



Certified Public Accountants & Advisors
Advancing Tradition

October 23, 2015

Technical Director
Financial Accounting Standards Board

RE: File Reference #2015-310: Assessing Whether Disclosures are Material

Thank you for allowing us the opportunity to comment on the FASB's proposed update to Topic 235 "Assessing Whether Disclosures are Material". Cover & Rossiter is a regional accounting firm headquartered in Wilmington, Delaware. My client base consists primarily of nonprofit organizations.

Overall, I am very pleased with the direction of the exposure draft and the continuing drive of the Board to eliminate needless boilerplate from financial statement footnotes. I have one significant issue with the exposure draft that I believe needs to be addressed:

#4: "Do you expect regulatory, legal or audit consequences that would affect your ability to consider materiality when selecting information to be disclosed in notes to financial statements? Please explain."

The one area of concern I have relates to referring to materiality as a "legal concept." I am not an attorney. I cannot practice law or make legal determinations. I have been reminded of that fact on several occasions by board members at my clients who were attorneys and held differing opinions on accounting or financial statement presentation topics. On one memorable occasion I was chastised for making the "legal determination" that an 18% endowment draw rate could be in violation of UPMIFA. These are well-meaning people, but they are firm in the belief - certainly with justification - that non-attorneys should not venture into the area of "legal concepts."

I believe that materiality, as it relates to financial statements, is an accounting concept. Including the definition of materiality as the Board had originally contemplated in Paragraph BC14 of the exposure draft is, I believe, necessary or we risk leaving preparers and auditors without a leg to stand on when challenged in either the boardroom or the courtroom. Leaving materiality as a "legal concept" is a significant flaw which will appear to subordinate the judgment of the preparer and auditor to any attorney, regardless of their capacity or area of expertise.

I would like to reiterate that I am very happy with the overall theme of the exposure draft and the direction the Board is taking.

Thank you in advance for your consideration of these comments.

Very respectfully,

A handwritten signature in black ink, appearing to read "Peter S. Kennedy". The signature is fluid and cursive, with a large initial "P" and "K".

Peter S. Kennedy, CPA
Audit Director
Cover & Rossiter, P.A.