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To: [President's Desk](#); jeads@dallascpas.com
Subject: Private Company Financial Reporting
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Board of Trustees
Financial Accounting Foundation
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Dear Financial Accounting Foundation:

I personally ask that you 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 meaningful financial statements 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. Numerous items have no relevance to non-public companies. Further, the panel was correct in that private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review and compilation services.

In addition, substantive differences in current and future standards for private companies, where appropriate, are necessary. Private company financial reporting today is too complex and time consuming given the benefits that a small closely held business owner will receive.

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. FASB is under the control of the SEC, which is the watch-dog (and rightly so) over public companies dealing directly with the public investors. Private companies do not deal directly with the public for investment purposes. The Board is not adequately equipped to handle the private company sector. An autonomous standard-setting body is the answer.

The panel's report is based on a year of discussion, research and efforts spanning 30 years and input from the private companies and their financial statement users, particularly the banks that lend them their working capital. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

John Eads
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