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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.	Preparer	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
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Please describe what type of stakeholder you (or your organization) are from the list below, including a discussion of your background and what your point of view is when responding to this ITC: a. Academic b. Investor, other allocator of capital, or other financial statement user, such as: 1. Equity analyst: buy side	I am both a NFP organization and private company financial statement preparer and a technical consultant to CPA firms nationally on financial accounting and reporting, auditing, quality control, and peer review.	Completed

2. Equity analyst: sell side 3. Credit-rating agency analyst 4. Fixed-income analyst 5. Accounting analyst 6. Quantitative analyst 7. Portfolio manager 8. Private equity 9. Lender 10. Long/short focus 11. Other c. NFP organization preparer d. Practitioner/auditor e. Private company preparer f. Public company preparer g. Regulator h. Standard setter i. Other.		
Which topics in this ITC should be a top priority for the Board? Please explain your rationale, including the following: a. Why there is a pervasive need to change GAAP (for example, what is the reason for the change) b. How the Board should address this topic (that is, the potential project	1. Digital Assets 1a. Presently these are being accounted for as indefinite-lived intangibles with subsequent accounting applying a flawed impairment model that recognizes impairments without permitting restoration of prior impairment losses when the fair value of the digital asset increases. 1b. I believe that these assets should be marked to fair value every period with changes in fair value (both increases and decreases) recorded through earnings. This should not add time and cost because the time that it takes to mark the assets would be roughly equivalent to the time it took to test them for impairment. 1c. This is of utmost urgency if the Board wishes to be proactive and evolve GAAP to meet emerging needs. 2. Distinguishing liabilities from equity 2a. This is among the most complex and difficult-to-understand areas of GAAP. Firms with whom I have been	Completed

scope, objective, potential solutions, and the expected costs and benefits of those solutions) c. What the urgency is of the Board completing a project on this topic (that is, how quickly the issues need to be addressed).	associated have routinely made this topic a required internal and/or external consultation matter to ensure that GAAP has been properly applied and to obtain concurrence regarding the conclusions reached. 2b. The best approach may be a "clean paper" approach where the Board establishes a broad set of objectives regarding classification and, based upon those objectives, devises simpler, more easy to understand rules. 2c. We are seeing substantially more complex instruments in connection with private equity groups' involvement with and investment in privately held businesses. Thus, simplifications would be very welcome and would save preparers substantial fees paid to consultants and to their independent auditors to analyze these instruments and reach sound, well-reasoned conclusions. 3. Performance Reporting - Disaggregation of Performance Information 3a. The statement of income is too highly summarized and should be required to show additional captions for key expense items that comprise cost of revenues and selling, general and administrative expenses. Investors would be much better informed about a reporting entity's performance if additional details about important expenses were disaggregated in the body of the statement of income. 3b. Additional captioning would not be very costly, even for privately held businesses because many such businesses already include supplementary information that contains this information. The tricky part of this project would be using a one-size fits all solution since each distinct industry may have specific metrics that would be unique to them. A better approach would be to establish a set of requirements for all entities (such as depreciation and amortization, research and development, salaries and related expenses, etc.) and indicate that management should provide additional details based on the captions that factor most prominently in their management decision-making process. 3c. This is not that urgent as the problem is longstanding, has been attempted to be traversed in the past, and will take a substantial amount of due process to undertake. 4. Presentation of the Statement of Cash Flows 4a. I concur with other commentators that the indirect method is difficult for a reader to understand and that the direct method is far superior and should be required to be used. I also believe that two technical errors in the current standards should be fixed: i) interest income is an investing cash inflow and ii) interest expense is a financing cash outflow. These have been inexplicably misclassified since FAS 95 was originally issued and should be corrected. 4b. I believe the increase in decision usefulness of requiring the direct method far exceeds the costs of implementation. In addition, there would be offsetting savings by not	

