Board of Trustees  
Financial Accounting Foundation  
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September 7, 2011

Dear Financial Accounting Foundation:

The purpose of this letter is to support the modification of current financial reporting standards in respect to private companies, as recommended by the Blue Ribbon Panel on Private Company Financial Reporting.

Currently, financial reporting standards are dictated by issues surrounding public companies and uniformly invoked on the private sector. This seems flawed when you consider that, according to the U.S. Census Bureau, there are approximately 15,000 public companies registered with the Securities and Exchange Commission compared to 28.5 million private businesses. Undoubtedly, the current standards serve the critical purpose of regulating public company financial reporting. However, many of those same standards are not applicable to private businesses; which clearly represent a significant portion of the business community.

For this reason, I urge the FAF to comply with the Blue Ribbon Panel’s proposal to adopt modifications to current GAAP standards in respect to private companies. Doing so would alleviate many of the issues surrounding private company financial reporting, such as:

- Private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review or compilation services.
- There is an increasing lack of relevance of accounting standards for private companies and their financial statement users.
- Appropriate differences will lead to more relevant financial statements that provide decision-useful information to the users of private company financial statements.

Each of these issues was cited by users and preparers of financial statements as a significant basis for their support of the panel’s recommendations. By constructing modified standards that are more applicable to the private sector, the FAF would ease a needlessly burdensome process currently imposed on a large number of businesses.

Thank you.

Sue Lu