

1. 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.

- I believe one of the real problems is the attempt to force individuals and organizations to be honest and ethical by promulgating rules. Unfortunately unethical people either ignore the rules or try to find ways around them. In the mean-time ethical people are burdened with the ever increasing costs of compliance and disclosure.
- Most of my clients use financial information for tax compliance and to obtain financing from banks. Unfortunately, most of them do not use financial statements for management decisions.
- From my perspective, we have had a very large amount of change in professional standards and accounting standards. Many of the new standards are very complex and generally do not apply to small businesses.
- There seems to be a direct relationship between SEC regulations and changes in accounting standards. In other words the financial regulators are dictating accounting standards – not only to publicly held companies; but to everyone.
- The net result is that GAAP financial statements are becoming difficult even for professionals to understand, let alone individual investors, loan officers, and even management. The usefulness of financial information is declining, not improving.
- Most small businesses ignore GAAP and use OCBOA.

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

- Systemic.

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

- I think they are of greater concern to private companies. However, certainly smaller public companies and even many larger public companies wrestle with these issues.

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.

- I applaud the efforts to be more sensitive to the needs of smaller businesses. I think proposed new/changed standards should be tested by applying them to real financial statements of large and small entities. Then show the financial statements to the real users of that entity's financial statements and have them answer the questions: a) is this presentation helpful to you in understanding and analyzing these financial statements? b) does it make any difference to your decisions regarding this entity? c) are the improvements, if any, worth the additional cost of complying with the changed standard? If the changes don't result in significant increases in benefits – they should not be implemented.

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?

- I believe that if the SEC requires public companies to adopt IFRS that requirement will quickly trickle down to all entities.

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?

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

- My individual responses.