the Private Company Council)

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not, please explain why.		
Please provide any additional comments on the Proposed Update:	What will be the process to update the Codification if IRS regulation section 409A is modified or eliminated?	Completed
Please provide any comments on the electronic feedback process:		Completed