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Technical Director
Financial Accounting Standards Board
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CliftonLarsonAllen LLP supports the Financial Accounting Standards Board's development of a philosophy to extend and simplify how effective dates are staggered between larger public entities and all other entities by issuing the August 15, 2019, Exposure Draft, Proposed Accounting Standards Update, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*.

We welcome this new philosophy and the relief it will provide to entities that can take advantage of the delayed implementation for the Updates identified in the proposal and future Updates.

We have provided our response to the questions for respondents included in the exposure draft in the attachment. Thank for the opportunity to provide our feedback.

Sincerely,

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Attachment
Page 1

Exposure Draft: Proposed Accounting Standards Update—*Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*

CliftonLarsonAllen LLP is pleased to provide the following responses to the specific questions for respondents in the proposed Accounting Standards Update.

- 1. Is the two-bucket approach described and applied in this Update understandable? If not, please explain why.**

Yes. The two-bucket approach is understandable.

- 2. Should the population of SEC filers that are afforded a delayed effective date (that is, excluded from bucket one) be entities eligible to be SRCs as defined by the SEC? If not, what definitional threshold, if any, do you suggest and why?**

Yes. Since SRCs are currently defined by the SEC as determined by identified levels of public float that they cannot exceed, annual revenue, or both, it is reasonable to include that as a cutoff. All public business entities is a broad term that encompasses entities with various means so all do not have sufficient resources to implement a major update in the shortest available time frame. By defining bucket one entities as SEC filers as defined in the master glossary definition it carves out the more sophisticated public business entities that have the resources necessary to be the first to address new updates.

- 3. Should the determination of whether an entity is eligible to be an SRC be based on its most recent determination in accordance with SEC regulations as of the date that a final Update is issued? If not, what determination date should be applied?**

No. U.S. filers determine their SRC eligibility annually on the last business day of their most recent second quarter so it would be appropriate to use that determination related to their status for the delayed effective dates. The effective date should be the determining factor rather than the issuance date. For a calendar year entity, the SRC eligibility would be determined as of June 30 so it should be the June 30 prior to the effective date, e.g., for fiscal years beginning after December 15, 2020, it would be June 30, 2020, for the determination of eligibility to be an SRC.

- 4. Should Credit Losses be effective for entities eligible to be SRCs, private companies, not-for-profit organizations, and employee benefit plans for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years? If not, please explain why.**

Yes. The effective date for entities eligible to be SRCs, private companies, not-for-profit organizations, and employee benefit plans for fiscal years beginning after December 15, 2022, is reasonable.

No. Interim periods should not be included in the first year of implementation, instead interim period reporting should be applicable after the first fiscal year of adoption to allow for sufficient time to understand the impact and reporting for the Update.

Attachment
Page 2

5. **Should Hedging be effective for all entities other than public business entities for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021? If not, please explain why.**

Yes. We agree with the effective date for both annual reporting and interim periods.

6. **Should Leases be effective for (a) private companies, (b) not-for-profit organizations (excluding those that have issued or are conduit bond obligors for securities that are traded, listed, or quoted on an exchange or an over-the counter market), and (c) employee benefit plans (excluding those that file or furnish financial statements with or to the SEC) for fiscal years beginning after December 15, 2020, and interim periods with fiscal years beginning after December 15, 2021? If not, please explain why.**

Yes. We agree with the effective date for both annual reporting and interim periods.

7. **This question is for future major Updates and not the amendments in this proposed Update. Under the revised effective date philosophy, certain public business entities, including SRCs, and nonpublic business entities would have a deferred effective date. Should interim reporting be required in the same year as the annual financial statements or in the subsequent year for these entities when they provide interim financial statements?**

Interim reporting should be required in the subsequent year for entities, which include certain public business entities, including SRCs, and nonpublic business entities, when they provide interim financial statements.