Trustees and President
Financial Accounting Foundation

As a former Trustee of the Financial Accounting Foundation I am writing because of my great concern over the threats made by the AICPA to take separate action if you do not create a separate standards board as they insist on you doing.

It is not my purpose to agree or disagree with your decision about the establishment of a council to provide advice on private company matters for concurrence by the FASB. I believe that you have made a reasoned approach to the matter.

Let me state my concerns about a separate Board:

1. I don't believe there is any justification for differential recognition and measurement. Revenue recognition, fixed asset accounting and inventory measurement are examples where all entities should follow the same principles. It is appropriate for there to be differential disclosure. For those of you who have tried to follow the footnote disclosures from a major bank, it is easy to believe that most private companies could manage with much less in their disclosures.

2. I have seen nothing in the proposal for a separate Board that distinguishes between small and very large private companies. Should a MARs or Hallmark Cards follow the same guidance as the corner grocery store? These two companies are probably larger than many of the public companies in this country.

3. I have not seen any discussion of how a separate board for private companies would be funded. I suspect that its budget would likely be about the same as the FASB. Since the FASB is funded by assessments of public companies I don't believe public companies would want to support a private company board. If the suggestion is to use FAF publications revenues that would have the same effect as if the public company fee was increased. If the AICPA provided the financial support then independence would be lost and we would go back to the days of the APB.

Thank you for asking for comments.

Frank Minter