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To: [Leslie Seidman](#)

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Subject: Your Q & A in the Journal of Accountancy

Dear Chairperson Seidman:

I read your Q & A in the May, 2001 Journal of Accountancy, and I must write that I am deeply disappointed in your reluctance to adopt the recommendations of the Blue Ribbon Panel concerning private company financial reporting. Toward the end of the article you ask a series of questions that one should ask in order to decide how to proceed. Everyone of those questions has been answered for years. But, since you do not agree, I will repeat the answers for you.

"Have we heard the concerns accurately?" Read the 1975 Accounting Standards Division of the AICPA or the results of every other study from then until the Blue Ribbon Panel issued its report this year. The all recognized the same concerns. The users of private company financial statements are not interested in the vast majority of the disclosures and financial statement presentation rules issued by the FASB. Consequently, when private companies try to adhere to those standards, it cost them money while yielding no benefit.

"Assess whether people agree widely that these are the right things to do to focus on establishing a different framework." Every study done on this subject has come to the conclusion that private companies should be not be required to follow the FASB's in there entirety. In 2005 the AICPA Council instructed the AICPA staff to work with FAF and FASB to explore GAAP for private companies. The Blue Ribbon Panel conducted a lengthy, in depth study of the subject and concluded that private companies should have a different framework. To use your own words, "People agree widely." There is no more need to ask that question.

"Determine what form it should take. Should it be some form of conceptual framework? Should it be just some guiding principles that we use to approach this?" The Blue Ribbon Panel has answered those questions. "The Panel believes that, at least in the near term, the system should focus on making exceptions and modifications to U.S. GAAP for private companies that better respond to the needs of the private company sector rather than move toward a separate, self-contained GAAP for private companies or a wholesale reorganization of GAAP" according to the panel's report to the FAF in January, 2011.

Your answered, "I don't know at this point in time, but that's something we can think about down the road." After 35 years of study of the issue it is time to move forward, immediately. We do not need to, "think about it down the road." Six years ago the AICPA Council urged the FAF and FASB to work with it to explore GAAP for private companies. You state that you are, "planning to establish a resource group of private companies and the users of their financial statements..." You are planning to establish such a group. What took you so long. The time for more study is over. It is time to do something about this very real problem.

I urge you to end your opposition to the Blue Ribbon Panel's recommendation.

Any questions? Just ask.

Thomas G. Malkoch, CPA, CFP®

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