

From: [Lou Schmitt](#)
To: [President's Desk](#)
Subject: Private Company Financial Reporting
Date: Tuesday, June 07, 2011 10:33:05 AM

Dear Financial Accounting Foundation:

The purpose of this email 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.

I have been a CPA for almost 40 years and have worked for both large SEC Registrants and small privately owned businesses. For as long as I can remember, our profession has been **talking** about doing something that makes sense for privately owned businesses – **it is time we do something about it.**

I believe the current accounting standards are driven by public company issues with no consideration for the needs of the private companies. For example, I serve a private company that has \$2.5 million in total assets, no debt, and total revenue of \$2.4 million. The footnotes are nine (9) pages of the thirteen (13) page audited financial statements. The Company's Board of Directors wants the security of an audit but they are paying a very high price to comply with standards that are ever more irrelevant for them.

The problem is fundamental and not just about disclosures. Private company financial statement reporting is too complex, contains too much irrelevant information, and is too costly and time-consuming.

A new, separate body with standard-setting authority must be established directly under FAF. In these complex times, FASB must continue to respond to public company issues but cannot serve two masters. The new body must focus on the needs of the private company sector and cannot be subject to FASB approval in any way.

Separate and distinct standards and an autonomous standard-setting body to implement them for private companies are needed now. The Blue Ribbon Panel Report can be your line in the sand – **Please make the changes now.**

Sincerely,

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