"Blue-Ribbon" Panel on Standard Setting for Private Companies Written Submission from Michael Sedam of Kehlenbrink, Lawrence & Pauckner Indianapolis, IN August 6, 2010

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.

U.S. GAAP as it is currently written appears to come from a large company perspective. Smaller private companies normally do not have the resources to utilize, to try to keep up with the ever-changing U.S. GAAP.

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

While you can generally pick out specific GAAP standards that cause a problem for private companies, I believe that it is a more systemic problem since there are numerous pronouncements that cause compliance issues for the private companies. FASB seems to produce standards that fit for public companies with no thought about how they affect the private companies.

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

I only work with private companies, so I don't believe that I can comment on that.

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.

In the short-term it would be nice to have a compilation of the standards that apply differently to private companies versus public companies and a description of what those differences are. Long-term I would like to see FASB and other groups that develop accounting pronouncements pay more attention as to how these new pronouncements affect private companies. I don't think that a completely separate set of standards is completely necessary IF the standards are presented in a fashion that would make it much simpler to determine and would leave no doubt about the differences for private companies versus public companies. I have my doubts that

FASB in its current form can pull this off, in which case a separate set of standards may be necessary. This would require a separate set of standard setters which could be a part of FASB or a completely separate organization.

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?

None unless the current standards would then be re-written to remove anything that relates to public companies only.

b) To what extent, if any, would other outside factors affect your answers above? Which factors and why?

None.

6. Is there any other input that you'd like to convey to the Panel?

No.

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

These are my individual views only.

If you or your organization would like to submit your responses to the questions, please email them to Tim Woo, <u>tswoo@fasb.org</u>, no later than Wednesday, September 15, 2010.

See BlobServer.doc in temp file.