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Board of Trustees  
Financial Accounting Foundation  
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To the Trustees:

As a CPA serving privately held companies, I am writing this letter to urge the FAF to accept and implement 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.

Currently, reporting by U.S. private companies has been largely based on what is required for public companies. U.S. GAAP, which is currently required for all U.S. public companies, has undergone substantial change over the past decade in response to the growing complexities of public reporting. Because of a lack of separate standards for public and private companies, these changes have unnecessarily affected private companies as a result, requiring companies to produce complex disclosures that are irrelevant to the needs of their users.

Users of private company financial statements place a different emphasis on their financial reporting needs than those of public companies, yet the standards for both groups remain the same. As the disconnect between these two groups grows wider, there is an increasing lack of relevance of accounting standards for private companies.

Having appropriate differences in standards will lead to more relevant financial statements that provide useful and pertinent information to the users of private company financial statements. Similarly, because the FASB primarily reflects the needs of public company users, the need for a separate standard-setting body is essential to effectively foster and encourage the implementation of these private standards.

Research efforts spanning almost 40 years, including input from private companies and their financial statement users prevents the FAF from failing to address this critical issue any longer. Differential standards for private companies, headed by a separately designated board, are imperative to the promotion of fair and accurate financial reporting.

Sincerely,

  
Gagandeep Kaur