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To: [President's Desk](#)
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Date: 9/7/2011 1:47:00 PM

Subject: Private Company Financial Reporting

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:

The purpose of 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 sensible, useful and relevant financial reporting 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 their analysis that private companies are incurring significant costs to comply with standards that are not relevant to the needs of private companies or the users of their financial statements.

In addition, substantive differences in current and future standards for private companies, where appropriate, are necessary. Having appropriate differences will lead to more relevant, informative reporting that will 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.

Users and preparers of financial statements as well as others provided valuable input and 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,

Charles Zauss
Private company financial management
Quality Mill Supply Co., Inc.