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VIA email to: director@fasb.org

April 14, 2009

Financial Accounting Standards Board Technical Director 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: File Reference No. 1630-100 Discussion Paper "Preliminary Views on Financial Statement Presentation"

Dear Technical Director, Board Members and Staff,

URS Corporation (NYSE: URS) is a leading international provider of engineering, construction and technical services. We offer a broad range of program management, planning, design, engineering, construction and construction management, operations and maintenance, and decommissioning and closure services to public agencies and private sector clients around the world. We also are a major United States ("U.S.") federal government contractor in the areas of systems engineering and technical assistance, construction and operations and maintenance. We have more than 50,000 employees in a global network of offices and contract-specific job sites in more than 30 countries.

We appreciate the opportunity to comment on the Discussion Paper referred to above.

1. Would the **objectives of financial statement presentation** proposed in paragraphs 2.5–2.13 improve the usefulness of the information provided in an entity's financial statements and help users make better decisions in their capacity as capital providers? Why or why not? Should the Boards consider any other objectives of financial statement presentation in addition to or instead of the objectives proposed in this Discussion Paper? If so, please describe and explain.

We concur with the FASB and IASB that financial statements should portray a cohesive financial picture of an entity's activities, provide information so that it is useful in predicting an entity's future cash flows, and help users assess an entity's liquidity and financial flexibility. However, we believe that there are more cost effective and less complex solutions in accomplishing the objectives than those proposed in the Discussion Paper.

Disaggregation for cohesiveness without strategic planning regarding the purpose or usefulness of the data may provide some transparency but also add complexity and result in less clarity. The disaggregation of the three primary financial statements to five categories, then further



disaggregation based on differences in bases of measurement (statement of financial position) or in the function or nature of the income or expense (statement of comprehensive income) is a complex and daunting task to implement. This is made even more difficult with the requirement of line-item cohesiveness, wherein the category in which each asset and liability is found in the statement of financial position follows the same category where the income and expense is impacted in the statement of comprehensive income, as well as in the statement of cash flows. In some situations such as leasing and pensions, cohesiveness can be very difficult to apply as the changes may affect various categories.

We recommend that the Board consider developing an appropriate balance between addressing the needs of the investment community and the practical capabilities and the economic constraints of the business community. This is especially true with the proposed statement of cash flows. Preparing a direct method statement of cash flows and then allocating components based on the category and nature of the income and expense or the category from where they originated in the statement of financial position appears impracticable given that current information systems in use today generally do not support the preparation of a direct cash method of the statement of cash flows or the tracking of such allocations. Imposing accounting standards that require significant capital investments by businesses of all kinds and sizes is unwise in the best of times, let alone doing so in the current economic environment.

Given the current economic circumstances and the impending IFRS conversion project planning and implementation that many companies such as ours have undertaken, additional time and costs would further stretch the current capacities of our financial reporting function, information technology function and our limited financial resources. Further, investor confidence is already at an all time low. To introduce financial statements that are too complex and confusing for the average investor would only result in increased skepticism and would further undermine investor confidence.

We believe that there are alternative methods that would provide the disaggregation of information of various key and relevant accounts based on needs of financial statement users without requiring an across the board revision of financial statements that have long proved to be practical and usable. Required information can be provided through more robust notes to financial statements or supplemental reports and disclosures could be utilized.

We also recommend that the Boards consider the usefulness of the proposed financial statements to not only the analyst community, but to the broader population of financial statement readers, who would find these statements difficult to understand and containing too much detail. Some of the more conventional ratios used by many investors, such as the current ratio, would have to be calculated by accumulating current assets and current liabilities from various places of the financial statements instead of simply using the total current assets and total current liabilities shown in the current format of the financial statements.

As the Boards acknowledge, there is a "delicate balance between having too much information and too little." We feel that the Board should more explicitly define for the business and investment community just what key information and consistencies they require, and to what degree or level of detail that the targeted data is required, and then find a more cost effective and meaningful reporting mechanism.

While an academic viewpoint might find such presentation as the direct cash flow method and the Reconciliation of Cash Flows to Comprehensive income to be interesting and informative, we question whether the additional information is actually worth the real incremental cost it will require



in systems modifications and repeated preparation. We also observe that, because of the additional degree of complexity, the proposed presentation adds complexity in both preparation and interpretation, which naturally lends itself to an increased risk of error on the part of both the preparer and the reader of the information. We recommend that the Board adopt a view that accounting standards that are simple, practical, economic and concise are of greater value to all users of financial information than are standards that are complex, theoretical, expensive and verbose.

