

May 6, 2020

Technical Director
Financial Accounting Standards Board
401 Merritt 7
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Via e-mail – director@fasb.org

Re: File Reference No. 2020-300. Proposed Accounting Standards Update: Revenue Recognition (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities

Plante & Moran, PLLC is pleased to offer comments on the above referenced Exposure Draft. We support the efforts of the Financial Accounting Standards Board (“Board”) to ease the burden on private companies and certain public not-for-profit organizations associated with adopting these major new accounting standards.

Following, please find our responses to the specific Questions for Respondents in the proposed Update.

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.

Response 1: Yes, we agree with the proposal to defer the effective date of Revenue for franchisors that are not public business entities. We would recommend the Board consider clarifying that the optional deferral is made at the entity level, as outlined in the Summary to the Proposed Update. This issue has been raised by several franchisors that are considering the deferral and whose operations are included in more than one financial reporting entity.

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

Response 2: We believe the scope of the Revenue deferral is understandable; however, we would suggest the following edits that we believe would make the scope clearer:

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]**, 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.

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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.

Response 3: Yes, we agree with the proposed deferral for entities in the “all other” category.

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.

Response 4: Yes, we agree with the proposed deferral 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. However, we believe additional clarity is needed to help entities determine whether interim financial statements have been issued. As the Board noted in the Basis for Conclusions, many public NFP entities are required to post GAAP-compliant interim financial statements in the Electronic Municipal Market Access (“EMMA”) system. We believe there is confusion among preparers and auditors as to whether entities that have posted interim financial information in the EMMA system would be eligible for the deferral. We request the Board clarify in the final standard whether the proposed deferral would apply to these entities.

Thank you again for the opportunity to comment on this exposure draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at david.grubb@plantemoran.com or at (248) 223-3745 or Curt Hurd at curt.hurd@plantemoran.com or at (248) 223-3946.

Very truly yours,

PLANTE & MORAN, PLLC