

**From:** [Kenneth McAlpine <kmcalpine@kramerolsen.com>](mailto:kmcalpine@kramerolsen.com)

**To:** [President's Desk](mailto:kmcalpine@kramerolsen.com)  
[kmcalpine@kramerolsen.com](mailto:kmcalpine@kramerolsen.com)

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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:

I urge 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. 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). This change is long overdue!

I believe a systemic problem exists. There is an increasing lack of relevance of accounting standards for private companies and their financial statement users which results in an emphasis of irrelevant information and detracts from relevant information. 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 current system has resulted in private company financial reporting that is too complex, embodies too much irrelevant information and is too costly and time-consuming given its benefits.

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. History has shown that the FASB does not believe it necessary to separately address the needs of private company areas and, as a result, has clearly failed to do so.

7) The panel's report is based on a year of discussion but, more importantly, 30 years of input from private companies, their CPAs, 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,

Kenneth McAlpine  
CPA practitioner  
Kramer & Olsen Accountancy Corporation