October 15, 2021

Director of Research and Technical Activities  
Project No. 3-34  
Governmental Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

Submitted via e-mail to director@gasb.org

Re: Communication Methods in General Purpose External Financial Reports that Contain Basic Financial Statements: Notes to Financial Statements

Dear Director of Research and Technical Activities:

The Virginia Society of CPAs (VSCPA) Accounting & Auditing Advisory Committee has reviewed the proposed Exposure Draft, Communication Methods in General Purpose External Financial Reports that Contain Basic Financial Statements: Notes to Financial Statements an amendment to GASB Concepts Statement No. 3, issued by the Governmental Accounting Standards Board (GASB). The VSCPA is a leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members’ interests. The VSCPA membership consists of more than 13,000 individual members who actively work in public accounting, private industry, government and education. We appreciate the work the GASB has undertaken on this effort and the opportunity to respond to this proposed exposure draft.

Overall, the Committee supports the Board’s initiative to more clearly define the information it considers to be essential to financial statement users. In response to the Board’s specific request for feedback on the questions related to the elements of essentiality as it relates to information in the notes to the financial statements, we have the following comments:

Characteristic Item A: Users utilize the information in their analysis for making decisions or assessing accountability or would modify those analyses to incorporate the information if it were made available.

We agree with the premise that users utilize information in their analysis for making decisions; however, we still feel the verbiage related to essentiality is too broad and could lead to an expansion of footnotes that would potentially render the information useless to the intended users. As discussed in the exposure draft, the users of the financials are a diverse group, and leaving too much subjectivity in determining what is essential could only serve to potentially broaden the content of the financials disclosures which have already become somewhat prohibitive in their usefulness to the intended users. The draft specifically indicates it is not the intent of the board to decrease the volume of notes, but it does not indicate that expansion is not the objective, which could lead to an increase in the amount of time required to prepare financials, and thus diminish their usefulness to the users in their overall decision-making process as timeliness in financial information is crucial.
Characteristic Item B: The information has or would have a meaningful effect on users’ analyses for making decisions or assessing accountability.

We are in agreement that in order to be essential, information should have a meaningful effect on users’ analyses for making decisions or assessing accountability.

Characteristic Item C: A breadth or depth of users utilize or would utilize the information in their analyses for making decisions or assessing accountability.

We agree that a characteristic of essential information should be that a breadth or depth of users utilize the information in their analyses for making decisions or assessing accountability.

In conclusion, the Committees encourages the board to revisit previously issued standards in relation to this proposed concept statement to evaluate if notes currently applicable to financial statements meet the requirements as outlined in paragraph 11.

Again, the VSCPA appreciates the opportunity to respond to this Exposure Draft. Please direct any questions or concerns to VSCPA Vice President, Advocacy Emily Walker, CAE, at ewalker@vscpa.com or (804) 612-9428.

Sincerely,

Tamara Greear, CPA
Chair, VSCPA Accounting & Auditing Advisory Committee

2021-2022 VSCPA Accounting & Auditing Advisory Committee
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