

October 28, 2010

Technical Director
File Reference No. 1860-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1860-100

Disclosure about an Employer's Participation in a Multiemployer Plan

Dear Technical Director:

We appreciate the opportunity to provide comments on the proposed Financial Accounting Standards Board's ("FASB") Proposed Accounting Standards Update ("ASU") Disclosure about an Employer's Participation in a Multiemployer Plan issued September 1, 2010. Bonadio & Co. LLP is a certified public accounting firm that provides services to a large number of multiemployer benefit plans and a significant number of construction contractors that contribute to these plans. While we support the FASB's efforts for transparency and to provide financial statement users with additional information about an employer's participation in a multiemployer plan, we have certain concerns regarding the proposal. Our general observations and specific comments on the proposed accounting standards update are set forth below.

FASB Question 1 – Do you agree that the proposed quantitative and qualitative disclosures will result in a more useful and transparent disclosure of an employer's obligation arising from its participation in a multiemployer plan?

We agree that additional qualitative disclosures regarding an employer's participation in a multiemployer plan would benefit users of financial statements. We are in support of requiring entities that participate in multiemployer plans to disclose general information about the plan that is readily available in the plan document or other legal agreements. In addition, we agree that qualitative information about significant known risks and certainties arising from participation in a multiemployer plan should be disclosed.

Although we believe that many of the enhanced disclosures will increase transparency regarding an employer's risks and commitments arising from its participation in a multiemployer plan, we are concerned that the proposed quantitative information would not be readily obtainable at a reasonable expense and may be misleading to users of financial statements for the reasons cited below.

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ROCHESTER • BUFFALO ALBANY • SYRACUSE PERRY • GENEVA On an annual basis, benefit plans are required to perform a valuation of their assets and liabilities and determine the funded status. These calculations require a significant amount of time to compute due to the amount of data and third party information required. The timely completion of a contractor's financial statement is critical and required shortly after their respective year end. Surety and bank credit agreements often have covenants that typically require financial statements to be issued within 90 to 120 days after year-end. Most benefit plan audits are not completed within this timeframe and a plan administrator may not provide information to employers that would be required for the proposed disclosures (assets, accumulated benefit obligation, contributions, etc.) until their annual audit is complete. Alternatively, if the information is provided by the plan administrator before the audit is complete the information may not be accurate or in the instance of prior year benefit plan information being provided it would be outdated.

We also believe that the proposed requirement to disclose the expected contribution for the next annual period will be difficult to determine and based on factors that are unknown at the time of the financial statement. Specifically, within the construction industry, employee related expenses such as contributions to a multiemployer pension plan fluctuate based on the amount, size, and type of the contracts that are being performed in any given year. For contractors that do not have a full year's worth of backlog, expected contributions for the next annual period could not be projected accurately. The contractor will have no way of knowing how many contracts they will sign, the type of and size of the project, or how many union employees they will be utilizing and from which unions. This will require companies to make projections of amounts that may be misleading in that the actual amounts may be significantly different in the following year than disclosed since there were significant unknown variables in the estimate.

FASB Question 2 — Do you believe that disclosing the estimated amount of the withdrawal liability, even when withdrawal is not at least reasonably possible, will provide users of financial statements with decision-useful information?

ASC Topic 715-80-50-2 currently requires entities to apply the disclosure requirements in ASC Topic 450 *Contingencies*, as it relates to multiemployer plans. ASC 450 requires the disclosure of a contingent liability if there is a probable or reasonably possible chance of the contingency resulting in a liability to the company. If the chance of a liability is deemed to be remote, no disclosure is required. The proposed standard would require a company to disclose a withdrawal liability even in the case where the company has not made a decision or is not required to withdraw from the multiemployer plan. We believe that this disclosure would be misleading for the reasons cited below.

The amount of the withdrawal liability is an actuarial calculation that requires numerous assumptions and is a result of the current fair value of the underlying assets within the plan as of the date of the calculation. Based on the large changes in the fair value and performance of the plan's assets, in addition to any changes in the actuarial assumptions, the amount of the withdrawal liability calculated at the measurement date can change materially from one period to the next and therefore may be misleading.

Furthermore, contractors have expressed concerns that the proposed disclosure requirements will have an unnecessary negative impact on their ability to generate the appropriate level of financing. Reporting a withdrawal liability for a company that does not intend to withdraw from a multiemployer plan could lead the user of the financial statement to misunderstand the disclosure. Since the liability would not represent an actual liability until the company withdraws from the plan, the end user of the financial statement may misinterpret this disclosure to imply that the liability is more imminent and the contractor's financial position weaker than it actually is. This situation may cause the company significant difficulty in obtaining the necessary financing or surety agreements, severely undermining their ability to secure work and keep their workforce employed. The cost of lost profits associated with a contractor that does not have the required financing is immeasurable and could be devastating to an already struggling industry.

We believe the current standards provide for appropriate and reasonable guidance to adequately disclose withdrawal obligations related to multiemployer plans and do not require change.

FASB Question 3 — What implementation costs, if any, will an employer face in applying the proposed disclosures?

Multiemployer benefit plans typically have numerous employers contributing funds annually. The proposed standard would require these plans to provide information to the contributing employers each year to comply with the disclosure requirements. The plans will incur tremendous costs associated with compiling the information, presenting this to the contributing employers, and addressing questions regarding the assumptions and required data. Currently the withdrawal liability calculation is generally only provided by the plan when a request is submitted by a contributing employer that is considering withdrawing from the Plan. The costs of providing additional information will either be absorbed by the plans--which would result in fewer benefits to the participants--or passed along to the contributing employers. Just as many multiemployer plans have a large number of participating employers, many construction companies participate in multiple plans. These companies will face a large administrative burden if they are required to request, interpret, and report their potential withdrawal liability assessments from all the plans in which they participate. In a time when companies are struggling to reduce costs and maintain declining profits and benefit plans are trying to cut administrative costs and maintain benefits for participants we do not believe the costs to provide this additional information will significantly outweigh the benefit for a liability that has a remote likelihood of occurring.

From an auditor's standpoint, any significant disclosure will require audit procedures to determine that information and amounts are complete and accurate. The proposed disclosure requirements will require an increase in the amount of time required to ensure the accuracy of the disclosures. The auditor will be required to assess the assumptions regarding the amount of the withdrawal liability. Most of this information is not readily available and will need to be provided by the plan administrator. Since the work to prepare the disclosure requirement will likely be prepared by a valuation expert of the multiemployer plan, it may become extremely difficult and time consuming for the auditors of the employer to perform the required audit procedures related to the assumptions. Further complexities exist where an employer participates in more than one plan.

We appreciate the opportunity to provide comments. Please feel free to contact me if you have any questions.

Very truly yours,

BONADIO & CO., LLP

by:

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Partner