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Subject: Private Company Financial Reporting

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

Dear Financial Accounting Foundation:

I fully 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 and I urge the FAF to accept and implement these recommendations.

The needs of private companies and the users of their financial statements (such as bankers/lenders, insurers, venture capitalists and others) diverge greatly from those of larger companies. Applying certain standards, such as accounting for the uncertainty of income taxes and consolidation of variable interest entities, imposes an unnecessary and costly burden on the private company to comply with these standards and renders the financial statements of those entities confusing and potentially misleading to bankers and other users.

The financial statements of private companies prepared on a basis that has much more relevance for larger corporate structures paint an unclear picture of the true results of operations of the entity under review. Accounting standards have been driven by issues affecting public companies that clearly lack relevance to private companies and the users of their financial statements.

Financial reporting for private companies has become too costly and complex and these businesses are at risk because of these standards. It does not make practical sense to incur significant costs to comply with standards that have become ever more irrelevant in the private company world.

The time it takes for the banker or other user to unwind the information from entities that have been consolidated for compliance purposes only creates an unnecessary burden on the user and runs the risk of the user making decisions based on incorrect information. Separate statements for many private companies simply make more sense.

A new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

H. Nichole White
Vice President - Controller
First Capital Bank