Board of Trustees
401 Merritt 7, P.O. Box 5116
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Dear FAF Members:

Please follow the recommendations made by the Blue Ribbon Panel on Private Company Financial Reporting regarding differential standards and a separate standard-setting entity for private companies. Such historic change is necessary to effectively bring about the change for private companies and the users of their financial statements.

FASB carries out the SEC’s statutory responsibility for accounting standards hence it is destined to primarily reflect the capital markets and investors’ needs. The panel proved there is not a proper weighing of costs and benefits when it comes to setting standards for private companies.

Additionally, substantive differences in current and future standards for private companies are necessary. Having appropriate differences will lead to more relevant financial statements that provide decision-useful information to the users of private company financial statements.

A separate body with standard-setting authority must be established directly under the FAF and not subject to FASB approval is, I believe, the most important recommendation to implement.

The work done by the panel was extensive and took into account input from all the key constituencies of private company financial reporting. Differential standards and an autonomous standard-setting body to implement them for private companies are needed.

Thank you.

Sincerely,

Craig Nelson
CPA practitioner
Baker Tilly Virchow Krause, LLP