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To: [President's Desk](#)
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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

Dear Financial Accounting Foundation:

1)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 2) 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. The current standard-setting process does not adequately take into account the needs of the private company sector. There is an increasing lack of relevance of accounting standards for private companies and their financial statement users

Accounting standards have been and are driven by issues affecting public companies Further, the panel was correct in that private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review or compilation services.

In addition, substantive differences in current and future standards for private companies, where appropriate, are necessary. 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.

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. An autonomous standard-setting body is the only answer to address the problem. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts

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,

Steven Wolpow
CPA practitioner
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