

May 21, 2015

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 2015-240

Dear Ms. Cosper:

McGladrey LLP is pleased to comment on the Proposed Accounting Standards Update (ASU), *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* (the “proposed ASU”). We are supportive of the Board’s proposal to defer the effective date of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, by one year for all entities. We are also supportive of the Board’s proposed approach to allowing early adoption. Our responses to the “Questions for Respondents” on which specific comment is sought are included below for your consideration.

Responses to Questions for Respondents

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.*

We support the Board’s proposal to defer the effective date of ASU 2014-09 by one year for public business entities, certain not-for-profit entities and certain employee benefit plans (which we will collectively refer to as public entities in this letter). We believe a one-year deferral is justified given: (a) ASU 2014-09 was issued in May 2014, which did not leave public entities choosing to retrospectively apply the new guidance sufficient implementation time given its complexity and (b) the nature and number of post-issuance changes currently being made to the guidance in ASU 2014-09, which will make it difficult for some entities (e.g., those that enter into licenses with their customers) to make significant progress in implementing the new guidance given it is still subject to change. If the changes to ASU 2014-09 are completed by the end of 2015 or shortly thereafter, we believe providing a one-year deferral of its effective date will allow sufficient time for public entities to implement the new guidance.

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.*

We support the Board’s proposal to defer the effective date of ASU 2014-09 by one year for all entities other than public entities (which we will refer to as private entities in this letter). We believe a one-year deferral is justified given that it will provide private entities with an effective date that is one year later than the effective date for public entities, which is consistent with the approach taken in ASU 2014-09. Providing private entities with an additional year to implement the new guidance allows them to learn and benefit from the experiences of the public entity community (e.g., preparers and users of public entity financial statements, advisors to public entities) in implementing the new guidance.

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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.*

We believe there are positives and negatives to providing an optional two-year deferral for all entities that apply the guidance in ASU 2014-09 on a retrospective basis to all periods presented (which we will refer to as the optional deferral in this letter). On the positive side, the optional deferral encourages use of a preferred transition method. On the negative side, the optional deferral increases complexity by extending the overall transition period within the financial reporting community by one year. On balance, if the Board receives feedback during its outreach showing support for the optional deferral among preparers and users of financial statements, we would support the Board in deciding to provide the optional deferral.

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.*

We support the Board's proposal to allow early adoption of ASU 2014-09 by all entities as of its original effective date for public entities. While providing for early adoption generally has a negative effect on comparability, we believe that negative effect would be outweighed by the benefits of at least some entities reporting revenue using the new accounting model at an earlier date. Also, *not* providing for early adoption would increase the cost and decrease the benefits of applying the new guidance for those entities in a position to adopt the new guidance on the effective date originally provided in ASU 2014-09. We believe these entities should have the opportunity to early adopt the new guidance.

We appreciate this opportunity to provide feedback on the proposed ASU and would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day at 563.888.4017 or Brian H. Marshall at 203.312.9329.

Sincerely,

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

McGladrey LLP