

Date

Board of Trustees  
Financial Accounting Foundation  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116  
presidentsdesk@f-a-f.org

Subject: Private Company Financial Reporting

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 meaningful and more 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. There is a 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 and it does not make sense to incur significant cost to comply with standards that have become ever more irrelevant in the private company world.

In addition, substantive differences in current and future standards for private companies, where appropriate, are necessary. The problem is fundamental, and 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.

Further, a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. Given the public company reporting pressures placed upon FASB, the board cannot adequately respond to the competing needs of the private company sector. This might be the most important recommendation to implement. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts

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

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Chad T Vent". The signature is written in a cursive, flowing style.

Chad T Vent, CPA  
Manager

Faw, Casson & Co., LLP  
9748 Stephen Decatur Highway, Suite 103  
Ocean City, MD 21842  
(410) 213-8700