October 31, 2012

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116
director@fasb.org

Re: File Reference Number 2012-230

Director:

Thank you very much for the opportunity to comment on Private Company Decision Making Framework Invitation to Comment (File Reference Number 2012-230).

Question 1:
We are a local public accounting firm (2 partners) with non-public clients generally ranging from $1,000,000 to $200,000,000 in annual revenue.

Question 2:
Yes, the staff has focused on the appropriate differences between private and public companies.

Question 3:
Overall, the framework does appear to understand the differences between private and public companies. The framework would likely lead to relevant and appropriate differences for private companies if the group determining the differences fully understood the limitations of small business and what keeps a truly small business owner up at night.

The appointed membership of the Private Company Council (PCC) all appear to have non-public company experience; however, all seem to be either preparers or accountants from the middle to large segment of non-public companies. There does not seem to be representation on the PCC from micro to small business. Without this representation on the PCC, this framework could be misunderstood or the correct weights not applied to relevance vs. costs. My concern is that this may lead to decisions that provide no relief for small private companies.

Question 4:
Yes, private companies should apply the same industry specific guidance as public companies assuming that the industry specific guidance is relevant and is compatible with the relevance costs questions in paragraphs 1.5 and 1.6

Question 5:
The idea of the red flag approach appears to be reasonable. However, it is not well explained in the main framework section. It is well described in paragraph BR43 and BR44. Additional details should be added to the framework.

Question 6:
The determining recognition and measurement guidance questions related to relevance to users and cost & complexity appear to be reasonable.

However, we have concerns regarding paragraph 1.10.

It appropriate for entities to disclosure the method of accounting that were used to prepare the financial statements. However, if this disclosure is worded with negative assurance about comparability with public companies and is required at each difference, a lay reader may think the financial statements are not in conformity with US GAAP or appear to not be reliable.

A paragraph such as the following at the beginning of the footnotes that includes the negative assurance:

*These financial statements have been prepared in accordance with generally accepted accounting principals in the United States of America and include private entity modifications as promulgated by the Private Company Council. These financial statements should not be compared to the statements of public companies or those prepared under different methods of accounting.*

and the following wording that indicates to the reader a difference but does not include the negative wording such as:

*In accordance with private company modifications promulgated by the Private Company Council, the Company has elected to__________________*

it would be clear to a reader that there are differences, but would still appear to be in conformity with US GAAP.

Question 7:
Yes, these areas appear to be the focus of private company users. Further, these areas are more inline with what areas private company owners or operators are concerned about from an operational perspective.

However, the flow chart at 2.10 is a bit confusing.

On question #1, it appears that this flow chart is only to be used for industry specific guidance, but the flow chart’s title is for disclosures. It is very unclear to a reader in what circumstances to use this flow chart. Based on previous paragraphs, it appears the flow chart is trying to carve out the industry specific guidance at the beginning of the flow chart; however, it is unclear if you were only looking at the flow chart.
On the response to #4 in the flow chart. There is a ‘yes’, a ‘no’, and a not labeled. It appears the item not labeled is present the information from paragraph 2.9; however the current presentation is unclear for when this information is relevant.

Question 8:
Yes, private companies should apply the same display guidance as public companies.

However, the flow chart at 3.4 is a bit confusing.

On question #1, it appears that this flow chart is only to be used for industry specific guidance, but the flow chart’s title is for display requirements. It is very unclear to a reader in what circumstances to use this flow chart. Based on previous paragraphs, it appears the flow chart is trying to carve out the industry specific guidance at the beginning of the flow chart; however, it is unclear if you were only looking at the flow chart.

Question 9:
Yes, private companies should receive at least a 1 year deferral for the effective date for new guidance. Yes, they should have the option to elect the public company adoption date.

Question 10:
Yes, private companies should have different transition methods for new guidance as warranted.

Question 11:
For the most part, the definition of a non-public entity makes sense. However, not for profits are not defined if they are included or excluded. They are clearly not a public company under paragraph B6. However, they are not excluded from private companies under paragraph B7. However, outside of this framework, we have heard that the PCC and this framework are not intended for not for profits and they will be addressed separately by the Not For Profit Advisory Council (NAC).

Question 12:
See response to Question 11 above.

Question 13:
Private companies should have the option to choose which differences it applies to ensure that the company issues the most relevant financial statements for their business.

Thank you again for the opportunity to comment.

Sincerely,

[Signature]

Danielle Salkis Cheek
Director