March 29, 2016

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

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update—*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (a consensus of the FASB Emerging Issues Task Force)

(File Reference No. EITF-15F)

Dear Ms. Cosper:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 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 Craig T. Goodman, Chair of the Financial Accounting Standards Committee at (212) 303-1058, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

N Y S S C P A
N Y S S C P A

Joseph M. Falbo, Jr.
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE—*STATEMENT OF CASH FLOWS (TOPIC 230): CLASSIFICATION OF CERTAIN CASH RECEIPTS AND CASH PAYMENTS* (A CONSENSUS OF THE FASB EMERGING ISSUES TASK FORCE)

(File Reference No. EITF-15F)

March 29, 2016

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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update— ***Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*** **(a consensus of the FASB Emerging Issues Task Force)**

(File Reference No. EITF-15F)

General Comments

We are pleased to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on the Proposed Accounting Standards Update – *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (a consensus of the FASB Emerging Issues Task Force) (proposed Update).

Specific Comments

We have the following responses to the questions posed in the proposed Update along with suggestions for the FASB's consideration.

Question 1: Should cash payments for debt prepayment or extinguishment costs be classified as cash outflows for financing activities? If not, what classification is more appropriate and why?

Response: Yes, we agree.

Question 2: Should the cash payment made at the settlement of a zero-coupon bond be separated and classified as follows: the portion of the cash payment attributable to the accreted interest as cash outflows for operating activities, and the portion of the cash payment attributable to the principal as cash outflows for financing activities? If not, what classification is more appropriate and why?

Response: Yes, we agree.

Question 3: Should cash payments made by an acquirer that are not paid soon after a business combination for the settlement of a contingent consideration liability be separated and classified as follows: the payments, or portion of the payments, up to the amount of the contingent consideration liability recognized at the acquisition date as cash outflows for financing activities, and the payments, or portion of the payments, that exceed the amount of the contingent consideration liability recognized at the acquisition date as cash outflows for operating activities? If not, what classification is more appropriate and why?

Response: Yes, we agree. Also refer to our response to Question 4 below regarding "soon after a business combination."

Question 4: Is cash flow classification guidance needed to address situations in which an acquirer makes a cash payment for the settlement of a contingent consideration liability soon after the business combination? If so, what classification is appropriate and why?

Response: We believe that cash payments made to settle a contingent consideration liability soon after the business combination should be reported as an investing activity because the timing of payment is approximate to the initial payment in the acquisition. We are requesting clarification of "soon after the business combination."

Question 5: Should the proceeds received from the settlement of insurance claims be classified on the basis of the insurance coverage (that is, the nature of the loss), including those proceeds received in a lump-sum settlement for which an entity would be required to determine the classification on the basis of the nature of each loss included in the settlement? If not, what classification is more appropriate and why?

Response: Yes, we agree.

Question 6: Should cash proceeds received from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies, be classified as cash inflows from investing activities? If not, what classification is more appropriate and why?

Response: Yes, we agree.

Question 7: Should cash payments made for premiums of corporate-owned life insurance policies, including bank-owned life insurance policies, be permitted to be classified as cash outflows for investing activities, operating activities, or a combination of investing and operating activities? If not, what classification is more appropriate and why?

Response: In our view based on facts, circumstances and the nature of the reporting entity's operations, life insurance premium payments can be classified in any of the categories noted. Therefore, we believe the classification is an accounting policy that, if material, should be disclosed in the notes to the financial statements.

Question 8: Should distributions received from an equity method investee when an investor applies the equity method be presumed to be returns on investment and classified as cash inflows from operating activities unless the investor's cumulative distributions received less distributions received in prior periods that were determined to be returns of investment exceed cumulative equity in earnings recognized by the investor? When such an excess occurs, should the current-period distribution up to this excess be considered a return of investment and classified as cash inflows from investing activities? If not, what approach is more appropriate and why?

Response: Yes, we agree on both questions.

Question 9: Should a transferor's beneficial interest obtained in a securitization of financial assets be disclosed as a noncash activity? If not, what treatment is more appropriate and why?

Response: Yes, we agree.

Question 10: Should cash receipts from payments on a transferor's beneficial interests in securitized trade receivables be classified as cash inflows from investing activities? If not, what classification is more appropriate and why?

Response: Yes, we agree.

Question 11: Is the additional guidance that clarifies when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgment is required to estimate and allocate cash flows) and when an entity should classify the aggregate of those cash receipts and payments into one class of cash flows on the basis of predominance understandable and operable? If not, please explain why and what additional guidance would be more appropriate.

Response: Yes, we agree.

Question 12: Should the proposed amendments for all eight cash flow issues be applied using a retrospective transition method? If not, what transition approach is more appropriate and for which specific cash flow issues and why?

Response: See response to Question 13.

Question 13: Should the proposed amendments include a provision that if it is impracticable for some of the amendments to be applied using a retrospective transition method, then those amendments would be applied prospectively as of the earliest date practicable? Why or why not?

Response: We believe that the proposed amendments should be adopted using a retrospective transition method, and include a provision that if it's impracticable for some of the amendments to be applied using a retrospective transition method those amendments would be applied prospectively as of the earliest date practicable.

Question 14: Should an entity be required to provide the transition disclosures specified in the proposed Update? Should any other transition disclosures be required? If yes, please explain what transition disclosures should be required and why.

Response: We agree with the transition disclosures in the proposed Update, and believe it should include disclosure of provisions, if any, of the amendment that were impracticable to apply retrospectively by the reporting entity.

Question 15: How much time will be necessary to implement the proposed amendments? Do entities other than public business entities that are required to present a statement of cash flows under Topic 230 (that is, private companies and not-for-profit entities, but not employee benefit plans) need additional time to apply the proposed amendments? Why or why not?

Response: We believe entities, other than public business entities, should be permitted additional time to apply the proposed amendments. This will allow more time for such entities to gather necessary information related to the adoption of the proposed amendments.

Question 16: Should early adoption be allowed?

Response: Yes, we agree.