2. Would the separation of business activities from financing activities provide information that is more decision useful than that provided in the financial statement formats used today (see paragraph 2.19)? Why or why not?

We agree in principle but we question the usefulness of providing such information for the Statement of Financial Position. As stated above, investors would have to aggregate various numbers on the Statement of Financial Position to calculate simple ratios. Should the Boards require such disaggregation, then the Boards should provide clear delineations for determining the assignment of transactions to categories, not in the sense of "rules," but rather of guiding principles. For example, in our industry, a common vehicle for accomplishing our core business is the use of joint venture arrangements of various types and kinds. Such arrangements allow for risk-sharing on very large projects and they permit customers to accomplish project objectives that require bringing together unique expertise that may not exist in a single company. Even though in some cases we may not be the managing or controlling partner, they are generally not "passive investments," but are businesses supporting projects in which both our partners and we are actively involved.

In separating activities into "business" and "financing," we believe that such arrangements, in our situation, would appropriately be considered not just "business activities," but in fact "operating" rather than "investing" activities. Hence, a guiding principle would help preparers make appropriate decisions about categorizing the kinds of activities in which they engage, whereas an ironclad rule, using our example, that the equity in the earnings of an unconsolidated joint venture must be categorized in investing activities, which would, in our view, distort the presentation of our results of operations.

3. Should **equity** be presented as a section separate from the financing section or should it be included as a category in the financing section (see paragraphs 2.19(b), 2.36, and 2.52–2.55)? Why or why not?

Equity should be separately presented as it represents the ownership value in an entity. Equity includes transactions, such as restricted stock grants and treasury stock, which do not generate financing cash flows.

4. In the proposed presentation model, an entity would present its **discontinued operations** in a separate section (see paragraphs 2.20, 2.37, and 2.71–2.73). Does this presentation provide decision-useful information? Instead of presenting this information in a separate section, should an entity present information about its discontinued operations in the relevant categories (operating, investing, financing assets, and financing liabilities)? Why or why not?

An entity should present discontinued operations separately because it has different implications for future cash flows and pro forma analyses. Disaggregation to various categories would not provide additional decision useful information to the readers of the financial statements. In fact, it would make it harder for readers, since they would have to aggregate several numbers to see the impact of an entity's discontinued operations.



- 5. The proposed presentation model relies on a **management approach** to classification of assets and liabilities and the related changes in those items in the sections and categories in order to reflect the way an item is used within the entity or its reportable segment (see paragraphs 2.27, 2.34, and 2.39–2.41).
- a. Would a management approach provide the most useful view of an entity to users of its financial statements?
- b. Would the potential for reduced comparability of financial statements resulting from a management approach to classification outweigh the benefits of that approach? Why or why not?

We agree in principle that the management approach would better convey the nature of the various assets and liabilities within the operating, investing and financing sections of the financial statements and the way those items are used in each of the entity or reportable segments. In practice, however, it may defeat transparency and cohesiveness, due to the diminished comparability. As the Board acknowledged, disaggregation between operating, investing, and financing in the statement of financial position and the statement of comprehensive income may be separately applied within the entity or reportable segments. This variability would make the consolidated financial statements harder to follow and understand due to the inconsistencies. Further, the financial statements would require robust disclosure statements and additional documentation to support the various accounting policies and the varying classifications between reportable segments. Management considerations for their approach would be subject to additional audit scrutiny, which would increase the audit process and cost.

We believe that comparability between different entities in the same industry would also suffer. Similar activities of each competitor could still be compared, as apples to oranges can still be compared. However, we believe that the inconsistencies could potentially create confusion in the market. The confusion would reverberate in the analyst community, not just because of the inconsistencies, but because different analysts may favor different attributes.

We believe that, if we are to adopt such an approach, the Boards should further define "accounting policy choice," as management's discretion is limited to the way assets and liabilities are used. The Boards should also provide more detailed guidance to assist management in making classifications in order to achieve an acceptable level of comparability within the financial statements of entities with multiple business lines and between different companies who engage in similar businesses. The Boards may approach this by taking a poll from the largest companies within industries and determine key reporting attributes, categories and classifications. Such an action may ensure financial reporting consistency within an industry.

