

**From:** [Nathan Cummins](#)  
**To:** [Director - FASB](#)  
**Cc:** [John Paris](#)  
**Subject:** Comment Letter - File Reference No. 1820-100  
**Date:** Tuesday, October 19, 2010 4:44:37 PM  
**Attachments:** [image001.png](#)  
[image003.png](#)

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Dear FASB:

As a CPA in public practice, primarily with small business clients in the construction industry, I find troubling the proposed changes in the exposure draft of proposed accounting standards update of Topic 605, Revenue Recognition. In a time of uncertainty in the economy and the construction industry as a whole, the additional cost and complexity that would result from this change is unnecessary.

While I understand the shift towards international and principles based accounting standards, the FASB and IASB should also understand that every business and industry will be affected differently by the changes made to GAAP. In the case of revenue recognition and specifically addressing the Construction Industry, small to medium size contractors will not have the expertise or cost structure to handle an accounting standard change of this magnitude. Implementation will require a different level of knowledge in the accounting department that will most likely result in consulting from a CPA firm. This consulting will be costly and because of independence standards, might require multiple firms to be engaged. This is not the only additional cost increase likely to occur. Increase in attest fees and software costs are almost assured. Attest procedures will increase as additional procedures will be required to be performed and the inevitable change in software costs as software companies will look to recover their costs from the changes to their programs.

Additionally impacted by the change in accounting standards will be the surety companies which are important partners to construction contractors. Surety companies will be negatively impacted by the inconsistency that is the result of the change in standards and report presentation. Surety bonds are granted on a contract by contract basis and job schedules are an important part of the continued relationship between the surety company and the contractor. In talking to contractor clients and surety companies, most feel that these changes will not improve the reliability of the financial statements to the users, which at the end of the process, is the most important aspect of the statement.

In closing, I have described the negative outcomes of the proposed changes and wish to offer my view of alternatives to a complete overhaul. I would like the Board to consider an exemption amount for small to medium size companies and more specifically construction contractors. An exemption or the ability to continue to use current methods would enable companies a choice for their statement users. A middle ground can be established to satisfy the needs of all financial statements users, which purportedly is the most important function of accounting standards, to make those statements as reliable as possible.

Sincerely,

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