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To: [President's Desk
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Date: 6/9/2011 10:27:18 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:

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 more relevant 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. The current standard-setting process does not adequately take into account the needs of the private company sector. Private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review or compilation services. Further, the panel was correct in that it does not make sense to incur significant costs 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. 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. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts.

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

Thank you.

Sincerely,

Evelyn Kotsis-Joiner
CPA practitioner
Sparano, Vincelette & Villano, CPAs