Board of Trustees
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Dear FAF Board:

This letter is to inform you that 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. This historic change is necessary to effectively bring about proper financial statements for private companies and the users of their financial statements.

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.

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.

A new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. I believe an autonomous standard-setting body is the only answer to address the problem.

The panel's report is based on a year of discussion, research efforts spanning 30 years and input from private companies and their financial statement users, among others. Differential standards and an autonomous standard-setting body to execute them for private companies are needed now.

Thank you.

Sincerely,

Chuck Droege
CPA practitioner
Baker Tilly Virchow Krause, LLP