

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.
- b) Tell us about any issues or concerns that you may have with respect to the **relevance** of the information contained in those statements. Please be as specific as possible in your answer.

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.

RESPONSE: The explosion of standards over the past several years has created a financial burden on the nonpublic company financial statement preparers. Only 3-5% of our clients have the technical expertise on staff capable of understanding and implementing many of the reporting and disclosure requirements. As a result, the auditor is in effect, the preparer of the financial statements. In addition, the additional time required to address all possible issues based upon current GAAP fails the cost/benefit test. Many of the standards, while sounding appropriate from a theoretical standpoint, are too complicated even for most general CPAs to fully understand and implement.

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

RESPONSE: Systemic....although many specific examples could be given;

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

RESPONSE: Concerns relate primarily to private companies; Public companies typically have the financial resources and ability to hire the necessary expertise to address current GAAP and do so at a cost spread across hundreds or thousands of shareholders. Nonpublic companies are typically closely held and the cost of financial compliance is much more of a burden.

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.

RESPONSE: The cost/benefit/risk ratio should be considered when determining which standards should be applied. An option to state which standards have not been applied (without the penalty of a qualified opinion) might be a partial solution.

4. 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?

RESPONSE: No effect, public companies should be held to the highest standard, since shareholders typically are absentee and not involved in the day to day operations.

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?

RESPONSE: A less complex alternative would be a welcomed relief to the nonpublic sector and to the CPA preparers of those financial statements. More clients might elect to have audits performed (which would be good for third party users) if the cost was not unnecessarily being elevated due to standards overload.

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

RESPONSE: These are the views of my firm, which has revenue of approximately \$18 million and employs over 150 people.