FASB Framework For Private Companies

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Respondent information

Type of entity or individual:

Contact information:

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Questions and responses

1. 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.

All 3

2. 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.

CPA-sole practitioner with 30 years experience compiling financial statements for private companies.

3. 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 both private companies and public companies.

Owner of Private Company

4. 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.

CPA tax practice serving ~ 500 individuals and 100 private small businesses.

5.

Has the staff identified and focused on the appropriate differential factors between Comment Letter No. 55 private companies and public companies (see paragraphs DF1-DF13)? If it has 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.

Yes, Add: Privacy-Confidentiality of the financial statements is often of paramount importance to the owners. In Public Companies the financial statements are available to the public. Private financial statement distribution is typically limited to those with legally authorized access.

Implications-The Financial Statement Preparer has less access to comparable company financial statements and fewer or no third party analysis of Company Financials.

6.

Overall, do the staff recommendations result in a framework that would lead to decisions that provide relevant information to users of private company financial statements in a more cost-effective manner? If they do not, what improvements can be made to achieve those objectives?

Yes and No

The US Private Company world consists of approximately ...

http://www.irs.gov/uac/Small-Business-Self-Employed-Division-At-a-Glance

... 41 million self employed persons, and 9 million small businesses with assets less than 10 million.

Very few of the above have US GAAP Financial Statements.

In the 1980's we as CPAs would literally compile financial statements from check stubs and issue compilation reports with full disclosure. Now, it's a rare client who pays for full disclosure.

I recommend we encourage voluntary partial disclosure for compilations. Instead of "Management has elected to omit ...", let's insert "Management has elected to voluntarily disclose ..."

If our objective is to provide relevant information to users of private company financial statements in a more cost-effective manner, let's encourage greater use of US GAAP. Partial disclosure is better than no disclosure.

Secondly, encourage partial use of US GAAP taxonomy.

7.

Do you agree that private companies that apply industry-specific accounting guidance generally should follow the same industry-specific guidance that public companies are required to follow because of the presumption that guidance is relevant to financial statement users of both public companies and private companies operating in those industries? If not, why?

Audit-Yes Review and Compilation-No 8. Do the different areas of the framework 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 area of the framework appropriately describe the red-flag approach often used by users when reviewing private company financial statements (see paragraphs BR43 and BR44)? If not, why? 9. Has the staff identified the appropriate questions for the Board and the PCC to consider in the recognition and measurement area of the framework (see paragraphs 1.5 and 1.6)? If it has not, why, and what additional factors should be considered? 10. Has the staff identified the appropriate areas of disclosure focus by private company financial statement users for the Board and the PCC to consider (see paragraph 2.8)? If it has not, why, and what additional areas of disclosure focus should be considered? I recommend we encourage voluntary partial disclosure for compilations. Instead of "Management has elected to omit ...", let's insert "Management has elected to voluntarily disclose ..." If our objective is to provide relevant information to users of private company financial statements in a more cost-effective manner, let's encourage greater use of US GAAP. Partial disclosure is better than no disclosure. 11. Do you agree that, generally, private companies should apply the same display guidance as public companies? If not, why? **Audits-Yes** Review and compilations-No 12. Do you agree that, generally, private companies should be provided a one-year deferral beyond the first annual period required for public companies to adopt new guidance? If private companies are provided a deferred effective date, do you agree that a private company should have the option to adopt the amendments before the deferred effective date for private companies but no earlier than the required or permitted date for public companies? If not, why? 2 Years 13. Do you agree with the staff recommendation that some circumstances may warrant consideration of different transition methods for private companies? If not, why? If yes, has the staff identified the appropriate considerations for the Board and the PCC to evaluate? If not, what additional factors should be considered? 14. Do you agree with the basis for the Board's tentative decisions reached to date about which types of companies should be included in the scope of the framework (see paragraphs B8-B23 in Appendix B)? If not, why? Yes 15. Are there other types of entities that you believe the Board should specifically consider when determining which types of companies should be included in the scope of the framework (see paragraphs B6 and B7 in Appendix B)? If yes, please explain. No

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Do you think that a private company that elects to apply any difference in recognition of the Letter No. 55 16. measurement guidance should be required to apply all existing and future differences in recognition and measurement guidance? Please explain your response, including how you separately considered the benefits to preparers of private company financial statements and the effect on users of private company financial statements. 17. Do you think that a private company should have the option to choose which differences it applies in all other areas of the framework (disclosure, display, effective date, and transition method)? Please explain your response to the extent that you considered the benefits to preparers and the effect on users differently than you described in your response to Question 13(a). Yes

Additional comments.

Please provide any additional comments on the proposed Update or any comments on this electronic feedback process below.

To compile financial statements for my private small business clients cost effectively, I need help from the FASB.

Training Materials i.e.-http://www.ifrs.org/ifrs-for-smes/Pages/Training-material.aspx, Sample Financials,

Technology: US GAAP taxonomy for Micro's with and without disclosure, Software to easily add footnotes,

Easy web access to all standards with detailed examples.