



National Credit Union Administration

Office of the Chairman

May 5, 2020

SENT BY EMAIL

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

RE: File Reference No. 2020-300 – *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*

Dear Mr. Kuhaneck:

I appreciate the opportunity to comment on the Exposure Draft *Effective Dates for Certain Entities* (Exposure Draft), issued by FASB on April 21, 2020.

My response to the Questions for Respondents within the Exposure Draft is focused on question three, the issue most relevant to the credit union industry. The question, as written, asks:

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?

The NCUA believes Accounting Standard Updates (ASUs) should be adopted for interim periods in the same year the ASUs are adopted for annual reporting. While we understand the FASB’s intent is burden relief, credit unions would find it easier to adopt and report on an ASU in keeping with existing call report dates. In practice, the delay in reporting for call reports (interim periods) on a new ASU just adds another reporting event to manage. It not only causes confusion, but also creates unnecessary burden when preparing and filing call reports.

As noted in the proposal, transitioning to major accounting updates can be challenging for private companies under the best of circumstances. Those challenges have been significantly amplified by the COVID-19 pandemic. Credit union staff who were reviewing contracts to determine applicability under Topic 842 have been working tirelessly to support the needs of their members, many of whom are under increased financial stress. These staff do so while under the added constraints imposed by strict social distancing protocols and stay-at-home orders. The Board had previously planned to engage with private companies through a roundtable discussion that may have led to amendments and/or practical expedients for implementation of Topic 842. However, that roundtable discussion has been postponed in the

Mr. Shayne Kuhaneck

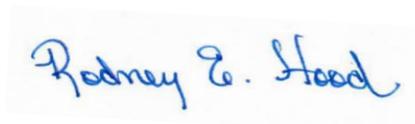
May 5, 2020

Page 2

wake of the pandemic. The proposed additional year to comply with Topic 842 will allow time to hold the roundtable, listen to stakeholder challenges, and provide guidance.

I appreciate your consideration of our comments and welcome a further discussion with you on this issue. If you have any questions, please contact Gisele Roget, Deputy Chief of Staff and Director, Office of External Affairs and Communications, at groget@ncua.gov or 703-518-6330.

Sincerely,

A handwritten signature in blue ink that reads "Rodney E. Hood". The signature is written in a cursive style and is centered on the page.

Rodney E. Hood
Chairman