

From: [Jamie Luebbering <jamiel@sedaliacpa.com>](mailto:jamiel@sedaliacpa.com)

To: [President's Desk](#)

Date: 6/9/2011 6:49:30 AM

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

Dear Financial Accounting Foundation:

Without delay, it is essential that FAF accept and implement 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 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. Accounting standards have been and are driven by issues affecting public companies. 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.

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.

Jamie Luebbering, CPA

Pilliard & Luebbering CPAs

120 W Broadway

Sedalia, MO 65301

Office (660) 826-2225

Fax (660) 826-8893

www.sedaliacpa.com

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