

May 1, 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—*Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*

(File Reference No. 2017-200)

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.

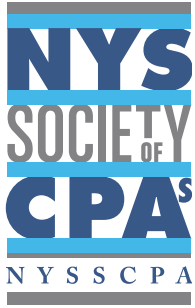
The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Craig T. Goodman, Chair of the Financial Accounting Standards Committee, at (212) 324-7048, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

A handwritten signature in blue ink that reads "F. Michael Zovistoski". The signature is written over a faint, semi-transparent watermark of the NYSSCPA logo.

F. Michael Zovistoski
President

Attachment



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

COMMENTS ON

**PROPOSED ACCOUNTING STANDARDS UPDATE—*DEBT (TOPIC 470):
SIMPLIFYING THE CLASSIFICATION OF DEBT IN A CLASSIFIED BALANCE SHEET
(CURRENT VERSUS NONCURRENT)***

(FILE REFERENCE NO. 2017-200)

May 1, 2017

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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*

(File Reference No. 2017-200)

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— *Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)* (the Proposal).

Where We Agree

We agree with the Board's decision to include waivers of debt covenant violations obtained after the balance sheet date but before the financial statements are issued (or are available to be issued) as a criteria to be considered in the conclusions regarding debt classification, which is consistent with existing GAAP. We believe that the Board's decision to separately present debt classified as a noncurrent liability in a classified balance sheet when a waiver of debt covenant violations is obtained after the balance sheet date but before the financial statements are issued (or are available to be issued) is reasonable as it highlights the fact that a debt covenant waiver was obtained, rather than ensconce as a disclosure in the notes to the financial statements.

Where We Disagree

We do not support the Board's Proposal to exclude, as a noncurrent liability in a classified balance sheet, long-term refinancing after the balance sheet date but before the financial statements are issued (or are available to be issued). We believe that this proposal would fail to present a debt classification that is relevant to the entity's actual debt arrangement(s). The usefulness of information to the users of financial statements would be greatly diminished if the Board were to require the presentation of arrangements that are no longer relevant, and we believe that the most current information regarding the current or non-current status of an actual debt arrangement presents far more relevant information.

Various factors and processes involved in the refinancing of debt, in many circumstances, take place over an extended period of time and require the involvement of third parties. Lenders, legal advisors, and others, that are outside the control of the entity seeking long-term refinancing, frequently causes the agreement to be finalized after the balance sheet date, but before the financial statements are issued (or available to be issued). In many situations these conditions existed at, and prior to, the balance sheet date. The final refinancing arrangement is itself the culmination of business and legal negotiation that existed over a relatively long period of time, a significant part of which may take place prior to the balance sheet date. In our view, these factors should be considered and evaluated individually on a contextual basis, rather than applying an

overall presumption that all refinancing transactions are the same. Furthermore, we do not believe that this area of existing GAAP is misunderstood or prone to diversity of practice.

Our Conclusion

Our position is consistent with that of some Private Company Counsel members, as described in BC 18 of the Proposal, and therefore, we support the retention of current GAAP in its entirety, and suggest that the Board remove this Proposal from its agenda.