	requiring the reporting entity to reconcile net income to net cash flows from operating activities. 4c. This could be a quick win for investors and other users as it would not take substantial deliberations to arrive at this conclusion. 5. Recognition and Measurement of Government Grants for Business Entities 5a. In connection with the recent COVID-19 CARES Act Paycheck Protection Program loans, many companies followed a nonauthoritative practice aid issued by the AICPA and applied IAS 20 to account for the loan forgiveness. It is never optimal for a U.S. reporting entity to have to analogize to another applicable financial reporting framework to account for a particular type of transaction because, in my opinion, this implies to the financial statement reader that U.S. GAAP contains an omission. 5b. Consider the pros and cons of converging or substantially converging with IAS 20 or, alternatively, start with a "blank sheet" and deliberate regarding an entirely new model for U.S. GAAP. 5c. If the pandemic persists, it is possible that there will be successive rounds of Congressional economic stimulus for which it would be best to have a single, consistent model followed by all recipients of the stimulus.	
Are there topics in this ITC that the Board should not address as part of its future standard-setting efforts? Please explain your rationale, such as there is no pervasive need to change GAAP, the scope would not be identifiable, or the expected benefits of potential solutions would not justify the expected costs.	Topics listed in the ITC that either should not be addressed or that should be given a low priority include: 1. Intermediate operating measures for NFPs - because there are too many different types of NFPs, some of which such a measure would not provide useful information and would add cost. 2. Financial key performance indicators (KPIs) or non-GAAP metrics - Specifically, non-GAAP metrics should not be "blessed" by the Board. By inference, management, often nefariously, uses such measures to "change the subject" from their companies' poor GAAP performance. The whole issue of non-GAAP metrics is best left in the hands of the SEC to protect investors from their misuse. 3. ESG-Related Transactions - I simply cannot conceive, currently, of a cost-effective way for current financial information systems to capture complete and reliable information, 4. Intangible Assets Including Software - This could be prioritized as a longer-term project. It is troublesome that companies that grow through acquisitions are permitted to capitalize a whole swath of intangibles that companies that grow organically are not permitted to capitalize. The low-hanging fruit on this project would be to treat all IPR&D in the same manner as is now required for business combinations. 5. Balance Sheet Classification - Given that this is a project recently removed from the agenda, there is no compelling	Completed

	reason to start over.. 6. Consolidation - VIEs have been "fixed" for private companies with the recently effective exception for commonly controlled private entities. From the standpoint of all entities, however, there is no compelling reason to have two distinct consolidation models and, in the long-term, the Codification could be vastly improved by the Board devising a single model for determining whether an entity possesses a controlling financial interest in another entity.	
Are there any financial reporting topics beyond those in this ITC that should be a top priority for the Board to address? Please describe: a. The nature of the topic b. The reason for the change c. Whether the topic is specific to a subset of companies, such as public companies, private companies, or NFPs, or specific to a certain industry c. How the Board should address this topic (that is, the potential project scope, objective, potential solutions, and the expected costs and benefits of those solutions) d. What the urgency is of the Board completing a project on this topic (that is, how quickly the issues need to be addressed).	1a. Discontinuation of Other Comprehensive Income and Accumulated Other Comprehensive Income 1b. Representational faithfulness and understandability- i) Not widely understood by readers, ii) No conceptual support for such classification, iii) In some instances, creates artificial smoothing of earnings that hides economic volatility from the reader. 1c. Not-for-profits are out of scope, however most, if not all other commercial enterprises are potentially affected. 1d. For each financial statement item that potentially gives rise to OCI, there should be devised an alternative presentation, classification and/or disclosure solution that informs the reader regarding the substance of the transactions that were formerly recorded as OCI/AOCI. 1e. This would be a big improvement in financial reporting and would contribute mightily to simplification. Since it has festered for a long time, the Board could take the necessary time to do substantial staff outreach and research to "seed" the project. 2a. Lease accounting (as part of PIR) 2b. There is no supportable economic reason to continue to have two categories of leases from the standpoint of the lessee. All leases are financing arrangements in which the lessee has a noncancelable obligation to finance the right to use the specified leased asset and should be accounted for accordingly. The current ASC 842 still contains the vestigial ASC 840 arbitrary criteria for deciding whether a lease is a finance lease or an operating lease which should have been eliminated for the sake of simplicity and uniformity. It is indefensible that, under operating lease accounting, the "amortization" component of rent expense escalates over the term of the lease in order to "plug" rental expense to obtain straight-line treatment. This will continue the practice of management using financial engineering in tandem with their leasing company to obtain a desired result in the income statement that does not reflect the true economics. This is a case where the IASB got it right and U.S. GAAP could have done so as well. As a side issue, it is difficult to justify, conceptually, why a lease contract is different from an executory contract and the Board should give some attention to whether there is a conceptual justification for capitalizing right-of-use lease assets and not capitalizing "rights to future services" assets for executory	Completed

