- 1. My firm services a broad spectrum of private companies from sole proprietors in the construction trades and professional services to relatively large development and construction contracting firms with revenues exceeding \$100 million. We provide compilation, review and audit services to these clients as well as tax and consulting services.
- N/A
- 3. Issues with current U.S. GAAP
  - a. For years I have felt that the benefits of many disclosures required by US GAAP do not outweigh the costs of providing the disclosures. The questions I field from bankers, bonding agents and other users invariably arise from the numbers on the face of the financial statements and not from the note disclosures. The users of my clients' financials are concerned with working capital and cash flow, not with a five-years' schedule of debt maturities or tax positions.
  - b. These issues are, I believe, systemic.
  - c. I do not feel that I have the breadth of experience necessary to address whether these issues apply to public companies.
- 4. Short-term, I would like to see standards unchanged for a period of time. The reason is that standards have been changing constantly over the past couple of decades. I spend an inordinate amount of time keeping up with standards which most of my clients do not understand or care about. Just leave it alone for a while.

Long-term, I would like to see a principle-based approach to accounting and disclosure which would return professional judgment to CPAs. Under our current rules-based approach, the financial statement preparer and the CPA may no longer exercise professional judgment. We, as a profession, in response to numerous crises, have tried to put a rule into place for every contingency and have, as a result, strangled the financial reporting process.

If we had a principle-based approach, that approach would be appropriate for both public and private companies because individual preparers and their CPAs could use professional judgment in making disclosures that are relevant to the users of particular financial statements.

- 5. Other factors
  - a. A requirement for public companies to adopt IFRS does not affect my answers above because it would be a sea-change in what is already a sea of constant changes. In the long view, inasmuch as IFRS is a principle-based approach, it may address what I would like to see in the long-term.
  - b. I cannot think of other factors which would affect my answers above.
- 6. As stated previously, I believe a principles-based approach to accounting and financial disclosures could be formulated in such a way as to apply well to both large and small, public and private companies. However, if we persist in using a rules-based approach, then I feel it is critical that the rules be geared to the size of companies; recognize the costs of implementation or of accounting for information required to be disclosed; and not require disclosures whose benefits do not outweigh the related costs
- 7. The foregoing views are mine alone.

Thank you for receiving my input,

B. David Hurley, CPA