

From: [Seli, John](#)
To: [Director - FASB](#)
Subject: Comment Letter - File Reference No. 1820-100
Date: Tuesday, October 19, 2010 7:11:47 PM

Dear Sir or Madam:

As a long time financial executive in the construction industry, I am writing to comment on the FASB/IASB Exposure Draft on Revenue Recognition from Contracts with Customers. I have educated myself on the exposure draft and have significant concerns about how the new standard would be applied to my company and industry. The recognition of revenue at the "performance obligation" presents significant problems for my company and will result in a substantially inferior method of revenue recognition as compared to the existing practice. To my knowledge, users of construction contractor financial statements are comfortable with the current revenue recognition practices as outlined in SOP 81-1 and the new standard would result in confusion, inconsistency, additional cost and reduced transparency to the users of financial statements. To attempt to break a single construction contract into multiple components for purposes of revenue recognition ignores the economic reality of the contract and introduces a new level of subjectivity which raises the risks of manipulation of the financial results. I am requesting that the Boards recognize that the construction activities contained in a contract are highly interrelated and include risks which are inseparable.

While I appreciate the effort to create a single standard for revenue recognition to apply to all industries, I believe adoption of this standard as presented in the Exposure Draft will not benefit the construction industry. I believe that a standard that continues to apply the key principals of SOP 81-1 is necessary to maintain the existing quality of financial reporting and to ensure the continued confidence of financial statement users.

Regards,

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