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A Professional Corporation

Certified Public Accountants and Consultants

September 13, 2011

Board of Trustees
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

I am writing to urge the Financial Accounting Foundation to adopt 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. There is an increasing lack of relevance of accounting standards for private companies and their financial statement users. Accounting standards have been, and are being driven by, issues primarily affecting public companies without adequate consideration of the effects new standards have on the majority of companies in this country that are small, privately held businesses. Further, the panel was correct in that the problem is fundamental, and not just about disclosures and relief on effective dates for new standards. Private company financial reporting, as it stands now, has become too complex, embodies too much irrelevant information and is too costly and time-consuming given its benefits. Having appropriate differences will lead to more relevant financial statements that provide decision-useful information to the users of private company financial statements.

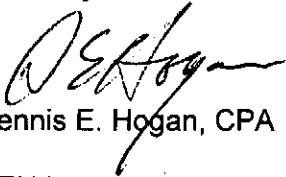
In addition, substantive differences in current and future standards for private companies, where appropriate, are necessary. It does not make sense to incur significant cost to comply with standards that have become ever more irrelevant to private company financial statement issuers in the United States.

Further, a new, separate body with standard-setting authority should be established directly under the Financial Accounting Foundation and not subject to FASB approval. Given the public company reporting pressures placed upon FASB, and the composition of the members of the board, it 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. This might be the most important recommendation to implement. An autonomous standard-setting body is the only answer to address the problem. Without such a body, the differences needed in the standards are unlikely to occur, just like with past committees and efforts.

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The panel's report is based upon 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.

Sincerely,



Dennis E. Hogan, CPA

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