



September 16, 2019

Mr. Shayne Kuhaneck
Acting Technical Director
File Reference No. 2019-750
Financial Accounting Standards Board
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Via email: director@fasb.org

Re: Proposed Accounting Standards Update, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates* (File Reference No. 2019-750)

Dear Mr. Kuhaneck:

We appreciate the opportunity to comment on the proposed accounting standards update exposure draft referenced above.

By way of background, Baker Tilly Virchow Krause, LLP is an accounting firm operating across the United States as well as internationally. We have approximately 330 partners and employ more than 3,100 persons. Our practice is diverse, offering accounting and auditing services as well as tax and consulting services across a broad spectrum of industries and geographies.

Our comments will be in the form of responses to specific questions included in the proposed accounting standards update exposure draft.

Question 1: Is the two-bucket approach described and applied in this Update understandable? If not, please explain why.

Yes, we believe that the two-bucket approach is understandable and that its straightforward nature will aide entities in its application.

Question 2: Should the population of SEC filers that are afforded a delayed effective date (that is, excluded from bucket one) be entities eligible to be SRCs as defined by the SEC? If not, what definitional threshold, if any, do you suggest and why?

Yes, we believe that utilizing the already established SEC SRC definition is appropriate and that creating an additional definitional threshold could needlessly increase the complexity of the proposed update's application.

Question 3: Should the determination of whether an entity is eligible to be an SRC be based on its most recent determination in accordance with SEC regulations as of the date that a final Update is issued? If not, what determination date should be applied?

Yes, we believe that utilizing issuance dates simplifies this determination and provides these entities with a set timeline for implementation. If effective dates were utilized in making this determination it could require some entities (e.g. those that might not be eligible to be SRCs in the future) to be prepared to implement the updates as of the larger public company effective dates.



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Question 4: Should Credit Losses be effective for entities eligible to be SRCs, private companies, not-for-profit organizations, and employee benefit plans for fiscal years beginning after Dec. 15, 2022, including interim periods within those fiscal years? If not, please explain why.

Yes, due to the factors noted in the exposure draft affecting the severity of the challenges encountered by these entities when transitioning to major accounting standard updates, we believe that Credit Losses should be effective for these entities for fiscal years beginning after Dec. 15, 2022, including interim periods within those fiscal years.

Question 5: Should Hedging be effective for all entities other than public business entities for fiscal years beginning after Dec. 15, 2020, and interim periods within fiscal years beginning after Dec. 15, 2021? If not, please explain why.

Yes, due to the factors noted in the exposure draft affecting the severity of the challenges encountered by these entities when transitioning to major accounting standard updates, we believe that Hedging should be effective for these entities for fiscal years beginning after Dec. 15, 2020, and interim periods within fiscal years beginning after Dec. 15, 2021.

Question 6: Should Leases be effective for (a) private companies, (b) not-for-profit organizations (excluding those 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), and (c) employee benefit plans (excluding those that file or furnish financial statements with or to the SEC) for fiscal years beginning after Dec. 15, 2020, and interim periods within fiscal years beginning after Dec. 15, 2021? If not, please explain why.

Yes, due to the factors noted in the exposure draft affecting the severity of the challenges encountered by these entities when transitioning to major accounting standard updates, we believe that Leases should be effective for these entities for fiscal years beginning after Dec. 15, 2020, and interim periods within fiscal years beginning after Dec. 15, 2021.

Question 7: This question is for future major Updates and not the amendments in this proposed Update. Under the revised effective date philosophy, certain public business entities, including SRCs, and nonpublic business entities would have a deferred effective date. Should interim reporting be required in the same year as the annual financial statements or in the subsequent year for these entities when they provide interim financial statements?

We believe that when provided, interim reporting should be required in the subsequent year. If interim reporting were required in the same year as the annual financial statements these entities would effectively be required to adopt major accounting standards updates a year earlier, significantly reducing the benefits derived from the proposed deferrals.

We appreciate the opportunity to provide the above comments and are available for further discussion with the Board if that would be useful to the process. Should you wish to discuss any of these comments, please contact David Johnson, Professional Practice Group Partner, at david.johnson@bakertilly.com or +1 (608) 240 2422.

Sincerely,

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP".

BAKER TILLY VIRCHOW KRAUSE, LLP

David Johnson, Professional Practice Group Partner