November 11, 2011

Private Company Plan
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 Financial Accounting Foundation:

I commend your actions and acknowledgement of the need for Private Company GAAP that is different from the reporting requirements of public companies.

This is a significant and important step; but it should go further. A more bold and relevant plan is required! A completely independent governing body is a key component for the success of such a proposal.

Despite the recommendations of the Blue Ribbon Panel, and significant support for such recommendations from many constituents, FAF’s proposal does not contemplate the creation of an authoritative independent standard setter for private companies.

The proposed Private Company Standards Improvement Council does not solve the systemic problems that exist with standard setting for private companies because it requires the Financial Accounting Standards Board to ratify any suggested modifications.
I urge you to establish a truly independent standard-setting body constituted by professionals from the private sector arena whose decisions would not be subject to the FASB approval process. It is the best way to make meaningful financial reporting changes for private companies a reality.

In discussions with many of my professional colleagues, I know that there is overwhelming concurrence with my opinion. I urge you not to take only a small, first step. **Be bold and complete the task at once!**

Best regards,

Wayne E. Nichols, CPA, CVA