

**From:** [Larry Bournival <PrivateGAAP@letter.org>](mailto:PrivateGAAP@letter.org)

**To:** [President's Desk](#)  
[PrivateGAAP@letter.org](mailto:PrivateGAAP@letter.org)

**Date:** 6/20/2011 1:15:54 PM

**Subject:** Private Company Financial Reporting

Board of Trustees  
Financial Accounting Foundation  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116  
[presidentsdesk@f-a-f.org](mailto:presidentsdesk@f-a-f.org)

Dear Financial Accounting Foundation:

This letter is to express my support for the recommendations made by the Blue Ribbon Panel on Private Company Financial Reporting regarding differential standards for private companies. Such historic change is necessary to effectively bring about more relevant financial statements for private companies and the users of their financial statements (such as bankers/lenders, insurers, venture capitalists and others).

The current standard-setting process does not adequately take into account the needs of the private company sector. In addition, there is an increasing lack of relevance of accounting standards for private companies and their financial statement users. 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. 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. History and the current environment clearly show that FASB cannot effectively balance the competing needs of both the public company and private company areas. 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, and research efforts spanning 30 years; 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,

Larry Bournival  
CPA practitioner  
Howe, Riley & Howe PLLC