



Dauby O'Connor & Zaleski
A Limited Liability Company
Certified Public Accountants

August 17, 2011

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:

In my opinion, the Financial Accounting Foundation ("FAF") must accept the recommendations made by the Blue Ribbon Panel (the "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 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. Accounting standards have been and are driven by issues affecting public companies. 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. The problem is fundamental, and not just about disclosures and relief on effective dates for new standards. 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 Financial Accounting Standards Board ("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. 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 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. 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.

Sincerely,

A handwritten signature in black ink, appearing to be 'Jacob Buehler', with a long horizontal stroke extending to the right.

Jacob Buehler
Audit Manager

Dauby O'Connor & Zaleski, LLC