October 21, 2010

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
Attn: Technical Director - File Reference No. 1820-100
(Via U.S. Mail and Electronic Mail)

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

As auditors serving the construction industry, we are extremely interested in the Boards' project on revenue recognition, and it is our desire to ensure that high-quality accounting for the construction industry is maintained.

We have significant concerns over how the new standards may be applied to our clients. Our concerns include the following:

- The performance obligation approach does not represent an improvement over existing accounting for the construction industry.

- Since it appears that the construction industry will not be exempted from the proposed standard, the standard needs to be written in such a way as to not jeopardize the quality of financial reporting for the industry.

- Most contracts should not be subdivided into multiple profit centers or performance obligations because the "risks are inseparable" within the contract. Trying to subdivide the contract into various performance obligations ignore the overriding risk which the contractor bears of making sure that all of the pieces of the project fit together in a working manner. All of the parts of the project are highly interrelated.
- Construction companies manage their businesses at the contract level. Sureties provide credit on a contract-by-contract basis. It is appropriate to continue to determine revenues on the contract level.

- The contract price used for measuring revenue recognition should exclude effects of bonuses or penalties until the impact of such bonuses or penalties can be measured with reasonable certainty.

While I am not opposed to complying with a new revenue recognition standard, as many of the tenets of ASC 605-35 should be retained in this process as possible. With appropriate reconsideration of certain initial conclusions reached by the Boards in the Exposure Draft, we believe that most of the tenets of 605-35 can be appropriately carried over.

Finally, we ask that private companies be given at least one additional year to comply with the proposed standard once it becomes effective for public companies.

Kindest regards,

EADIE AND PAYNE, LLP

[Signature]

John F. Prentice