The Boards acknowledged that the investment and analyst community have been asking for disaggregating information in the name of transparency. As this is not a simple application, and not without consequence, then the question that begs to be answered is whether the investment and analyst community is prepared for such a presentation and whether they would be better served by it despite the increased complexity. We believe that the Boards should further investigate the impact to analytical models and to the investment community as a whole. The Boards should determine whether the analyst community is prepared to assist investors with comprehension of the meaning(s) of the new criteria and the means of comparison of dissimilar data.

6. Paragraph 2.27 proposes that both assets and liabilities should be presented in the business section and in the financing section of the **statement of financial position**. Would this change in presentation coupled with the separation of business and financing activities in the statements of comprehensive



income and cash flows make it easier for users to calculate some key financial ratios for an entity's business activities or its financing activities? Why or why not?

We do not believe that both assets and liabilities should be presented in the business section and in the financing section of the statement of financial position because it would make it more difficult for a reader to calculate simple ratios, such as the current ratio and working capital ratio. Although presenting assets and liabilities in the business section and in the financing section of the statement of financial position would make the statement more cohesive with the statements of comprehensive income and cash flows, we believe it would not provide users with decision useful information. We question the usefulness of this information in calculating ratios used by both the analyst community and by an average investor.

7. Paragraphs 2.27, 2.76, and 2.77 discuss classification of assets and liabilities by entities that have **more than one reportable segment** for segment reporting purposes. Should those entities classify assets and liabilities (and related changes) at the reportable segment level as proposed instead of at the entity level? Please explain.

In the case of an organization (as described in paragraph 2.27) with different reportable segments in varied industries, it would be more beneficial if assets and liabilities (and related changes) were classified by segment, as it would reflect the nature of its financial activity for the financial statement user. It would not be decision useful if the classification at the entity level were made when there are significant differences between the reportable segments. However, classifications determined at the segment level can create inconsistencies for organizations that do not have reportable segments in varied industries. For example, a segment that uses equipment for projects and finances the equipment through lease obligations as a normal part of its operations may classify lease obligations in the operating section. Another segment of the same organization also uses equipment for projects, but due to the availability of working capital, it rarely finances using lease obligations, and therefore, it may classify lease obligations in the financing section. These types of inconsistencies can create confusion for the readers of the financial statements.

The proposed approach would, in some cases, greatly expand the presentation of the statement of financial position, which brings us back to the question of when more information becomes too much information to be useful.

8. The proposed presentation model introduces sections and categories in the statements of financial position, comprehensive income, and cash flows. As discussed in paragraph 1.21(c), the Boards will need to consider making **consequential amendments to existing segment disclosure requirements** as a result of the proposed classification scheme. For example, the Boards may need to clarify which assets should be disclosed by segment: only total assets as required today or assets for each section or category within a section. What, if any, changes in segment disclosures should the Boards consider to make segment information more useful in light of the proposed presentation model? Please explain.

As the primary financial statements are still at a nascent stage, we believe it is too early to consider consequential amendments to existing segment disclosure requirements. We believe that there are more pressing questions that need to be answered. As mentioned in our response to questions #5, above, calibrating the right balance between the appropriate level of transparency and cohesiveness with the risk of diminished comparability should be further researched. In addition, the utility of the financial reports to managing the business, specifically by the CODM, should first be tested.



9. Are the **business section** and the **operating and investing categories** within that section defined appropriately (see paragraphs 2.31–2.33 and 2.63–2.67)? Why or why not?

We believe that operating and investing categories should be better defined. If it is intended to replace the definition with the concept of core and non-core activities, respectively, then it should be specified as such. Further, as acknowledged by the Boards, the investing category is likely to be scarcely used and limited to a few insignificant information, prompting to question its usefulness.

Currently, some activities that are defined as investment activities in the statement of cash flows would be defined as operating activities in the new model, i.e., capital expenditure and property and equipment disposals. Such changes are likely to create inconsistent presentations across similar businesses; thus, more guidance should be provided to eliminate the potential inconsistencies.

10. Are the **financing section** and the **financing assets and financing liabilities categories** within that section defined appropriately (see paragraphs 2.34 and 2.56–2.62)? Should the financing section be restricted to *financial assets* and *financial liabilities* as defined in IFRS and U.S. GAAP as proposed? Why or why not?

