

## Private Company Financial Reporting Committee

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Judith H. O'Dell CPA CVA  
Chair

March 2, 2010

Mr. Robert Herz  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856

### **Re: Applicability of the Financial Statement Presentation Project to Nonpublic Entities**

Dear Mr. Herz:

The PCFRC has a strong interest in the Financial Statement Presentation project and has issued two letters to the FASB about the project. In its April 14, 2009 letter

[http://www.pcfrc.org/downloads/PCFRC\\_CommentLetter\\_to\\_FASB\\_on\\_%20FS\\_PresentationDP\\_Final041409.pdf](http://www.pcfrc.org/downloads/PCFRC_CommentLetter_to_FASB_on_%20FS_PresentationDP_Final041409.pdf)), the PCFRC stated that it believes the FASB should explore the pros and cons of two alternatives for private companies. The first alternative proposed making certain accommodations for private companies. The second alternative proposed making the new financial statement model optional for private companies.

Because we have been following the Financial Statement Presentation project, we are aware that one of FASB's approaching steps is to address how the decisions reached in this project should be applied by nonpublic entities. In view of that upcoming step, the PCFRC asks that the FASB consider the PCFRC's comments and recommendations in its April 14, 2009 letter. In addition, the FASB may wish to consider including the following questions in the Exposure Draft on the project:

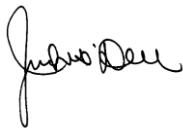
1. Should the proposed presentation model apply to nonpublic entities?
2. What issues should the FASB consider about the application of the proposed presentation model to nonpublic entities?

3. If the proposed presentation model is to be applicable to nonpublic entities, should the effective date of the proposed presentation model be deferred for nonpublic entities?
4. 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.
5. If you are a preparer of nonpublic entity financial statements or are a user of those statements, how significant will be the costs of complying with the proposed presentation model in that nonpublic entity context? Explain the nature of the costs.
6. Should nonpublic entities be exempted from the proposal to include an analysis of the changes in the balance of all significant asset and liability items?
7. Would the utilization of the proposed presentation model be improved for nonpublic entities if it incorporated widely-used metrics like EBITDA?
8. Should a lower level of disaggregation be required for nonpublic entities?

Finally, the PCFRC recommends that the FASB consider the implications the proposed presentation model will have in relation to the tax forms that businesses prepare and submit to the Internal Revenue Service (“IRS”) and state taxing authorities. Business entities, except sole proprietorships, have to prepare tax forms with a balance sheet. If the IRS and state authorities do not modify the forms, financial statements prepared in accordance with the proposed presentation model would have to be converted back to the current model to enable completion of the tax forms. The FASB may want to consider obtaining the input of the IRS on this matter.

We appreciate the FASB’s consideration of these recommendations. Please feel free to contact me if you have any questions or comments.

Sincerely,



Judith H. O’Dell  
Chair  
Private Company Financial Reporting Committee