



April 28, 2025

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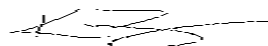
By E-mail: director@fasb.org

Re: Invitation to Comment— Financial Key Performance Indicators for Business Entities

(File Reference No. 2024-ITC100)

The New York State Society of Certified Public Accountants (NYCPA), representing more than 18,000 CPAs in public practice, business, government and education, welcomes the opportunity to comment on the above-captioned proposed regulations.

The NYCPA's SEC Community Practice (Community) deliberated the document and prepared the attached comments. If you would like additional discussion with us, please contact, Steven Leidenfrost, the chair of the SEC Community, at steve@feinyc.org, or Keith Lazarus, NYCPA staff, at 212-719-8378.

Sincerely,
NYCPA

NYCPA
Kevin O'Leary
President

Attachment



**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

COMMENTS ON

**INVITATION TO COMMENT—FINANCIAL KEY PERFORMANCE INDICATORS
FOR BUSINESS ENTITIES**

April 28, 2025

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**New York State Society of Certified Public Accountants
Comments on**

**Invitation to Comment— Financial Key Performance Indicators for Business Entities
(File Reference No. 2024-ITC100)**

General Comments

The NYCPA appreciates the efforts of the FASB in response to its investor prioritization project on Financial KPIs and acknowledges that Financial KPIs are highlighted as a priority by investors, but they are rarely cited as a priority by preparers.

We believe the proposed disclosures would be of value to investors and other users of the financial statements as optional disclosures. If disclosed, a standard set of commonly used Financial KPIs should reconcile to amounts reported in the entity's financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Further, the FASB should not require their disclosure on the face of the financial statements or in the related footnotes. Financial KPIs if disclosed should be presented in management's discussion and analysis of financial condition and results of operations (MD&A) for public companies or in an appendix to the financial statements for private companies as supplemental information not subject to audit. Financial KPIs should reconcile to amounts reported in the entity's financial statements consistent with SEC Regulation G¹ and Item 10(e) of Regulation S-K, which also requires registrants to reconcile non-GAAP financial measures to GAAP financial measures.

We agree with Approach 2 to permit an entity to disclose Financial KPIs that management presents outside the financial statements. This approach could be similar to the presentation requirements for management performance measures (MPMs) under International Financial Reporting Standards (IFRS) 18, Presentation and Disclosure in Financial Statements.

Specific Comments:

Question 1: Please describe what type of stakeholder you (or your organization) are from the list below, including a discussion of your background and what your point of view is when responding to this ITC:

Response: The NYCPA's SEC Community of Practice represents CPAs in public practice (primarily in the assurance profession) and CPA preparers at large and smaller companies.

Question 2 (All Respondents): What is the relative priority of a project on Financial KPIs given the FASB's progress on other recent projects, including projects on financial statement disaggregation as well as other recognition and measurement projects? Do you believe the

¹ <https://www.sec.gov/rules-regulations/2003/03/conditions-use-non-gaap-financial-measures>

relative priority differs for public entities versus private companies? Please explain why or why not.

Response: Given the FASB's other projects, the relative priority of Financial KPIs project should be low.

Question 11 (All Respondents): Should disclosure of certain defined measures be required or optional? If required, how should that requirement be determined (for example, should all entities be required to disclose the defined measure or only entities in specified industries)? Please explain

Response: Disclosure of certain defined measures should be optional. Please see Responses to Questions 13, 14, 15, 19 and 21.

Question 12 (All Respondents): Should the FASB provide criteria for entities to use to determine when a defined Financial KPI needs to be disclosed? For example, an entity could be required to disclose a Financial KPI that has been defined by the FASB in the financial statements if it presents it or an adjusted version outside the financial statements (for example, if EBITDA is defined and an entity presents adjusted EBITDA).

Response: The FASB should publish commonly used Financial KPIs with a reconciliation to GAAP measures as optional disclosures. Please see Responses to Questions 2, 11, 13, 15, 19 and 21.

Question 13 (All Respondents): If the FASB defines certain Financial KPIs that are common within specific industries, should all entities within those industries be required to disclose the defined measure?

