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November 16, 2015

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

Via email: [director@fasb.org](mailto:director@fasb.org)

**RE: File Reference No. 2015-320, Proposed Accounting Standards Update, Revenue from Contracts with Customers (Topic 606), Narrow-Scope Improvements and Practical Expedients**

Dear Ms. Cospers:

Moss Adams LLP appreciates the opportunity to share our views on the proposed Accounting Standards Update, *Revenue from Contracts with Customers (Topic 606), Narrow-Scope Improvements and Practical Expedients* (the "proposed ASU").

We would like to express our appreciation to the Financial Accounting Standards Board (the Board) for the opportunity to respond to this proposed ASU. We support the Board's efforts to respond to stakeholder concerns being raised about the new revenue recognition standard. We encourage the Board to continue to evaluate and make proposed changes to the standard to help ensure companies can cost effectively adopt the standard.

We believe that as the revenue recognition standard is amended there is a risk that proper implementation may not be achieved due to the fact that there are multiple ASU's that need to be read and considered in conjunction with the originally-released standard. We recommend the Board consider issuing an amended and restated Topic 606 to codify all the revisions to the revenue standard into a single standard. This will eliminate the need to read through the multiple ASU's that have subsequently amended the original Topic 606 and allow preparers and practitioners to review a single document as the basis for adopting this new revenue standard.

In general, we support the improvements contained in this proposed ASU. Our detailed responses to the FASB's questions are included in the Appendix to this letter.

We hope that you find our comments and suggestions meaningful. If you would like to discuss our comments or require further information regarding our response, please contact Trevor Gillespie, Partner in our Silicon Valley office, at 408-558-7618 or by e-mail at [Trevor.Gillespie@mossadams.com](mailto:Trevor.Gillespie@mossadams.com).

Respectfully,

*Moss Adams LLP*

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## Appendix 1

Below are our responses to selected questions in the exposure draft.

**Question 1** – *Does the proposed addition of paragraphs 606-10-55-3A through 55-3C, as well as the addition of new examples, clarify the objective of the collectibility threshold? If not, why?*

We believe the clarification additions on collectibility will help address the more narrow interpretations that might have resulted in more contracts than the Board intended not meeting the collectibility criterion. More importantly, we believe the added implementation guidance will help better clarify how to apply the collectibility threshold with respect to whether or not the contract meets the recognition threshold under Topic 606.

**Question 2** – *Paragraph 606-10-25-7(c) was proposed to provide clarity about when revenue should be recognized for a contract that does not meet the criteria in paragraph 606-10-25-1. Does this proposed amendment improve the clarity of applying the guidance? If not, why?*

We support the addition of this provision from the viewpoint that it will clarify how nonrefundable payments that have been received should be both recognized and categorized when a contract does not initially meet the recognition threshold of Topic 606. That being said, the Board may need to clarify how those nonrefundable payments are recognized and categorized to the extent that an entity has not stopped providing services.

**Question 3** – *The collectibility criterion in paragraph 606-10-25-1(e) refers to collectibility being probable, which is defined in Topic 606 as “likely to occur.” If the Board were, instead, to refer to collectibility being “more likely than not,” which would result in a converged collectibility criterion with IFRS, would the amendment improve the collectibility guidance in Topic 606? Explain your response.*

We would support a “more likely than not” criterion with respect to collectibility, assuming the definition intended by the Board does not deviate from the usage already in current GAAP. We also support that such change would result in better convergence with IFRS.

**Question 4** – *Paragraph 606-10-32-2A provides a policy election that would permit an entity to elect to exclude all sales (and other similar) taxes collected from customers from the transaction price. Does this proposed amendment reduce the cost and complexity of applying Topic 606? If not, why?*

We support the practical expedient nature of this proposed policy election as it will eliminate unnecessary costs and complexities of evaluating each transaction by jurisdiction to make a conclusion on whether certain amounts are to be included or excluded from the transaction price.

**Question 5** – *Revisions to paragraph 606-10-32-21 and the related example specify that noncash consideration should be measured at contract inception. Does this proposed amendment improve the clarity of applying the guidance? If not, why?*

We believe that the proposed specifications describing the measurement date for noncash consideration at contract inception is a beneficial clarification. However, we believe further clarification may still be warranted as to whether or not fair value should take into account any forward looking information for noncash consideration arrangements where consideration is received in the future.

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*Question 6 – Revisions to paragraph 606-10-32-23 clarify that the guidance on variable consideration applies only to variability in noncash consideration resulting from reasons other than the form of the consideration. Would the proposed amendments improve the clarity of applying the guidance? If not, why?*

We believe the revision will help clarify the application of the guidance.

*Question 7 – Paragraph 606-10-65-1(f)(4) provides a practical expedient for contract modifications at transition. Would the proposed amendment reduce the cost and complexity of applying Topic 606? If not, why?*

We believe that providing this practical expedient will reduce some cost and complexity in transitioning to the new revenue standard.

*Question 8 – Revisions to paragraph 606-10-65-1(c)(2) clarify that a completed contract is a contract for which all (or substantially all) of the revenue was recognized under revenue guidance in effect before the date of initial application. Does this proposed amendment clarify the transition guidance? If not, why and what alternative would you suggest?*

We believe revising the definition of a completed contract does help clarify the transition guidance.