



July 27, 2023

Ms. Monica R. Valentine
Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW, Suite 1155
Washington, DC 20548

Dear Ms. Valentine:

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 *Transitional Amendment to SFFAS 54*.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 20 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views.

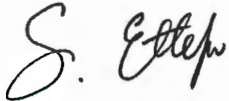
The FISC recognizes the Board’s mission to serve the public interest by improving federal financial reporting. The FISC also recognizes the challenges some reporting entities are facing in implementing SFFAS 54, *Leases*, and does not object to deferring the requirements related to “embedded leases”. However, the FISC believes that other options would address these challenges without the need for amending SFFAS 54 to provide transitional accommodations and introducing new terms. The FISC suggests the Board consider whether the nature of the challenges some reporting entities are facing relate to contracts or agreements that meet the exception discussed in paragraph 76 of SFFAS 54 and therefore can be addressed through existing guidance. If they do not meet such exception, the FISC suggests that the Board defer the effective date for the requirements related to “embedded leases” only and not provide transitional accommodations. This deferral provides reporting entities the opportunity to resolve their challenges while the Board can continue its discussion and research of the alternative approach offered by certain Board members to determine whether such approach is appropriate to achieve federal financial reporting objectives. The FISC suggests that the research effort would include topics such as (1) the determination of the impact of applying the alternative approach on the budgetary accounting and reporting for embedded leases, and (2) consideration of the potential impact on component entities and governmentwide financial statements as a result of the inconsistency in accounting and reporting of embedded leases among reporting entities when some entities follow the requirements that currently exist in SFFAS 54 while others elect the alternative approach. This

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includes instances where the lessee and lessor in an intragovernmental agreement are not consistently accounting for the lease component of the agreement.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "S. Ettifa".

Sherif R. Ettifa
FISC Chair