



2101 Wilson Boulevard, Suite 700, Arlington, VA 22201-3060 • (703) 522-1820 • (703) 522-1885 Fax • NDIA.org

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National Defense Industrial Association

Technical Director -- File Reference No. 2020-300
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
director@FASB.org

VIA EMAIL: director@FASB.org

File Reference: Accounting Standards Update, Deferral of the Effective Date for Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)

The National Defense Industrial Association (NDIA) is a 501(c)(3) educational nonprofit that engages thoughtful and innovative leaders to promote the best policies, practices, products, and technology for warfighters and others who ensure the safety and security of our nation. NDIA drives strategic national security dialogue by identifying key issues and leveraging the knowledge and experience of its members to address them. For more than 100 years, NDIA has provided a platform for leaders in the military, government, industry, and academia to collaborate and provide solutions to advance the national security and defense needs of the nation.

We appreciate the opportunity to comment on the decision to allow an extra year to implement Topic 606 only for franchisors that are not public business entities. **We urge the FASB to extend this extension to all non-profit entities covered under Topic 606.**

The national pandemic has significantly impacted liquidity and revenue streams for non-profit operations. Like many other institutions impacted by COVID-19, several NDIA contractual revenue streams have drastically declined. We expect it will take months to negotiate new and revised contracts for future revenue streams. NDIA is further limited by a substantial loss of revenue due to COVID-19's impact on our operations. Effectively assessing and evaluating the elements of 606 given the extreme volatility of major revenue contracts is currently infeasible. Without reasonable relief, NDIA will need to transition staff and resources from our critical warfighter and defense industrial base missions in order to comply with Topic 606 for the Fiscal Year ending on September 30, 2020.

Absent relief, Topic 606 will amplify the significant negative financial impact the virus has imposed on non-profits, adding to the pressure caused by a substantial reduction in cash flow and further limiting our association's ability to provide services to our members and America's warfighters. Given the unanticipated material impact of COVID-19 on both operations and financial position, NDIA urges you to quickly adopt a non-profit entity one-year deferral for Topic 606's effective date. We commend the FASB's efforts to assist non-profits to effectively maintain operations while remaining on course for successful implementation of the GAAP.

Sincerely,

Herbert J. Carlisle
General, USAF (Ret)
President and CEO