



CONSTRUCTION FINANCIAL MANAGEMENT ASSOCIATION
The Source & Resource for Construction Financial Excellence

October 15, 2012

Ms. Leslie Seidman
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Revenue Recognition

Dear Ms. Seidman:

The Construction Financial Management Association (CFMA) is "The Source & Resource for Construction Financial Professionals" and the only nonprofit organization dedicated to serving the construction financial professional. Headquartered in Princeton, NJ, CFMA currently has nearly 6,700 members in 89 chapters throughout the U.S. and Canada.

Established in 1981, CFMA's General Members represent all types of contractors, as well as developers, construction managers, architects, engineers, principals and material and equipment suppliers. Associate Members include the accounting, insurance, surety, software, legal and banking specialist who serve the construction industry.

CFMA has been involved in this project since the issuance of the 2008 Discussion Paper on this topic because of the profound impact which this proposed standard will have on the construction industry. Throughout this three-plus year period, we have remained engaged in this project's progression and sought to understand FASB's objectives and provide well-reasoned and thoughtful feedback after extensive outreach, not just with our own members, but with other members of the construction industry as well.

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Technical Director
FASB
October 15, 2012
Page 2

As noted in our comment letter to the Exposure Draft (comment letter No. 74), we applaud FASB's efforts and appreciate the many improvements that have been made since 2008 to ensure that a new revenue recognition standard is operational and reflects the true economics of transactions with customers.

Staying true to our desire to maintain a high level of involvement in this important project, we are writing in response to the discussion held by FASB on September 24 and 27, 2012, specifically related to certain recommendations on constraining revenue.

We understand that the Boards agreed to remove the term "reasonably assured" to avoid confusion, as that term has different meanings under current IFRS and US GAAP guidance. We welcome this change. We also understand, however, that some of the September 24 and 27 discussions may have signaled a view that variable consideration, in effect, should not be recognized until such time, or close to such time, that consideration is received.

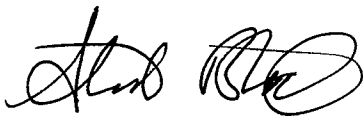
Variable consideration, within the construction industry and other industries, is frequently estimated as part of the accounting for long-term contracts. History has proven that many contractors can estimate, with a sufficient level of precision (i.e., ensuring there is not a wide range of subsequent, unexplainable adjustments), variable consideration such that the accounting for the overall contract provides critical and decision-useful information to users of financial statements. Subject to the clarifying recommendations in our previous comment letter, we believe the principals in the current Exposure Draft provide a framework whereby the accounting for variable consideration is both operable and practical and allows for decision-useful information to be provided to users.

We are also concerned about the potential indirect implications of reaching a conclusion about an entity's inability to make an appropriate estimate of variable consideration. If such a conclusion were reached, it may inadvertently call into the question other areas of the proposed standard where estimates are pervasive (e.g., the use of input/output methods to measure continuous transfer of control).

We encourage FASB and its staff, as it continues its deliberations, to ensure that the final principal for the accounting for variable consideration (or use of estimates in general) reflects an appropriate amount of flexibility to allow for the use of well-reasoned and supportable judgments which are consistent with prevailing accounting practices in the construction industry.

In closing, we respect the Board's commitment to providing high-quality, operational financial reporting standards for financial statement preparers, auditors, and users. The due process afforded to those, such as CFMA, wishing to comment on standards affecting our constituency is an important and valuable part of this process. Again, we are grateful for your efforts and welcome the opportunity to meet with FASB to further discuss these concerns.

Respectfully submitted,



Stuart Binstock
CFMA
President & CEO