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Question Text	Response	Status
* Please select the type of entity or individual responding to this feedback form.	Accounting Firm/Auditor	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
Organization *	Henry & Horne, LLP	
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<p>Should the effective date of Revenue 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, for franchisors that are not public business entities? Please explain why or why not.</p>	<p>We do not feel that there should be an optional deferral for franchisors that are not public business entities to apply Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) to annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. Most franchisors that are not public business entities were required to adopt the Revenue standard for their December 31, 2019 year ends. As these franchisors were required to submit audited financial statements with their annual Franchise Disclosure Document by April 30, 2020, most franchisors should have already adopted the provisions of the new Revenue standard. By providing an optional deferral, this may create differences in comparability of financial information between franchisors by users who may be contemplating purchasing a franchise from different franchisors.</p> <p>In addition, we feel an optional deferral would cater to calendar year end franchisors that have procrastinated with adoption of the revenue standard, which has delayed obtaining an audit of their financial statements. ASU 2014-09 has been out for several years leading up to the required adoption for franchisors' financial reporting with annual accounting periods beginning after December 15, 2018. Furthermore, as noted in the Basis for Conclusion, the FASB staff worked with the franchisor industry to facilitate a successful adoption, including numerous outreach meetings</p>	Completed

05/06/2020

	<p>and the issuance of educational materials. Based upon this, calendar year end franchisors had substantial amount of time to prepare for the adoption of the Revenue standard.</p> <p>We support the Board’s desire to determine whether any cost-effective solutions to apply Revenue can be developed to address the issue related to recognition of initial franchise fees. However, this would have been preferred to have occurred and issued prior to the passing of the effective date for the Revenue standard for franchisors that are not public business entities. If this research project continues forward, we feel it should be completed after all existing franchisors have adopted the current Revenue standard for their annual reporting periods beginning after December 15, 2018 in order to have everyone on a level playing field.</p>	
<p>Is the scope of the Revenue deferral (franchisors that are not public business entities) clear? If not, please explain why.</p>	<p>We feel that the scope of the Proposed Accounting Standards Update to franchisors that are not public business entities is clear. However, as addressed in the response to Question 1, we do not feel that franchisors that are not public business entities should have an optional deferral for adoption of the Revenue standard.</p>	<p>Completed</p>
<p>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.</p>	<p>We feel that the Leases should be effective for all entities in the “all other” category for fiscal years beginning after December 15, 2021 and interim period within fiscal years beginning after December 15, 2020. Many of these entities will be battling the financial effects of the COVID-19 pandemic well after states lift restrictions that were put in place as a result of the pandemic. There is an uncertain amount of time that businesses will need to try and recover from the financial impact that they experienced from the pandemic, which continues on as of the date of this comment letter. An additional year provided for the effective date for Leases would provide the relief that these entities need during the economic recovery period.</p>	<p>Completed</p>
<p>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</p>	<p>Similar to our response to Question 1 related to proposal to the changes to Revenue from Contracts with Customers, we feel that there should be no change to the effective date for Leases 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. As certain of these entities have already adopted the Leases standard upon it’s effective date, not providing a deferral would help eliminate comparability issues between those NFP entities that have already adopted and those that have not yet issued financial statements that would be provided a deferral under the Proposed Accounting Standards Update.</p>	<p>Completed</p>

for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years? Please explain why or why not.		
Please provide any additional comments on the proposed Update:	None	Completed
Please provide any comments on the electronic feedback process:	None	Completed