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October 20, 2010

Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116
Attn: Technical Director – File Reference No. 1820-100

(Via Electronic Mail)

Re: Comments on the FASB and IASB's Exposure Draft on Revenue Recognition from Contracts with Customers.

Dear Sir or Madam:

As Chief Financial Officer to a privately held construction company, I am interested in the Boards project on revenue recognition.

We have significant concerns over how the new standards may be applied to our company, and our industry. The current guidance in the Exposure Draft for recognizing revenue at the “performance obligation” level presents significant challenges for all construction related parties and carries the very real risk of adverse economic effects on our industry stemming from an inferior method of revenue recognition. The inherent subjectivity of the prescribed process for identifying and allocating revenue to performance obligations will lead to less consistency and transparency in the financial reporting process in the industry. The inherent subjectivity also opens to the door to financial manipulation. There are significant concerns in the surety community about any approach that diminishes consistency and increases subjectivity. As a result, surety credit will become more difficult to obtain in the future in order to offset the risks associated with inferior accounting rules.

Specifically, we request that the Boards recognize and strongly consider the feedback and the recommendations of the Construction Financial Management Association (CFMA) and the Associated General Contractors of America (AGC).

Finally, we ask that private companies be given at least one additional year to comply with the proposed standard once it becomes effective for public companies.

Kindest regards,

HARPER INDUSTRIES, INC.

David Belt, CPA, CCIFP
Chief Financial Officer