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.

In our opinion, the increasingly complex accounting and disclosure requirements have led to financial statements that are difficult to comprehend. When it comes to areas such as accounting for derivative instruments, tax uncertainties, variable interest entities and fair value, the vast majority of our clients have neither the time nor the interest to focus and understand these complex and often inapplicable areas. What our clients and their stakeholders are most concerned with is working capital components including accounts receivable, inventory and accounts payable.

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

The issue is more systemic. However, there are several specific standards to mention. One example is the proposed lease accounting standard. Although the principles behind the standard may be theoretically sound, we don't believe the benefit derived from the new standard will outweigh the burden it will create for our clients, most of whom do not have the in-house expertise to implement the standard. With most of our clients, there is a lot of personal interaction between the client and the users of its financial statements. As such, the user has the opportunity to obtain the related leasing information directly from the client. We don't believe that the users will find the adoption of this standard very useful.

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

Since we deal primarily with private companies, our concerns relate more to them.

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.

From a short-term perspective, the FASB should exempt privately held companies from the pending pronouncements, including leases, revenue recognition, etc. From a long-term perspective, we recommend that the FASB pursue the creation of a separate set of standards for privately held companies (private company GAAP). As part of the process, the FASB may want to consider the following:

Derivative instruments- For private companies, consider eliminating the requirement to recognize fair value of derivative instruments in the financial statements. Instead, focus on requiring disclosure of key terms and conditions of instruments.

Stock options- Consider eliminating the requirement to expense stock based awards (non-cash based awards) for private companies. Again, focus on disclosure of terms and conditions of awards.

Fair value accounting- Re-evaluate the disclosure and measuring requirements for private companies.

Variable interest entities- Consider eliminating the variable interest entity model for private companies. Focus instead on related party disclosures.

Business combinations/Goodwill- Consider reverting back to pre-SFAS 141 accounting for certain items, including the amortization of goodwill and the accounting for purchase price contingencies.

- 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?
 - b) To what extent, if any, would other outside factors affect your answers above? Which factors and why?
- 6. Is there any other input that you'd like to convey to the Panel?

Input provided in the above responses.

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