

October 21, 2010

**Financial Accounting Standards Board**

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Attn: Technical Director – File Reference No. 1820-100  
(VIA U.S. Mail and email)



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

As a certified public accounting firm with many construction clients, we wish to comment on and express our concern with the Board's revenue recognition project for the construction industry.

Having worked with and served this industry for over 50 years, we feel the principles of revenue recognition in ASC 605-35 (formerly SOP 81-1) serve the industry and users of financial statements well. This is especially so with respect to small and medium size construction companies. As our construction clients are all small and medium size, we wish to respond from that perspective.

The key changes being proposed will impact these construction entities in an adverse cost-benefit measure. The entire contract as the unit of measure serves the industry well. Ratable revenue inclusion on the whole contract is known, accepted, and understood by the industry, bankers, bonding companies, etc. To change to "performance obligation" is to introduce subjectivity, and will result in challenges to maintain consistency and transparency in financial information.

In addition, the proposed changes in the treatment of change orders and decoupling of costs in the alignment of revenue recognition enhance the negative impact of the proposed changes. Once again, the current long standing treatment of these items has led to consistency and understanding among all users of financial information affiliated with the industry. The proposed changes place at risk the current stable and consistent application of revenue recognition rules which are an acceptable standard for small and medium size contractors. For them, there is no overriding reason to replace current objective rules with radically different ones which are more complex and much more subjective in their application.

The potential impact of compliance when taken together with the likely decline in consistency and transparency of information do not, in our opinion, justify these changes with respect to small and medium size contractors. The industry is currently operating under multiple economic and regulatory stresses. We see ASC 605-35 as serving the industry well, especially in this environment.

We respectfully ask that small and medium size construction entities be exempted from the proposed changes.

Thank you for your consideration.

Very truly yours,

WILSON, SHANNON & SNOW, INC.

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