



## VECELLIO & GROGAN INC.

October 22, 2010

Technical Director  
File Reference No. 1820-100  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Re: Comments on the FASB and IASB's Exposure Draft on Revenue Recognition from Contracts with Customers

Dear Director:

I have been very interested in the Board's project on revenue recognition and its impact upon Vecellio & Grogan, Inc. and its affiliates and subsidiaries. Vecellio & Grogan, Inc. is a privately held company that performs construction work primarily in West Virginia, North Carolina, and the bordering states. Most contracts are heavy highway, bridges, and paving and grading projects.

My primary concern is that the Exposure Draft's guidance for recognizing revenue at the "performance obligation" level presents numerous concerns, such as:

- The cost of implementing this new standard during these trying economic times will most likely have a negative impact on our company.
- In my opinion, all construction activities for any given contract are highly interrelated and have overall risks which are inseparable.
- Communication with customers centers around the entire contract so it will create confusion with billing.
- I feel the new standard will create a software dilemma for many companies including ours since current software is inadequate to track activity based upon performance obligations, as well as in total, to allow for proper billing and management review.
- Finally, the standard requires that consideration be given to bonuses and penalties as part of the performance obligation. We believe that users of financial statements will not want to see amounts included in revenue until their realization is reasonably assured.

As a finance executive for a privately owned construction company, I have a difficult time determining what positive impact adoption of this standard will have upon us. My desire would be that all private companies be excluded from this standard. However, if the Board is successful in adoption, I would ask for additional time to adopt the standard.

I understand and appreciate the Board's effort to create a single standard for all industries. However, I do believe that adoption of this standard will create an inferior accounting method for the construction industry as a whole.

Sincerely,

D. Michele Wikel, CPA  
Asst. Secretary & Treasurer

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