We believe that the financing section is appropriately defined and we agree that the section should be limited to the financial instruments. As the Boards noted, this section should be for activities and choices that management makes in funding business operations. However, we recommend that more guidance be provided in defining this section for funding the "core" business operations as opposed to other activities such as pension plans that, if not properly defined, may affect not only the operating section but also investing and financing sections of the financial statements.

- 11. Paragraph 3.2 proposes that an entity should present a **classified statement of financial position** (short-term and long-term subcategories for assets and liabilities) except when a presentation of assets and liabilities in order of liquidity provides information that is more relevant.
- a. What types of entities would you expect **not** to present a classified statement of financial position? Why?

Under the proposed guidance in paragraph 3.2 an entity, such as an Investment bank, would likely not present a classified statement of financial position because their business involves the buying and selling of securities and other financial instruments that include both short-term and long-term maturities. These instruments are being bought and sold on a continuous basis and are rarely held to maturity. Therefore, the financial statement user would not be able to predict the timing of cash flows for the entity based on the maturity dates of its assets or liabilities, since it would be likely that the investment bank would be selling the instrument and thus have an inflow or outflow of cash in advance of the item's maturity date.

b. Should there be more guidance for distinguishing which entities should present a **statement of financial position in order of liquidity?** If so, what additional guidance is needed?

Presenting the entity's assets and liabilities in order of liquidity provides information to the financial statement user that more readily allows the user to judge the entity's ability to meet its short-term or long-term capital needs.



Guidance provided for entities whose assets and liabilities would be better classified in order of liquidity should include the same management approach methodology that allows the entity to decide if it would be reasonable to expect that the financial statement user would more clearly benefit from one type of classification or the other, depending on the nature of the entity's business.

12. Paragraph 3.14 proposes that **cash equivalents** should be presented and classified in a manner similar to other short-term investments, not as part of cash. Do you agree? Why or why not?

Cash equivalents can be separated from cash on hand in the statement of financial position because they have different characteristics, are subject to different type of risks and do not possess the same degree of liquidity as cash on demand. However, cash equivalents are a central part of most companies' cash management programs. The financial market uses an investment maturity metric of less than 90 days. This is used by management to distinguish the purpose for the investments as working capital rather than as trading securities. As the Boards and the financial statement user community are concerned with an entity's liquidity and financial flexibility, then cash equivalents may be worth rendering as a separate category within the short-term investment disclosure for their liquidity value and purpose.

The Boards should also define cash, and what is to be included in and excluded from the account. For example, some overnight cash investments may be more akin to cash on demand than short-term investments. We believe that overnight cash investments should be classified as cash and not as short-term investments.

13. Paragraph 3.19 proposes that an entity should present its similar assets and liabilities that are measured on different bases on separate lines in the statement of financial position. Would this disaggregation provide information that is more decision useful than a presentation that permits line items to include similar assets and liabilities measured on different bases? Why or why not?

Disaggregation of information may provide decision useful information. More importantly, however, we believe that disaggregation should be done only if the disaggregated information is truly useful so that the application is not arbitrary. Further, we believe that the Boards should provide a materiality factor so that there is a measurement of relevance. We are concerned that the disaggregation would provide too much detail that will cause financial statements to lose their clarity and would lower materiality significantly for purposes of auditing and determining deficiencies and material weaknesses for internal control testing.

The additional detail on the face of the financial statements will inevitably cause more audit procedures, more Sarbanes-Oxley controls and assessments and disclosures that are more robust. The type of information that is required on the face of the financial statements and those that can be provided in the footnotes should be carefully selected. Management should have considerable flexibility in this area in order to maintain the cohesiveness and usefulness of the financial statements.

14. Should an entity present comprehensive income and its components in a **single statement of comprehensive income** as proposed (see paragraphs 3.24–3.33)? Why or why not? If not, how should they be presented?

We concur. By eliminating the various alternative formats for presenting comprehensive income and its components, the single statement of comprehensive income may promote the comparability and transparency objectives.



15. Paragraph 3.25 proposes that an entity should indicate the category to which items of **other comprehensive income** relate (except some foreign currency translation adjustments) (see paragraphs 3.37–3.41). Would that information be decision useful? Why or why not?

Indicating the category to which items of other comprehensive income relate is consistent with the cohesiveness objective. It would provide useful information for assessing the eventual impact within the operating, investing, and financing sections of the financial statements. The main issue arises when an "other comprehensive income" item relates to more than one category, which begs the question of whether further disaggregation would be required and therefore whether the original disaggregation between the operating, investing and financing section was truly meaningful.

