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April 28, 2020

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

File Reference No. 2020-300

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

Dear Mr. Kuhaneck:

Deloitte & Touche LLP is pleased to comment on the FASB's proposed Accounting Standards Update (ASU), *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) – Effective Dates for Certain Entities*.

We support the Board's proposal to provide a limited deferral of the effective dates of the following Accounting Standards Updates (including amendments issued after the issuance of the original Updates) to provide immediate, near-term relief for certain entities for whom these Updates are either currently effective or imminently effective:

1. Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606) (Revenue)*
2. Accounting Standards Update No. 2016-02, *Leases (Topic 842) (Leases)*.

However, we believe certain aspects of the proposed ASU may not be sufficiently clear, as further described below.

Revenue from Contracts with Customers

We found the proposed amendment to paragraph 606-10-65-1 difficult to comprehend because of the order of key phrases and the interaction with paragraph 606-10-65-1(b). We recommend that the Board conform its drafting in Revenue to the wording of the Leases deferral. Specifically, we would propose the following changes to item (1) of paragraph 606-10-65-1 (recommended changes in **bold** and ~~struck-out~~):

An entity that is a franchisor and is not a public business entity **that has not yet issued financial statements or made financial statements available for issuance as of [the exact date that a final Update on effective dates for certain entities is issued, for example, May 31, 2020] and that would otherwise apply paragraph 606-10-65-1(b)**, may elect to apply the pending content that links to this paragraph for annual reporting

periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020 ~~in financial statements for fiscal years that have not yet been issued or made available for issuance as of [the exact date that a final Update on effective dates for certain entities is issued, for example, May 31, 2020].~~

In addition, we would propose the following changes to the first sentence of item (b) of paragraph 606-10-65-1 (recommended changes in **bold**):

All other entities **(with an exception for those entities that apply the election in paragraph 606-10-65-1(l))** shall apply the pending content that links to this paragraph for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

If the amendment to paragraph 606-10-65-1 is adjusted as shown above, we believe the scope of the Revenue deferral will be sufficiently clear.

Leases

In the Basis for Conclusions, the Board acknowledged that certain public NFP entities¹ provide interim financial information or interim financial statements in the Electronic Municipal Market Access system, which is made publicly available. While the Board acknowledged this fact, it remains unclear whether the act of making of this information available does or does not represent an entity having “issued financial statements or made financial statements available for issuance” as that phrase is proposed in paragraph 842-10-65-1(a). We recommend that the Board clarify its intent regarding the applicability of the deferral to these entities when interim financial information has been made available but does not present complete financial statements prepared in accordance with U.S. GAAP.

We appreciate the opportunity to comment on the proposed ASU. If you have any questions concerning our comments, please contact Robert Uhl at (203) 761-3152 or Sandie Kim at (415) 783-4848.

Yours truly,

Deloitte & Touche LLP

cc: Robert Uhl
Sandie Kim

¹ Not-for-profit 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.