

May 6, 2020

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

Dear Mr. Kuhaneck:

Thank you for the opportunity to comment on Exposure Document “Proposed Accounting Standards Update—*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*”. I agree with delaying the required effective dates for Revenue and Leases. My responses to the document’s questions are below:

Revenue from Contracts with Customers

1. Question: 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.

Answer: Yes, the effective date should be optionally deferred for franchisors that are not public businesses. I think the effective date should be delayed for all private businesses, including non-franchisors. This will give the FASB Board additional time to research a cost-effective solution to apply revenue under the new revenue recognition standard. The guidance from FASB will benefit businesses and make it easier for them to adopt the standard.

There are also costs associated with adopting the new standard. Many small privately-owned businesses are experiencing challenges due to COVID-19 and need time and money to solve those challenges. According to a poll by the U.S. Department of Commerce, more than half of small businesses in the country have been forced to temporarily close their businesses. This same poll stated that 47% of small businesses report that receiving funds from the Paycheck Protection Program is critical for their survival. These businesses do not currently have the resources and money readily available to adopt the updated standard.

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

Answer: Yes, the scope is clear.

Leases

3. Question: 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.

Answer: Yes, the updated standard for Leases should be delayed and begin for fiscal years after December 15, 2021 and interim periods after December 15, 2022. Like with the Revenue standard update, many companies need to focus on business continuity because of COVID-19. They do not have the time and money to adopt the new standard at this time. In order to help private companies and small companies adopt the update, the Board also needs time to follow through on the roundtable discussion. This discussion will lead to methods to help companies implement the new rules.

4. Question: 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.

Answer: Leases should be effective for NFP entities under the same guidelines as the “all other” category. These organizations will also benefit from the assistance that will be discussed at the Board’s roundtable discussion. The NFP entities should have the same opportunity as the other companies have to focus on complications in their business due to COVID-19.

I am in agreement with the proposed standard updates, but think that their scope should be extended to include more business that need the leniency. Thank you for your time.

Sincerely,

Rebecca Tully-Gustafson