

**Users (e.g., lender, surety, investor, owner) only:**

2. a) Briefly describe how you use GAAP financial statements in your decision-making concerning private companies.

**N/A, based on User scope limitation described above.**

b) Tell us about any issues or concerns that you may have with respect to the **relevance** of the information contained in those statements. Please be as specific as possible in your answer.

**N/A, based on User scope limitation described above.**

**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 recent years, FASB has been issuing large quantity of complex financial standards, that have limited applicability to small businesses and non-public companies. Also troublesome is the rapid pace at which these standards are being issued. The aforementioned issues create difficulty for small and non-public companies, due to the onerous disclosure requirements. These disclosure requirements often have limited applicability to the users of these entities financial statements. Compounding the issue is the limited financial & accounting staff that small companies usually are financially capable of employing, and the considerable amount of resources required to fully understand and comply with the new standards as issued. Even further compounding the problem is the time spent providing explanations to creditors and contractual counterparties who do not understand why some of these disclosures would yield different results for a nonpublic entity.**

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

**There are instances of both.**

**Systemically, small companies tend to be evaluated on measures other than a market expectation of earnings. These measures include items such as cash, liquidity ratios, capital expenditures, research & development costs, and top line revenue growth. The current standards are being issued with the large public company in mind, and tend to direct themselves towards earnings, and disclosures in areas for which a small company would not be evaluated. Also systemically, the manner in which the standards are written is so complex that a professional, and multiple readings, is required to understand the content of the new standards.**

**Individually, some standards have created a considerable amount of required effort for compliance, with very little value to the end user. FASB 133, and a few of the fair value disclosure requirements, come to mind as specific examples of standards that have impacted small companies, with very little value to the user of the financial statements.**

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

**We can only address the impact of these issues to our company, which is a small/medium sized private company.**

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.

**Scope limitations (whereby some standards may not be applicable to private companies where assets, revenues, or the materiality of the applicable transactions, are less than an established threshold) on certain standards would be a step in the right direction. In the creation of new accounting standards, there should be consideration of the impact it has on all sizes of companies, and all industries.**

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?

**N/A for our company. However as a user of financial statements for some public companies, and also having used financial statements for companies who follow current international standards, I have concerns about the subjectivity and inconsistent application of current IFRS standards amongst those who currently use IFRS.**

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?

**There is an incredible amount of value in developing a small/non-public GAAP for companies that meet the definition. However I would hate for this project to take on a life of its own and create equally onerous reporting requirements for a private company. I believe that some private company experience is critical in developing the standards by which these companies will be evaluated by.**

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

**Both**