



ILLINOIS CPA SOCIETY

September 30, 2014

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

File Reference - Proposed Accounting Standards Update—*Inventory (Topic 330): Simplifying the Measurement of Inventory*

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide its perspective on the Proposed Accounting Standards Update—*Inventory (Topic 330): Simplifying the Measurement of Inventory*. The Committee is a voluntary group of CPAs from public practice, industry and education. Our comments represent the collective views of the Committee members and not the individual views of the members or the organizations with which they are affiliated. The organization and operating procedures of the Committee are outlined in Appendix A to this letter.

We are supportive of the Board's Simplification Initiative and welcome the opportunity to comment on proposed Updates which seek to "identify, evaluate, and improve areas of generally accepted accounting principles (GAAP) for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of the financial statements."

We are in agreement with the Board's proposed changes. Additionally, this proposed Update more closely aligns GAAP accounting for inventory with IFRS and we view that as a positive development. Our responses to the Questions for Respondents are below:

1. *Should inventory be measured at the lower of cost and net realizable value? If not, what other measurement is more appropriate and why?*

Yes, we believe that inventory should be measured at the lower of cost and net realizable value. We believe that this Update simplifies the accounting for inventory. Further, we agree that the proposed Update should not increase cost and complexity for any entity.

2. *Should the proposed Update be applied prospectively to the measurement of inventory after the date of adoption?*

Yes, we believe that prospective application is appropriate. We believe the costs of retrospective application outweigh the benefits of doing so.

3. *Should the proposed Update be effective in annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted? Should there be a delay in the effective dates for entities other than public business entities and why?*

Yes, we believe that the proposed Update should become effective in annual periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted.

Because we do not believe that there will be a high cost of compliance, we do not believe there should be a delay in effective dates for entities other than public business entities.

We appreciate the opportunity to offer our comments.

Sincerely,

Scott G. Lehman, CPA

Chair, Accounting Principles Committee

Amanda Rzepka, CPA

Vice-chair, Accounting Principles Committee

APPENDIX A

ACCOUNTING PRINCIPLES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2014-2015

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to fully study and discuss exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large: (national & regional)

Ryan Brady, CPA	Grant Thornton LLP
Todd Briggs, CPA	McGladrey LLP
Frank Dery, CPA	PricewaterhouseCoopers LLP
John Hepp, CPA	Grant Thornton LLP
David Jamiolkowski, CPA	Baker Tilly Virchow Krause, LLP
William Keirse, CPA	Ernst & Young LLP
Scott Lehman, CPA (Chair)	Crowe Horwath LLP
Elizabeth Prossnitz, CPA	BDO USA LLP

Medium: (more than 40 professionals)

Timothy Bellazzini, CPA	Sikich LLP
Christopher Cameron, CPA	Kutchins Robbins & Diamond Ltd
Bridgette Grace, CPA	Miller Cooper & Company Ltd.
Michael Kidd, CPA	Mowery & Schoenfeld LLC
Krunal Shah, CPA	Mitchell & Titus LLP
Jeffery Watson, CPA	Miller Cooper & Company Ltd

Small: (less than 40 professionals)

Peggy Brady, CPA	Selden Fox, Ltd.
Marvin Hoffman, CPA	Bronswick, Reicin, Pollack, Ltd.
Brian Kot, CPA	Cray Kaiser Ltd CPAs

Industry:

Rose Cammarata, CPA	CME Group Inc.
Anand Dalal, CPA	Toji Trading Group LLC
Ashlee Earl, CPA	WebFilings
Jeffrey Ellis, CPA	FTI Consulting, Inc.
Farah Hollenbeck, CPA	Abbvie
Joshua Lance, CPA	Diversified Financial Management
Marianne Lorenz, CPA	AGL Resources Inc.
Michael Maffei, CPA	GATX Corporation
Ying McEwen, CPA	Case New Holland
Anthony Peters, CPA	McDonald's Corporation
Amanda Rzepka, CPA (Vice Chair)	Jet Support Services, Inc.
Richard Tarapchak, CPA	Navistar International Corporation

Staff Representative:

Gayle Floresca, CPA	Illinois CPA Society
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