QUESTIONS FOR SUBMISSIONS

All respondents:

1. Please complete the <u>form</u> to help compile information on the respondents and send as a separate attachment. The results of question 1 will <u>not</u> be posted to this webpage for public viewing.

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

- 2. a) Briefly describe how you use GAAP financial statements in your decision-making concerning private companies.
 - b) Tell us about any issues or concerns that you may have with respect to the <u>relevance</u> of the information contained in those statements. Please be as specific as possible in your answer.

All respondents:

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.

Response: I believe that the standard setters have attempted to achieve conformity in the presentation of financial standards, however the waterfall of new standards and complexity of many of them have made it difficult for private companies to conform to. In many ways, some of the new standards have made the financial statement presentation more confusing than prior practice, such as the amendment to FASB Interpretation No. 46(R), which now requires separate companies with common ownership that is effectively run as a combined company to display "non-controlling interest" which confuses the reader (such as a lender) who is evaluating the company as a whole. The standard setters seem to address the issues faced by the large domestic or global companies without regard to the small to medium size private companies.

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

Response: I think that these concerns are specific to certain standards, such as the amendment to FASB Interpretation No. 46(R), FIN 48 disclosures, etc.

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

Response: I think that the issue is broader than just to private companies. The problem is the resources that a company must devote to understanding and complying with the new standards.

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.

Response: I believe a comprehensive review of Big GAAP/ Little GAAP is needed to attempt to lighten the administrative burden of complying with complex accounting standards.

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?

Response: I don't think that this would change my answers to the above. The conversion to an international standard will impact the private sector as well as standards are set to conform to an international standard.

b) To what extent, if any, would other outside factors affect your answers above? Which factors and why?

Response: I think the biggest factor to be considered for private companies and not-for-profits are the end users of the financial statements, which are mainly financial institutions, donors, insurance companies, etc. The financial statements and disclosures should be presented as not to confuse an informed end-user.

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

Response: I think that a concerted effort to lighten the administrative burden of a privately held company while maintaining the integrity and consistency in practice of financial statement presentation should be the focus. If a company/ organization are not subject to all the proliferation of standards they may be more apt to have a financial statement audit.

7. Do these responses represent your individual views or are they submitted to represent the views of the organization with which you are associated?

Response: The views expressed herein are my individual views.