



August 17, 2001

TO: Members of Financial Accounting Standards Advisory Council and Others

Today, the FASB posted on its website Proposals to add two potential major projects to the Board's agenda: [reporting financial performance](#) and [disclosure about intangibles](#). The Board is seeking comments on the proposed scope and importance of these potential projects by September 19, 2001.

The Board receives many requests to add projects to its agenda. In addition to the current Proposals, the Board plans to consider potential major projects on revenue recognition and on liability definition and recognition, as well as requests to add projects to address several other issues. The relative importance of addressing the identified problems in the near-term, the relationship of those problems to issues being addressed by existing projects, and its available resources will all affect the Board's decisions. Comments of constituents will provide valuable input to the Board's decisions on which issues to address now and how to allocate its limited resources.

The Board has developed a list of factors to which it refers in making agenda decisions. Those factors include consideration of:

1. Pervasiveness of the issue: the extent to which an issue is troublesome to users, preparers, auditors, or others; the extent to which there is diversity of practice; and the likely duration of the issue (i.e. is it transitory, or will it persist)
2. Alternative solutions: the extent to which one or more alternative solutions that will improve financial reporting in terms of relevance, reliability, and comparability are likely to be developed
3. Technical feasibility: the extent to which a technically sound solution can be developed, or whether the project under consideration should await completion of other projects
4. Practical consequences: the extent to which an improved accounting solution is likely to be acceptable generally, and the extent to which addressing a particular subject (or not addressing it) might cause others to act, e.g., the SEC or Congress.

In attempting to promote high-quality international standards, the Board also considers (a) the possibility that resolution of the issues addressed would increase convergence of standards worldwide, (b) the opportunities the topic presents for cooperation with the International Accounting Standards Board or other standard setters, and (c) whether appropriate and sufficient resources are available for a joint project or other cooperative effort.

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The discussion in the Proposals should not be viewed as representing a final decision on the scope of the issues to be considered or a leaning of the Board on any issues. More-over, distribution of proposals for comment does not necessarily establish the eventual scope of a potential project. Nor does it mean the proposed issue will be added to the Board's agenda. For more information on the agenda setting process and the factors that the Board considers, please refer to Facts about FASB at <http://www.fasb.org/facts/fasfact3.html>.

In addition to commenting on these proposals, it would be helpful if constituents would share views regarding the priority of issues to be addressed by each of the proposed projects in relation to each other and to other issues they believe should be considered for addition to the Board's agenda. Please send comments by September 19, 2001 to [director@fasb.org](mailto:director@fasb.org) or to: Timothy S. Lucas, Director of Research and Technical Activities, Financial Accounting Standards Board, 401 Merritt 7, Norwalk, CT 06856-5116.

On behalf of the Board, I thank you for your effort in this important matter.

Sincerely,

A handwritten signature in black ink that reads "Timothy S. Lucas". The signature is written in a cursive style with a large initial 'T' and 'L'.

Timothy S. Lucas  
Director  
Research and Technical Activities