



June 20, 2013

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
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**File Reference No. 2013-250**

To the Technical Director:

RubinBrown LLP appreciates the opportunity to respond to the FASB's Invitation To Comment, *Private Company Decision-Making Framework – A Guide for Evaluating Financial Accounting and Reporting for Private Companies*. Overall we support the Board's efforts to develop a framework for deciding whether and when to modify U.S. generally accepted accounting principles for private companies.

Our responses to the questions for respondents are included below for your consideration.

*Question 1: Please describe the individual or organization responding to this Invitation to Comment.*

**RubinBrown LLP is a regional accounting firm with 79 partners and over 400 team members. Our practice focuses on both private and public companies.**

*Question 2: Do you agree that this guide is based on the appropriate differential factors between private companies and public companies (see paragraphs DF1–DF13)? If 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.*

**We agree that the guide is based on the appropriate differential factors between private companies and public companies. Due to the large number of private companies that prepare financial statements and the variability in the circumstances of those companies, we also agree with your conclusion that this list represents the most common characteristics that differentiate financial statement user needs and preparer considerations for private companies from those of public companies and that each factor included in this list would not necessarily apply to every entity that prepares financial statements.**

*Question 3: Overall, do you agree that this guide would lead to decisions that provide relevant information to users of private company financial statements in a more cost-effective manner? If it does not, what improvements can be made to achieve those objectives?*

**We agree that this guide would lead to decisions that provide relevant information to users of private company financial statements in a more cost-effective manner. The guide recognizes items that would be helpful in cost reduction including altered disclosure requirements and practical expedients when applying the amendments in a FASB Accounting Standards Update. The guide also appropriately prioritizes the needs of financial statement users over cost considerations.**

*Question 4: With respect to industry-specific guidance:*

*a. Do you agree that this guide appropriately considers industry-specific accounting guidance for private companies? That is, should private companies follow the same industry-specific guidance that public companies are required to follow in instances in which the Board and the PCC determine that the guidance is relevant to financial statement users of both public companies and private companies operating in those industries? If not, why?*

**We agree that the guide appropriately considers industry-specific accounting guidance for private companies. Relevance should be of the utmost importance when determining what guidance should be followed in the preparation of financial statements. Therefore, if the Board and the PCC have determined that the guidance is relevant, we believe that both public and private companies should be required to follow such guidance.**

*b. Do you think factors other than user relevance, such as cost and complexity, should be considered when the Board and the PCC are determining whether or not to provide alternatives within industry-specific guidance?*

**While we believe that other factors, such as cost and complexity, could be considered, we believe that user relevance should be the most important factor when determining whether or not to provide alternatives within industry-specific guidance.**

*c. Do you think that industry-specific accounting considerations should be different between (i) recognition and measurement and (ii) disclosure?*

**We believe that considerations should be the same for (i) recognition and measurement and (ii) disclosure.**

*Question 5: Do the different sections of this guide 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 section appropriately describe the red-flag approach often used by users when reviewing private company financial statements (see paragraphs BC45 and BC46)? If not, why?*

**We agree that the guide is generally accurate in describing the primary information needs of users of private company financial statements and the ability of those users to access management. The description of the red-flag approach is also generally accurate. However, we believe that it is also important to emphasize that these descriptions are general in nature and that not all users of private company financial statements have access to management or utilize such a red-flag approach, which is important to remember when determining if differential standards for public and private companies are appropriate.**

*Question 6: Paragraph 1.5 includes the following questions for the Board and the PCC to consider in the recognition and measurement area of the guide:*

*1.5(e) Does the guidance require that the threshold for recognizing or measuring a transaction or event be at least probable of occurring?*

*1.5(h) Is it likely that users that are interested in the transaction, event, or balance can obtain information directly from management that can reasonably satisfy the objective of the guidance?*

*1.5(i) Is the lag between the year-end reporting date and the date financial statements are issued and made available to users likely to significantly dilute the relevance of the information resulting from the guidance?*

*Do you believe that the questions listed above are necessary for considering alternatives for private companies within recognition and measurement guidance? Or are the other questions in paragraph 1.5 sufficient for considering when alternative recognition and measurement guidance is appropriate for private companies within U.S. GAAP?*

**We believe that it would be helpful to consider the answers to the questions posed in paragraph 1.5(e), (h) and (i) when determining whether alternatives for private companies within recognition and measurement guidance are appropriate. While we believe it is appropriate to more heavily weight the other items listed within paragraph 1.5, we also believe that inclusion of the answers to items (e), (h) and (i) would be beneficial to the process.**

*Question 7: Do you agree that a private company generally should be eligible to select the alternatives within recognition or measurement guidance that it deems appropriate to apply without being required to apply all alternatives available to private companies within recognition and measurement? Do you agree that, in certain circumstances, the Board and the PCC may link eligibility for application of alternatives within recognition or measurement in one area to the application in another area? If not, why?*

**We agree that a private company generally should be able to select appropriate alternatives within recognition or measurement guidance. This will allow more flexibility in producing financial statements that maximize their relevance to the financial statement users. Mandating that all alternatives for private companies must be followed creates a risk that financial reporting for private companies would be costlier and more complex than required for the users of the financial statements.**

**We also believe that circumstances may exist where it is appropriate for the Board and the PCC to link eligibility for certain alternatives to others.**

We appreciate the opportunity to respond to the Invitation To Comment.

Sincerely,

RubinBrown LLP

