

May 3rd, 2020

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

File Reference No. 2020-300

Re: Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)

Dear Technical Director,

My name is Nancy Lara and I am a Master of Professional Accountancy student at Metropolitan State University of Denver. I have taken the time to review the proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, that was issued by the Financial Accounting Standard Board (the Board).

I agree to the limited deferral of the effective dates of the Updates, Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (Revenue) and Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (Leases). I am sure stakeholders appreciate the Financial Accounting Standard Board for putting in the time and effort to support and assist them during COVID-19. This tough time has brought a lot of challenges to stakeholders, any help the Board can provide for them is extremely important to them. The appendix below includes my opinion and response to the Questions for Respondents listed in the Exposure Draft.

Sincerely,

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

Nancy Lara
Metropolitan State University of Denver student

Appendix
Metropolitan State University of Denver student
Responses to Proposed Accounting Standard Updates

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.

Yes, I agree that the effective date of Revenue for franchisors who are private business entities, be optionally deferred to annual reporting periods starting anytime after December 15, 2019. I also agree that the optionally deferred for interim reporting periods within annual reporting periods begin anytime after December 15, 2020. Stakeholders in the franchise industries are already worried about the proposed guidance. Giving them the option to, “defer to annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020” as it says in question 1 from the Exposure Draft, would allow the stakeholder to feel more confident and comfortable with the decision they decide to make. Stakeholders may not be ready to make a decision by the original effective date of annual reporting periods, which began after December 15, 2018. Deferring the effective date and allowing the stakeholder to choose between the deferred date or the original date, would allow the stakeholder to not be so worried.

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

The scope of the Revenue deferral was not extremely clear the first time I read it. The wording was confusing, that I re-read the scope quite a few times. It would be much appreciated if the Revenue deferral could be more detailed, that way the reader does not spend more time than he/she needs in order to fully understand it.

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.

I agree that Leases should be effective for entities in the “all other” category for the dates listed above (question 3). Some private companies and private NFP entities may not yet be ready to issue their financial statements. The effects of COVID-19 could potentially be a reason private companies and private NFP entities have not completed their financial statements. Allowing Leases to be effective for those entities in the “all other” category, would give them extra time to issue the financial statement and not cram everything together last minute while could result in something that is not well done.

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.

Yes, I agree that Leases should be effective for NFP entities described in question 4, that have not issued a financial statement for the fiscal years starting anytime after December 15, 2019 as well as interim periods within those fiscal years. COVID-19 could be a probable reason as to why NFP entities have not yet issued a financial statement. Since COVID-19 was something NFP entities had no control over, they should be allowed to receive extra time to issue a financial statement.