1790-100 Comment Letter No. 62 Certified Public Accountants

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Mr. Russell G. Golden **FASB Technical Director** Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

File Reference No. 1790-100

Dear Mr. Golden:

We are pleased to comment on the Exposure Draft of the Proposed Accounting Standards Update to Comprehensive Income (Topic 220). We support the efforts of the Financial Accounting Standards Board and the International Accounting Standards Board (Boards) to improve consistency in financial reporting by requiring a single financial statement that displays the components of both net income and other comprehensive income. While we agree with most of the changes made in the proposed Accounting Standards Update, we offer several comments for your consideration.

## **Comments on Certain Discussion Questions**

Question 1: Do you agree that requiring a continuous statement of comprehensive income will improve the comparability, transparency and understandability of financial statements such as relationships between changes in the statement of financial position, the components of other comprehensive income, and the components of net income in each period? If not, why not, and what changes would you suggest to the amendments in this proposed Update?

We agree that a continuous statement of comprehensive income will improve the comparability, transparency and understandability of financial statements. We believe that the alternatives currently allowed for displaying comprehensive income can cause confusion to financial statement users. Furthermore, depending on the alternative currently chosen by a reporting entity, the display of other comprehensive income may not be sufficiently prominent given the significant number of items that may be reported in other comprehensive income. However, we would also support an amendment that simply eliminated the alternative to present the statement of comprehensive income as part of the statement of stockholder's equity.

Question 2: Do you agree that the option should continue to report the tax effect for each component of other comprehensive income either in the statement of comprehensive income or in the notes to the financial statements?

We agree that this option should be retained. However, we believe if a reporting entity chooses to report the tax effect for each component of other comprehensive income in the notes to the financial statements, it should be required to display the aggregate income tax expense or benefit related to all items of other comprehensive income on the face of the financial statement.

Question 3: Do you believe that a requirement to display reclassification adjustments for each component of other comprehensive income in both net income and other comprehensive income in the statement of comprehensive income would improve the understandability and comparability of financial statements?

We believe the requirement to display reclassification adjustments on the statement of comprehensive income (as a result of the removal of the option to disclose reclassification adjustments in the notes to the financial statements) will make the financial statements more understandable and will result in more clarity around the items of other comprehensive income that have been recognized in net income during each period.

Question 4: What costs, if any, will a reporting entity incur as a result of the proposed changes?

Given that reporting entities are already required to gather and report this information, we would not expect there to be significant implementation costs.

Question 5: The Board plans to align the proposed effective date of the amendments in this proposed Update with the effective date of the amendments in the proposed Update on financial instruments. Are there any significant operational issues that the Board needs to understand to determine the appropriate effective date for the amendments in this proposed Update?

We agree with the intent to align the effective date and are not aware of any operational issues. However, we would also support an earlier effective date than the financial instruments project.

Question 6: The amendments in this proposed Update would not change the guidance on the calculation and display of earnings per share. Do you believe that the Board should change the guidance on earnings per share? If so, what changes would you recommend and why?

We don't believe the guidance on the calculation and display of earnings per share should be amended as a result of this proposed Update. This proposed Update was meant to improve comparability, consistency and transparency in the reporting of other comprehensive income and we believe that has been accomplished. If the Boards believe that the earnings per share guidance can be improved, we'd suggest that be considered on a broader basis to determine what additional enhancements may be necessary (in addition to those that may be appropriate for other comprehensive income), rather than as part of this more narrow scope project.

We would be pleased to respond to any questions the Board or its staff may have about any of the preceding comments. Please direct any questions to Jay D. Hanson (952-921-7785) or Brian Marshall (203-312-9329).

Sincerely,

McGladrey & Pullen, LLP

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