	contracts. 2c. This is broadly applicable to all companies and nonprofits. 2d. Eliminate the need for a lessee to classify a lease and account for all leases that exceed 12 months in length a finance leases. 2e. This is very urgent because private companies are required to adopt the new leases standard in calendar 2022.	
The objective of this ITC and the related 2021 Agenda Consultation process is to ensure that the FASB continues to allocate its finite resources to standard-setting activities that fulfill its primary mission of improving financial accounting and reporting standards and that are of the highest priority to its stakeholders. Therefore, feedback on the prioritization of projects on the FASB's technical agenda (see Appendix A) would be helpful. Do you have any feedback on the FASB's technical agenda, including the following: a. Which projects on the FASB's agenda should the Board prioritize completing? Please explain. b. Which projects, if any, should the Board	No specific feedback	Completed

deprioritize or consider removing from the agenda? Please explain. c. Which projects, if any, need to be redefined to improve the objective and/or scope? Please explain.		
Greater disaggregation and granularity of the types of financial reporting information described in Chapter 1 have been identified as decision useful to investors. The following insights would be helpful to the FASB when considering this area: a. Investors and other financial statement users—Which, if any, of the areas described in Chapter 1 should be a top priority for the FASB to consider requiring greater disaggregation—on the income statement, the statement of cash flows, or the notes to financial statements? Would this information be most useful in the financial statements or in the notes to financial statements? How would this	6b. We are privately held and not covered by analysts.	Completed

information be used to analyze a company and make capital allocation decisions? b. Preparers—What requests or questions does your company receive from analysts on the areas described within Chapter 1? Please explain any requests or questions your company has received.		
Investors and other financial statement users—What cash flow information, if any, required for your analysis is missing in a statement of cash flows prepared using the indirect method? How would this information influence your decisions and behavior? Please explain.	See my comments in Question 2, item 4 above where I advocate for discontinuation of the indirect method.	Completed
Preparers—What requests or questions, if any, does your company receive from analysts on cash flow information? Please explain.	We are privately held and not covered by analysts.	Completed
What challenges, if any, are there in applying the guidance on the definition of a derivative and the related derivative scope exceptions in Subtopic 815-10?	The area that has been most problematic for me has been the definition of when an embedded derivative is "clearly and closely related" to a host instrument. I think there may be an opportunity for more hybrid financial instruments to not be bifurcated and accounted for in the manner that the host instrument would be accounted for.	Completed

Please explain the challenges and whether and how they could be addressed through standard setting.		
Investors—How significant are holdings in digital assets, such as crypto assets, in the companies you analyze? What type of financial reporting information about holdings in digital assets do you use in your analysis of a company? How does that information influence your decisions and behaviors? If there is other financial reporting information about digital assets that would be decision useful, what is that information and why is it decision useful?		Completed
Preparers and practitioners—Does your company (or companies that you are involved with) hold significant digital assets, such as crypto assets? What is the purpose of those holdings?	I have followed Tesla Corporation who formerly accepted bitcoin as consideration for the sale of automobiles and that also held bitcoin for speculative purposes.	Completed
If the Board were to pursue a project on digital assets, which improvements are most important,	As discussed above, the most important improvement would be to permit or require mark-to-market accounting for cryptocurrencies. I'm not sure it would be cost effective to apply the guidance to other nonfinancial assets.	Completed

