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To: [President's Desk](#)
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Date: 6/21/2011 7:52:56 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

Dear Financial Accounting Foundation:

1) This letter is to express my support for 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 2) 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 company sector. Further, the panel was correct in that private companies are incurring significant and 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. The problem is fundamental and not just about disclosures and relief on effective dates for new standards.

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. Given the public company reporting pressures placed upon FASB, the Board cannot adequately respond to the competing needs of the private company sector.

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, among others. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

James George
Private company owner
James E. George, MD, PA