

**At the outset, please know how much we appreciate the efforts of both the FASB and the AICPA in developing the Invitation to Comment, entitled *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies*. In our opinion, if the proposed framework is adopted for use by the FASB in the accounting standard-setting process, we believe that the end result will be that private companies will have financial reporting guidance that will result in more useful financial statements that are more cost-beneficial to prepare. Formalizing the process of incorporating elements of differentiation into the standards for private companies could only result in higher-quality financial statements for entities that are considered to be private [versus public] companies.**

**We believe that the FASB should be applauded for its work in developing accounting guidance that is useful in addressing cross-border financial reporting issues, and we recognize the importance of the work that has resulted in new accounting standards that are helpful in addressing many complex reporting issues encountered by larger companies. However, within the context of financial reporting by private companies, some of the new [along with some of the old] financial reporting requirements result in financial statements that are not as useful for external stakeholders and too time-consuming [costly] for reporting entities to prepare.**

**While there is little question that “complex” issues often need to be addressed with some “complexity” in the accounting guidance, some of the requirements associated with preparing financial statements using generally accepted accounting principles [GAAP] have just become too burdensome for many private companies so that many are choosing to “convert” GAAP-based financial statements to financial statements that are prepared using an other comprehensive basis of accounting [OCBOA]. And, in those circumstances where GAAP-based financial statements are prepared it is not uncommon for audit, review, and compilation reports to be modified because of GAAP departures in the financial statements. We believe that “driving” reporting entities to using bases of accounting other than GAAP and having CPAs/CPA firms modify reports on financial statements because of GAAP departures just will have the effect of eroding the quality of financial reporting by private companies.**

**The differentiation between reporting public and private companies is a very real concern. If we want to be valuable advisors to the large sector of private companies, then we need to listen to their needs along with the users of the financial statements. Hopefully, this will be considered in the future as this issue is address by the standard setting bodies.**

**Laney White  
Managing Director**