Clifton Gunderson LLP
Certified Public Accountants & Consultants

LETTER OF COMMENT NO. 16

January 17, 2008

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
FASB, 401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference: Proposed FSP FIN 48-b

Dear Mr. Golden:

We are pleased to have this opportunity to comment on proposed FASB Staff Position FIN 48-b, "Effective Date of FASB Interpretation No. 48 for Nonpublic Enterprises."

We request that the FASB extend the deferral provisions of FIN 48 to all nonpublic enterprises that have not already adopted the provisions of FIN 48 by recognizing an uncertain tax position and including related disclosures in financial statements issued to third parties. We request that the FASB issue the final FSP to make this official as soon as possible.

Action Alert No. 07-46 first announced the Board's decision on November 7, 2007, to defer the effective date of FIN 48 for nonpublic entities. The Action Alert stated that "Nonpublic entities that have already applied the provisions of Interpretation 48 and whose financial statements have been issued to third parties would not be eligible for the deferral." Our nonpublic clients and assurance professionals understood this to mean the deferral would apply to most nonpublic enterprises and were relieved to be able to delay work on implementing FIN 48 until after their 2007 audit was completed.

The proposed FSP was not issued for another six weeks and contained slightly different language, but appeared consistent with the earlier announcement. However, on January 8. 2008, the FASB issued a press release stating that the "amendments contained in the proposed FSP clarify that the provisions of Interpretation 48 have been adopted if the nonpublic entity has issued financial information prepared in accordance with U.S. GAAP to third parties." We have seen interpretative guidance issued by two large national accounting firms stating that if a nonpublic entity provided even limited financial information, such as debt covenant calculations, to its bank, it would be presumed to have adopted FIN 48.

Many nonpublic enterprises in non-regulated industries routinely provide unaudited, internally prepared financial information or financial statements to their lenders, granting agencies, or other third parties. Such interim information is generally not prepared in full conformity with U.S. generally accepted accounting principles. In most cases, there are no disclosures. Income tax provisions are typically computed using a simple percentage of pretax book income based on the prior year effective rate. Accruals and reserves are often not analyzed or updated.

Management of many non-regulated nonpublic enterprises believe they have not adopted the provisions of FIN 48 in any interim financial information they may have provided to third parties during 2007. They have not accrued a liability for uncertain tax positions nor have they made any of the required disclosures. In good faith, they believed they were eligible for the deferral and focused their efforts on what they believed to be higher priorities.

If the FASB finalizes the FSP with the deferral limited to nonpublic enterprises that have not provided any interim financial information to third parties, then the nonpublic entity deferral provisions would not apply to many not-for-profit and pass-through entities, the very groups the FASB was specifically targeting with the proposed deferral provisions.

We applaud the FASB's recognition of the needs of private companies. We request that the deferral provisions of FIN 48 be applicable to all nonpublic entities that have not already adopted the provisions of FIN 48 by recognizing an uncertain tax position and including related disclosures in financial statements issued to third parties. We request that a final FSP be issued as soon as possible.

If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Anita Ford at (414) 721-7503.

Sincerely,

Clifton Gunderson LLP