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

Dear FAF:

It is important that the FAF allow and implement 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 notable change is necessary to effectively bring about noteworthy financial statements for private companies and the users of their financial statements.

I think a systemic problem exists. There is an increasing lack of relevance of accounting standards for private companies and their financial statement users. The Blue Ribbon Panel was right 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. Private company financial reporting, as it stands now, is too complex, embodies too much irrelevant information and is too expensive and time-consuming given its benefits.

A separate body with standard-setting influence must be established directly under FAF and not subject to FASB approval. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts.

The work done by the panel was all-embracing 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 now.

Thank you.

Sincerely,

Paul Batchelor  
CPA practitioner  
Baker Tilly Virchow Krause, LLP