



PRATHER KALMAN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS ▼ VALUATION SPECIALISTS

September 14, 2010

Tim Woo
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116
tswoo@fasb.org

Mr. Woo:

Thank you for the opportunity to provide input to the AICPA/FAF/NASB "Blue-Ribbon" Panel on Standard Setting for Private Companies (the Panel).

We are a local public firm with private clients generally ranging from \$1,000,000 to \$100,000,000 in annual revenue.

The following are our responses to your questions for submission:

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

Please see attachment at the end of this letter for the requested form.

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

Not applicable.

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

Overall, I believe that U.S. GAAP has become overwhelming for an average private client CFO, accountant, accounting department, controller, bookkeeper, etc. The number of new

pronouncements that have been released and the complexity of those pronouncements have created confusion and frustration amongst my clients. My clients see no additional benefits from the new rules and become angry with me that I am treating them like a "public company" when they are just a little mom and pop shop.

I think the excessive requirements for private entities are a systematic problem in US GAAP. However, the current pronouncements that have been released for comment by the FASB including Revenue Recognition: Revenue from Contracts with Customers (file reference number 1820-100) and Leases (file reference number 1850-100) are the most excessive to expect of private entities.

I understand the needs of the user of public company financial information and why the FASB has released such guidance or proposed guidance for public companies. However, I think the FASB has lost touch with the costs of implementation and the limitations a private entity faces.

In my opinion, it is largely unreasonable for most private entities to comply with US GAAP in its current and proposed future state based on current exposure drafts. My clients are consistently violating US GAAP, which has led to increased audit fees as I must estimate the misstatement and make audit adjustments as necessary.

- 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.

In the short-term, I believe it is imperative to allow for private entity exemptions or exclusions of existing exposure drafts. Such as for Revenue from Contracts with Customers (file reference number 1820-100), private entities should be allowed to elect to use continuous control methodologies even if control is not considered to be transferred continuously. In addition, for Leases (file reference number 1850-100), if a private entity would have had an operating lease under the current in-force lease guidance, they should be allowed to treat a lease as operating and largely ignore the majority of the proposed guidance.

In the long-term, a move to IFRS by the SEC would reduce the need for a resolution to this problem as IFRS SME (international financial reporting standards for small and medium sized entities) is available to private entities (see #5 below). However, if the SEC opts to not adopt IFRS, then a comprehensive set of guidance as a standalone set of guidance similar to IFRS SME or through continued exclusions from US GAAP need further attention. In addition, the FASB should follow the IASB in making disclosure checklists, sample financials, and training modules geared toward private entities publically available and free of charge.

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

I feel that SEC adoption of IFRS would be a positive step for private entities in the US. Currently, many of my clients are interested in using IFRS SME due to the simpler standards, the free publically available resources produced by the IASB, and the restriction on the occurrence of standards updates. What is currently preventing most of my clients from using IFRS SME is their

lending institution's reluctance to deal with IFRS as they are not familiar with IFRS. At our firm we are starting an education initiative for lenders about IFRS; however, if IFRS were to be required by the SEC for public entities, lenders would be forced to learn IFRS and would be willing to accept IFRS from private entities.

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

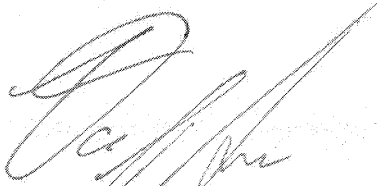
I appreciate the opportunity to make the above comments to the Panel.

- 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 views represent the views of Prather Kalman, P.C. and myself.

Thank you again for the opportunity to provide input.

Sincerely,



Danielle Supkis
Manager