

From: [Howard Levy](#)
To: [Director - FASB](#)
Subject: Proposed ASU 2012-210
Date: Monday, July 23, 2012 3:32:28 PM
Importance: High

We have only one minor comment on the proposed ASU, which is as follows.

It has never been clear in current GAAP (ASC Topic 274) whether personal financial statements could, or ever should, be characterized as prepared on a “liquidation basis.”

Proposed ASC Subtopic 205-30-15-1 states that the new standard would apply to “all entities.” We note, however, that there is no definition of “entity” in the Master Glossary, nor is one presented in the ASU by proposed amendment. We also note (a) that the definition of “liquidation” that appears in paragraph 3 of the “Summary of Proposed Amendments ...” on p. 6 of the ASU clearly implies that the term, “liquidation,” is appropriately applied and relates to the entity, itself, rather than just to its assets and liabilities.

Therefore, it is our view that it would be inappropriate to characterize personal financial statements as prepared on a “liquidation basis” since (a) they are always prepared on an estimated current value basis (and estimated current values would necessarily be affected by any expected conversion of assets to cash or other assets and/or partial or full settlement of obligations with creditors), and (b) the fact that it is impossible to liquidate an individual or individuals. However, However, ASC Subtopic 274-10-15-2 states that GAAP not included in Topic 274 “**may apply** to personal financial statements” [emphasis added] leading to doubt.

Accordingly, we believe that understandability of the proposed new standard, as well as several other provisions of GAAP that may or may not relate to personal financial statements, would be improved by providing a definition of “entity” in the Master Glossary that would clearly exclude individuals that issue such statements.

We hope the FASB will consider and adopt this recommendation.

Very truly yours,

Howard B. Levy



6100 Elton Ave, Ste 1000
Las Vegas, NV 89107

Howard B. Levy, CPA
Principal and
Director, Technical Services

Email: hlevy@pbt.com
[Click Here to View Bio](#)

Phone: 702.384.1120
Fax: 702.870.2474

www.pbt.com Mobile: 702.279.5389

IRS Circular 230 (Regulation) disclosure: To ensure compliance with requirements imposed by the IRS, Piercy Bowler Taylor & Kern informs you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (I) avoiding tax related penalties under the Internal Revenue Code or (II) promoting, marketing or recommending to another party any transaction or matter addressed herein.

Confidentiality Statement: This e-mail contains confidential information which also may be privileged. Unless you are the addressee (or authorized to receive for the addressee), you may not copy, use, disclose or distribute the e-mail message or any information contained in the message. If you have received the e-mail message in error, please advise the sender by replying to this e-mail message or by telephone, and then promptly delete it.