

June 30, 2014

To: Technical Director, File Reference No. 2014-200, FASB

RE: Exposure draft of a proposed Statement of Financial Accounting Concepts  
Chapter 8: Notes to Financial Statements

The Accounting and Auditing Standards Committee (Committee) of the Maryland Association of Certified Public Accountants appreciates the opportunity to comment on FASB's proposed Statement of Financial Accounting Concepts. The Committee contains a diverse range of academics, practitioners and industry members and we were able to discuss this matter from a variety of different perspectives.

We have included below the Committee's response to the specific questions asked:

**Question 1:** Should financial statements of employee benefit plans be excluded from the scope of this chapter of the conceptual framework?

**Some Committee members felt it was appropriate to exclude employee benefit plans, but it was not unanimous. Perhaps they should be excluded from this particular concept statement, and addressed in another concept statement?**

**Question 2:** Do the concepts in this chapter related to not-for-profit entities address the informational needs of resource providers to those entities?

**The Committee was unanimous in its agreement that not-for-profit entities should be included and that the informational needs of resource providers have been addressed.**

**Question 3:** Do the concepts in this chapter encompass the information appropriate for disclosure in notes to financial statements that would assist resource providers in their decision making? Are there concepts that should be added or removed?

**Yes. One additional concept to include would be materiality. While paragraph D18 explains why materiality is not discussed as a concept, the Committee believes a concept on materiality would enhance future discussions by the Board.**

**Question 4:** Are there additional concepts needed to identify information that is unsuitable for requirement by the Board in notes to financial statements even though that information would be consistent with the purpose of the notes?

**No.**

**Question 5:** Do the decision questions in Appendix A identify the information appropriate for the Board to consider requiring for disclosure when setting standards related to line items and other past events and current circumstances and conditions that can assist resource providers in their decision making?

**Yes.**

**Question 6:** Does the discussion in paragraphs D43–D50 identify the information appropriate for the Board to consider when setting standards related to information about the reporting entity?

**With regard to paragraph D45, the Board should give careful consideration during the standard setting process with regard to potential litigation issues and possible exposure of confidential information (for example: proprietary knowledge that if too thoroughly disclosed could possibly eliminate a competitive advantage for the reporting entity).**

**Paragraph D50 should be expanded to include the impact and effect from adoption of a new standard, especially one which requires retrospective application.**

**Question 7:** Will the concepts related to future-oriented information (paragraphs D22–D31) result in disclosures that are appropriate for the notes? If not, what types of information should be included in or excluded from consideration for disclosure in the notes?

**The Committee was in general agreement. While we acknowledge there is a reference to materiality in paragraph D23, we believe a concept that more fully discusses materiality will help in deciding when to disclose future oriented information.**

**Question 8:** Do the concepts in this chapter appropriately distinguish the types of information that are appropriate for the notes from the analysis management provides in other communications?

**Yes.**

**Question 9:** Are the concepts related to disclosure requirements for interim periods (paragraphs D60–D71) appropriate? If not, are there concepts that should be added or removed?

**Yes, the concepts related to disclosure requirements for interim periods are deemed appropriate.**

**Question 10:** If no disclosure guidance for a transaction, event, or line item is specified in U.S. GAAP, how will an entity consider the nonauthoritative guidance in this chapter?

**Entities may look to the concepts discussed in the chapter to help provide context. It ought to enhance an entity’s resolution of a particular issue by providing a frame of reference for further research.**

The Committee appreciates the effort by FASB. We are available to discuss any of these comments at your convenience.

Sincerely,

Maryland Association of CPAs  
Accounting & Auditing Standards Committee

The following individuals worked on reviewing and commenting on the Proposed Statements on Standards for Accounting and Review Services Exposure Draft:

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