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October 31, 2012

Ms. Susan M. Cosper Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

File Reference No. 2012-230

Dear Ms. Cosper:

McGladrey LLP is pleased to comment on the *Private Company Decision-Making Framework- A Framework for Evaluating Financial Accounting and Reporting Guidance for Private Companies.* Our comments follow in the form of responses to certain of the "Questions for Respondents".

Question 1: Please describe the individual or organization responding to this Invitation to Comment.

We are a national CPA firm that serves hundreds of public companies and thousands of private companies in a variety of industries. We focus primarily on serving middle market companies and public sector entities.

Question 2: Has the staff identified and focused on the appropriate differential factors between private companies and public companies (see paragraphs DF1–DF13)? If it has not, please explain why and include additional factors, if any, that you believe should be considered along with their potential implications to private company financial reporting.

We believe that the staff has appropriately identified the factors that differentiate public and private companies.

Question 3: Overall, do the staff recommendations result in a framework that would lead to decisions that provide relevant information to users of private company financial statements in a more cost-effective manner? If they do not, what improvements can be made to achieve those objectives?

We believe that the staff's recommendations result in a framework that will lead to decisions that will provide relevant information to the users of private company financial statements in a cost effective manner.

Question 4: Do you agree that private companies that apply industry-specific accounting guidance generally should follow the same industry-specific guidance that public companies are required to follow because of the presumption that guidance is relevant to financial statement users of both public companies and private companies operating in those industries? If not, why?

We agree that the recognition and measurement guidance for industry specific guidance should be followed by both public and private companies; however we do believe that there may be instances where reduced disclosures may be appropriate. It is conceivable that the level of disclosure required by users could be different for public and private companies and, therefore, we do not recommend a strict prohibition against disclosure differences. We also believe practical measurement expedients should be considered when issuing industry-specific guidance.

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Question 5: Do the different areas of the framework appropriately describe and consider the primary information needs of users of private company financial statements and the ability of those users to access management, and does the disclosure area of the framework appropriately describe the red-flag approach often used by users when reviewing private company financial statements (see paragraphs BR43 and BR44)? If not, why?

While it is difficult to make a general statement about the users of the financial statements and their access to management, we believe that the framework does appropriately describe and consider the primary information needs of the users. While we understand and agree with the red-flag approach in certain situations we would be cautious in its application to make sure that enough information is provided to assure that the communication takes place as appropriate and the disclosure is fully transparent to the user.

Question 6: Has the staff identified the appropriate questions for the Board and the PCC to consider in the recognition and measurement area of the framework (see paragraphs 1.5 and 1.6)? If it has not, why, and what additional factors should be considered?

We believe that the staff has identified the appropriate questions with the possible exception of question j. We do not believe it is appropriate to generalize that there is a delay in the issuance of private company financial statements nor would it be appropriate for reporting or disclosure standards to be based upon that premise.

Question 7: Has the staff identified the appropriate areas of disclosure focus by private company financial statement users for the Board and the PCC to consider (see paragraph 2.8)? If it has not, why, and what additional areas of disclosure focus should be considered?

We believe that the areas of disclosure focus are appropriate considerations. In addition, consideration should be given as to whether significant accounting policies should also be added to the list.

Question 8: Do you agree that, generally, private companies should apply the same display guidance as public companies? If not, why?

We agree that, generally, private companies should apply the same display guidance as public companies.

Question 9: Do you agree that, generally, private companies should be provided a one-year deferral beyond the first annual period required for public companies to adopt new guidance? If private companies are provided a deferred effective date, do you agree that a private company should have the option to adopt the amendments before the deferred effective date for private companies but no earlier than the required or permitted date for public companies? If not, why?

Because of the potential for significant diversity in the capacity of the accounting staffs for private companies we believe a deferral of the effective date is appropriate. We also believe it would be important for them to have the option to adopt the amendments during the same time periods as public companies if they have the ability to do so or if it is particularly relevant to the users of their financial statements.

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Question 10: Do you agree with the staff recommendation that some circumstances may warrant consideration of different transition methods for private companies? If not, why? If yes, has the staff identified the appropriate considerations for the Board and the PCC to evaluate? If not, what additional factors should be considered?

We agree with the staff recommendations that the period should be shorter when there are situations that require an immediate need for implementation or longer when the amendments are particularly complex. We also believe the staff has identified the appropriate considerations, including the needs of the users.

Question 11: Do you agree with the basis for the Board's tentative decisions reached to date about which types of companies should be included in the scope of the framework (see paragraphs B8–B23 in Appendix B)? If not, why?

We agree with the tentative decisions the board made as it relates to the scope of the framework. It may introduce incremental costs if a private company controlled by a public company, or a public company controlled by a private company, have to report under two different accounting models. However, it presumably would be under their control based on the needs of their users, which we feel is appropriate.

We do not believe that an employee benefit plan should be considered a public company for financial reporting purposes. However, because of their unique circumstances, we believe it is appropriate to exclude them from the scope of the project.

Question 12: Are there other types of entities that you believe the Board should specifically consider when determining which types of companies should be included in the scope of the framework (see paragraphs B6 and B7 in Appendix B)? If yes, please explain.

We agree with the entities identified in B6 and B7. We also believe that it is important for a project to focus on not-for-profit entities as they are also subject to overly burdensome and complex reporting requirements which are not always in line with the needs of the primary financial statement users.

Question 13a: Do you think that a private company that elects to apply any difference in recognition or measurement guidance should be required to apply all existing and future differences in recognition and measurement guidance? Please explain your response, including how you separately considered the benefits to preparers of private company financial statements and the effect on users of private company financial statements.

We believe that one of the goals of implementing exceptions for private companies is to allow them flexibility in providing relevant information to the users of their financial statements in a cost effective manner. For this reason we believe it is important for the users to have an option to pick among the relevant practical expedients that they elect to apply based upon their specific facts and circumstances. We believe that the potential confusion on the part of users could be mitigated by requiring prominent footnote disclosures of the elections made by the preparer.

We are concerned that if the Board required an all or nothing approach, preparers would be reluctant to make the election due to the uncertainty of what future changes could be implemented and the impact of those change to the users of their financial statements.

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Question 13b: Do you think that a private company should have the option to choose which differences it applies in all other areas of the framework (disclosure, display, effective date, and transition method)? Please explain your response to the extent that you considered the benefits to preparers and the effect on users differently than you described in your response to Question 13(a).

We believe, with appropriate footnote disclosure, preparers should be allowed an option to select the differences provided under the framework that they wish to apply for the same reasons as stated above.

We would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day (563-888-4017) or Ginger Buechler (612-455-9411).

Sincerely,

McHadrey LCP
McGladrey LLP