

December 4, 2017

Ms. Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update—*Consolidation (Topic 812)*—*Reorganization*

(File Reference No. 2017-280)

Dear Ms. Cospers:

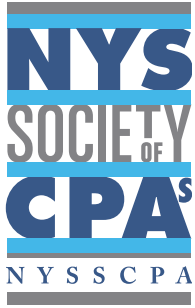
The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 26,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Margaret A. Wood, Chair of the Financial Accounting Standards Committee, at (201) 401-7844, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Harold L. Deiters III
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

**COMMENTS ON
*PROPOSED ACCOUNTING STANDARDS UPDATE—CONSOLIDATION (TOPIC 812)—
REORGANIZATION***

(File Reference No. 2017-280)

December 4, 2017

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Ernest J. Markezin

New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Consolidation (Topic 812)—Reorganization* (File Reference No. 2017-280)

General Comments

We welcome the opportunity to respond to the Financial Accounting Standards Board’s (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update—*Consolidation (Topic 812)—Reorganization* (Proposed Update).

We agree that the Proposed Update meets the goal of clarification. It is easier to understand and navigate than Topic 810. In regard to Question 2 “Consolidation of Entities Controlled by Contract” we believe this could be applicable to for-profit entities as well as not-for-profit entities. We have provided our response to Question 2, and to the other specific questions included in the Proposed Update, below.

Specific Comments

Question 1: Would the reorganization of Topic 810 into a new Topic 812 with separate Subtopics for VIEs (Subtopic 812-20) and voting interest entities (Subtopic 812-30) be easier to understand and navigate? If not, please explain what other approaches the Board should consider.

Response: We agree the proposed reorganization of Topic 810 into a new Topic 812 with separate Subtopics for VIEs and voting interest entities is easier to understand and navigate.

Question 2: Is the guidance for “Consolidation of Entities Controlled by Contract” applicable only for not-for-profit entities and, thus, should be within Topic 958? If not, please explain why.

Response: There are situations in which the entity controlling another entity by contract is not a not-for-profit entity. For example, many Chinese public companies listed here in the U.S. operate their entities in China by contract, making them a VIE since they cannot be owned by a foreign entity. Another example is where a physician practice management entity contracted to manage a physician practice could be a for-profit management entity. We believe that the guidance in the Proposed Update should clarify that should such arrangements exist, a for-profit entity would follow the guidance in ASC 812.

Question 3: Is the consolidation guidance for research and development arrangements currently in Subtopic 810-30 not used in practice and, therefore, should be superseded? If not, please explain why or why not and the types of transactions that may still be within the scope of that Subtopic.

Response: We have not encountered an arrangement accounted for under this subtopic, so superseding seems appropriate. However, we defer to other responders who have had experience with arrangements accounted for under this subtopic.

Question 4: Are there any areas or items in proposed Topic 812 that, as reorganized or clarified, are difficult to understand? If so, please describe the areas or items and explain why they are difficult to understand.

Response: Based upon our reading of the proposed Topic 812, we did not identify any areas or items that were difficult to understand.

Question 5: Given that the Board does not anticipate changes to accounting for consolidation or changes in outcomes reached as a result of the amendments in this proposed Update, should transition guidance be provided? If so, please explain what changes in this proposed Update may cause changes in practice or outcomes.

Response: We agree with the Board that transition guidance is not required.

Question 6: Do you agree with the proposed transition requirements in paragraph 812-30-65-1? If not, what transition approach would be more appropriate?

Response: We agree with the proposed transition requirements in paragraph 812-30-65-17.

Question 7: Should a reporting entity be required to provide the transition disclosures specified in the amendments in this proposed Update? Should any other disclosures be required? If so, please explain why.

Response: We believe disclosure requirements in paragraphs 250-10-5-1&2 are sufficient.

Question 8: Should the effective date be the same for both public business entities and entities other than public business entities?

Response: Considering the points noted in Question 5, we do believe the effective date should be the same for both public business entities and entities other than public business entities.

Question 9: How much time would be needed to implement the proposed amendments? Should entities other than public business entities be provided with more time? If so, how much more time?

Response: Because there is little to no change anticipated in practice or outcomes, we expect that the time needed to implement the proposed amendment should not be significant.