what types of digital assets should be included within the scope, and should this guidance apply to other nonfinancial assets?		
Are there common ESG-related transactions in which there is a lack of clarity or a need to improve the associated accounting requirements? Please describe the specific transactions and why standard setting is needed.	This is an area that I recommend relegating to a research project. There are boundary issues that could cause scope creep if this were an active standards-setting project. This would warrant an investment in staff research and outreach with the various organizations that have issued ESG reporting frameworks to judge whether any or all of the information that satisfies these frameworks intersects with the objectives of general-purpose financial reporting.	Completed
Are there common financial KPIs or metrics—either widely applicable to all companies or industry specific—that would provide decision-useful information if they were defined by the FASB? Please explain.	Users have been clamoring for years for a measure of core earnings - those earnings expected to be repeatable in the future. There are an infinite number of KPIs that could be used by companies in various industries. For insight into how these might be incorporated in corporate reporting, see "The End of Accounting and the Path Forward for Investors and Managers" by Baruch Lev and Feng Gu, published by John Wiley & Sons, 2016; Hoboken, NJ	Completed
If the FASB were to define certain financial KPIs or metrics, should all companies be required to provide those metrics or should providing those metrics be optional?	There is no one-size fits all solution to this issue. Requiring all companies in all industries to use the same KPIs would be costly and would not have a commensurate benefit since industries each have their own unique KPIs.	Completed
If the Board were to pursue a project on the recognition and measurement of government grants, should the	It depends on the nature of the grant. In the case of PPP loans and the related forgiveness, I favor the ASC 470 model for debt and do not believe that the forgiveness should be recognized until the borrower has a) met all the conditions for the loan to be fully or partially forgiven, and b) received notice of forgiveness/discharge of indebtedness	Completed

FASB leverage an existing grant or contribution model (such as the models in IAS 20 or Subtopic 958-605) or develop a new model? If you prefer leveraging an existing model, which would be most appropriate and why? If the FASB were to develop a new model, what should the model be?	from the lender and/or the Small Business Administration. Other types of grants, depending on the form they take might warrant application of a different model.	
The FASB has encountered challenges in identifying a project scope that can be sufficiently described for government grants. If the Board were to pursue a project on the recognition and measurement of government grants, what types of government grants should be included within the scope and why (for example, narrow or broad scope)?	I agree wholeheartedly about the problem of scope. There is a wide variety of government assistance available to those who qualify. It can take many forms such as: * A HUD-guaranteed mortgage * A DHS grant to install security equipment and "harden" a building that is vulnerable (such as a place of worship) *. PPP loans under the CARES act * Employee retention credits under the CARES act The problem with scope creep is best exemplified by the investment tax credit, a vintage credit that used to be available to companies investing in fixed assets up to a specified maximum in a given tax year. While this certainly can be characterized as a government grant, GAAP has historically accounted for it as a component of the income tax provision (benefit). The same with research and experimentation credits under IRC section 41 or low-income housing tax credits under IRC section 42. Perhaps the scope can exempt any government assistance that is enacted by a state,local, or federal government in connection with income tax policy whereby the benefits derived from the government are applied as a reduction in the reporting entity's income tax liability due to the granting jurisdiction.	Completed
The FASB has encountered challenges in identifying a project scope that can be sufficiently described for intangible assets. If the Board were to	I believe that there should be a "baby step" by tackling, in a limited scope project, in-process research and development to harmonize the recognition and measurement between companies that grow by acquisition with those that grow organically.	Completed

pursue a project on intangible assets, what types of intangible assets should be included within the scope and why? Within that scope, should a project on intangible assets be primarily focused on improvements to recognition and measurement or to disclosure?		
What challenges, if any, exist in applying the capitalization thresholds in Subtopics 350-40 and 985-20? What improvements, if any, could be made to the software capitalization guidance to overcome those challenges? Should there continue to be a capitalization threshold when accounting for software depending on whether it is for internal use or whether it is to be sold, leased, or otherwise marketed? Please explain.	It would probably be worthy to remove the distinction between internal-use software and software to be sold, leased, or otherwise marketed. As pointed out in the ITC, the current rules for the latter result in too few costs being capitalized and also are difficult to apply because of the subjectivity regarding the determination of technological feasibility. One improvement that might be contemplated regarding internal-use software has to do with the various phases of development. Using modern agile software development methodologies, the various phases are not as distinct or measurable as they were when the standard was first written. Consideration should be given to capitalizing costs based on their nature rather than by both nature and timing.	Completed
Should the Board prioritize a potential project on current and noncurrent classification of assets and/or liabilities in a classified balance sheet? If yes, what should be the	In my practice, I just don't see this as being an issue that merits attention.	Completed

