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**Subject:** Private Company Financial Reporting

Board of Trustees  
Financial Accounting Foundation  
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Dear Financial Accounting Foundation:

As a practitioner in public accounting since 1973 serving both privately held companies and publicly held companies, I urge the Financial Accounting Foundation to adopt 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 meaningful and useful financial statements 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. Current standards have become driven by the needs of readers of financial statements of publicly held companies which, in my 38 plus years of experience in the field of public accounting, differ greatly from the users of privately held company financial statements. Further, the panel was, in my opinion, 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. 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 and the needs of users of private company financial statements.

Further, a new, separate body with standard-setting authority must be established directly under the Financial Accounting Foundation 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. This is, in my opinion, the most important recommendation to implement as an autonomous standard-setting body is the only practical answer to address the problem.

The work done by the panel was extensive and took into account input from all the key constituencies of private company financial reporting. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

Geoffrey Flynn  
CPA practitioner  
Geoffrey K. Flynn, CPA