

Item 3. A) My concern is that U.S. GAAP standards have become extremely burdensome for privately held companies where the users of the financial statements typically have direct contact with the preparers and or the CPA firm. Also in many cases the information required is not relevant to the decision making process of the user, so it is work that has to be done when no one is using or benefiting from the information.

Item 3. B) I believe there is a systemic problem in the standards setting process. The system has been geared toward public companies where the users of the financial statements are in the thousands or more and have no direct contact with the preparers or CPA firm.

Item 3. C) I believe it is primarily related to private companies although when reviewing public company financial statements or 10-k's there is so much information it is extremely hard to identify what's really important in making a decision.

Item 4. In the short term, excluding private companies and NPO's from the overload of standards will help relieve the problems. In the long term, separating the standard setting process for public companies from that of non-public companies and NPO's is the best viable solution.

Item 5. A) An SEC requirement for public companies to adopt IFRS would not change my answers above. Any adoption of IFRS by the SEC for public companies could impact private companies through the trickle down effect. As with many other issues, actions taken by the SEC seem to work their way down to the private company sector even when not applicable or appropriate.

Item 5. B) The primary users of the financial statements of private companies and NPO's are banks, insurance entities, donors and internal management including boards. I believe my opinions are based on what the primary users want, which is relevant but simplified information that can present the proper highlights and overall picture of an entity. If they need more details, they can follow up directly with the entity based on what's important for their particular situation. If the users have a significantly different opinion and communicate that in the comment period then we would definitely want to address their concerns.

Item 6. I do believe the best approach is to have a separate board set standards for private vs. public companies. I believe starting with current U.S. GAAP and then eliminating some of the past requirements is the best course of action. They can be removed completely or in some cases for entities under a certain asset or revenue size. Some of the past and future items being considered which have not only been burdensome but in some cases counter to what the users want are:

FIN 46 consolidation of real estate entities under common ownership with operating companies

FIN 48 disclosures

Extensive defined benefit plan disclosures

Fair value measurement particularly under FAS 157

Annual goodwill testing

Extensive investment disclosures

The move toward IFRS

Proposed changes to put operating leases on the balance sheet

Item 7. The views expressed are my views and also the consensus reached by our firm.