April 27, 2020

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

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update—*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*

(File Reference No. 2020-300)

Dear Mr. Kuhaneck:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 23,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed accounting standards update and prepared the attached comments. If you would like additional discussion with us, please contact Jeffrey A. Keene, Chair of the Financial Accounting Standards Committee, at (732) 750-0900, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Ita M. Rahilly
President

Attachment

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE—*REVENUE FROM CONTRACTS WITH CUSTOMERS (TOPIC 606) AND LEASES (TOPIC 842): EFFECTIVE DATES FOR CERTAIN ENTITIES*

(File Reference No. 2020-300)

April 27, 2020

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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update—*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*

We welcome the opportunity to respond to the Financial Accounting Standards Board's (FASB or the Board) invitation to comment on Proposed Accounting Standards Update—*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities* (proposed Update).

General Comments

The COVID-19 pandemic and the related shelter-in-place and stay-at-home orders issued throughout the United States and many other countries have significantly altered the way most entities conduct their operations. We appreciate the FASB's attention and proactive response to provide relief in the form of deferring the effective dates of these Topics.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act in the United States and similar legislation by other countries provide novel and unprecedented programs to protect and stimulate the economy. We look forward to the FASB addressing the accounting for such programs currently not addressed in accounting standards. We are discouraged that certain changes to accounting principles were legislated through the CARES Act, including optional deferral of the effective date for FASB Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and suspension of Troubled Debt Restructuring for certain institutions. We do not agree with legislative involvement in the accounting standard setting process and suggest that FASB publicly address this issue.

COVID-19 is impacting all facets of the economy and the effects on financial reporting will be far-reaching. We hope the FASB will stay vigilant and pragmatic in responding to these challenges. We are encouraged by the discussions from the FASB related to relief on lease modifications and hope, when necessary and appropriate, the FASB will provide similar relief to other accounting standards.

Our responses to the Questions for Respondents are as follows.

Revenue from Contracts with Customers

Question 1: Should the effective date of Revenue for franchisors that are not public business entities be optionally deferred to annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020? Please explain why or why not.

Response: We support the optional deferral of Topic 606 for franchisors that are not public business entities. We note that a research project has been added specifically to address certain concerns that the franchising industry has raised, and we believe it is prudent, when possible, to avoid multiple changes in the way revenue is recognized. The optional deferral will allow identified franchisors the opportunity to adopt Topic 606 with such matters finalized.

Further, we support an optional deferral of one year for all entities that have not yet reported under Topic 606. We believe many "other than public business entities" did not fully commence their Topic 606 adoption efforts until the end of or after their fiscal year, and the timeliness of their reporting will be negatively affected by the disruptions caused by COVID-19.

Question 2: Is the scope of the Revenue deferral (franchisors that are not public business entities) clear? If not, please explain why.

Response: We believe the scope of the Revenue deferral is clear.

Leases

Question 3: Should Leases be effective for entities in the "all other" category (such as private companies and private NFP entities) for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022? Please explain why or why not.

Response: We believe an additional deferral is appropriate for the identified entities. The full impact of COVID-19 is not yet known but likely will negatively impact resources these entities have for the adoption of Topic 842.

Question 4: Should Leases be effective for NFP entities 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 that have not yet issued financial statements for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years? Please explain why or why not.

Response: We believe Leases should be deferred for fiscal years beginning after December 15, 2019. Our perspective, confirmed in the basis for conclusions, is that many of these entities have year-ends that are not December 31 and many of these entities have not completed their adoption assessment. Further, many of these entities are directly impacted by COVID-19 and are focusing their resources on responding to the pandemic.