

June 30, 2011

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

Dear Financial Accounting Foundation:

We urge the Financial Accounting Foundation (FAF) to adopt the recommendations made by the Blue Ribbon Panel on Private Company Financial Reporting regarding different standards and a separate standard-setting entity for private companies. Such a change is necessary to effectively bring about appropriate financial reporting for private companies and the users of their financial statements.

The current standard-setting process does not adequately take into account the needs of the smaller private company sector. There is an increasing lack of relevance of accounting standards for private companies that meet the needs of the business owner and their financial statement users. The panel was correct in that it does not make sense to incur significant cost to comply with standards that have become ever more irrelevant in the private company environment.

Private company financial reporting, as it currently exists, is too complex, embodies too much irrelevant information and is too costly and time-consuming given its benefits. Differences in current and future standards for private companies are necessary. (This has existed for some time but the panel has now properly addressed the issue with a viable approach.)

A new separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval. Without such a body, the differences needed in the standards are unlikely to occur, just like with past commitments and efforts.

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. This has been discussed for over thirty years. It is time to address this issue now.

Thank you.

Sincerely,

**ST. JOHN & GIELAU, LLP**



Duane P. St. John