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**To:** [President's Desk](#)  
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**Subject:** Private Company Financial Reporting

Board of Trustees  
Financial Accounting Foundation  
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Dear Financial Accounting Foundation:

I strongly 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 more usefeful 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. Failure to adopt these recommendations will result in GAAP becoming irrelevant to Private Companies due to the fact that they will resort to OCBOA statements due to the complexities of the current GAAP requirements, many of which should not apply to Private Companies. Further, the panel was correct in that there is not a proper weighing of costs and benefits when it comes to setting standards for private companies.

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 and thus keep GAAP relevant as it pertains to private companies.

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 due to the fact that the current board would be highly unlikely to feel that certain standards should not apply after they have just said that they should.

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,

Cheri Freeh  
CPA practitioner  
Hutchinson, Gillahan & Freeh, P.C.