AICPA® PCPS
Private Companies Practice Section

American Institute of CPAs
220 Leigh Farm Road
Durham, NC 27707-8110

May 29, 2015

Susan M. Cosper, CPA
Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: April 29, 2015 Exposure Draft of a Proposed Accounting Standards Update (ASU), *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* [File Reference No. 2015-240]

Dear Ms. Cosper:

One of the objectives that the Council of the American Institute of Certified Public Accountants (AICPA) established for the PCPS Executive Committee is to speak on behalf of local and regional firms and represent those firms' interests on professional issues in keeping with the public interest, primarily through the Technical Issues Committee (TIC). This communication is in accordance with that objective. These comments, however, do not necessarily reflect the positions of the AICPA.

TIC has reviewed the ED and is providing the following comments for your consideration.

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, TIC agrees that the effective date of the standard should be deferred for the above groups. TIC was convinced that deferral was needed based on the extended time period that elapsed between when the Board determined the effective date of the ASU and when it was issued as well as the anticipated issuance date for the new revenue recognition amendments that are currently under consideration. TIC also believes the Board should be responsive to the preparers that need extra time to put new systems in place to implement the standard.

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. Many private companies face added complexity in adopting major standards. Often, they do not have the in-house expertise of a public company and will need to rely on other professionals (such as their CPAs) for guidance and assistance. Practitioners, especially those from smaller firms, will need the extra year to learn about the new revenue recognition amendments and to study public company financial reports, industry guides and other third-party sources of implementation guidance.

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.

At present, TIC believes it is unlikely that many private companies would take advantage of the proposed, optional two-year deferral since most of them would not incur the cost and effort of retrospectively restating prior periods presented.

However, TIC understands that one of the reasons for the proposed deferral is to allow sufficient time for software vendors to provide necessary technology solutions for entities with a high volume of revenue transactions. Therefore, if the Board determines that software providers are experiencing significant delays in modifying revenue recognition modules of their software programs, the proposed deferral may be warranted.

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. TIC believes early adoption should be permitted for the reasons stated in paragraph BC11 (i.e., so that those entities that are ready to adopt the ASU do not have to incur the cost of running dual reporting systems during the deferral period).

TIC appreciates 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,

Scot Phillips

Scot Phillips, Chair
PCPS Technical Issues Committee

cc: PCPS Executive and Technical Issues Committees