From: sparger [mailto:sparger@ev1.net]
Sent: Sunday, June 26, 2005 9:57 AM
To: Director - FASB
Subject: File Reference 1300-001: "The Hierarchy of Generally Accepted Accounting Principles".

June 26, 2005

Financial Accounting Standards Board

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Letter of Comment No: 17
File Reference: 1300-001
Date Received: 6-27-05

Members of the FASB:

This letter is in response to the Exposure Draft for the Proposed Statement of Financial Accounting Standards addressing "The Hierarchy of Generally Accepted Accounting Principles".

The true foundation of generally accepted accounting principles (GAAP) centers primarily on two key principles:

1. The matching concept, and

2. Substance over form.

These in turn are supported by the concepts of materiality, conservatism, and neutrality. All of these concepts are contained in the FASB Concept Statements, yet in paragraph 5 of the Proposed Statement of Financial Accounting Standards are made subservient to the accounting pronouncements and literature recognized as comprising categories (a) through (d) since the Concept Statements reside outside those categories.

The FASB acknowledges on page ii of the Exposure Draft that "its Concept Statements meet the characteristics of category (a) principles, even though the Concept Statements currently explicitly state they do not constitute GAAP." While the Exposure Draft does comment on the FASB Concept Statements in Appendix A, A5; they are left to be addressed at a later date.

As presented, it is my belief that both the placement of the Concept Statements in the Proposed Statement of Financial Accounting Standards and failure to explicitly address the overall governing factor of certain portions of the Concept Statements on those items which constitute categories (a) through (d) results in an Exposure Draft that is fundamentally flawed.

Respectfully,

John R. Sparger