

PASQUESI
SHEPPARD LLC

ACCOUNTANTS AND CONSULTANTS

June 14, 2011

Board of Trustees
Financial Accounting Foundation
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Ladies/Gentlemen:

I am writing to address the problems in applying GAAP to private companies. For decades, nothing has been done and most of the new GAAP principles are not beneficial to the private companies or other users of the statements and the application of these changes result in unnecessary higher costs. Examples are income tax exposure footnote, fair value accounting and appraisals for goodwill valuation.

It is time (or actually past the time) to move forward and set up an independent board that would set GAAP for private companies. Obviously, this should be a Board that could act thoughtfully and completely on its own.

For thirty-five years, I have seen GAAP set or strongly influenced by the public companies, Big CPA firms, the SEC and lately even the IRS. If not corrected, I fear that GAAP may no longer be followed as GAAP as currently being written is becoming overly cumbersome and irrelevant to private companies. I have no confidence that FASB will be able to address these issues and a truly independent board is the only solution.

Please help us.

Sincerely,


Donald C. Sheppard