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**To:** [President's Desk  
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**Subject:** Private Company Financial Reporting

Board of Trustees  
Financial Accounting Foundation  
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Dear Financial Accounting Foundation:

I strongly agree with 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 more appropriate and useful reporting for private companies and the users of their financial statements (such as bankers/lenders, insurers, venture capitalists and others).

I believe a systemic problem exists. The current standard-setting process does not adequately take into account the needs of the private company, including the Not-for-Profit sector. There is an increasing lack of relevance of accounting standards for private companies and their financial statement users. In addition, private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review or compilation services.

I believe differences in current and future standards for private companies, where appropriate, are necessary. Having appropriate differences will lead to more relevant financial statements that provide decision-useful information to the users of private company financial statements.

Given the public company reporting pressures placed upon FASB, the board cannot adequately respond to the competing needs of the private company sector.

Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you for the opportunity to share my thoughts.

Sincerely,

James J. Carnovale  
Private company financial management  
Judson