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May 18, 2015

Technical Director  
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File Reference No. 2015-240

**Proposed Accounting Standards Update: Revenue Recognition:**

The Accounting Principles and Assurance Services Committee (the "Committee") of the California Society of Certified Public Accountants ("CalCPA") respectfully submits its comments on the referenced proposal. The Committee is the senior technical committee of CalCPA. CalCPA has approximately 40,000 members. The Committee consists of 53 members, of whom 47 percent are from local or regional CPA firms, 27 percent are from large multi-office CPA firms, 12 percent are sole practitioners in public practice, 10 percent are in academia and 4 percent are in international CPA firms. Members of the Committee are with CPA firms serving a large number of public and nonpublic business entities, as well as many non-business entities such as not-for-profits, pension plans and governmental organizations.

We commend the Board's proposal to defer implementation of the new revenue recognition standard.

Early implementation efforts have shown that portions of the new standard are very complex, and subject to diverse interpretation. We suggest that the Board take advantage of the deferral to re-examine all areas of complexity, not only those under discussion by the implementation task force, with a view towards eliminating complexity and ambiguity.

**Question 1:** Should the effective date of the guidance in Update 2014-09 be deferred for one year for public business entities, certain not-for-profit entities, and certain employee benefit plans? Please explain why.

Yes, it should be deferred for at least one year. ASU 2014-09 is complex and implementation time for many entities has shown signs of being lengthy, so more time is needed. The Committee agrees with the reasons for deferral cited in the Board's Basis for Conclusions in the Proposal.

**Question 2:** Should the effective date of the guidance in Update 2014-09 be deferred for one additional year for all other entities? Please explain why.

Yes, for the same reasons referred to in the response to Question 1.

**Question 3:** In addition to providing a one-year deferral of the effective date of the guidance in Update 2014-09, should the Board also provide an optional two-year deferral for all entities that apply that guidance retrospectively to each reporting period presented? Please explain why.

No. The Committee is concerned that an optional two year deferral for entities who want to apply the guidance retrospectively would lead to non-comparability among entities for an extended period.

**Question 4:** Should earlier application of the guidance in Update 2014-09 be permitted as of the effective date originally included in Update 2014-09? Please explain why.

Yes. Some companies are ready to implement and should not be forced to maintain their current accounting, or worse, undo changes made to implement ASU 2014-09. In addition, new entities and smaller non-public entities implementing GAAP accounting or encountering new revenue transactions for the first time will benefit from being able to adopt ASU 2014-09 rather than initially having to comply with existing standards and then having to change accounting later when adopting ASU 2014-09.

\* \* \* \* \*

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink that reads "A.J. Major III". The signature is written in a cursive style with a large initial "A" and a stylized "J".

A.J. Major III  
Chair  
Accounting Principles and Assurance Services Committee  
California Society of Certified Public Accountants