

FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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Emerging Issues Task Force Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO.

1

Via email: Director@fasb.org

Re: File Reference No. EITF0601 – Accounting for Consideration Given by a Service Provider to Manufacturers or Resellers of Equipment Necessary for an End-Customer to Receive Service from the Service Provider

Dear Board Members:

The Accounting Principles and Auditing Standards Committee of the Florida Institute of Certified Public Accountants (the Committee") has reviewed and discussed the above EITF issue. The Committee has the following comments:

- Question 1. We agree that the service provider should treat the consideration given to a third party manufacturer or reseller as "other than cash" consideration when applying Issue 01-9 unless the incentive provided to the service provider's customer exceeds the price paid by the end-customer to purchase the equipment. The substance of the transaction is the same.
- Question 2. Although a Committee member expressed concern regarding how can a service provider track a cash payment between the end user and the manufacturer / reseller and the timing of the transaction, the consensus among the Committee members is that a service provider can have a contractual arrangement based on a "mutual understanding." A mutual understanding is the same as a contractual arrangement.

The Committee appreciates the opportunity to share our views and concerns and to comment on EITF0601 – Accounting for Consideration Given by a Service Provider to Manufacturers or Resellers of Equipment Necessary for an End-Customer to Receive Service from the Service Provider. Members of the Committee are available to discuss any questions you may have regarding this transaction.

Very truly yours,

Helen Y. Painter

Helen Y. Painter, CPA, Chairman FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response: Deborah Kellagher, CPA Chris Walsh, CPA