

May 8, 2009



LETTER OF COMMENT NO. 19

Mr. Russell G. Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Proposed Statement of Financial Accounting Standards: *The Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162* (File Reference No. 1690-100)

Dear Mr. Golden,

I appreciate the opportunity to comment on the proposed FASB Statement, *The Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162*. I am personally impartial to the “flattening” of the GAAP hierarchy. I believe that having one safe source for all relevant authoritative literature relating to a specific topic would be efficient for all users seeking the information. I feel that authorizing the FASB Accounting Standards Codification, to categorize all literature into “authoritative” and “nonauthoritative” segments, could present issues.

I believe that from an academic or litigation standpoint, where it is necessary to prioritize your research findings by most authoritative to least authoritative, problems could arise utilizing the FASB Accounting Standards Codification. How will a user know which piece of authoritative literature is the most relevant? I believe litigation would become much more convoluted due to the preparer not having a specific hierarchy to follow and only utilizing their preferred authoritative source. Presently the user is able to apply FASB Statement No. 162 to conclude whether they have found the most authoritative source for the issue at hand.

1. *AICPA TIS Section 5100, paragraphs 38–76, would be applied prospectively for revenue arrangements entered into or materially modified in annual periods beginning on or after December 15, 2009, and interim periods within those years. Do constituents agree with the transition provisions for nonpublic entities that had not previously applied this guidance?*

I believe that having all nonpublic companies recognizing revenue within the software industry under TIS Section 5100 would increase comparability for the users of their financial statements. I feel that applying TIS Section 5100 could be a large undertaking for some of the nonpublic entities and that December 15, 2009 may be too soon require them to adapt.

2. *Do constituents agree with the Board's conclusion that this proposed Statement would not change GAAP except as described in Question 1? If not, please provide specific examples of the changes caused by this proposed Statement.*

I agree with the Board's conclusion that the proposed Statement would not affect GAAP except for nonpublic entities being required to recognize revenue under TIS Section 5100.

3. *Do constituents agree with the July 1, 2009, effective date for this proposed Statement? If not, please provide a detailed explanation of the reason(s) for extending the implementation period.*

I believe that the effective date for the proposed statement should be applied at the same time as the revenue recognition under TIS Section 5100. I think that having two separate effective dates would make for a more difficult transition.

Other Comments:

I also question the abruptness of altering the hierarchy due to convergence with International Financial Reporting Standards (IFRS). Will this all become irrelevant if and when we adopt the International Standards, or will this allow for an easier transition?

Sincerely,

Nathan J. Wentz