

June 7, 2011

Board of Trustees  
Financial Accounting Foundation  
401 Merritt 7  
P.O. Box 5116  
Norwalk CT 06856-5116

Dear Financial Accounting Foundation:

I urge the Financial Accounting Foundation (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. This change is necessary to effectively bring about appropriate, meaningful, sensible and useful financial reports for private companies, as well as the users of their financial statements (including bankers/lenders, insurers, venture capitalists, as well as the owners of these private companies.)

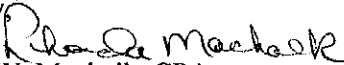
I believe a systemic problem exists as the current standard-setting process does not adequately consider the needs of the private company sector. FASB carries out the SEC's statutory responsibility for accounting standards, so it is destined to primarily reflect the capital markets and investors' needs. 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.

The substantive differences in current and future standards for private companies, where appropriate, are necessary. The problems are fundamental, and are not just about disclosures and relief on effective dates for new standards. 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. Having appropriate differences will lead to more relevant financial statements that provide decision-useful information to the users of private company financial statements.

A new and separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. FASB cannot effectively balance the competing needs of both the public company and private company areas. An autonomous standard-setting body is crucially needed to address this problem. Without such a body, the differences needed in the standards are unlikely to occur.

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. 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 these standards for private companies are needed now. Your attention to this matter is appreciated.

Sincerely,

  
Rhonda W. Machalk, CPA  
Director - Robinson, Grimes and Company, P.C.

cc: Scott Voynich, Managing Partner, – Robinson, Grimes and Company, P.C.