

June 8, 2011

Board of Trustees
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
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 more relevant financial statements for private companies and the users of their financial statements (such as bankers/lenders, insurers, venture capitalists and others). My clients no longer wish to deal with the complexity the public companies must deal with.

I believe a systemic problem exists. The current standard-setting process does not adequately take into account the needs of the private company sector. There is an increasing lack of relevance of accounting standards for private companies and their financial statement users. Further, the panel was correct in that private companies are incurring significant unnecessary costs for GAAP financial statement preparation and audit, review or compilation services. It does not make sense to incur significant cost to comply with standards that have become ever more irrelevant in the private company world. There is not a proper weighing of costs and benefits when it comes to setting standards for private companies. In fact, virtually all of my clients have moved to the income tax basis of accounting to simplify the process. (And the tax code is not simple).

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. The clients simply won't pay for it.

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. History and the current environment clearly show that FASB cannot effectively balance the competing needs of both the public company and private company areas. The FASB has had many years to adjust what they do for private companies and have continued to neglect doing so.

Users and preparers of financial statements as well as others provided valuable and adequate research to the panel on the problems and needed solutions related to private company

financial reporting. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you.

A handwritten signature in black ink, appearing to read "Charles L. Stromberg". The signature is fluid and cursive, with a prominent initial "C" and "S".

Charles L. Stromberg, CPA

Charles L. Stromberg, CPA, LLC