16. Paragraphs 3.42–3.48 propose that an entity should further **disaggregate** within each section and category in the statement of comprehensive income its revenues, expenses, gains, and losses **by their function**, **by their nature**, or **both** if doing so will enhance the usefulness of the information in predicting the entity's future cash flows. Would this level of disaggregation provide information that is decision useful to users in their capacity as capital providers? Why or why not?

As stated in our response to question #13, above, we agree in principle but with similar issues and recommendations as we have communicated previously in this response.

We are concerned that, in order to properly implement the category allocation requirements, our Accounts Payable staff would have to be trained accountants and would have to be sophisticated enough to understand the intricacies of our operations in order to properly determine to which category the invoices should be attributed. For us and we believe, for many other companies, increasing significantly the training or skill sets of clerk level employees will be expensive and time-consuming. By increasing the complexity of the coding decision we also increase the likelihood of error, and thus, must also increase the extent of controls over the processing of transactions. We believe that this may be another example of an area where the hypothetical improvement is too expensive to be practical.

The added level of disaggregation would also require significant systems investments to cope with the additional data load. Considering the extent of the potential implementation cost in this area, we believe that a robust and realistic cost benefit analysis should be performed to limit the disaggregation requirement to areas providing proven benefit to users.

Further, our management does not currently review the data for internal purposes in the manner in which the model requires. Hence, we would have to continue supporting two methods of reporting, one for external and the other for internal purposes, which, again, increases our costs.

17. Paragraph 3.55 proposes that an entity should allocate and present **income taxes** within the statement of comprehensive income in accordance with existing requirements (see paragraphs 3.56–3.62). To which sections and categories, if any, should an entity allocate income taxes in order to provide information that is decision useful to users? Please explain.

We recommend against making any changes to the current income tax presentation, which requires the allocation of income taxes to continuing operations, discontinued operations, other comprehensive income and items involving equity transactions. The current presentation works and provides relevant information within each section and category for the financial statement user. Any



further disaggregation will present complexities and will require additional resources for companies to comply with existing filing deadlines.

- 18. Paragraph 3.63 proposes that an entity should present foreign currency transaction gains and losses, including the components of any net gain or loss arising on remeasurement into its functional currency, in the same section and category as the assets and liabilities that gave rise to the gains or losses.
- a. Would this provide decisions-useful information to users in their capacity as capital providers? Please explain why or why not and discuss any alternative methods of presenting this information.
- b. What costs should the Boards consider related to presenting the components of net foreign currency transaction gains or losses for presentation in different sections and categories?

We do not agree with this proposal. We believe that the value of providing this information to financial statement users for the sake of maintaining cohesiveness simply does not justify the cost. It may be "nice" for users to see which area the gains and losses are derived, but it does not provide compelling value, as the detail needed to provide this information would require an overhaul of our, and we expect, most companies' information systems.

For example, we operate in over 30 countries. We have over 150 foreign subsidiaries. These foreign subsidiaries can transact with any of the few hundred of our domestic subsidiaries and any of their various offices. We also have numerous joint ventures that do business globally and transact with our other offices. There are innumerable possibilities of foreign currency transactions. Keeping track of each single foreign currency gain or loss for each transaction would require an enormous amount of resources and a complete overhaul of our financial information systems.

In addition, some of our subsidiaries do not transact in the functional currencies where they operate. The quarterly transaction gains and losses on remeasurements are combined with the transaction gains and losses from intercompany activities, as well as transaction gains and losses from external activities. Since transactions occur daily and spot rates vary daily, tracking these activities in order to provide verifiable and auditable data is impracticable.

SFAS 52, "Foreign Currency Translation," \P 12, bears witness to the impracticality of translating the transactions on the date that they are recognized. Hence, it allows the use of weighted average rates. This essentially allows the amount of the transaction gains and losses to be "backed-into." Based on the nature of the foreign currency gain and losses account, we do not believe that the disaggregation is practical or viable.

We believe that the translation gains and losses should be combined and recorded in a separate line item within the noninterest operating income and expense section.

- 19. Paragraph 3.75 proposes that an entity should use a **direct method of presenting cash flows** in the statement of cash flows.
- a. Would a direct method of presenting operating cash flows provide information that is decision useful?
- b. Is a direct method more consistent with the proposed cohesiveness and disaggregation objectives (see paragraphs 3.75–3.80) than an indirect method? Why or why not?

