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

1. 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 relevance of the information contained in those statements. Please be as specific as possible in your answer. N/A

   All respondents:

2. 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. Current U.S. GAAP requires numerous disclosures which results in large amounts of time and money being spent on matters that the users of the financial statements are not concerned with. This can be best illustrated by the fact that most of my clients submit only a tax return to a lender when applying for a loan. No financial statements are submitted. As you are aware, a tax return contains almost none of the disclosures required by U.S. GAAP. If those disclosures were important to my clients' lenders, the lenders would not accept a tax return as documentary evidence when approving a loan.

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

   c) Do you believe that those issues or concerns are largely confined to private companies, or are they broader? My concerns are largely confined to truly small business (which is a subset of private companies).

3. What short-term and/or long-term actions do you believe are necessary to address those issues or concerns? I believe the best, simplest and cheapest way to address my concerns is for a standard setting body to develop comprehensive financial statement standards for the tax basis and modified cash basis of accounting. (There is far too little guidance in these areas.) I see that that is not one of the options being considered. Consequently, I would prefer a separate, stand-alone GAAP.

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? It would have no affect. Why? I have no public companies. And, if I am required to follow IFRS for my truly small clients, I would do so, although I would not like it.

   b) To what extent, if any, would other outside factors affect your answers above? No opinion. Which factors and why? No opinion.

5. Is there any other input that you'd like to convey to the panel? I do not believe that the criteria for using "big GAAP or little GAAP" should be whether the entity is public or private. I think the criteria should be based on size. I fear that if little GAAP is promulgated for all non-public companies, my truly small clients would be required to follow rules that are designed for companies with $100's of millions in sales and 100's of employees yet are not public. This would still not be appropriate for my truly small clients. Companies of that size should follow more sophisticated standards than my truly small clients should be required to follow. Consequently, I am foreseeing my truly small clients continuing to be required to follow onerously complicated standards. When I started in the business 25 years ago, my truly small clients received GAAP financial statements (prepared by us) at least annually, if not more often. My clients' sizes have not changed, but the standards became so overly complicated that we could not justify the cost of following them. Consequently, I only prepare two GAAP financial statements a year anymore. This is wrong. Because, the clients and other users of the financial statements deserve financial statements prepared based on standards promulgated by someone other than the IRS. It's sad that it is more cost effective for my clients to rely on financial information prepared on the basis of the tax code than on a basis developed by CPA's.
6. 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 views, solely.