

**From:** [Dennis Wade <dennis@dwadecpa.com>](mailto:dennis@dwadecpa.com)

**To:** [President's Desk](#)  
[dennis@dwadecpa.com](mailto:dennis@dwadecpa.com)

**Date:** 6/22/2011 7:59:10 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:

In my opinion, FAF must 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 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).

I believe a systemic problem exists. Accounting standards have been and are driven by issues affecting public companies. Further, the panel was correct in that private companies are incurring significant unnecessary costs for GAAP financial statements preparation and audit, review or compilation services it just does not make sense to incur these costs to comply with standard 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. This might be the most important recommendation to implement. An autonomous standard-setting body is the only answer to address the problem. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts.

The work done by the panel was extensive and took into account input from all the key constituencies of private company financial reporting. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

Dennis Wade  
CPA practitioner  
Dennis E. Wade CPA