John Litchfield Lattimore Black Morgan & Cain PC

> Response No. 95 John Litchfield

# "Blue-Ribbon" Panel Written Submissions from Constituents

The AICPA/FAF/NASBA "Blue-Ribbon" Panel on Standard Setting for Private Companies (the Panel) is seeking written input from constituents in the form of responses to the following set of questions. Your responses will assist the Panel in discussing how accounting standards can best meet the needs of U.S. users of private company financial statements and making recommendations thereon to the FAF Board of Trustees (the Trustees):

#### **QUESTIONS FOR SUBMISSIONS**

### All respondents:

1. Please complete the attached form to help compile information on the respondents and send as a separate attachment. The results of question 1 will <u>not</u> be posted to this webpage for public viewing.

## Users (e.g., lender, surety, investor, owner) only:

- 2. a) Briefly describe how you use GAAP financial statements in your decision-making concerning private companies. N/A
  - b) Tell us about any issues or concerns that you may have with respect to the <u>relevance</u> of the information contained in those statements. Please be as specific as possible in your answer. N/A

### 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.

My concerns center primarily around relevance and cost associated with implementing many of the current standards. Many of our clients lack the internal accounting departments to effectively implement many of the current standards. The internal and external user of their financial statements also see little relevance or value to some of these pronouncements. These businesses are then faced with incurring costs to implement standards that the users neither desire or need. We can assist our clients some, but also have to be very careful not to cross the independence lines.

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

In recent years they have become more systemic. I understand that our present environment is much more complicated than it has historically been, but many standards do not seem to contemplate the needs of the user of small to medium sized privately held business. Fair value accounting and consolidation of variable interest entities are two standards that seemingly provide very little useful information to the users of those statements.

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

Please be as specific as possible in your answers.

I only work with private companies, so my comments are limited to this space. Attention needs to be given to this broad based group of business.

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.

I believe a body needs to be created that addresses the needs of these companies. In the absence of that, accounting standards need to set scopes sufficiently high that it will not be applicable to the companies under question.

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?

None. As previously mentioned, I currently only work with private companies and have not considered the needs of SEC registrants.

- b) To what extent, if any, would other outside factors affect your answers above? Which factors and why?
- 6. Is there any other input that you'd like to convey to the Panel?

I would like to thank each member of the panel for the time and effort they have given our profession surrounding these matters. The timing of this work is very relevant and hopefully will result in some much needed changes.

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 individual thoughts but they somewhat mirror the thoughts of the other members of our firm.

If you or your organization would like to submit your responses to the questions, please email them to Tim Woo, tswoo@fasb.org, no later than Wednesday, September 15, 2010. All submissions will be considered public and will be posted to this webpage for public viewing. A summary of the responses received through September 15th will also be prepared and distributed to Panel members and participating observers. The summary will also be included as part of the observer notes (publicly available meeting handout) for the Panel's next meeting, on Friday October 8th, in New York City. To facilitate the staff's ability to read and summarize the submissions, we ask, notwithstanding our request for specificity, that you please try to be as succinct as possible in your responses to the questions.