



CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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June 27, 2011

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

Dear Financial Accounting Foundation:

This letter is to express my support for 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 appropriate financial reporting, including more sensible, useful, and relevant 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. The current standard setting process does not adequately take into account the needs of the private company sector. 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.

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.

Further, a new, separate body with standard-setting authority should be established directly under FAF and not subject to FASB approval. History and the current environment clearly shows that FASB cannot effectively balance the compelling needs of both the public company and private company areas.

The panel's report is based on a year of discussion, extensive research efforts spanning 30 years and input from private companies and their financial statement users, among others. 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 'Jeremy Michael', is written over a horizontal line.

Jeremy Michael, CPA
Manager, Assurance Services