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May 28, 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:

Connor Group, Inc. is pleased to provide our comments on the Proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date*. Connor Group was founded in 2005 and is a technical accounting advisory firm built of Big 4 alumni and industry executives. We currently have over 400 clients and specialize in helping our clients solve complex technical accounting issues under both US GAAP and IFRS, with revenue recognition being a heavy focus area. Our clients represent industries such as technology, software, Internet, cloud services, life sciences and manufacturing, amongst others. In addition, we assist many of our clients with aspects of their accounting and financial reporting during their IPO filing process.

We have included below our responses to each of the “Questions for Respondents” posed in the Exposure Draft.

**Comments on 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.*

**Response 1:** We support the Board’s proposal of a deferral of the effective date of Update 2014-09 for public business entities, certain not-for-profit entities, and certain employee benefit plans. We believe this will allow preparers of financial statements additional time to consider and properly address the accounting, technology, system and internal control requirements of Update 2014-09 as the time currently expected to be remaining for implementation when the currently pending changes to Update 2014-09 are finalized is likely to be insufficient for various business entities, particularly large accelerated filers, to implement the standard requirements in sufficient depth and with requisite updates to their systems and processes.

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However, we are also concerned that the proposed additional one-year deferral period may still be insufficient to allow entities to fully prepare for the implementation of the new guidance. As acknowledged by the FASB in the background information to the Exposure Draft, ASU 2014-09 was issued nine months later than originally anticipated, while retaining the originally contemplated effective dates. This effectively reduced the implementation period available to companies by nine months. When the currently contemplated revisions are issued, which could be in late 2015, even with the additional one year deferral, the time remaining for companies to adopt will be even shorter.

Further, the Transition Resource Group continues to discuss certain implementation issues, and it is conceivable that such issues will be elevated to the FASB for further action, and may require additional standard changes. Consequently, we believe the Board should consider deferring the implementation of ASU 2014-09 for an additional year beyond the one year currently suggested – i.e., a total of two years from the original effective date.

**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.*

**Response 2:** We support the proposal of an additional one-year deferral of the effective date of Update 2014-09 for other entities. We believe this will allow these entities to learn from the experiences of earlier adopters, thereby reducing the complexities and costs of implementation.

In addition, public entities will likely utilize most of the accounting resources available in the marketplace to assist in the implementation of the new guidance. An additional one-year deferral for other entities will allow these other entities to better access the available resources as the demand for them will be spread out over time.

**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.*

**Response 3:** We do not believe that the option of a two-year deferral for the retrospective adoption of Update 2014-09 is preferable.

Whilst the option of a two-year deferral would be useful for retrospective adopters to prepare the required financial information on a real-time basis, in our mind the method of adoption selected by an entity conceptually should not bear on the required timing of adoption. We believe a better approach that would meet the expectations of a broader group of entities would be to allow the deferral of the effective date of ASU 2014-09 for all entities by an additional year beyond the one year suggested by the Board (as discussed

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in our response to Question 1 above), combined with allowing for early adoption provisions as suggested below in our response to Question 4.

**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.*

**Response 4:** We believe that the option of early application of the guidance in Update 2014-09 is strongly preferred as certain entities are likely on track for adoption and have expended significant resources in order to prepare and implement. They would also be impacted by placing the new ready-to-operate systems and processes on hold for a year, or alternatively, running them in parallel with their existing systems and processes for one year longer.

However, we also believe that all entities should be permitted to early adopt as of the nearest practical date to when the standard is fully finalized (e.g., as of January 1, 2016 for calendar year companies) rather than the original effective date. Many of our clients are companies considering an IPO in the foreseeable future. An IPO process often takes a year or longer of intense preparation, during which time companies usually are resource-constrained and typically find it challenging or unwise to implement significant organization-wide changes to their systems and processes that the adoption of ASU 2009-14 may require. Further, these companies are focused on building and presenting a “story” of their business to prospective investors. This “story” is about business trends and developments, and should not be about accounting changes that may make results of operations included in the registration statement non-comparable or hard to predict. Companies may also find that IPO investors will expect them to evaluate and forecast the impact of ASU 2014-09 adoption at the time of the filing even if such adoption is not yet either required or allowed. The early adoption option will give these companies additional flexibility in mitigating the potential timing conflicts between their two major change processes, the IPO and the implementation of ASU 2014-09.

In addition, the option for early adoption would bring ASC 606 more in line in IFRS 15 where early adoption is permitted.

We would be pleased to respond to any questions the FASB or its staff may have concerning our comments. Please direct any questions to Aleks Zabreyko (650-353-7044, [aleks.zabreyko@connorgp.com](mailto:aleks.zabreyko@connorgp.com)) or Denis Kozhevnikov (650-521-3099, [denis.kozhevnikov@connorgp.com](mailto:denis.kozhevnikov@connorgp.com)), partners in our Accounting Standards and Professional Practice group.

Sincerely,

*Connor Group, Inc.*