

From: [James Wine <jwine.cpa@frontier.com>](mailto:jwine.cpa@frontier.com)

To: [President's Desk](#)
jwine.cpa@frontier.com

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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:

After many years of debate, it is time for FAF to accept 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 provide for more meaningful and relevant financial statements for private companies and their users (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 including the lack of relevance of accounting standards for their financial statement users. 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. Private company financial reporting, as it now stands, is too complex, embodies too much irrelevant information, and is too costly and time-consuming given its benefits.

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 (including IFRS), the board cannot adequately respond to the competing needs of the private company sector.

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. Differential standards and an autonomous standard-setting body to implement them for private companies are needed now.

Thank you for your consideration.

Sincerely,

James Wine
Recently retired from private industry.
Retired