



September 22, 2011

Board of Trustees  
Financial Accounting Foundation  
PO Box 5116  
Norwalk CT 06856-5116

Dear Financial Accounting Foundation:

My firm and I strongly support 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.

The clients of my firm are solely small, closely held, non-public corporations and entities. The current standards may serve publicly traded companies well, but they are overly burdensome and costly to my clients. Such statement is supported by the facts and circumstances for my clients. All of my business clients except for one corporation utilize the income tax basis of accounting. The sole exception is as of a result of not wanting to show a substantial purchased goodwill net of accumulated amortization when there is no impairment to the goodwill.

I believe a systemic problem exists. The current standards are designed for third party users and investors that have no specific knowledge of or relationship to the company. The financial statements of most small closely held businesses are solely intended to be used by a select group of third party users which have a very close relationship to the business and a specific purpose for the financials. Seldom are the shareholders, members or partners of a business holding the interest in the business solely as an investment. They are many times the management or a related party to the management. The unrelated parties receiving such financials are lenders or vendors extending credit to the business.

The exercise of meeting the disclosure requirements and merely proceeding through the checklist of disclosure issues is overwhelming. This becomes an exercise of understanding any disclosure issue to assure that it is inapplicable to the company.

I agree with the position held by our state CPA society that a new, separate body with standard-setting authority must be established directly under FAF and not subject to FASB approval.

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The contrary position that there is need for only one GAAP only reinforces the perception of many persons that the economy of this country is really the big publically traded companies and that small business is insignificant to the overall economy. If you do not make financial reporting standards relevant and cost effective for small business, they will ultimately make you irrelevant by adopting an OCBOA standard that does meet the needs of small business.

Respectfully,

HEYDE & ASSOCIATES, PC

A handwritten signature in black ink, appearing to read 'Lee L. Heyde', with a long horizontal flourish extending to the right.

Lee L. Heyde, JD, CPA  
Extension 23

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