



May 27, 2014

Russell G. Golden, Chairman
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Subject: Simplification Initiative

Dear Chairman Golden:

The FRC is writing to provide its perspective on the Board's efforts to address complexity in its standards. As our membership includes financial statement preparers and auditors, we have direct experience with difficulties in interpreting and applying accounting standards. Our members also regularly use financial statements in making investing and lending decisions in the ordinary course of business and assist clients in making those decisions. Accordingly, we believe that the FRC is in a good position to provide assistance to the FASB on this topic.

We understand that, as part of its Simplification Initiative, the FASB is looking to develop a policy on complexity that will be used by the Board in evaluating the quality of a proposed standard. We applaud this objective as we believe that it provides an opportunity to explicitly consider the implications of a final standard on the complexity of the principles developed by the Board as well as in their application. We also believe that such a policy will encourage the Staff to ask questions of preparers and auditors that may not otherwise be posed, potentially gathering important information that could avoid costly delays in effective dates related to final standards that either will not be operational or are difficult to understand. As we have indicated in many of our prior letters on specific proposals, we also believe that field testing and outreach with preparers and auditors should be used to assess ease of implementation.

We also understand that the Board is accumulating an inventory of potential project ideas for reducing complexity in existing standards. We would like to offer our assistance and insights to the Board and Staff during the process of analyzing and prioritizing the potential projects. Towards that end, we are pleased to make available a small group of FRC members to meet with Staff and provide feedback on the specific ideas being considered for the first wave of projects.

The FRC strongly believes that it is feasible to reduce the complexity of the existing requirements in US GAAP and, in so doing, make the principles easier to understand and implement. We look forward to working with the Board and Staff on both of these endeavors.

Sincerely,

A handwritten signature in blue ink that reads "N. Schroeder". The signature is written in a cursive, flowing style.

Nancy J. Schroeder, CPA
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