July 29, 2026

Mr. Terry K. Patton
Chair
Federal Accounting Standards Advisory Board
441 G Street, NW
Washington, DC 20548

Dear Mr. Patton,

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board (FASAB or "the Board") Exposure Draft (ED) of the proposed Statement of Federal Financial Accounting Standards (SFFAS), titled *Embedded Leases Practical Expedient.*

The GWSCPA consists of approximately 3,600 members, and the FISC includes GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity to share our views.

Our responses to the ED questions are listed below.

Q1. Do you agree or disagree with the proposed practical expedient reflected in paragraph 3? The practical expedient would be inserted as a new sub-topic, paragraphs 77A-77F, under the "Contracts or Agreements with Multiple Components" topic of SFFAS 54, *Leases*. Please provide reasons for your views, including any suggested revisions.

A1. The FISC generally agrees with the proposed practical expedient reflected in paragraph 3 for the reasons stated in the ED.

Q2. Do you agree or disagree with the proposed conforming amendments to paragraphs 73, 74, 76, and 79 of SFFAS 54, as reflected in paragraphs 4-6? These amendments are not intended to affect how the extant standards would be applied to contracts or agreements that are ineligible for the practical expedient. Please provide reasons for your views, including any suggested revisions or alternative/additional conforming amendments.

A2. The FISC generally agrees with the proposed conforming amendments to paragraphs 73, 74, 76, and 79 of SFFAS 54, as reflected in paragraphs 4-6 for the reasons stated in the ED.

Q3. Do you agree or disagree with the proposed rescission of paragraphs 96A-96E of SFFAS 54 and SFFAS 62 and the proposed effective date, as reflected in paragraphs 7-8? SFFAS 62 provided a transitional accommodation for embedded leases through September 30, 2026. The proposed practical expedient would extend this relief, becoming effective for reporting periods beginning after September 30, 2026. Please provide reasons for your views.

A3. The FISC generally agrees with the proposed rescission and proposed effective date for the reasons stated in the ED.

Q4. Proposed paragraph 77C is intended to provide guidance when a contract or agreement modification changes the primary purpose of the contract or agreement from nonlease component to lease component. The Board expects such modifications would be rare. Please provide feedback on this proposal, including any known examples or observations on the frequency (or infrequency) of such modifications in practice.

A4. The FISC generally agrees with the proposed paragraph 77C that provides guidance when a contract or agreement modification changes the primary purpose of the contract or agreement from nonlease component to lease component.

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This comment letter was reviewed by the members of FISC and represents the consensus views of our members.

Very truly yours,

Sherif Ettefa

Sherif R. Ettefa
FISC Chair