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September 12, 2011

Board of Trustees
Financial Accounting Foundation
401 Merritt 7 - P.O. Box 5116
Norwalk, CT 06857-5116

Re: Proposed Private Companies Accounting Standards Board ("PCASB")

Dear FAF Trustees:

This letter is a little different from the "cook book" letter available through AICPA.

I have been a CPA in the District of Columbia since August 27, 1963, and now an Emeritus AICPA member having joined AICPA on November 20, 1963, 48 years ago. During my career with the Washington, DC, office of the former Arthur Andersen LLP, at which I was the 13th office employee and there were over 2,100 when I retired in 1994 with over 30 years as a partner, I handled audits of numerous firms in their IPOs, the world's largest shipbuilding company, world's largest circus, and, during my later years at Andersen, the "GAAP conversions" of the District of Columbia, South Carolina, Arizona, and parts of Pennsylvania and Virginia, as well as audits of over 30 cities and counties in the Washington, DC, area and elsewhere. As Worldwide Industry Head for the governmental industry, I participated in successfully encouraging the AICPA Council to recognize GASB as the appropriate standard-setter for state and local governments. I have attached my bio sketch for your information.

Despite campaigning for GASB, I have some reservations on the proposed separate GAAP standard-setting PCASB for several reasons.

- There are a growing number of standard-setting entities already in addition to FASB and GASB – FASAB, IFRS, IFRS-SBE, to mention a few. The addition of a new PCASB, there will be a total of at least six official standard-setters. This will complicate the educational process of prospective CPAs and perhaps encourage other nations to justify "differences" – cultural, professional, legal, etc. – to establish still more standard-setters.
- It is not clear to me and many others to whom I have spoken as to whether the over one million nonprofit entities are "public" or "private," encouraging perhaps still a further standard-setter or, even worse, a "split" on nonprofit GAAP standard-setters perhaps based on revenue and/or asset totals between FASB and PCASB. As also the former Arthur Andersen LLP Industry Head for the nonprofit industry, this industry underwent a retching transformation with the issuance of the former FASB Standards 116 and 117, and any "split" or major change would be both ill-advised and costly to the generally financially strapped nonprofit industry.

- FAF, academics, the accounting profession and others will have to undergo a major educational program to insure that credit grantors, investors, insurers, and others will know the differences in financial statements prepared under the increasing number of GAAP standard-setters.
- Also, the differences in unaudited reviews and compilations would presumably continue under the current standard-setters and the proposed PCASB.

In summary, if FAF moves forward with the PCASB, an initial issuance of PCASB should be to adopt until later amended or rescinded all current FASB standards other than those FASB standards eliminated totally in the same initial standard issuance. I suspect that many FASB standards will survive unchanged by the PCASB and thus simplify its agenda.

Very truly yours,

A handwritten signature in cursive script that reads "Bert Edwards".

Bert T. Edwards, CPA, CGFM

Attachment

BERT T. EDWARDS, CPA, CGFM

Executive Director (Retired), U.S. Department of the Interior's Office of
Historical Trust Accounting (2001-2010)
Former Assistant Secretary/CFO of the U.S. Department of State (1998-2001)
Retired Partner, Arthur Andersen LLP (1961-1994)
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In July 2001, Mr. Edwards joined Interior's Office of the Secretary to develop and implement a plan to provide a historical accounting for an estimated 300,000 individual Indian trust accountholders and 1,450 Tribal accounts. At September 30, 2010, these accounts held \$457 million and \$3.1 billion, respectively. Some accounts dated from the late 1880s. The historical accounting was mandated by a 1996 ruling of the U.S. District Court for the District of Columbia. On December 8, 2009, U.S. Attorney General Eric Holder and Interior Secretary Ken Salazar announced a \$1.4 billion settlement of the individual Indian litigation initiated in 1996. During the 14 years of this litigation, plaintiffs' claims ranged \$57 to \$175 billion. Following this successful settlement, he retired July 31, 2010.

During October 1998 through January 2001, Mr. Edwards served as Chief Financial Officer of the U.S. Department of State. As CFO, an Assistant Secretary level position, confirmed by the U.S. Senate, Mr. Edwards oversaw financial, accounting and budgeting operations relating to State's then over \$14 billion domestic and overseas operations for State's then 260 embassies and consulates in 130 countries. His Resource Management Bureau also administered the Foreign Service Retirement Plan which has 13,000 retirees and a cooperative financial activity at overseas posts, expending \$700 million annually for local service costs, which are billed to user U.S. agencies. During his tenure, Mr. Edwards achieved unqualified ("clean") independent auditors' reports for all three entities for the first time in State's history.

Mr. Edwards was an audit partner in the Arthur Andersen LLP Washington, DC, office for 24 years prior to his January 1994 retirement. He was Andersen's Industry Head for Nonprofit and Higher Education organizations, and lead Andersen's Federal, state and local governmental accounting and auditing practice. He has conducted numerous public sector projects. He was the office's 13th employee in 1961, and there were over 2,000 employees at his retirement.

He received a BA from Wesleyan University in 1959 and an MBA from Stanford University in 1961. He has been a CPA in the District of Columbia since 1963. He had 33 years of experience with Arthur Andersen LLP prior to his 1994 retirement. Active in various professional and civic organizations, he currently serves or previously served on the boards of Population Reference Bureau (demographic research), Greater Washington Society of CPAs, Boys & Girls Clubs of Greater Washington Foundation, Historical Society of Washington, Children's Research Institute of Children's National Medical Center, D.C. Appleseed Center (financial and policy issues), Barker Foundation (adoption agency), Junior Achievement of Metropolitan Washington, and the University Club of Washington. During 1999-2002, he served as Chair of the Organization of American States Board of External Auditors. In October 2004, he was appointed an initial member and, in December 2004, elected Chair of the U.S. Department of the Air Force's Audit Committee serving through his July 2010 retirement. In July 2010, Mr. Edwards received the Association of Government Accountants' Outstanding Accomplishment of the Year Award for his efforts to settle the Indian trust litigation, in July 2005, the Frank Greathouse Distinguished Leadership Award, and, in 1993, the Andrew Barr Lifetime Achievement Award. In 2007 and 2008, Mr. Edwards received the Interior Secretary Dirk Kempthorne's Executive Leadership Award. He is listed in *Who's Who in America*.