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**Subject:** Private Company Financial Reporting

Board of Trustees  
Financial Accounting Foundation  
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[presidentsdesk@f-a-f.org](mailto:presidentsdesk@f-a-f.org)

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 appropriate financial 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. 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 there is not a proper weighing of costs and benefits when it comes to setting standards for private companies. As a CPA in public practice, I prepare most of my client's financial statements on an OCBOA basis, because of the unnecessary extra cost and the irrelevant information required by GAAP.

In addition, 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 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. Given the public company reporting pressures placed upon FASB, the board cannot adequately respond to the competing needs of the private company sector. This might be the most important recommendation to implement.

The panel's report is based on a year of discussion, research efforts spanning 30 years and input from private companies and their financial statement users, among others. In spite of much discussion over the years about "little GAAP", nothing substantive has been done to date. Differential standards and an autonomous standard-setting body to implement them for private companies are needed without further delay.

Thank you.

Sincerely,

Matt Weaver  
CPA practitioner  
Collins Thomas & Associates, PC