

From: Donny Shimamoto [donny@intraprisetechknowlogies.com]
Sent: Thursday, June 02, 2011 6:08 PM
To: Presidentsdesk; donny@intraprisetechknowlogies.com
Subject: Private Company Financial Reporting

Board of Trustees
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
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Dear Financial Accounting Foundation:

I strongly urge 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. Such historic change is necessary to effectively bring about sensible and usable 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. There is an increasing lack of relevance of accounting standards for private companies and their financial statement users. Further, the panel was correct in that there is not a proper weighing of costs and benefits when it comes to setting standards for private companies.

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.

As a CPA that specializes in the small business and middle market sectors, too often we have to help clients navigate through GAAP issues and help back out GAAP adjustments to be able to provide meaningful financial information to their banks and other stakeholders. I have even had to do the same with my own firm's financials when we went to a bank for a loan. We need a Private Company GAAP.

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.

Users and preparers of financial statements as well as others provided valuable and adequate research to the panel on the problems and needed solutions related to private company financial reporting. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

Donny Shimamoto
CPA practitioner
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