

W A L L A C E

P L E S E

+ D R E H E R

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*Via E-Mail* [commentletters@pcfr.org](mailto:commentletters@pcfr.org)  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 08856-5116

Re: Invitation to Comment - Enhancing the Financial Accounting and Reporting  
Standard-Setting Process for Private Companies

Ladies and Gentlemen:

We appreciate this opportunity to comment on the above referenced proposal. We thank the FASB for considering the possibility that private companies and the users of those financial statements have different needs. We believe that our previous course of action, which is the reporting on OCBOA based financial statements was a poor alternative that satisfied few needs.

The following are in response to the five questions posed in the invitation:

1. Do you believe the proposal contained in paragraphs 16-29 will improve the accounting standard-setting process for private companies?

Yes. Certain pronouncements such as SFAS 150 (even though later suspended) and SFAS 87 have created significant problems for private companies, without much benefit. The vagaries associated with the FIN46R and all of its revisions have made application difficult and in our community resulted in inconsistent amongst private companies. The users of such financial statements have or can have access to financial information that is not available to those using public company financial statements.

2. Specific to paragraphs 16-29 do you believe that the proposed changes will help ensure that the financial reporting needs of constituents of private companies are met?

Yes, it is certainly a step in the right direction. It is important to address prospective changes in professional standards and consider and change previously approved professional standards that do not address the needs of private companies.

3. The FASB and the AICPA believe that any differences in generally accepted accounting principles (GAAP) for private companies should be based on financial statement user needs and cost-benefit considerations. Do you agree?

Yes. But we must be careful to avoid denigration of financial reporting to a level that creates a huge chasm between public and private sector reporting. Naturally there will be disagreements amongst practitioners with regard to cost-benefit. Furthermore, the private company standards should be clearly distinct from that which can be currently met with OCBOA.

4. The FASB and the AICPA believe that members of the committee (except the chair) should not be compensated beyond a reasonable reimbursement of expenses. Do you agree?

No. Many CPA's who have a vested stake in this project would need to take off valuable time to serve. These practitioners should not have to make a choice between committee and client responsibilities due to financial concerns. There simply is no large organization supporting them for time spent. We need members on this committee who are consistently working directly with clients and the users of financial statements.

5. The FASB and the AICPA believe the committee should set its own agenda and priorities. Do you agree?

Yes and the committee should be able to work cooperatively with the FASB and AICPA staff.

Thank you for the opportunity to respond and I would consider working with this committee.

Sincerely

**WALLACE, PLESE + DREHER, LLP**



Scott T. Wallace, CPA  
Partner