January 3, 2012

Trustees
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Re: Plan to Establish the Private Company Standards Improvement Council

Dear Trustees of the Financial Accounting Foundation:

We strongly support the recommendations of the Blue Ribbon Panel, including the suggestions to create private company standards and the establishment of a separate standard-setting body under the authority of the Financial Accounting Foundation (FAF).

The FAF’s proposal does not contemplate the creation of an authoritative independent standard-setter for private companies as suggested by the Blue Ribbon Panel. The new Private Company Standards Improvement Council, as proposed, does not solve the systemic problems that exist with standard setting for private companies because it requires the Financial Accounting Standards Board (FASB) to ratify any suggested modifications. We urge you to reconsider the establishment of a new, independent standard-setting body whose decisions would not be subject to the FASB approval process. This new standard-setting body should, however, be required to work alongside the FASB to ensure only one set of accounting principles is developed (i.e. no “Big GAAP” and “Little GAAP”) but with its focus on private company accounting issues, such as cost vs. benefit in implementation, relevance in private company accounting and user group considerations, etc. We believe this would be the best way to make meaningful financial reporting changes for private companies.

If the FAF decides to proceed with the current structure contemplated by the proposal, we strongly urge the FAF to consider changing the provision whereby the Chairman of the Council is a FASB member. This appears to shift too much authority directly to the FASB, when the intent of the Council is to adequately and appropriately address private company accounting issues. Since that is the focus of the Council, it would make sense for the Chairman to be a non-FASB member with significant private company accounting experience and background. This is a stronger model for focusing the Council on private company accounting issues.

We also suggest that the FAF consider building in measurable metrics for the operational structure of the Council, to ensure an open and honest process of evaluating the success of the Council’s actions against its original intent of improving private company accounting.

Thank you for your consideration.

Regards,

M. Aron Dunn, CPA
Vice Chair, Kansas Society of CPAs
Champion, Accounting & Assurance Services Task Force