Board of Trustees
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To the Board of the Financial Accounting Foundation:

I support 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 appropriate financial reporting for private companies and the users of their financial statements.

The panel was correct in that private companies incur a considerable amount of unnecessary costs due to GAAP financial statement preparation and audit, review or compilation services, and substantive differences in current and future standards for private companies, where appropriate, are necessary. Current private company financial reporting is too complex, embodies too much irrelevant information, and is too costly and time-consuming given its benefits. A separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval, which might be the most important recommendation to implement.

The work done by the research panel was extensive and took into account input from key constituencies. Differential standards and a self-governing standard-setting body to implement them for private companies are needed now.

Thank you.
Sincerely,

Barry Masek
CPA practitioner
Baker Tilly Virchow Krause, LLP