

September 16, 2019

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

Via Email: director@fasb.org

From: Tim Chatting

Re: File Reference No. 2019-750

Thank you for the opportunity to comment on the Proposed Accounting Standards Update, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*. I am a preparer of financial statements for a privately-owned company in the technology industry with annual revenue of approximately \$2 billion. My current role is focused on accounting policy, technical research, and implementation of accounting standards updates. The views provided in this comment letter are my own and do not necessarily represent those of my employer.

I support the proposed delay in the effective dates for these Topics. Changes in information technology are being implemented for both the revenue recognition and leases standards and available resources are constrained. Private companies need more time to successfully implement the new guidance for leases and credit losses.

In addition, it would be helpful if the FASB could use the extended time to develop examples that illustrate how the new credit loss model might be applied to net investments in sales-type leases, particularly the requirements to consider reasonable and supportable forecasts and the mitigating effect of the underlying assets that would be taken back by the lessor in the event of default. Private companies that enter into long-term leases as an alternative and less frequent means of selling their products to customers may find these requirements challenging to implement in a practical way.

Responses to the Board's specific questions are provided below.

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

Response to Question 1: Yes. The determination of whether an entity is a public business entity can be complex in some situations. Using SEC filers as the starting point under the proposed approach should reduce complexity.

Questions 2 and 3 have been omitted.

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.

Response to Question 4: Yes.

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.

Response to Question 5: Yes.

Question 6: Should Leases be effective for (a) private companies, (b) non-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.

Response to Question 6: Yes.

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?

Response to Question 7: As a preparer, I appreciate the flexibility to not provide interim reporting under the amended guidance until the subsequent year with the ability to early adopt in the same year as the annual financial statements. It is my view that this is the best approach, as a general rule, for future major Updates; however, it may make sense to address this question on an Update-by-Update basis. Depending on the specific requirements of the Update and the data that needs to be captured, it could be advantageous for preparers to adopt in the first interim period in the same year as the annual financial statements in certain situations.

If preparers are allowed to provide interim reporting under the amended guidance for the first time in the subsequent year, it would be helpful if the FASB could clarify whether any comparative financial information included in the first interim report must be adjusted under the amended guidance or whether it is permissible to include the comparative information without adjustment as previously reported.

Regards,
Tim Chatting, CPA