

Russell Golden
Director@fasb.org
File reference number 1690-100
Exposure Draft: Hierarchy of GAAP



LETTER OF COMMENT NO. 4

Dear Mr. Golden:

I have had the privilege to use the Codification in academic research and compare its functionality to the preceding FASs and other authoritative sources.

The Exposure Draft solicits comment on whether constituents agree that the proposed statement does not change GAAP. The proposed hierarchy is leaner and less layered and most likely will not make any material changes to GAAP. However, it raises some concerns about the concentration of authority and the continual emergence of a global marketplace.

The ED, para. 6, correctly adds SEC rulings to the top tier of GAAP, when applying it to publicly-traded companies. FAS 162, para. 3, had also listed AICPA ARBs and APBs as primary sources. Under the proposal, AICPA materials would move to the non-authoritative tier, along with common industry practices and textbooks. The AICPA, as the trade association of the end users of GAAP should be afforded a higher standing when determining the practices to which it adheres.

FAS 162, para. A2, addresses “converging FASB and IASB standards;” and in para. 11 a shared “goal to converge concepts and statements.” The ED would continue to list IASB statements as non-authoritative. This is not a productive way to generate a consensus. The economy continues to become more global. The proposed combination of Chrysler and FIAT is evidence. As capital is now concentrated in other parts of the world, there will be future business combinations and subsidiary agreements that are even more inexplicable. It seems imperative to recognize IASB standards as more authoritative than my old Intermediate textbook. The direction of the current Administration would also indicate a more inclusive decision-making process that reaches across borders.

I commend the Board’s dedication to achieving a user-friendly code and look forward to accessing it often through my career.

Sincerely,

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