



May 6, 2020

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

RE: File Reference No. 2020-300

Dear Mr. Kuhaneck:

PricewaterhouseCoopers LLP appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*.

We support the proposed one-year limited deferral of the effective date of the leases standard as it provides temporary relief from new accounting and financial reporting requirements for nonpublic entities that need additional time to focus on the impact of the COVID-19 pandemic on financial reporting. We commend the Board for taking expeditious steps in response to feedback from stakeholders.

We believe it would be helpful for the Board to clarify the scope of the leases deferral with respect to not-for-profit entities (NFPs) that provide financial information through the Electronic Municipal Market Access (EMMA) system. The proposed amendments to ASC 842-10-65-1(a) state that public NFPs that have not yet issued (or made available for issuance) *financial statements* may avail themselves of the one-year deferral of the leases guidance. Many public NFPs, primarily healthcare organizations, are required to post quarterly financial information or quarterly financial statements to EMMA and may have reflected (or may have been required to reflect) the adoption of the leases guidance in their quarterly EMMA posting as of the first day of their fiscal year beginning after December 15, 2018. As discussed in the Basis for Conclusions (paragraphs BC33 and BC34), the quarterly information posted on EMMA for public NFPs may be GAAP-compliant interim financial statements, but we believe the underlying bond indentures for a majority of public NFPs require only quarterly financial information (e.g., condensed income statement and balance sheet), not a complete set of interim financial statements prepared in accordance with ASC 270.

It is unclear whether such quarterly *financial information* (i.e., not GAAP-compliant interim financial statements) that reflects the adoption of the leases guidance and which an entity has posted on EMMA constitutes an entity having “issued financial statements or made financial statements available for issuance” as that phrase is used in the proposed amendments to ASC 842-10-65-1(a).

We believe that NFP healthcare organizations, which make up the largest population of public NFPs that have requirements to post quarterly financial information on EMMA, would likely still have significant remaining costs to complete their adoption of the leases guidance because the financial information postings on EMMA often exclude GAAP-compliant disclosures. As noted in BC13, the COVID-19 pandemic has magnified the challenges of transitioning to new standards, particularly for NFP healthcare entities that have been acutely impacted by the pandemic. As such, we support the deferral of the leases guidance



for all NFPs that have not yet issued GAAP-compliant financial statements reflecting adoption of the standard.

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If you have any questions regarding our comments, please contact David Schmid at (973) 997-0768 or Ashleigh Pierce at (512) 657-0065.

Sincerely,

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP