Responses:

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.

One concern is the complexity of the standards and the frequency with which new standards have been issued.

Another concern for my clients is most of the new standards for them seem like “busy work” and don’t make sense to them. Even clients with CPAs on staff don’t understand fair value measurements and think the footnote disclosures required are meaningless for their purposes, and for their bank’s purposes. Bankers have told me they ignore that footnote.

Another concern is the speed with which new standards are rolled out, without adequate thought put into the standards or clear and concise guidance on how to implement them. A good example is FIN 46 – how many revisions were published? Another example is the fair value measurement standards. How many times are you going to change the footnote disclosures? It is a little embarrassing to try to explain to clients that FASB has changed things – again!

Standards should be thoroughly reviewed and consequences analyzed before they are made effective.

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

I believe they are systematic.

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

I think they are probably broader, but I have no firsthand experience with public companies.

Please be as specific as possible in your answers.

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.

As noted above, my primary concern is that standards are issued without adequate thought of the consequences and without adequate guidance on implementation. FASB staff should sit down with several small business people in a real life situation and try to apply the standard using the data for those businesses. Ask yourselves the question – how will this really work in the field.

Guidance should be much clearer and include examples that apply specifically to a non-public entity. For example, for fair value measurements – my clients wonder what the heck you mean by level 3, and movements from level 3 to 2 and vice versa. Give more examples of what might be a level 1, level 2, or level 3 investment. Write the footnote so it can be understood by someone who doesn’t have a PHD in accounting. I thought we were supposed to be working towards plain language disclosures – fair value measurement disclosure language is a giant step backwards.

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?

That would not affect my answers at all – none of my clients are public companies, and I thought the focus of this survey was on private companies.
b) To what extent, if any, would other outside factors affect your answers above? Which factors and why?

If I get my dream job in a bakery, I won’t care anymore.

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

Finding this survey and figuring out how to submit it was not as easy as you could have made it.

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 are my individual views.