



RSM US LLP

One South Wacker Drive
Suite 500
Chicago, IL 60606
www.rsmus.com

May 05, 2020

Mr. Shane Kuhaneck
Senior Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 2020-300

Dear Mr. Kuhaneck:

RSM US LLP is pleased to provide feedback on the proposed Accounting Standards Update (ASU), *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. We support the efforts that the Financial Accounting Standards Board is putting forth to address perceived issues within the revenue guidance and also appreciate the efforts to address constituents' concerns in the face of the COVID-19 pandemic. Our responses to the specific questions raised in the proposed ASU follow.

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.*

We support the proposed optional deferral for affected entities. As noted in the basis for conclusions, we believe the delay would provide the FASB with the opportunity to determine whether any cost-effective solutions can be developed to apply the revenue standard. This would provide the FASB with the opportunity to evaluate solutions that may reduce the cost of applying the guidance for all franchisors, not just those that might elect the optional deferral.

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

We believe that the scope of the proposed 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.*

We support the proposed deferral of the effective date for these entities, primarily for the reasons cited by the Board in its basis for conclusions. Many entities in this category simply do not have the necessary resources to devote to adoption of the standard given the current pandemic situation.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Mr. Shane Kuhaneck
Financial Accounting Standards Board
May 05, 2020
Page 2

Additionally, it is expected that many leases will be restructured in response to current economic conditions, which the FASB has acknowledged in its previous discussions and by issuance of the Staff Q&A "Topic 842 and Topic 840: Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic." We believe that entities will be required to devote significant resources to COVID-19 related issues in the near future, and that will impede entities' ability to adopt the provisions of the leases standard in an effective and efficient manner.

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.*

We support the proposed deferral of the effective date for these entities for the same reasons outlined in our response to Question 3 above.

We appreciate the efforts the Board has put forth to defer the effective dates of these two standards for certain entities and the opportunity to provide feedback on this proposed ASU. We would be pleased to respond to any questions the Board or its staff may have concerning our comments and ask that questions be directed to Faye Miller at 410.246.9194 or Richard Stuart at 203.905.5027.

Sincerely,

RSM US LLP

RSM US LLP