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c. Would the information currently provided using an indirect method to present operating cash flows be provided in the proposed reconciliation schedule (see paragraphs 4.19 and 4.45)? Why or why not?

The Boards have not provided a compelling reason for presenting the statement of cash flows using the direct method. We strongly disagree that the Boards should eliminate the indirect method. As with most entities, our systems have been built from the ground up to support the indirect method. As a result, much of the data required for a direct method of cash flows reporting is not currently available and our information systems would have to undergo significant and costly modifications in order to produce direct cash flow statements. In fact, our systems are not setup to provide the direct cash flow information nor to allocate the information to the appropriate categories based on the nature of the income or expense, or the categories from where they originated in the statement of financial position.

While we do not support the direct method of cash flows, we support providing a few, select additional supplemental cash data items in the statement of cash flows that the Boards and the investment community consider critical. However, we cannot easily extract the information from the milieu of data. The most viable process for us is to "back-into" the cash activity by a rollforward process through elimination of the accruals. Otherwise, we would have to expend a tremendous amount of our limited information technology and financial resources to work within the time constraint imposed upon us, i.e. the IFRS conversion, XBRL and other accounting and regulatory requirements, not to mention our own internal IT priorities. We believe that this would be an inappropriate financial burden on us and on most other entities in the best of economic times, much less in the midst of the most significant economic recession in a generation.

The indirect method of cash flows has been in use for a long time. It is the preferred method by businesses and is used broadly by management of all kinds of businesses to interpret cash results and to make business decisions. The community at large has accepted this method. Although the direct method model may provide additional benefits, we believe that the incremental value would be insignificant compared to the cost of undertaking it.

As for cohesiveness, the Indirect Method can be improved. We believe that the Boards should work with the business community and investment community to find an appropriate balance between satisfying the critical needs of the users within the practical and affordable capabilities and constraints of most businesses.

20. What **costs** should the Boards consider related to using a direct method to present operating cash flows (see paragraphs 3.81–3.83)? Please distinguish between one off or one-time implementation costs and ongoing application costs. How might those costs be reduced without reducing the benefits of presenting operating cash receipts and payments?

Please also see #19.

As previously noted, the costs to our company to implement this approach would be enormous. The one-off costs would involve expenditures, both capital and expense in nature related to obtaining or modifying existing accounting software or spreadsheet driven cash flow models to capture, differentiate, and report this data. In some cases, in order to obtain such software, completely new general ledger/financial reporting application software and hardware may have to be acquired. Additionally, training both the accounting team and the operations team with respect to the nature and priority placed on this information would involve a large degree of capital and training



resources. The ongoing application costs for obtaining this data would be reduced over time as the large initial investment is completed.

The systems aspect of this question is not one to be approached cavalierly. Many organizations maintain systems that do not produce direct method cash flow statements and a requirement to provide this data on a go-forward basis may impose undue hardship and expense. As there are relatively few systems in the market with the direct method capabilities, we recommend that the Boards work with software companies and the business community to provide the research and guidance for this effort.

Additionally, there would be ongoing costs to prepare, develop and test SOX controls, as well as increased audit costs.

21. On the basis of the discussion in paragraphs 3.88–3.95, should the **effects of basket transactions** be allocated to the related sections and categories in the statement of comprehensive income and the statement of cash flows to achieve cohesiveness? If not, in which section or category should those effects be presented?

To reduce the complexity of the proposed financial statement model, we do not believe the effects of basket transactions should be allocated. Other than the fact that any allocation method would be arbitrary, we also do not believe allocating the effects of basket transactions would provide users of financial statements with decision useful information. We favor no allocation and therefore recommend using Alternative B, classification in a single section or category; specifically as a component of investing activities. This alternative is simple to apply and would highlight useful information regarding the effects of basket transactions, such as an acquisition, in a single number.

22. Should an entity that presents assets and liabilities in order of liquidity in its statement of financial position disclose information about the **maturities of its short-term contractual assets and liabilities** in the notes to financial statements as proposed in paragraph 4.7? Should all entities present this information? Why or why not?

An entity that presents assets and liabilities in order of liquidity in its statement of financial position should disclose information about the maturities of its short-term contractual assets and liabilities in the notes to financial statements because the maturity information provides additional information to the financial statement user that may be useful in assessing liquidity of the assets and liabilities.

