



January 28, 2011

Technical Director  
Financial Accounting Standards Board  
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The Financial Reporting Executive Committee (FinREC) of the American Institute of Certified Public Accountants (AICPA) is pleased to offer its comments on the FASB's October 19, 2010, Discussion Paper, *Effective Dates and Transition Methods*. FinREC is the senior technical committee of the AICPA for financial reporting. FinREC's 15 members include auditors and preparers of financial statements, as well as a user of financial statements and an academic member.

As requested, our comments are made without regard to the possibility of International Financial Reporting Standards being incorporated into the U.S. financial reporting system.

We believe there should be two different effective date and transition approaches for the projects covered by the Discussion Paper: one for public companies, and another for private entities.

We support a single-date approach for public companies. We believe that making all of the standards effective as of a single date for public companies would encourage a comprehensive approach to developing the necessary software, processes, and controls, which would help to ensure reliable information. We also believe that a single-date approach would help make managing human resources involved in the process and external relationships more effective and efficient. Furthermore, we understand that many users of public-company financial statements would prefer a single-date approach. We observe that what would constitute adequate lead time to implement the proposals would depend on the transition methods, particularly whether standards would need to be applied prospectively or retrospectively.

We support a sequential or phased approach for private entities, with effective dates no earlier than the effective date for public companies. We believe private entities will not have sufficient resources to make the accounting changes concurrently. Furthermore, we believe that providing an extended effective date for private entities would not solve the resources problem—it might simply encourage entities

to put off preparations for implementation of the new standards. However, we support permitting private entities to early adopt any or all of the proposed standards.

We support giving private entities an option to apply the standards either prospectively or retrospectively. We believe retrospective application would provide little benefit to users of private entity financial statements and that prospective application would reduce the cost of and necessary lead time for transition. Some private entities, however, may wish to apply the standards retrospectively, for example, because they may be contemplating a public offering. We see no reason for prohibiting retrospective application.

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We appreciate the opportunity to comment on the Discussion Paper. We are available to discuss our comments with Board members or staff at their convenience.

Sincerely,

Jay D. Hanson  
Chairman  
Financial Reporting Executive Committee