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To: [President's Desk](mailto:President's_Desk@letter.org)
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Subject: Private Company Financial Reporting

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

Dear Financial Accounting Foundation:

Without delay, it is essential that FAF accept and implement 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 a systemic problem exists. The current standard-setting process does not adequately take into account the needs of the private 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.

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. Given the public reporting pressures placed upon FASB, the board cannot adequately respond to the competing needs of the private sector.

Users and preparers of financial statements as well as others provided valuable and adequate research to the panel on the problems and needed solution 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,

Paul Kallenberter, CPa
CPA practitioner
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