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Technical Director
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I appreciate the opportunity to comment on the proposed ASU for Revenue Recognition. Below are my comments on some of the questions of most concern posed in the ED.

Q5: Par 43; Collectibility

I disagree with the requirement to consider customer credit risk in determining amount of revenue, unless the risk deteriorates significantly during the progress of a long term contract, such as a construction contract, or a transaction where payment is due significantly after performance such as in Par 45 below. In most cases, the cost of application of such a requirement would likely exceed the benefits from compliance, and result in subjective measurements rendering comparability between entities difficult. The Boards provide no guidance on how credit risk could be converted to a probability of payment or probability-weighted amount of payment, further contributing to subjectivity and possibility of manipulation by management. Additionally, most entities consider credit risk up front in the credit-granting decision. Where possible, high risk customers are simply put on terms more likely to result in full payment.

In a great many instances, the customer's complete payment of the agreed-upon amount would inappropriately result in recognition of revenue as some other form of income, thus distorting the normal relationship of revenue to costs of generating revenue, and/or mismatching of revenue with related costs across reporting periods. This also would make comparison of the entity to its peers and even its own period-to-period results problematic.

The analogy to a non-cash exchange of an equity stake in paragraph BC101 seems completely out of place here, since that type of transaction has very little in common with transactions resulting in day-to-day revenue from an entity's operations.

With some limited exceptions for long term contracts, revenue should generally continue to be measured at contract value, and then provision made for uncollectible accounts as under current practice. Also see Q17 below.

Q6: Par 44-45; Time value

I agree a time value adjustment may be appropriate in some circumstances; however, "significantly before or significantly after" is too vague. Certainly, any payment terms within the entity's normal policies should not be considered "significantly" before or after provision of the goods or services, even if they differ from

other entities' policies. More specific guidance should be provided. The examples at IG83-IG84 use periods of 2 and 1 year(s), respectively. Are these periods to be considered indicative of the Boards' intentions regarding the meaning of "significantly"?

Q12: Par 74; Disaggregation

The requirements should be dropped from here and incorporated into the Financial Statement Presentation project in order to preclude duplication. Also, make sure the Reconciliation of Contract Balances is not duplicated in the Financial Statement Presentation's required analysis of changes in significant assets and liabilities by line item.

Q13: Par 84; Effective date & transition

The new requirements should not be required to be applied retrospectively unless there is significant lead time between issuance and the effective date. Many organizations may not currently have the systems in place to capture the required information. This would result in excessive costs to implement and audit the information and results would be questionable or unreliable. It takes more than one comparative period to establish a "trend," and the analysis is not very useful if the information is laden with estimates. I would urge the Boards to reconsider making the standard effective for contracts entered into after a specified date.

Q17: Consequential amendments

The sale of non-financial assets not part of an entity's normal operations may be better suited to the application of the Collectibility and Time Value provisions described in Par 43-45. The purchaser may not be subjected to the normal credit review procedures, and the consideration paid may be more likely to be "significantly" before or after transfer of the asset(s).

Q18: Should any of the proposed guidance be different for non-public entities?

If the Boards proceed with the requirements in paragraphs 43-45 regarding Collectibility and Time Value, they should not be applied to non-public entities. Many non-public entities do not have the resources or the necessary skills to develop such information, and it is of questionable value to users of their financial statements, who tend to be closer to the sources of the information than users of public entity financial statements. For parts of the standard applied to non-public entities, the provisions of paragraph 84, Effective date, should be extended by at least a year past the effective date for public entities. Early application should be permitted for those non-public entities that so choose.

Thank v	vou again	for the	opportunity	/to	comment	on the	e Exposure	· Draft

Sincerely,

David L. Wagner, CPA