

Board of Trustees
Financial Accounting Foundation
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Norwalk, CT 06856-5116
presidentsdesk@f-a-f.org

Dear Financial Accounting Foundation:

I urge FAF to adopt 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. Accounting standards have been and are driven by issues affecting public companies. I have been in both public accounting and private industry in my career and the relevance of the audit opinion is declining due to this lack of significance to many private companies. Further, the panel was correct in that it does not make sense to incur significant cost for non-valued added services to comply with standards that have become ever more disconnected to the private company world.

In addition, substantive differences in current and future standards for private companies, where appropriate, are necessary. Having appropriate differences will lead to more relevant financial statements that provide decision-useful information to the users of private company financial statements.

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. Since private companies are the driver of the U.S. economy and the relevance of current GAAP to them is declining, it's time to change. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

Sincerely,

Steven A. Meyer
Accounting Director
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