



**DIXON HUGHES** PLLC  
Certified Public Accountants and Advisors

August 10, 2006

Technical Director – File Reference 1310-100  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

**Re: *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies***

Ladies and Gentlemen:

Thank you for the opportunity to respond to the Invitation to Comment, *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies*. I am a member of Dixon Hughes PLLC and hold the position as the firm's Assistant Accounting and Auditing Director as well as the chair of the firm's A&A Committee. I am also a volunteer committee member of the American Institute of Certified Public Accountants' PCPS Technical Issues Committee (TIC); however, these comments are my own and do not necessarily reflect the position of TIC or its other members.

**GENERAL COMMENTS**

I strongly support the efforts of the AICPA and the FASB to co-sponsor and co-fund a new committee to provide recommendations as discussed in the Invitation to Comment. Being a member of TIC, I realize that this new committee would have goals similar to those of TIC and am encouraged that the FASB will receive input from another organization dedicated to a constituency concerned about private company financial reporting.

**SPECIFIC COMMENTS**

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

I certainly agree that consistently seeking input from those involved in financial reporting for private companies will improve the process. The basis of conclusions section of new standards will also be improved by including FASB's basis for its decisions on whether differences should exist for private companies.

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?*

I believe that the proposed changes will help ensure that the concerns of the constituents of private companies are *considered*; however, it is difficult to predict how successful the changes will be in *meeting their needs*. It is definitely a step in the right direction.

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?*

I agree that user needs and cost-benefit considerations would be important bases for differences in GAAP. These are, after all, part of the GAAP Conceptual Framework. For that matter, why limit differences to just these concepts? Should not differences also be based on relevance, understandability and reliability (representational faithfulness)? I would hope that user needs of private company financial reporting will also be considered in light of these other characteristics as well as cost-benefit.

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?*

Although I agree that obtaining qualified practitioners to serve on the new committee on a volunteer basis can be accomplished, I am less certain that other qualified representatives can be found on a noncompensated basis. Obviously, expenses of members should be reimbursed; however, I think that reasonable compensation similar to the Auditing Standards Board should probably also be considered.

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

Yes.

Thank you again for soliciting this Invitation.

Sincerely,



Jefferey C. Lewis  
Member