



Letter of Comment No: 3791
File Reference: 1102-100

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File Reference No. 1102-100, Stock Option Expensing

To Whom It May Concern:

My name is Doug Antone, I am the CEO of DispenseSource, Inc., a private venture capital backed company focusing on inventory management software solutions for large manufacturing companies, located in Orange County, CA. The impending FASB requirement for expensing stock options concerns a company like ours. As it stands, cash resources, the lifeblood of startup companies like ours, are limited and at a premium. The requirement to expense stock options puts an undue financial burden on a company like DispenseSource. The complexity of the analysis math that is required to make an attempt at solving for a present value of an expense that has not yet occurred on an ongoing basis causes a small company to seek expensive outside counsel, since no internal resources are likely able to perform such a task. The additional expense burden, which will be placed on small companies like ours, will not only harm our ability to innovate our technology, but hinder our ability to hire new employees.

In addition, the argument regarding a private company having an option to adopt GAAP versus non-GAAP accounting methods simply does not hold water. As a venture capital backed company, our investors along with all employees at our firm hold the promise of one day performing an IPO as the ultimate goal, for which many will have sacrificed much. Without implementation of GAAP accounting methods from day one, it is almost certain that this alone could prove a significant impediment in filing our S-1. Therefore, adopting GAAP standards is not an option but a mandatory course of action for a company like ours. If the requirement for expensing stock options is implemented, private companies will have to go through the exercise.

Given the inescapable negative impact that expensing stock options will have on a private company like ours, I implore FASB to reconsider its decision in making the process a requirement. Thank you for your time and consideration.

Regards,

Doug Antone
President and CEO
DispenseSource, Inc.