



Comment No. 2015-290

**CFGI, LLP**  
**15 Broad Street**  
**5<sup>th</sup> Floor**  
**Boston, MA 02109**

October 15, 2015

Ms. Susan Cosper  
Technical Director  
File Reference No. 2015-290  
Financial Accounting Standards Board (“FASB”)  
401 Merriott 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Ms. Cosper,

We appreciate the opportunity to provide comment on the FASB Exposure Draft (“ED”) Revenue from Contracts with Customers (Topic 606) – Principal versus Agent Considerations (Reporting Revenue Gross versus Net). Our response represents collaboration from our team members at CFGI, a unique and highly specialized financial consulting firm that has strategically worked with companies, both public and private, through a range of routine and complex business matters over the past 15 years.

We appreciate the input by the FASB-IASB Joint Transition Resource Group for Revenue Recognition in an effort to make Topic 606 more operationally effective and understandable to the business community. We agree that changes are necessary to the guidance as it is currently issued. The incorporation of examples provides financial statement preparers better insights on how to effectively apply the guidance in different circumstances.

We believe the changes made in the FASB ED improve the operability and understandability of the principal versus agent guidance and its application. We note the inclusion of guidance noting that the indicators in paragraph 606-10-55-39 may be more or less relevant to the assessment of control depending on the nature of the specified good or service and the terms and conditions of the contract. We believe that this language will allow users to appropriately weight the indicators and the examples are helpful in illustrating this concept. However, under the previous ASC 605-45 guidance, certain indicators were identified as being “strong indicators”. In our experience, the analysis over the entity with primary responsibility for fulfilling the promise (previously known as the “primary obligor”) has been the most relevant indicator in determining the principal or agent. In our opinion, by omitting similar language highlighting strong indicators in the ED, there is increased risk of inconsistency in practice. We recommend that consideration should be given to specifically identify ‘strong’ indicators to aid users in determining the relevance of that indicator in making the principal or agent determination, consistent with ASC 605-45-3 through 45-18.



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We appreciate the opportunity to provide comment on this Exposure Draft. If you have any questions, please contact James Quinlan, Partner, at 617-531-8270.

Sincerely,

/s / CFGI, LLC