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To: [President's Desk](#); lsanelli@wnccpa.com
Subject: Private Company Financial Reporting
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Board of Trustees
Financial Accounting Foundation
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Dear Financial Accounting Foundation:

This letter 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. Such historic change is necessary to effectively bring about sensible, useful financial reports and appropriate financial reporting for private companies and the users of their financial statements (such as bankers/lenders, insurers, venture capitalists and others).

I believe systemic problems exist. Accounting standards have been and are driven by issues affecting public companies as FASB carries out the SEC's statutory responsibility for accounting standards destined to primarily reflect the capital markets and investors' needs. The current standard-setting process does not adequately take into account the needs of the private company sector and there is an increasing lack of relevance of accounting standards for private companies and their financial statement users.

Further, the panel was correct in that it does not make sense to incur significant cost to comply with standards that have become ever more irrelevant in the private company world

In addition, 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. Private company financial reporting, as it stands now, is too complex, embodies too much irrelevant information and is too costly and time-consuming given its benefits. Having appropriate differences will lead to more relevant financial statements that provide decision-useful information to the users of private company financial statements

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. History and the current environment clearly show that FASB cannot effectively balance the competing needs of both the public company and private company areas. An autonomous standard-setting body is the only answer to address the problem

Users and preparers of financial statements as well as others provided valuable and adequate research to the panel on the problems and needed solutions related to private company financial reporting. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

Lisa Sanelli
CPA practitioner
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