

Exposure Draft Questions for Respondents (QFR) and Specific Matters for Comment (SMC)

Due: February 5, 2021

Implementation Guidance for Leases & Omnibus Amendments to Leases-Related Topics

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input checked="" type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: _____
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: _____
Individual	<input type="checkbox"/>	

Please provide your name.

Name: William Kubistal

Please identify your organization, if applicable.

Organization: Kearney & Company, P.C.

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

QFR 1 Do you generally support the proposed Statement and TR proposals as a whole? Please provide reasons for your views.

Kearney & Company, P.C. (Kearney) generally supports the proposed Statement and Technical Release proposals as a whole. The proposed changes keep the Federal Accounting Standards Advisory Board's (FASAB) treatment of leases relatively consistent with the Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB), the other two United States' accounting standard setting bodies. Shifting the focus to control of economic benefit from the underlying leased assets better captures the essence of the leasing transaction.

QFR 2 Are there specific aspects of the proposed Statement and/or TR that you disagree with? If so, please explain the reasons for your positions, the paragraph number(s), and/or topic area(s) of the proposals that are related to your positions, and any alternatives you propose and the authoritative basis for such alternatives.

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Kearney does not disagree with any specific aspects of the proposed Statement and/or TR.

**QFR 3** Are you aware of any implementation issues that are not addressed in the proposed Statement and/or TR? Do any ambiguous areas remain that could lead to challenges with implementing SFFAS 54 requirements? If so, please provide examples of the issues and any references to applicable guidance, and/or topic area(s) related to the issues, and any potential solutions you propose.

Kearney is unaware of any implementation issues that were not addressed in the proposed Statement and/or TR. Kearney did not identify any ambiguous areas that could pose a challenge to implementation.

**QFR 4** Are there specific aspects of these proposals that you favor or otherwise wish to provide comments on?

Kearney has no additional comments.

**SMC 1** Is the proposed guidance under paragraph 4 of the proposed TR applicable to federal lease scenarios to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

Kearney has not witnessed the described fact situation in a Federal lease. The proposed implementation guidance is consistent with other sections of the TR.

**SMC 2** Please provide feedback regarding the usefulness of the proposed guidance under paragraph 13 of the proposed TR and/or the extent to which you believe the proposed guidance addresses implementation issues related to federal oil and gas leases. Please describe any alternative views or suggestions for improvement.

Kearney has not witnessed the described fact situation in a Federal lease. The proposed implementation guidance is consistent with other sections of the TR.

**SMC 3** Is the proposed guidance under paragraph 95 of the proposed TR potentially applicable to intragovernmental transactions that are similar to a sale-leaseback to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the

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proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

Kearney has seen property transferred between Federal agencies, but has never witness a Federal property transfer within a sale-leaseback structure. While proposed guidance would be potentially applicable to transactions that are similar to sales-leaseback, it does not seem that this transaction transfer structure would frequently occur.

**SMC 4** Is the proposed guidance under paragraph 98 of the proposed TR applicable to existing and/or potential intragovernmental lease-leaseback transactions to your knowledge? Please provide feedback regarding the usefulness of the proposed guidance in the context of those scenarios and/or the extent to which you believe the proposed guidance addresses implementation issues under potential scenarios. Please describe any alternative views or suggestions for improvement.

The proposed guidance would be applicable to lease-leaseback transactions. The proposed guidance is useful under the proposed scenario and is consistent with the remainder of the TR. The paragraph and the remainder of the TR provide a consistent framework to address potential scenarios.