

**From:** [Jon Hoffmeister <jon.hoffmeister@cliftoncpa.com>](mailto:jon.hoffmeister@cliftoncpa.com)

**To:** [President's Desk](#)  
[jon.hoffmeister@cliftoncpa.com](mailto:jon.hoffmeister@cliftoncpa.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:

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 appropriate financial reporting 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. As a CPA practitioner serving private companies for over 20 years and past chairman of my State CPA Society's Auditing and Assurance Service Committee, I have witnessed US GAAP lose its relevance for private companies and their financial statement users. 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. 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.

The work done by the panel was extensive and took into account input from all the key constituencies of private company financial reporting. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

Jon Hoffmeister  
CPA practitioner  
Clifton Gunderson LLP