

# WOLFGANG RITTER CPA, S.C.

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*Your Full Service Certified Public Accounting Firm*

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Board of Trustees  
Financial Accounting Foundation  
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Dear FAF Board:

I have been a CPA for over 28 years and during that time have worked with a diverse range of clients and areas of accounting. What has become apparent over that time and more so in recent years is the need to differentiate between the small private companies and the large publicly owned companies.

Our firm is in the process of its peer review and what has struck me is that so many of the questions and checklists are not relevant to our small clients. I believe that the timing is right to make significant changes to the financial reporting requirements as they relate to these small, privately owned businesses.

I fully support the recommendations of the Blue Ribbon Panel on Private Company Financial Reporting related to the different set of standards and a separate standard setting entity for private companies. For the private companies and the users of their financial statements, it makes sense to have financial statements that are more appropriate and meaningful so that relevant and timely analysis can be achieved.

As I stated above, the current practice requirements do not take into account the needs of the private company and many of the required procedures just do not work. Many of the standards that apply to small privately owned businesses are cumbersome, costly and do not provide the benefits in the same manner as for the large publically owned businesses that are under the purview of the SEC.

I believe that by having appropriate differences, these will lead to financial statements that are more relevant, cost effective and useful. In order for this to happen, I believe that a separate standard setting body must be established under the FAF. Over the years the changes that the FASB has implemented, while good intentioned, take far too long to come to be used and implemented in public practice. To be responsive to the needs of the privately owned business, some changes need to be implemented quickly, rather than discussed for years. This is another crucial facture as to why this new standard setting body needs to be independent from the FASB. Further, the FASB cannot be charged with serving two competing groups with sometimes vastly different needs.

Thanking for taking the time to read this letter. I am hopeful that a timely and appropriated decision can be reached to the benefit of the privately owned businesses, users of their financials and CPAs that provide accounting services.

*Alan Schulman, CPA*