



May 7, 2009

LETTER OF COMMENT NO. 23

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Proposed Statement of Financial Accounting Standards, The Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162 (File Reference No. 1690-100)

Dear Mr. Golden,

I appreciate the opportunity to comment on the aforementioned proposed FASB Statement, The Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162 ("ED" or "proposed statement").

I would first like to acknowledge and express appreciation for the tremendous effort involved in the codification. This project will serve as an asset to the accounting profession and reduce the difficulty and confusion associated with current accounting research. I also support the effort to create a more simplified GAAP hierarchy, but do have some concerns, detailed below.

1. AICPA TIS Section 5100, paragraphs 38-76, would be applied prospectively for revenue arrangements entered into or materially modified in annual periods beginning on or after December 15, 2009, and interim periods within those years. Do constituents agree with the transition provisions for nonpublic entities that had not previously applied this guidance? Please explain your answer.

I feel that this is an appropriate treatment. However, I do not believe that AICPA TIS Section 5100, paragraphs 38-76 should be included in the codification at this point. This addition creates the only exception to an otherwise uncompromised claim that GAAP is not changed. "The Board does not believe that the Codification changes GAAP, except with respect to guidance related to AICPA TIS Section 5100, paragraphs 38-76, for some nonpublic entities" *Paragraph A14*. This creates a distraction from the purpose of the statement which is to collaborate all sources of GAAP into one authoritative source. It is my suggestion that this addition be removed from the proposed amendment and, instead, added separately to the codification in a separate statement.

2. Do constituents agree with the Board's conclusion that this proposed Statement would not change GAAP except as described in Question 1? If not, please provide specific examples of the changes caused by this proposed Statement.

Yes, I agree that the proposed Statement does not change GAAP with the exception of AICPA TIS Section 5100, paragraphs 38-76. However, this amendment will alter the manner in which GAAP is implemented. In other words, while GAAP itself will not be significantly changed, accounting research will be. This change should not be taken lightly.

Of particular importance is the change from four levels of authoritative hierarchy to two levels: either authoritative or nonauthoritative. While this will serve to greatly simplify accounting research for documented issues, this may create confusion for handling undocumented issues. The proposed statement provides the following guidance for transactions or events not specified within a source of authoritative GAAP: "first consider accounting principles for similar transactions or events within a source of authoritative GAAP for that entity and then consider nonauthoritative guidance from other sources" *Paragraph 9*. Therefore, in certain circumstances, nonauthoritative guidance can be utilized. If this is the case, it may be beneficial for nonauthoritative guidance to be assigned some sort of hierarchy.

3. Do constituents agree with the July 1, 2009, effective date for this proposed Statement? If not, please provide a detailed explanation of the reason(s) for extending the implementation period.

It is my position that July 1, 2009 is an inappropriate effective date for the proposed Statement. I think that increased education and awareness among users is important before implementation to ensure a smooth and successful transition. Many users continue to use software packages and print copies in lieu of the codification. The codification, while very intuitive and easy-to-use, represents a different approach to research. This novelty must be addressed with care to avoid unnecessary opposition to change. Implementation will be much smoother if awareness for the codification is increased and more individuals experiment with the new system. Furthermore, I feel that more guidance needs to be offered to users regarding the use of nonauthoritative literature.

Again, I appreciate the opportunity to comment and hope that my comments will be useful to the FASB in its evaluation of this proposed statement.

Sincerely,
Nicole Voelker
Graduate Student
Bradley University