scope? Please explain.		
Should the Board prioritize a potential project to simplify the consolidation guidance in Topic 810? Please explain why or why not. If yes, should the approach focus on targeted improvements or a holistic review of Topic 810?	Because I practice in the realm of private companies, the non-understandability of VIE accounting is no longer an issue for my clients. However, former FIN 46(R), for which multiple projects have made targeted improvements is unsalvageable as written and the clarity of the Codification would be greatly enhanced in its absence. Thus, I favor a holistic review of Topic 810 and the development of a single, understandable, straightforward consolidation standard that eliminates jargon such as: * Additional Subordinated Financial Support * De facto principals and agents * Primary beneficiary (I recognize that the preparer can and should substitute the word "parent") * Variable interest entity (I recognize that the preparer can and should substitute the word "subsidiary") The goal would be to come up with an understandable standard that has a single definition of when one company has a controlling financial interest in another company.	Completed
What challenges, if any, exist in accounting for debt modifications in accordance with the guidance in Subtopic 470-50, Debt—Modifications and Extinguishments? Please explain the challenges and how they could be overcome through standard setting.		Completed
Stakeholders noted many challenges in applying the liabilities and equity guidance, but they had mixed views on how the Board should improve the accounting for financial instruments with characteristics of equity. The Distinguishing Liabilities from	I confess that when, infrequently, I have conducted research in this area, I have been totally befuddled by the various models and the types of instruments to which they apply. The only opinion I can offer is that there be a comprehensive approach, starting with a "blank sheet of paper", to simplify this area if possible so that there are simple, straightforward and understandable criteria for recognizing, measuring and classifying instruments that have characteristics of equity and liabilities.	Completed

Equity Phase 2 project is intended to align the two existing indexation models in Topic 480 and Subtopic 815-40. Should the Board continue pursuing this project in its current scope and objective, or does the Board need to reevaluate this project? Please explain why or why not and if the project scope and objective need to be reevaluated, what should the approach be?		
How helpful would it be in evaluating disclosure materiality if the materiality guidance in paragraph 105-10-05-06 that "the provisions of the Codification need not be applied to immaterial items" was repeated in the Disclosure Section of each Codification Subtopic? Please explain.	I'm not sure how helpful this would be. I already knew this from having read the original, brown-covered FASB statements when they were issued prior to their becoming codified and have always assumed this to be the case. This is one of the most daunting challenges in accounting as the notes to the financial statements have become so voluminous and complex as to potentially render the financial statements as being misleading since important information can be lost "in the noise". Much of the disclosure that currently resides in financial statements is included so that the accounting firm that compiles, reviews, or audits the financial statements cannot be accused of being associated with financial statements that omit GAAP-required disclosures which might give rise to professional liability claims. There would have to be some sort of "safe harbor" on which the preparer could rely in deciding whether to include or exclude a disclosure and I can't see a workable way of devising such a safe harbor.	Completed
Which, if any, of the FASB processes described in Chapter 4 of this ITC could be improved? Please explain your rationale for each, including the following: a. Why that	1a. Codification accessibility - To provide needed context and interpretive guidance, the codification should include: i. Background and reasons for conclusions ii. FASB Staff Q&As iii. TRG minutes and materials 2a. Establishing a new interpretive process to respond to stakeholder questions that do not require amendments to the Codification but that would be published and retrievable. This would take the AICPA out of the business of impinging on the FASB's jurisdiction over accounting standards and enable quick turnaround guidance when conditions change.	Completed

process needs improvement b. How the FASB should improve that process c. What the urgency is of that process improvement.	2b. This could be a good way to re-deploy the EITF. 2c. As long as the standards-setting process continues to take as long as it does, this is urgently needed to respond to the velocity of change.	
Please provide any additional comments on the Invitation to Comment:	I very much appreciate your hard work and the delicacy of balancing the competing needs of varying stakeholders, many of whom have a voracious appetite for more information that they do not have to directly pay for providing!	Completed
Please provide any comments on the electronic feedback process:		Completed