



The University of Texas at San Antonio

Department of Accounting
College of Business

June 3, 2011

Via Email

Board of Trustees
C/O presidentsdesk@f-a-f.org
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Dear Financial Accounting Foundation:

I believe that the FAF should adopt, without delay, 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, useful financial reports for private companies and the users of their financial statements (such as bankers/lenders, insurers, venture capitalists and others).

I believe systemic problems exist. The current standard-setting process does not adequately take into account the needs of the private company sector; currently, accounting standards have been and are driven by issues affecting public companies. Furthermore, 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. 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. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts

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,

A handwritten signature in black ink that reads "Marshall K. Pitman".

Marshall K. Pitman, Ph.D., CPA, CMA
Professor