

From: Harvey I. Milhiser
To: CommentLetters

Good morning my friends:

I have read and tried to digest this FASB, AICPA and PCFR document. As previously mentioned I have a peer review out of town and cannot make the meeting.

As an overall comment, I am for some form of difference in private company and public company financial statements. But this needs to be done with careful planning. I do not know that I am for different standards, but more for the application and materiality of them. We must be careful in what we wish for; we may just get it, but it is not what we perceived it to be.

I am not in favor of a difference using the term “small” company as a criterion. This area is fraught with manipulation in order to get into the “small” company area. I feel that consolidation in financial statements of all entities “controlled” by one or a group of people or entities should be mandatory; this would resolve this issue. This is not a hard concept to deal with. We all figure out ways to not consolidate the financial statements; but in reality the better reason and financial statement presentation is to consolidate. Separate financial statements can always be shown as supplementary data. How would we handle comparative F/S? This year the F/S is the new standards, last year the old ones? Certainly these will not be consistently applied for SSAARS or Audited F/S. How detailed an explanation in footnotes will be needed? Will it be understood?

Questions:

1. This sounds good, but is FASB into a complete change in concept and direction? I am not sure by these paragraphs. I am one who wants to see action, not words. Basic concepts are very difficult to change.
2. Help insure? I think that the words state that proposed changes will be in place to work towards a change, but “insure”; no.
3. I do not agree that all GAAP for private companies should be based on financial statement user needs and cost-benefit considerations. If the client needs a financial statement for a loan, bonding, investors, etc should we go with standards that build up the F/S values? Then, if the client needs to fight a real property tax assessment, IRS tax and penalty assessment, Estate valuation/planning; do we then prepare this statement to indicate deflated values? Would we then have two different statements for the same client? Realistic and useful standards must be set for and then followed. We need to get rid of superfluous, irrelevant, meaningless, of no real value or use, etc items as: comprehensive income statements; variable interest entities (VIN46); write-off of Goodwill over any period when none exists now; the unreal instances of appearance of not being independent (The client needs us to help in management decisions, not shy away from them. Let's finally be realistic and stop “lying” to ourselves and one another); There are probably many other examples.
4. Some sort of remuneration needs to be paid or we will not obtain the very small practitioner and “smaller” firm representation that we need on the committee. I do not believe that this needs to be a significant amount, but without some reasonable remuneration, in addition to expenses reimbursement, we will not attract these needed people.
5. The agenda and priorities need to be set by the circumstances ahead of us and the committee. We need initial action quickly over a few months, not a year or more. If the AICPA and FASB set these areas, then they will have the appearance of setting their

own agenda and priorities and timing, thereby not representing the non-public concerns. We need "a somewhat reduced" oversight by the AICPA and FASB. Without this backing away, I believe that we can forget any real change.

Thanks for allowing me to have this input. I have been in this profession since 1965 and a CPA since 1968. I love this profession. I have lived with the escalating standards as is and while difficult, not unbearable. We need change now, but not an upheaval of our standards. Change is not always for the better, as motion is not always forward. Let's change, but with caution. Look before we cross.

Please forgive my typing, a great typist, I'm not!

Thanks, Harvey I. Milhiser, CPA

Harvey I. Milhiser, CPA
Gorfine, Schiller & Gardyn, PA