

October 19, 2012

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

By e-mail: director@fasb.org

**Re: Proposed Accounting Standards Update – Comprehensive Income (Topic 220):
*Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income***

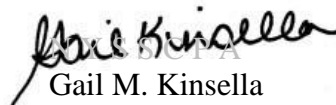
(File Reference No. 2012-240)

Dear Ms. Cospers:

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact J. Roger Donohue, Chair of the Financial Accounting Standards Committee at (917) 887-7809 or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,


Gail M. Kinsella
President

Attachment

**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**PROPOSED ACCOUNTING STANDARDS UPDATE – COMPREHENSIVE
INCOME (TOPIC 220): *PRESENTATION OF ITEMS RECLASSIFIED OUT
OF ACCUMULATED OTHER COMPREHENSIVE INCOME***

(FILE REFERENCE NO. 2012-240)

October 19, 2012

Principal Drafters

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Robert M. Rollmann
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New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update – Comprehensive Income (Topic 220): *Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income* (File Reference No. 2012-240)

General Comments

We concur with the objective of the Proposed Accounting Standards Update – Comprehensive Income (Topic 220): *Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income* (Update) to provide readers of financial statements with information that may be useful in understanding changes to accumulated other comprehensive income (AOCI), and specifically, reclassifications out of AOCI to line items in the income statement. However, we believe that the requirement that such information be disclosed in tabular format unnecessarily adds disclosures that may be of limited value to many financial statement users. For example, if an organization has limited items in AOCI, assume pension liability adjustments, a financial statement user could easily refer to the net periodic pension expense disclosure to attain such information. (See **Appendix A** for an Illustration of our suggested presentation of the Income Statement and Accumulated Other Comprehensive Income that provides readers with the information on reclassifications out of accumulated other comprehensive income and has a reference in the income statement.)

Responses to Questions for Respondents

Question 1: The proposed amendments would require an entity to provide enhanced disclosures to present separately by component reclassifications out of accumulated other comprehensive income. In addition, an entity would be required to provide a tabular disclosure of the effect of items reclassified out of accumulated other comprehensive income on the respective line items of net income, to the extent that the items reclassified are required under U.S. GAAP to be reclassified to net income in their entirety. In addition, for other items not required under U.S. GAAP to be reclassified in their entirety to net income, the tabular disclosure would require only a cross-reference to other disclosures providing additional detail about these reclassifications. Would the proposed disclosures provide useful information to users of financial statements? If not, please explain why.

Response:

Our response to Question 1 is in three parts: 1) Public companies, 2) Nonpublic companies, and 3) Recommendations summarizing our response for public and nonpublic companies for which we address these issues separately. The Update indicates in the amendment to Paragraph 220-10-45-17 (page 7 of the Update) that the disclosure should be of significant items reclassified out of AOCI. We noted that virtually all of the items being reclassified in the illustrations were approximately the same amount with little or no differential of significant items. While we do not

expect the FASB to provide guidance on what rises to the level of being significant, we believe that consideration should be given to changing the amounts presented in the tables within the ASU so that insignificant matters are better illustrated.

Public Companies

The extent of the proposed disclosures utilizing two tabular presentations, and referencing the items to the income statement in such detail, (i.e., on a line for line basis) is not necessary to achieve the stated objective of the Update. The Statement of AOCI could be structured to provide the information required in the tabular presentations, and the Income Statement could have a reference to the Statement of AOCI. If there is a very significant item that is being reclassified, that item could be highlighted in the Income Statement. In this way a financial statement user would have all the information in one place and it would be much easier to follow. In addition there could be a footnote reference in the Statement of AOCI to the notes in the financial statements that contain the detailed disclosures for that item. (See Appendix A for Illustration)

Nonpublic Companies

For nonpublic companies we suggest a similar presentation to that for public companies described above, however, we believe that the amount of disclosure for nonpublic companies need not be as extensive as proposed for public companies. Nonpublic companies have a vastly different user group than do public companies, and as a result, it is not necessary to provide such detailed disclosure as is being proposed for public companies.