- 23. Paragraph 4.19 proposes that an entity should present a schedule in the notes to financial statements that reconciles cash flows to comprehensive income and disaggregates comprehensive income into four components: (a) cash received or paid other than in transactions with owners, (b) accruals other than remeasurements, (c) remeasurements that are recurring fair value changes or valuation adjustments, and (d) remeasurements that are not recurring fair value changes or valuation adjustments.
- a. Would the proposed **reconciliation schedule** increase users' understanding of the amount, timing, and uncertainty of an entity's future cash flows? Why or why not? Please include a discussion of the costs and benefits of providing the reconciliation schedule.
- b. Should changes in assets and liabilities be disaggregated into the components described in paragraph 4.19? Please explain your rationale for any component you would either add or omit.

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c. Is the guidance provided in paragraphs 4.31, 4.41, and 4.44–4.46 clear and sufficient to prepare the reconciliation schedule? If not, please explain how the guidance should be modified.

Please see the last paragraph to question #1 and see response to question #19, above.

We do not support the proposed adoption of the direct method of cash flows and thus, we also do not support the proposed reconciliation. In fact, we believe that this reconciliation should be eliminated. The proposed reconciliation schedule adds additional complexity to the already complex proposed model of financial statements. In our view, it also presents too much detail information to be useful for the great majority of readers of the financial statements.

However, as described in our response to question #19, above, we can disclose cash activity of certain select accounts that the Boards, Management, and the community at large find to be decision useful via the indirect method, based on a rollforward starting with the accrual balance to the cash activity.

24. Should the Boards address further disaggregation of **changes in fair value** in a future project (see paragraphs 4.42 and 4.43)? Why or why not?

We disagree. There have been many standards issued recently on fair value, some of which have been very controversial. We believe that the better approach is to allow it time to settle before planning to further disaggregate the changes in fair value.

25. Should the Boards consider other alternative reconciliation formats for disaggregating information in the financial statements, such as the statement of financial position reconciliation and the statement of comprehensive income matrix described in Appendix B, paragraphs B.10–B.22? For example, should entities that primarily manage assets and liabilities rather than cash flows (for example, entities in the financial services industries) be required to use the statement of financial position reconciliation format rather than the proposed format that reconciles cash flows to comprehensive income? Why or why not?

Please see our response to question #23, above. We disagree, as we do not believe the reconciliation is necessary. These alternatives are not much different from those proposed.

- 26. The FASB's preliminary view is that a memo column in the reconciliation schedule could provide a way for management to draw users' attention to **unusual or infrequent events or transactions** that are often presented as special items in earnings reports (see paragraphs 4.48–4.52). As noted in paragraph 4.53, the IASB is not supportive of including information in the reconciliation schedule about unusual or infrequent events or transactions.
- a. Would this information be decision useful to users in their capacity as capital providers? Why or why not?
- b. APB Opinion No. 30, Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, contains definitions of unusual and infrequent (repeated in paragraph 4.51). Are those definitions too restrictive? If so, what type of restrictions, if any, should be placed on information presented in this column?
- c. Should an entity have the option of presenting the information in narrative format only?



As we believe that the reconciliation should be eliminated, from our view, the memo should also be eliminated. However, we believe that "unusual or infrequent events or transactions" should be presented in the notes to the financial statements, if they would be useful to users in their capacity as capital providers.

The definitions provided in ¶4.51 are reasonable and adequate.

As the Boards are eliminating the line item for "Extraordinary Income/Expense" in the statement of comprehensive income, the information should be provided in the notes to the financial statement. Management should be allowed to determine whether a narrative only or narrative with a matrix should be provided, as pertains to the particular circumstances.

27. As noted in paragraph 1.18(c), the FASB has not yet considered the application of the proposed presentation model to nonpublic entities. What issues should the FASB consider about the application of the proposed presentation model to nonpublic entities? If you are a user of financial statements for a nonpublic entity, please explain which aspects of the proposed presentation model would and would not be beneficial to you in making decisions in your capacity as a capital provider and why.

Not applicable.

Again, we appreciate the opportunity to comment on this Discussion Paper and offer our comments and suggestions sincerely and with good intent. We would be pleased to discuss our comments at your convenience.

Sincerely,

Reed N. Brimhall

Reeth. Brinksee

Vice President, Controller, and Chief Accounting Officer