

From: [Tony David](#)
To: [Director - FASB](#)
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As a Heating & Air Conditioning Contractor, we have concerns with the Board's exposure draft regarding Revenue Recognition. We feel that the financial reporting for the contraction industry is not only consistent but also creates an accurate representation of the financial position of the company.

In reviewing the exposure draft, one thing that really jumps out is the term "Performance Obligation". We manage jobs at the contract level. Each contract carries it own unique set of risks. To assume we can easily divide these risks in individual performance obligations, is to assume that different parts of the project are unrelated. This could not be further from the truth. If fact, all parts of the project are highly interrelated. In our opinion, virtually every contract is it's own performance obligation. As the work is performed on the project, the risk is transferred to the customer. With this continuous transfer, there should also be revenue recognition.

How contractors divide contracts into performance obligations seems subjective. What one contractor sees as multiple performance obligations might be considered a single by another contractor. Also the allocating of cost to different performance obligations seem open to interpretation. This definitely opens the door to inconsistency amongst contractors and possibly intentional manipulation of financial information.

End users of financial statements will also be affected by the Exposure Draft. Any change that results in demised consistency increased subjectivity will create a backlash in the credit market. As perceived risks are increased, it will be more difficult to obtain credit. Our industry has already seen its share of hardship during the recent economic downturn.

In closing, we think it is imperative that the new standards preserve the key tenets of SOP - 81-1.

Thank you

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