



March 13, 2012

Technical Director, File Reference No. 2011-230
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: File Reference No. 2011-230 Exposure Draft of the Proposed Accounting Standards Update (Revised) – Revenue Recognition

We are writing on behalf of the Emerging Standards Committee (ESC) of the Kentucky Society of Certified Public Accountants (KyCPA). The KyCPA is the sole professional society representing certified public accountants in the Commonwealth of Kentucky. Its 5,100 members are engaged in business communities throughout the Commonwealth and have a comprehensive grassroots view of the needs of businesses ranging from large public companies to very small owner-managed businesses. KyCPA's ESC consists of a group of KyCPA members organized to monitor the activities of accounting and auditing standard setters, as well as government authorities, with the objective of participating in the standards-setting process by providing thoughtful comment on developing issues.

Our comments for your consideration are as follows:

Collectibility- Paragraph 69: We believe there are circumstances where footnote disclosure, as opposed to a separate line item adjacent to revenue on the face of the income statement, would be appropriate. In the case of relative insignificance, any entity should have the option to disclose in the footnotes this information. In addition, we believe private companies should have the accounting policy option of disclosing such information in the notes to financial statements. Such a presentation option will be cost beneficial for private companies and their financial statement users will find this approach reasonable and functional for their purposes.

Onerous Performance Obligations- Paragraph 86: We believe performance obligations satisfied at a point in time should also be required to perform an onerous assessment, similar to the requirement for performance obligations satisfied over a period of time. It is unclear why it is conceptually appropriate to do so for one type of revenue versus the other. Further, we believe the onerous assessment should be able to be performed at the contract level, if the facts and circumstances indicate that such an assessment is most relevant based on the economics of the arrangement with the customer.

Incremental Costs of Obtaining a Contract- Paragraph's 94 and 97: We believe it should be an accounting policy option as to whether an entity determines it will recognize such costs as an asset, or an expense, with disclosure. Such costs are generally not currently required to be recorded as an asset. Many smaller entities may, from a cost/benefit perspective, wish to continue expensing such costs. While this may seem to be an appropriate potential private company difference to be considered, we believe smaller reporting companies, as defined by the SEC, should be able to avail itself of such an accounting policy selection, with disclosure. This approach would be consistent with the notion of simplifying, for cost/benefit purposes, accounting and reporting areas as is being currently discussed in the U.S. Congress.

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Disclosure- Question 5: We believe the tabular reconciliations are excessive for interim financial statements, especially for smaller entities. Similar to our comments in the section above, while this may seem to be an appropriate potential private company difference to be considered, we believe smaller reporting companies, as defined by the SEC, should also be able to avail itself of such an exemption.

Disclosures for interim financial statements should focus on qualitative information which will be beneficial to financial statement users. Further, the FASB's disclosure framework project may wish to consider this matter in a more holistic manner.

Effective Date and Transition- Paragraph 131: We suggest the effective date for nonpublic entities be two years after the effective date for public entities. We believe this deferral will provide valuable time that will reduce the cost of implementation for such entities. We do not believe financial statement users for private companies will be adversely affected by such a deferral as such users generally have a working knowledge of the nature and existing accounting for the entity's revenue transactions.

Regarding transition methods, we believe nonpublic entities should be allowed the prospective method option, with disclosure. That is, all new contracts with customers entered into after the effective date will be accounted for under the new standard. We believe nonpublic financial statement users will accept such a mixed attribute model during transition for the reasons noted in the paragraph above.

In addition, we believe early adoption should be allowed for new reporting entities. This would prevent the circumstance where a new entity would adopt the old revenue accounting for a short period of time before then having to change to the new revenue accounting. This may be cost beneficial to such entities.

Implementation Guidance- We appreciate the examples provided in the proposed ASU as they are very helpful. We suggest, however, a few more be added that have a higher level of complexity.

Thank you very much for considering our thoughts.

Sincerely,



Glenn Bradley, Chair
On behalf of the Emerging Standards Committee
Kentucky Society of CPAs