



The Association of  
Accountants and  
Financial Professionals  
in Business

September 18, 2019

Mr. Shayne Kuhaneck, Acting Technical Director  
Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

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

Dear Mr. Kuhaneck:

The Financial Reporting Committee (FRC) and the Small Business Committee (SBC) of the Institute of Management Accountants (IMA) are writing to share their views on the Financial Accounting Standards Board's (Board or FASB) Exposure Draft of the Proposed Accounting Standards Update (ED), *Financial Instruments – Credit Losses (Topic 326), Hedging (Topic 815), Leases (Topic 842): Effective Dates*.

The IMA is a global association representing over 140,000 accountants and finance team professionals. Our members work inside organizations of various sizes, industries and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities, and multinational corporations.

The FRC is the financial reporting technical committee of the IMA. The Committee includes preparers of financial statements for some of the largest companies in the world, representatives from the world's largest accounting firms, valuation experts, accounting consultants, academics, and analysts. The FRC reviews and responds to research studies, statements, pronouncements, pending legislation, proposals, and other documents issued by domestic and international agencies and organizations. Additional information on the FRC can be found at [www.imanet.org](http://www.imanet.org) (About IMA, Advocacy, Financial Reporting Committee).

The SBC addresses issues that impact small and medium-sized organizations. On behalf of IMA's members, the SBC engages and suggests solutions to standard-setters and regulatory agencies such as the FASB, Securities and Exchange Commission, International Accounting Standards Board, Small Business Administration, American Bankers Association, Internal Revenue Service, and others. Additional information on the SBC can be found at [www.imanet.org](http://www.imanet.org) (About IMA, Advocacy, Small Business Committee).

The Committees support the proposed deferral of the effective dates for Credit Losses, Hedging and Leases as proposed in the ED. The additional time will allow nonpublic companies to absorb the lessons learned from public companies in implementing these major new standards. Accordingly, we agree with the Board's two-bucket approach as described in the ED.

SBC members note that many private companies do not use generally accepted accounting principles (GAAP) financials to run their businesses. These companies typically convert internal use financial statements at year end to GAAP for external reporting. They rely on their auditors or external CPAs to keep them advised of changes to GAAP that affect them. Further, SBC members observe that private companies and not for profit entities (NFPs) often use public company financial statements post adoption



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of new standards as a guide during implementation. The deferred effective dates give these entities more time to review public company financial statements. Major standards, like Leases, that have been challenging for large public companies overwhelm resources at private companies and NFPs.

We would be pleased to discuss our comments with the FASB or its staff at your convenience.

Sincerely,

A handwritten signature in blue ink that reads "N. Schroeder".

Nancy J. Schroeder, CPA  
Chair, Financial Reporting Committee  
Institute of Management Accountants  
[nancy@beaconfinancialconsulting.com](mailto:nancy@beaconfinancialconsulting.com)

A handwritten signature in blue ink that reads "Heather Bain".

Heather Bain, CPA, MBA, CMA  
Chair, Small Business Committee  
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[heather@baincpafirm.com](mailto:heather@baincpafirm.com)