

September 10, 2019

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

Via e-mail: [director@fasb.org](mailto:director@fasb.org)

Re: Proposed Accounting Standards Update, Financial Instruments – *Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842)*  
File Reference No. 2019-750

Dear Director:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced proposed accounting standards update issued by the Financial Accounting Standards Board (the FASB or Board). The FICPA has more than 19,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee is comprised of 20 members, of whom 35% are from local or regional firms, 25% are from large multi-office firms, 20% are sole practitioners, 5% are in international firms, 5% are in education, and 10% in industry.

Overall, the Committee agrees with the FASB's staggered adoption philosophy of granting to nonpublic and certain public business entities, including small reporting companies (SRCs), a two-year delay for adopting Accounting Standards Updates.

The Committee has the following comments related to the questions numbered below:

**Question 1:** The Committee believes that for the purpose of adopting major accounting standards updates, the two-bucket approach described in the proposed accounting standards update is understandable. Assuming that all sophisticated private companies would have an incentive to early adopt even if they are not required to do so, and given the limited amount of human and monetary resources available to most SRCs and nonpublic business entities, we agree with the Board's proposed relief to these entities through staggered adoption dates.

**Question 2:** The Committee agrees with the FASB's proposed update that the population of SEC filers that are afforded a delayed effective date be entities eligible to be SRCs as defined by the SEC and agree that this definitional threshold is appropriate for these reporting requirements.

**Question 3:** The Committee agrees with the FASB's determination that whether an entity is eligible to be an SRC should be based on its most recent determination in accordance with SEC regulations as of the date that a final accounting standards update is issued.

**Question 4:** The Committee agrees with the proposed accounting standards update that for entities in bucket two, *Credit Losses* should be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.

**Question 5:** The Committee agrees with the proposed accounting standards update that for all entities other than public business entities, *Hedging* should be effective for fiscal years beginning after December 15, 2020, including interim periods within fiscal years beginning after December 15, 2021.

**Question 6:** The Committee agrees with the proposed accounting standards update that for private entities, non-issuing non-profit organizations and employee benefit plans (as described), *Leases* should be effective for fiscal years beginning after December 15, 2020, including interim periods within fiscal years beginning after December 15, 2021.

**Question 7:** Regarding the adoption of future major accounting standards updates in the interim periods, the Committee believes that, in the interest of those smaller entities that may not have yet completed a full system implementation to apply a new accounting standard update, interim reporting should be required in the subsequent year when they provide interim financial statements (as applicable). This method of adoption is consistent with the adoption pattern of interim periods in proposed effective dates for accounting standards updates of *Derivatives and Hedging, Topic 815* and *Leases, Topic 842* for non-public business entities as well as consistent with the adoption pattern of interim periods in *Revenue from Contracts with Customers, Topic 606*.

The Committee appreciates this opportunity to respond to the Proposed Accounting Standards Update. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Allan B. Franklin, CPA, Chair  
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

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