

September 30, 2010

To: Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, Connecticut 06856-5116

Via Email: director@fasb.org

From: Tim Chatting

Re: File Reference No. 1790-100
Proposed Accounting Standards Update: Comprehensive Income (Topic 220)

I thank you for the opportunity to respond to the FASB exposure draft on the topic of comprehensive income. As a preparer of disclosures for a public company in the technology industry, I understand the importance of greater visibility to comprehensive income given the current status of convergence projects by the FASB and IASB. However, I believe the proposed guidance falls short of the goal of improving the comparability, transparency, and understandability of financial statements.

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?

Response to Question 1: In order to achieve the desired improvements to financial statements, the purpose of other comprehensive income (“OCI”) needs to be more clearly defined. Conceptually, it doesn’t make sense to me to create a continuous statement of comprehensive income, yet require amounts to be reclassified, or recycled, from OCI into net income. The concept of recycling makes better sense when it involves separate financial statements, since amounts are generally recognized only once on a statement of financial performance.

In my opinion, requiring a continuous statement of comprehensive income may be more appropriate under IFRS given the proposed changes by the IASB affecting the use of OCI and recycling (defined benefit plans for example). However, until the FASB and IASB agree on what should be recognized in OCI and whether or not such items should be recycled into net income, I see no real benefit to the proposed changes. In fact, the proposed changes may confuse the reader rather than improve the understandability of the financial statements and provide a false sense of comparability between financial statements prepared under U.S. GAAP and financial statements prepared under IFRS.

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?

Response to Question 2: Yes, I agree this option should continue.

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?

Response to Question 3: Yes, I believe this requirement would be essential if the proposed changes become authoritative guidance given the differences in recycling under US GAAP and IFRS. However, as stated above, the concept of recording reclassification adjustments on a continuous statement of comprehensive income may still be confusing to some users of financial statements.

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

Response to Question 4: I believe the costs of implementing the proposed changes will not be significant.

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?

Response to Question 5: As currently written, this is appropriate. However, please refer to the response to question 1. I believe the purpose and use of OCI should be revisited as part of the financial statement presentation 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?

Response to Question 6: It is my opinion that the guidance on earnings per share should not be changed. Based on the use of OCI under current and proposed U.S. GAAP, I believe comprehensive income is not a relevant measure of performance and should not be presented on a per share basis.

Regards,
Tim Chatting, CPA