All respondents:

3. a) Tell us about any issues or concerns you have with current U.S. GAAP accounting standards as those standards apply to private company financial statements.

U.S GAAP is becoming less relevant to most of our clients from the perspective of being informative, useful, and cost effective. While many of our clients still prepare GAAP financial statements, they express continuing dissatisfaction with paying for the added cost of complying with new standards that provide pages of boiler plate language but no relevant information about their operations. Those clients who can are opting for income tax basis financial statements, in part because they are easier to understand and in part because the statements do not include the superfluous disclosures that add unnecessary complexity and cost. When clients renegotiate loans they routinely attempt to negotiate out the loan requirements for GAAP basis statements and replace it with income tax basis financial statements.

b) Are those issues or concerns confined to one or more specific standards, or are they more systemic?

Both. It is systemic in that clients no longer feel that standards are "generally accepted" but rather a cram down from FASB, public companies and regulators, all of which generally have nothing to do with their business or operations. There are specific standards (FIN 46, FIN 48, FAS 157) that have intensified this feeling and continue to reinforce it each year when clients review their statements and see pages of information that they are paying for, but which provide no value or relevant information for their business.

c) Do you believe that those issues or concerns are largely confined to private companies, or are they broader?

These issues and concerns are broad based across all our clients; privately owned business, not-for-profit organizations and employee benefit plans. The current economic environment has focused more attention on the value of services and products. A growing number of clients feel that they do not need or want the "Gold" standard of GAAP that has been created for public companies, largely in response to those companies' own subversion of existing GAAP, especially when it provides no value and they are making difficult choices to control expenses for survival of the business.

Further, I know of no CPA's that I have met with any appreciation for the current direction of FASB and GAAP. Even for CPA's the standards are difficult to understand, unnecessarily complex and cost CPA firms a lot of money. It is impossible to recover the cost of implementing new standards from our clients so we are eating much of this cost. Most of our clients rely on our firm to advise them on GAAP and draft their financial statements so we not only bear the cost, but the liability.

4. What short-term and/or long-term actions do you believe are necessary to address those issues or concerns? Please be as specific as possible in your answer, and explain your reasoning.

The vast majority of GAAP is relevant and useful for non-public entities but many newer standards are not. There must be an immediate consideration of the cost-benefit of implementing a new standard for non-public entities. The application of the obvious standards with little value (FIN 46, FIN 48, FAS 157) to privately held companies and not-for-profit organizations should be immediately suspended until that cost-benefit analysis is completed.

Long-term, the cost-benefit consideration needs to continue for non-public companies and any standards that are not cost beneficial need to be optional. Also, the concept of "generally accepted" needs to be considered in applying standards to non-public entities. Consider who the users are of these financial statements; for the most part it is the business owners and lenders. I can assure you that none of the identified standards are accepted by any of our clients and the lenders generally do not understand or care about these disclosures. They want to check off a box that they have GAAP financial statements for their file with a CPA firm name on an opinion. I do not believe another separate standard setting body for non-public entities is the answer. Some reasonable, common sense consideration and cost-benefit understanding of which standards should be optional for non-public entities would better serve us all.

Public companies should follow all the standards. That comes with the responsibility of being a public company and was or should have been a consideration when going public. It makes little sense to me to make U.S public companies follow IFRS if they have no operations outside the USA. Again, this is neither cost effective nor reasonable.

5. a) To what extent, if any, would an SEC requirement for public companies to adopt IFRS at a date certain affect your answers above? Why?

Application of IFRS to public companies would not affect the responses above. Application of IFRS to privately owned companies will only hasten the demise of GAAP as overly burdensome, overly complex, and irrelevant. Privately owned business that can, will switch to income tax basis or some other basis of accounting for their financial statements. The rest will look to their CPAs to apply this to their statements and we will lose even more profitability. The great concern is that once applicable to public companies it will be pushed down upon everyone else as "generally accepted".

b) To what extent, if any, would other outside factors affect your answers above? Which factors and why?

None.

6. Is there any other input that you'd like to convey to the Panel?

Something must be done and soon. The proposal on revising the accounting for leases is another example where serious consideration needs to be given to the effects on privately owned businesses and not-for-profit organizations. Putting leases on the balance sheet would not improve the value of financial statements to owners or lenders and would serve only to overcomplicate and confuse most users, similar to the other dubious, recent standards (FIN 46, FIN 48 FAS 157). We applaud your efforts and sincerely hope that your work will eventually lead to a common sense approach to GAAP that considers the differences between a Microsoft and the local, family owned company with a few million in sales or the local non-profit struggling to generate a million in contributions to fulfill its mission.

7. Do these responses represent your individual views or are they submitted to represent the views of the organization with which you are associated?

These are my views and those of my Firm.