Response: Disclosure of certain defined measures within specific industries should be left to the judgment of management as optional disclosures, however, when presented, standardized KPIs for specific industries would provide more meaningful comparability.

Question 14 (All Respondents): Should an entity be required to disclose a Financial KPI in GAAP financial statements if the entity communicates the Financial KPI elsewhere? If so, what incremental benefits does requiring (rather than permitting) disclosure provide?

Response: Financial KPIs should not be required for presentation in GAAP financial statements. If Financial KPIs are presented as optional disclosures they should be outside the audited financial statements; for public companies in MD&A; for private companies in an unaudited note or in supplemental information. Please see Responses to Questions 13, 15, 19 and 21.

Question 15 (All Respondents): If the FASB pursues Approach 2, should the criteria for identifying Financial KPIs that must be (or are permitted to be) disclosed in GAAP financial statements be broad or narrow? For example, should all Financial KPIs communicated outside

financial statements be disclosed or should only those communicated in earnings announcements and regulatory filings be disclosed?

Response: We agree that the FASB should pursue Approach 2 and disclosures should be consistent with Financial KPIs that are communicated in earnings announcements and regulatory filings.

Question 16 (All Respondents): Are there other criteria that you believe should be used to identify Financial KPIs that would be required to be (or are permitted to be) disclosed in GAAP financial statements? If so, what are they and why should they be included?

Response: Please see Responses to Questions 14, 19 and 21.

Question 17 (All Respondents): Which potential approach for standard setting on Financial KPIs do you prefer and why?

Response: Please see Response to Question 19.

Question 19 (Preparers and Practitioners): Is either Approach 1 or 2 inoperable? Please explain why or why not.

Response: We agree with Approach 2 to permit an entity to disclose Financial KPIs that management presents outside the financial statements. This approach could be similar to the presentation requirements for MPMs under IFRS 18, Presentation and Disclosure in Financial Statements.

Question 20 (All Respondents): Are there other approaches that should be considered? If so, please describe and comment on whether (and what) incremental disclosures should be required under an alternative approach.

Response: Please see Response to Question 19.

Question 21 (All Respondents): For any undefined Financial KPIs that must be (or are permitted to be) disclosed in GAAP financial statements, should an entity be required to provide a reconciliation in the financial statements to the most comparable GAAP requirement? Please explain why or why not.

Response: Financial KPIs should not be included in the financial statements; however, any KPIs disclosed outside the financial statements should require reconciliation to amounts reported in the entity's financial statements consistent with SEC Regulation G and Item 10(e) of Regulation S-K, which also requires registrants to reconcile non-GAAP financial measures to GAAP financial measures.

Question 22 (All Respondents): Would disclosure about the components of Financial KPIs and the financial statement line items in which those components are included be useful? Please explain why or why not. If yes, should that disclosure be required?

Response: Please see Responses to Questions 14 and 21.

Question 23 (All Respondents): For any undefined Financial KPIs that must be (or are permitted to be) disclosed in GAAP financial statements, should management be required to explain the element of their performance the undefined Financial KPI is meant to convey and how the undefined Financial KPI is used by management?

Response: If an entity provides an undefined Financial KPI outside of the financial statements, it should explain what the particular Financial KPI is meant to convey, how it is calculated, and why it is used by management because it will give further insight into the company's operations, which would be useful to investors. This undefined KPI should be presented with a reconciliation to the most relevant GAAP metric. Please also see Responses to Questions 14 and 21.

Question 24 (All Respondents): If an entity provides comparative financial statements, should it be required to disclose comparative period information for Financial KPIs disclosed? Please explain why or why not.

Response: If an entity provides comparative financial statements and determines that Financial KPIs are useful to investors, it should present the same periods for Financial KPIs to agree with comparative financial statements for analytical and trending purposes.

Question 25 (All Respondents): Are there any other disclosures that you believe should accompany Financial KPIs (defined or undefined) that would be disclosed in GAAP financial statements? If so, what are they and why?

Response: Please see Responses to Questions 14 and 21.