



National Association of College and University Business Officers
1110 Vermont Avenue, NW, Suite 800, Washington DC 20005-3544
T 202.861.2500 F 202.861.2583
www.nacubo.org

April 27, 2020

Technical Director, File Reference no. 2020-300
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Re: Project No. 2020-300

Dear Technical Director,

On behalf of the National Association of College and University Business Officers (NACUBO), we submit the following comments on the Proposed Accounting Standards Update (ASU), *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. NACUBO's comments on the ASU were developed with input from our member institutions and our Accounting Principles Council.

NACUBO is a nonprofit professional organization representing chief financial and administrative officers at approximately 2,000 colleges and universities. In its capacity as a professional association, NACUBO issues accounting and reporting industry guidance for higher education and educates over 2,000 higher education professionals annually on accounting and reporting issues and practices.

Overall Comments on the Proposed ASU

We appreciate the Board's acknowledgement of the disruptions caused by the COVID-19 pandemic and the extension of implementation dates for the two accounting standards updates noted above. Our specific comments are below.

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.

Yes, due to the unresolved questions associated with accounting for initial franchise fees under Topic 606 and the challenges caused by responding to the COVID-19 pandemic, the option to defer the implementation of revenue recognition for franchisors that are not public business entities makes sense. *Additionally, and most importantly*, we suggest expanding the deferral option to other organizations, namely not-for-profit organizations that are considered "non-public", for whom ASU 2014-09 and the subsequent amendments are effective this year. Nearly

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all NACUBO members in this category have fiscal year ends of May 31, June 30 or August 31, and are focused on responding to the major programmatic and financial disruptions caused by the pandemic.

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

Yes, but as noted in the response to Question 1, we suggest the scope be expanded to all entities (private companies and non-public not-for-profit organizations) that are required to implement Topic 606 this year.

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.

Yes, for all of the reasons noted in the Summary of the ASU.

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.

Yes, for all of the reasons noted in the Summary of the ASU.

In closing, we wish to express our appreciation for the opportunity to comment. We welcome the opportunity to participate at any one of your public hearings and look forward to answering any questions the Board or the staff may have about our response. Please direct your questions to me at 202-861-2542 or smenditto@nacubo.org.

Sincerely,

Susan M. Menditto
Director, Accounting Policy