

Letter of Comment No: X
File Reference: 1300-001
Date Received: 6-70-05

June 20, 2005

Director of Major Projects and Technical Activities Financial Accounting Standards Board

File Reference No. 1300-001

Dear Sir or Madam:

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide our perspective on the Exposure Draft of a Proposed Statement of Financial Accounting Standards, *The Hierarchy of Generally Accepted Accounting Principles*. The organization and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These recommendations and comments represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which the members are associated.

The Committee agrees with the major conclusion of the Exposure Draft, which is that the GAAP hierarchy should reside in the accounting literature established by the FASB and be directed to the enterprises that are responsible for preparing financial statements in conformity with GAAP.

Following are specific comments on other items contained within the exposure draft:

The Board decided to carry forward the GAAP hierarchy as set forth in SAS 69 with certain modifications. Category (a) would be expanded to include all accounting principles that have been subjected to the Board's due process, as well as FASB Staff Positions and Statement 133 Implementation Issues that were not addressed in SAS 69. The Board conceded that certain EITF consensuses that were subjected to the Board's due process were not category (a) under SAS 69 and would not be recategorized in the new statement. As far as we can tell, DIG Issues and FSP's are subjected to similar due process requirements as EITF consensus positions, both of which are cleared by the Board before they are issued. The Board may wish to reconsider reclassification of EITF consensuses, especially since category (a) is being adjusted anyway by the inclusion of FSPs and DIG Issues. In addition, there may be other pronouncements that were subjected to various forms of due process (like AcSEC SOPs) that were not category (a) accounting principles under SAS 69 that could also be reclassified in this statement.

The members of the Accounting Principles Committee of the Illinois CPA Society thank you for the opportunity to respond to this proposal. We would be pleased to discuss our comments in greater detail if requested.

Sincerely,

James L. Fuehrmeyer, Jr., Chair

Accounting Principles Committee

APPENDIX A ILLINOIS CPA SOCIETY ACCOUNTING PRINCIPLES COMMITTEE

ORGANIZATION AND OPERATING PROCEDURES

2005-2006

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education, government and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large (National Firms):

James L. Fuehrmeyer, Jr., CPA Brian L. Heckler, CPA John A. Hepp, CPA Alvin W. Herbert, Jr., CPA Steven C. Johnson, CPA

Lisa M. Koblinski, CPA Kirsten M. Lescher, CPA J. Christopher Rabin, CPA

Mark K. Scoles, CPA Reva B. Steinberg, CPA John M. Stomper, CPA Joan Waggoner, CPA

Medium (more than 40 employees):

Marvin A. Gordon, CPA
Ronald R. Knakmuhs, CPA
Daniel J. McMahon, CPA
Laurence A. Sophian, CPA
Small (less than 40 employees)

walter J. Jagiello, CPA
Walter J. Jagiello, CPA
Kathleen A. Musial, CPA
Roger L. Reitz, CPA
John A. Rossi, CPA

Industry:

Peter J. Bensen, CPA Melinda S. Henbest, CPA James B. Lindsey, CPA John H. Wolter, CPA

Educators:

Leonard C. Soffer, CPA David L. Senteney, CPA Charles A. Werner, CPA

Staff Representative:

Paul E. Pierson, CPA

Deloitte & Touche LLP

KPMG LLP

Grant Thornton LLP
Clifton Gunderson LLP
McGladrey & Pullen, LLP
Ernst & Young LLP

Plante & Moran, PLLC

Altschuler, Melvoin & Glasser LLP

Grant Thornton LLP
BDO Seidman LLP
Deloitte & Touche LLP

Blackman Kallick Bartelstein LLP

Baygood, Telpner & Rose Chartered

Miller, Cooper & Co. Ltd.

Kupferberg, Goldberg, & Neimark, LLC Ostrow, Reisin, Berk & Abrams, Ltd.

Walter J. Jagiello, CPA Benham, Ichen & Knox LLP Cray, Kaiser Ltd., CPAs William F. Gurrie & Co.

McDonald's Corporation

The Boeing Co.
TTX Company

Retired/Natural Gas Pipeline Company of America

University of Illinois at Chicago

Ohio University Loyola University

Illinois CPA Society