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 relate to (1) significant changes in fundamental accounting practices (e.g., fair value accounting for unregistered held-to-maturity notes and revenue recognition for specialized industries such as construction), (2) the amount and detail of required disclosures (e.g., reconciliations of numerous account balances and prejudicial loss contingency disclosures) and (3) the accelerated rate at which complex proposed standards are being issued.

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

These issues are systemic.

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

For the most part, these issues apply broadly to both public and private companies. For example, the quantity and specified detail of many newly required disclosures are excessive. Much of the predictive information the FASB believes users want should be provided in the MD&A of public companies or obtained directly by the owners, lenders and sureties of private entities.

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 FASB rushes implementation of proposed standards with little regard for comments received from constituents. For example, the originally issued guidance for variable interest entities required a nightmarish quantitative approach. The Interpretation was later amended to adopt a qualitative approach which is both conceptually sound and operational. My recommended action is that the FASB give thoughtful consideration to all sincere constituent comments before issuing final standards.

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?

Earnings and balance sheet accounts for similar companies should be comparable regardless of whether such companies are public or private. Although a public company may be required to provide additional disclosures, the financial statements of both public and private companies should prepared in accordance with a common set of accounting principles. Therefore, if the SEC required public companies to adopt IFRS, I believe private companies should also adopt IFRS (but with relaxed disclosure requirements).

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

The effect of IFRS on income tax reporting (i.e., the extent of additional book/tax accounting differences) could affect my answer.

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

The FASB’s codification of accounting guidance has been very helpful to me as a preparer.
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 responses represent my own views as the CFO of a private company and former controller of a public company.