

From: [David Cobia](#)
To: [President's Desk](#); dcobia@larsonallen.com
Subject: Private Company Financial Reporting
Date: Wednesday, June 08, 2011 3:13:17 PM

Board of Trustees
Financial Accounting Foundation
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Dear Financial Accounting Foundation:

I believe Financial Accounting Foundation ("FAF") should accept 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 change is necessary to effectively bring about more relevant and transparent financial statements for private companies and the users of their financial statements.

I believe a significant problem exists. The current standard-setting process does not adequately take into account the needs of the private company sector. 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." 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. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts.

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

Thank you.

Sincerely,

David Cobia
CPA practitioner
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