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October 11, 2010

Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk CT 06856-5116

Ladies and Gentlemen:

Re: Revenue Recognition Exposure Draft

We are members of Mueller & Co, LLP, a CPA and consulting firm based in the Chicago area specializing in accounting, auditing, consulting and tax for contractors. In addition, we each hold the CCIFP designation - Certified Construction Industry Financial Professional.

Most of our clients are small to mid-size and closely held companies that do not appear to have been reasonably considered when drafting this monumental proposed change by the Financial Accounting Standard Board. The standard's proposed goal will not provide better quality, accuracy or usefulness of the financial statements, at least for the majority of contractors.

We believe the subjectivity in recognizing revenue will lead to wildly different results depending on the interpretation of the situation and information known at the time. There is entirely too much interpretation available in the estimates required. Companies will have significantly different results in considering revenue recognition given the same facts and circumstances. At this point, these estimates are no longer the most reliable basis to determine revenue.

The proposed requirement to break each construction project into individual portions is not the best way to account for a construction project. There is one base contract, with individual phases and typically change orders. The time and effort to evaluate each phase and change order, especially given the subjectivity of the evaluation, does not provide better financial information.

The accounting systems used to record revenue, in these individual phases, while possibly available to the largest and most sophisticated contractors, simply do not exist for our clients. This proposal to evaluate revenue earned on individual phases is not feasible. There are no individual prices, or as the standard proposes hypothetical selling prices, for part of a contract. There is not constant transfer of property in a contract. This is one of the key features of revenue recognition in the proposed standard, even if it has to be irrationally applied on a theoretical basis. The job was let with one contract, it should be consider in whole. The difficulty and expense in evaluating contractors simply was not strongly considered by the proposed standard. Contractors will waste resources with no benefit and arguably less utilizable financial statements for banks, sureties and most importantly the Company itself.

The revenue recognition model in this proposal makes revenue recognition extremely difficult to audit. There is too much subjectivity. The proposed standard appears to attempt to combat this issue by required independent information from third parties. In many cases, this is simply not available. Construction projects, by their nature, are unique. In addition, projects vary in price based upon a myriad of issues, including the everchanging market place. The proposed standards will make it difficult, if not impossible, to offer an unqualified opinion on the audited financial statements. We must be able to opine on the financial statements.

The proposed standard has taken away the level playing field and impartiality of the rules. Comparison among companies will be become futile; there will be a lack of consistency. Third parties, such as sureties and banks, will lose confidence in the revenue recognition model and in our financial reporting.

Application of generally accepted accounting principles, for contractual revenue recognition under the proposed standard, may prove to be too burdensome, too costly and too subjective, that contractors opt to produce non-GAAP financial statements. One could easily see the non-GAAP financial statements being the model for small to medium sized contractors with encouragements by banks, sureties, and other third parties.

This revenue recognition model is completely defective in its attempt to achieve its stated goals per IN2 of the exposure draft:

- 1) Remove inconsistencies and weaknesses in existing revenue recognitions standards and practices;
- 2) Provide a more robust framework for addressing revenue recognition issues;
- 3) Improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets; and
- 4) Simplify the preparation of financial statements by reducing the number of requirements to which entities must refer.

In conclusion, the Board should take under advisement this letter and letters from our fellow colleagues and associations, in not enacting this proposal as written.

FW. CPA. CCIFP

Sincerely,

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