CTCPA
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September 16, 2019

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

Submitted via email to director@fasb.org

Re: Proposed Accounting Standards Update, Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), Effective Dates
Dear Technical Director:

The Connecticut Society of CPAs (CTCPA) Auditing, Accounting & Financial Reporting Committee has reviewed the proposed Accounting Standards Update, Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), Effective Dates, issued by the Financial Accounting Standards Board (FASB). The CTCPA, representing more than 6,000 individual members in public practice, business, government and education, appreciates the work FASB has done on this topic and is pleased to have the opportunity to comment on this proposal.

Please direct any questions to CTCPA Director of Membership, Cindy Panioto at cindyp@ctcaps.org or 860-258-0213 or Bryan Decker, Chair, Accounting, Auditing & Financial Reporting Committee, bdecker@pkfod.com, or 203-323-2400 .

Sincerely,

Bryan Decker, CPA
Chairman, A, A, & FR Committee

Principal Drafters
Bryan Decker, CPA

Comment Letter no. 3/2019-750

**Responses to FASB —** Proposed Accounting Standards Update, Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), Effective Dates

**Submitted by: Bryan Decker, CPA**
**Submitted on behalf of: Connecticut Society of Certified Public Accountants**

**Question 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

**Question 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?*

It seems reasonable that SRCs as defined by the SEC be eligible for the delayed effective date.

**Question 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?*

Yes, an entity's eligibility to be an SRC for applying the delayed effective date should follow the entity's ability to qualify as a SRC based on SEC regulations.

**Question 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, additional time to implement the new credit losses guidance should be provided to SRCs, private companies, not-for-profit organizations, and employee benefit plans.

**Question 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, additional time to implement the new hedging guidance should be provided to SRCs, private companies, not-for-profit organizations, and employee benefit plans.

**Question 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 within fiscal years beginning after December 15, 2021? If not, please explain why.*

Yes, additional time should be provided to implement the new leasing standard for several reasons. 1) For entities to obtain the information necessary to perform calculations 2) For entities to evaluate and obtain software if required 3)

For entities to make necessary inquiries with lenders as to effect on loan covenants, if applicable. The delayed effective date should also be extended to SRCs, conduit bond obligors, and employee benefit plans.

**Question 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 effective for the subsequent year's interim financial statements.