



January 31, 2011

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1890-100

Dear Technical Director:

McGladrey & Pullen, LLP is pleased to comment on the Discussion Paper, *Effective Dates and Transition Methods*, issued by the Financial Accounting Standards Board (FASB) on October 19, 2010. McGladrey & Pullen, LLP is a national CPA firm focused on serving the audit and accounting needs of both private and public mid-sized companies.

Our Firm continues to support the FASB and the International Accounting Standards Board (IASB) in their commitment to improving International Financial Reporting Standards and US generally accepted accounting principles. Further, we support the Boards in their efforts to obtain additional information and input about the time and effort involved in adopting the accounting and reporting standards that are the subject of the Discussion Paper and the related effective dates of those standards. We believe that given the complexity and broad impact of many of the standards, great care must be taken in determining the most appropriate transition methods and sufficient time must be allowed to develop the financial reporting processes and controls necessary to implement the new standards prior to their effective dates.

We support a single date approach with a significant lead time. A sequential implementation approach could result in multiple restatements of financial statements over an extended period if the new standards are required to be retrospectively applied. Multiple restatements may lessen the usefulness and perceived reliability of the financial statements. Further, under a sequential approach, financial statement preparers may need to modify financial reporting systems and processes multiple times to address each standard as it becomes effective. A single date approach preceded by significant lead time would allow financial statement preparers sufficient time to implement the suite of new standards without impacting the perceived reliability of the financial statements. Furthermore, this approach would allow financial statement users to analyze and compare financial statements, which reflect all of the new standards, at one date.

If a sequential approach were selected by the Boards, in order to avoid multiple restatements, we recommend effective dates be grouped so that the standards impacting recognition and measurement (such as revenue recognition and lease accounting) are implemented at the same time. We also recommend that the standards primarily impacting only presentation in the financial statements be implemented subsequent to those impacting recognition and measurement.

Our Firm has previously commented on the exposure drafts for financial instruments, comprehensive income, revenue recognition, and leases. In those comment letters we discussed the specific concerns we had related to the proposed transition methods. In general, our Firm believes that retrospective application will provide financial statement users with the most relevant and useful financial information. However, given the difficulty in retrospectively applying some of these standards, particularly revenue recognition, many companies may need to run two separate financial reporting systems concurrently in order to obtain the data necessary for retrospective application. This again emphasizes the need for a significant lead time for financial statement preparers to implement the new standards. Given the extensive training, and changes in financial reporting processes, controls and systems necessary to implement the new standards, we do not believe the effective dates of the standards addressed in the Discussion Paper and released for exposure should be before 2015.

We do not believe that early adoption of these standards should be permitted for public companies, although it may be acceptable for private companies. Given the significant changes in financial reporting produced by these standards, allowing companies to adopt these standards in different periods would present significant challenges to financial statement users attempting to analyze or compare financial statements.

If differing effective dates are permitted for private and public companies, we suggest that the definition of a nonpublic entity be clarified. The concept of an over-the-counter market as it is currently used in the definition is not, itself, defined. If over-the-counter market is interpreted broadly, far more entities may be considered to be public than the Boards actually intended.

We would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Bruce P. Webb (515-281-9240).

Sincerely,

McGladrey & Pullen, LLP

A handwritten signature in cursive script that reads "McGladrey & Pullen, LLP".

McGladrey & Pullen, LLP