Recommendations

We feel the proposed disclosures are not warranted, add unnecessary clutter and length to the financial statements, expand “disclosure overload”, and in fact, make it more complex for readers of the financial statements to understand them. Furthermore, should a stakeholder of a nonpublic company (e.g., a bank) require such information, they likely have access to management of the entity and can obtain answers to their questions. Consequently, we believe that application of the guidance in the ASU to nonpublic companies should be optional but not required.

Question 2: Would an entity incur significant costs because of the proposed amendments in Question 1? If so, please explain the nature of those costs. The proposed amendments also would require an entity to provide the disclosures about the effect of reclassifications out of accumulated other comprehensive income by component both on an interim basis and on an annual basis. Would an entity incur significant costs because of the proposed requirement for interim-period disclosures? If so, please explain the nature of those costs.

Response:

Inasmuch as the information for the disclosures is determined in the normal course of preparing the financial statements, we do not feel this would cause significant additional expenses.

Question 3: The proposed guidance would apply to both public entities and nonpublic entities (that is, private companies). Should any of the proposed amendments be different for nonpublic entities? If so, please identify those proposed amendments and describe how

and why you think they should be different.

As we indicate in our response to Question 1 above, we believe there should be significant differences in the disclosure requirements for public and nonpublic companies. In addition, we also believe the objective of the Update can be achieved without the extensive disclosures proposed in the ASU. Although as we stated in our response to Question 2, the added expense would not be significant, there would be some expense. We believe that the cumulative effect of numerous disclosures and other accounting requirements of low value to nonpublic entities, even with low cost individually, can be burdensome.

Question 4: The Board has discussed the possibility of making these proposed amendments effective for public entities as early as for annual reporting periods ending after December 15, 2012, and to delay the effective date for nonpublic entities by one year. Would those effective dates be practicable? If not, please explain why.

Response:

Assuming that a final ASU is issued late in the fourth quarter of 2012, we believe the effective date should be extended to periods ending after December 15, 2013 for public companies. Notwithstanding our previously expressed views that this ASU should not apply to nonpublic companies, we believe that a one year delay of its effective date for nonpublic companies is appropriate. In addition, we believe early adoption should be permitted.

Illustration - Presentation of changes in accumulated other comprehensive income and reclassifications to income statement from accumulated other comprehensive income

STATEMENT OF INCOME

For the year ended December 31, 2011

| | |
|----------------------------|-----------------|
| Sales | \$125,000 |
| Cost of sales (A) | <u>65,000</u> |
| Income from operations | 60,000 |
| Other income and expense | <u>15,000</u> |
| Income before income taxes | 45,000 |
| Income taxes | <u>15,000</u> |
| Net Income | <u>\$30,000</u> |

(A) See Statement of Changes in Accumulated Other Comprehensive Income

STATEMENT OF CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME

For the Year Ended December 31, 2011

(Note: For purposes of illustration, additions and deductions exclude income taxes)

| | | |
|----------------------------------------------------------|----------------|-----------------|
| Balance January 1, 2011 | | \$10,000 |
| Additions: | | |
| Pension plan | \$ 4,000 | |
| Unrealized appreciation of investments | <u>300</u> | |
| Total Additions | <u>4,300</u> | |
| Reclassified to Income Statement | | |
| Pension (Cost of Operations and Note 6) | (2,000) | |
| Unrealized appreciation (depreciation) of investments | <u>(100)</u> | |
| Total reclassifications to Income Statement | <u>(2,100)</u> | |
| Total increase in Accumulated Other Comprehensive Income | | <u>2,200</u> |
| Balance December 31, 2011 | | <u>\$12,200</u> |

COMPREHENSIVE INCOME
For the Year ended December 31, 2011

| | |
|-------------------------------------------------------|------------------|
| Net income | \$ 30,000 |
| Increase in Accumulated Other Comprehensive Income | <u>2,200</u> |
| Total Comprehensive Income | <u>\$ 32,000</u> |