

## O'DELL VALUATION CONSULTING, LLC

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June 21, 2013

Technical Director  
Financial Accounting Standards Board  
Norwalk CT

RE: Invitation to Comment *Private Company Decision Making Framework*  
File reference 2013-250

Dear Board and Staff:

It is with great pleasure that I see this document in its final phase. I believe – and have said many times in public- this is one of the most amazing documents to come from FASB. It perfectly captures the differences between private and public companies and the reasons why modifications and exceptions should be granted. Most important, it was drafted with input from the constituents most likely to be affected by it: users of private company financial statements. Once the comments have been reviewed, I urge its issuance without further delay for use by both PCC and FASB.

I provide my comments on the questions posed in the ITC below:

**Question 1: Please describe the individual or organization responding to this Invitation to Comment.**

**a. Please indicate whether you are a financial statement preparer, user, or public accountant, or if you are a different type of stakeholder, please specify. Please indicate if you are both a preparer and a user of financial statements.**

**b. If you are a preparer of financial statements, please indicate whether your entity is privately held or publicly held and describe your business and its size. If applicable, describe any relevant prior experience in preparing financial statements for private companies or public companies.**

**c. If you are a user of financial statements, please indicate in what capacity (for example, investor or lender) and whether you primarily use financial statements of private companies or those of both private companies and public companies.**

**d. If you are a public accountant, please describe the size of your firm (in terms of number of partners or other relevant metric) and indicate whether your practice focuses primarily on private companies or both private companies and public companies.**

I am both a preparer of private company financial statements and currently an instructor for a company providing in-house accounting CPE to CPA firms.

**Question 2: Do you agree that this guide is based on the appropriate differential factors between private companies and public companies (see paragraphs DF1–DF13)? If not, please explain why and include additional factors, if any, that you believe should be considered along with their potential implications to private company financial reporting.**

Having been involved with this project from its inception I believe this is an accurate and well thought out discussion of the differences between private and public companies.

**Question 3: Overall, do you agree that this guide would lead to decisions that provide relevant information to users of private company financial statements in a more cost-effective manner? If it does not, what improvements can be made to achieve those objectives?**

Generally I believe this guide would lead to decisions that provide relevant information to users. The PCC and Board should bear in mind when considering user access to management that not all users of private company financial

statements have the same access. This is addressed in the ED paragraph DF5 and is an important consideration for preparers.

**Question 4: With respect to industry-specific guidance:**

- a. Do you agree that this guide appropriately considers industry-specific accounting guidance for private companies? That is, should private companies follow the same industry-specific guidance that public companies are required to follow in instances in which the Board and the PCC determine that the guidance is relevant to financial statement users of both public companies and private companies operating in those industries? If not, why?**
- b. Do you think factors other than user relevance, such as cost and complexity, should be considered when the Board and the PCC are determining whether or not to provide alternatives within industry-specific guidance?**
- c. Do you think that industry-specific accounting considerations should be different between (i) recognition and measurement and (ii) disclosure?**

I believe it is appropriate to consider modifications and exceptions to industry specific GAAP for private companies. FASB's recent decision to indefinitely defer certain disclosures about investments held by a nonpublic employee benefit plan in its plan sponsor's own nonpublic equity securities is a good example of an alternative to industry specific guidance. One of the factors in this example was recognition that private companies are reluctant to disclose information that may put them at a competitive disadvantage. Although private companies can control the distribution of their financial statements, once they have been distributed they have no control over what the users do with the information.

That said, users would probably prefer that financial statements of both public and private companies be bound by the same industry specific guidance for recognition and measurement. Exceptions and modifications for disclosures should be considered.

**Question 5: Do the different sections of this guide appropriately describe and consider the primary information needs of users of private company financial statements and the ability of those users to access management, and does the disclosure section appropriately describe the red-flag approach often used by users when reviewing private company financial statements (see paragraphs BC45 and BC46)? If not, why?**

Having been involved from the beginning of this project and hearing user input to the process, I believe this guide appropriately describes and considers the primary information needs of users. The "red flag" approach concept came directly from users. As stated above not all users have the same access to management and this point should be considered when discussing exceptions and modifications.

**Question 6: Paragraph 1.5 includes the following questions for the Board and the PCC to consider in the recognition and measurement area of the guide:**

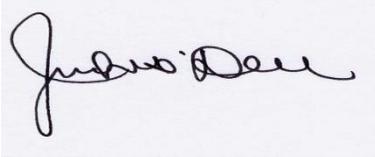
- 1.5(e) Does the guidance require that the threshold for recognizing or measuring a transaction or event be at least probable of occurring?**
- 1.5(h) Is it likely that users that are interested in the transaction, event, or balance can obtain information directly from management that can reasonably satisfy the objective of the guidance?**
- 1.5(i) Is the lag between the year-end reporting date and the date financial statements are issued and made available to users likely to significantly dilute the relevance of the information resulting from the guidance? Do you believe that the questions listed above are necessary for considering alternatives for private companies within recognition and measurement guidance? Or are the other questions in paragraph 1.5 sufficient for considering when alternative recognition and measurement guidance is appropriate for private companies within U.S. GAAP?**

The other questions in paragraph 1.5 would seem to cover questions 1.5 (e) and (h). I think that 1.5(i) is a relevant question to leave in the document given the often long lag time between year end and when the financial statements are available to be issued. For example, certain fair value measurements that are or would be required lose their relevance after a period of time and users make their own assessments of fair value in many cases. I would change the wording in 1.5(i) to use the terminology "available to be issued" since private companies do not "issue" financial statements.

**Question 7: Do you agree that a private company generally should be eligible to select the alternatives within recognition or measurement guidance that it deems appropriate to apply without being required to apply all alternatives available to private companies within recognition and measurement? Do you agree that, in certain circumstances, the Board and the PCC may link eligibility for application of alternatives within recognition or measurement in one area to the application in another area? If not, why?**

I strongly believe that a private company should be eligible to select alternatives within recognition or measurement guidance that it deems appropriate without being required to apply all. It is too early in the process to enact an “all or nothing” approach. Perhaps further down the line when there is a body of exceptions/modifications, it might be appropriate to reopen a discussion on “all or nothing.” For now, private companies need the flexibility to adopt the alternatives that best depict their situation.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Judith H. O'Dell", is centered on a white rectangular background.

Judith H. O'Dell CPA CVA