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To: [President's Desk](#)
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Date: 6/9/2011 10:26:26 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:

The time has finally come for the FAF 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. Over my 33 years of practice, I have watched as GAAP has evolved into a set of standards completely geared to the largest of entities.

The current standards are often irrelevant to the users of most small and middle market company financial statements. The primary user is typically a bank that has a representative and frequently an underwriter who establish direct relationships with the management of the company. As a result, they are in a position to ask those questions that they believe are relevant to their decision making process. However, banks frequently require GAAP financial statements, especially if the loan size exceeds \$2 million. Those GAAP financials are either very expensive, substandard, or with opinions filled with exceptions. In addition, I believe that many, if not most, of those financial statement users do not understand the significance of many new standards. They are used to seeing information presented in a certain manner and when that is changed, the inconsistency from the former norm creates uncertainty with those users (who are not typically the same level of financial expert as the Wall Street analysts).

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. This standard setting body must have a completely different agenda geared towards the needs of the small and middle market company and their financial statement users.

My clients and those of my peers serving the middle market deserve their own relevant standards and not to be saddled with the cost of trying to implement standards geared towards a completely different animal. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

Gary Topche
CPA practitioner
Frankel and Topche, PC