

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

Dear Financial Accounting Foundation:

As an auditor of private company financial statements, I am writing this letter 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 sensible, useful financial reports 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. 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 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.

Further, 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 committees and efforts.

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 them for private companies are needed now.

Thank you.

