

estimation process will be arduous and result in much more accounting complexity for little added benefit. Moreover, the resulting margin acceleration and revenue distortion may not be representationally faithful to the contract.

Also, we foresee complexities regarding the appropriate measure of progress where out-of-pocket costs are significant. For service type entities including advertising, marketing, legal, branding, accounting, and other service firms, the cost and complexity of estimating these costs up front may be a significant undertaking.

Our recommendation is for the Board to consider a practical expedient to allow private companies to recognize revenue on out-of-pocket costs based on the amount to be reimbursed when the costs are incurred.

Conclusion

We recognize and appreciate the efforts of the Board to become more responsive to the needs of the private company constituency and appreciate the opportunity to present these comments on behalf of PCPS member firms. We would be pleased to discuss our comments with you at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Michael A. Westervelt". The signature is written in a cursive, slightly slanted style.

Michael A. Westervelt, Chair
PCPS Technical Issues Committee

Contributing Author: Thomas J. Groskopf, CPA, CVA
Technical Director, Center for Plain English Accounting

cc: PCPS Executive and Technical Issues Committees