Board of Trustees
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116
presidentsdesk@f-a-f.org

Dear FAF:

This letter is to express my support for 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. Change is essential to effectively bring about meaningful financial statements for private companies and the users of their financial statements.

I believe a universal problem exists. The current standard-setting process does not adequately take into account the needs of the private company sector. Furthermore, the panel was correct in that private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review or compilation services. In addition, substantive differences in current and future standards for private companies, where appropriate, are necessary. The problem is fundamental, and not just about disclosures and relief on effective dates for new standards. Furthermore, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. Given the public company reporting pressures placed upon FASB, the board cannot adequately respond to the competing needs of the private company sector.

The recommendations / report is based on research efforts and a year of discussion, as well as input from private companies and users of their financial statements. Differential standards and an autonomous standard-setting body to execute them for private companies is needed immediately.

Thank you.
Sincerely,

Carl Anderson
CPA practitioner
Baker Tilly Virchow Krause, LLP