

**From:** [Jack Winch <jwinch@qwestoffice.net>](mailto:jwinch@qwestoffice.net)

**To:** [President's Desk](#)  
[jwinch@qwestoffice.net](mailto:jwinch@qwestoffice.net)

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**Subject:** Private Company Financial Reporting

Board of Trustees  
Financial Accounting Foundation  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116  
[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 sensible, useful and more relevant financial reports 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. I also believe accounting standards are generally viewed as being driven by issues affecting public companies. Although there are issues affecting both public and private companies, I further believe that the magnitude of those issues is not comparable between public and private companies: there should be an acknowledgement that accounting standards for private companies and their financial statement users is far different than for public companies and their users. I think the difference can be addressed and resolved without tarnishing the standards of the profession as a whole.

Continuing, I feel the panel was correct in that private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review or compilation service.

Substantive differences in current and future standards for private companies, where appropriate, are necessary. There is an inherent problem - not just about disclosures and relief on effective dates for new standards etc... Private company financial reporting, as it stands now, is too complex, embodies much irrelevant information and generally results in a low cost/benefit ratio.

Further, a new, separate body with standard-setting authority ought to be established directly under FAF and not subject to FASB approval. Without such a body, the differences needed in the standards are unlikely to occur.

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,

Jack Winch  
CPA practitioner  
Jack J Winch Jr CPA