

## Private Company Financial Reporting Committee

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JUDITH H. O'DELL  
Chair

February 8, 2008

Mr. Robert Herz  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856

### **Re: Financial Statement Presentation Joint FASB-IASB Project**

Dear Mr. Herz:

The Private Company Financial Reporting Committee (“PCFRC”) is in the early stage of considering the joint FASB-IASB project on financial statement presentation. We are supportive of improvement where it is warranted and appreciate the joint committee considering the potential need for improvement. At this stage, we wish to express some thoughts and concerns about the project.

1. The Joint International Group (“JIG”), which was formed to assist the Boards and staff in identifying issues to be considered in this project and develop proposed solutions, lacks adequate private company representation. This project will substantially affect private company financial reporting. Approximately 25,000,000 private companies (many of which prepare GAAP-basis financial statements) operate in the United States, compared to 17,000 public companies. As such, private company representation on this project is critical.
2. The JIG is dominated on the financial statement user side by analysts and sophisticated investors. At present, the project proposals appear to be focused on the needs of those users. As you know, the user community is comprised of far more than just equity analysts and equity investors. Lenders and sureties comprise a large portion of private company financial reporting users, and their needs call for substantial consideration. Project research about the needs of private company financial reporting users does not appear to be adequate.

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Letter about Financial Statement Presentation project

3. Despite initial considerations and inquiries related to this project, the PCFRC does not understand the issues identified with the current reporting model and how this project will correct those issues. As currently proposed, the project would bring about a significant restructuring of the financial statement model and impose costs on private companies and the users of their financial statements in adopting the new model. Therefore, a thorough understanding of the problems with the current reporting model and a thorough understanding of the benefits of this project are essential. The new model would need to suit the needs of private company constituents and provide a level of benefit that would justify the steep cost of implementation.

Given the above points, the PCFRC recommends that the FASB include, in the “Notice to Recipients” section of the project’s upcoming Preliminary Views document, a question that asks recipients whether private companies should be exempted from the scope of this project.

These are our initial thoughts and concerns about the financial statement presentation project. As the PCFRC progresses in its work, we will continue to obtain information on the status of the project and we will communicate with you as we have observations for your consideration. We welcome your response to our concerns. Please feel free to contact me.

Sincerely,



Judith H. O’Dell  
Chair  
Private Company Financial Reporting Committee