



FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Submitted via electronic mail to director@fasb.org

Re: File Reference No. 2011-230, Exposure Draft – Revenue Recognition (Topic 605) – Revenue from Contracts with Customers

Dear Sirs:

The Accounting Principles and Auditing Standards Committee (the “Committee”) of the Florida Institute of Certified Public Accountants (“FICPA”) has reviewed and discussed the subject Exposure Draft, including the six questions posed in the “Questions for respondents”, and has the following comments related to the questions numbered below:

1. The Committee agrees with the proposed definition of the transfer of controls of a good or service over time and, hence, the related satisfaction of a performance obligation and revenue recognition over time.
2. The Committee is in agreement with the Board's proposal that any profit or loss on receivables recognized upon initial recording of the receivable in conjunction with Topic 310 should be presented as a separate line item adjacent to the revenue line item. However, the Committee was uncertain as to the accounting for such impairment loss on receivables subsequent to the initial recording. If all revenue recognition criteria are satisfied, it would seem more appropriate that subsequent reviews of credit risk on existing receivables that result in additional impairment loss should be reported as operating expense (i.e. bad debt expense) as opposed to reduction in revenue earned. It is unclear what the Board's position is regarding the accounting for subsequent impairment losses.

We believe the proposed guidance could result in a significant change in how readers of financial statements interpret revenue recognized, particularly if revenues are offset in a current reporting period by impairment losses on receivables that were initially recorded in a prior period. This could potentially skew the true results of a reporting entity's net revenues in a given reporting period. In addition, this may cause it to be more difficult for

a reader to distinguish between actual net revenues earned in a given period versus actual cash expected to be collected.

3. The Committee agrees with the Board's proposed constraints for determining the amount of consideration to which an entity would be entitled to receive for satisfied performance obligations.
4. The Committee agrees with the Board's proposed scope of the onerous test to determine whether an entity should record a liability and corresponding expense if a performance obligation is onerous.
5. The Committee agrees that the proposed interim disclosures about revenue and contracts with customers should be included in an entity's interim financial statements, if material. We feel the disclosures achieve an appropriate balance between the benefits to users of having that information and the costs to entities to prepare and audit that information.

However, we respectfully request that the Board provide additional guidance on what they would define as "material", either quantitatively or qualitatively, or both, in such situations.

6. The Committee agrees that it appears that an entity should apply the proposed control and measurement guidance to account for the transfer of nonfinancial assets that are not an output of an entity's ordinary activities (assuming the exclusion of certain assets such as insurance contracts and leases), however, we cannot conclude definitively without review of the specific proposed amended standards, when formally issued by the Board.

The Committee appreciates this opportunity to respond to this Exposure Draft. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Robert P. Bedwell, CPA, Chair
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Michael R. Heald, CPA
Michael Naparstek, CPA