

August 11, 2006

TO: Financial Accounting Standards Board
American Institute of CPAs

FROM: Robert A. Craig, CPA

RE: Invitation to Comment

Thank you for the opportunity to comment on your proposal for Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies.

I have been involved in providing accounting and tax services to privately held enterprises for approximately 40 years. During those 40 years, there has been an explosion of standard setting pronouncements regarding recognition, measurement and disclosure of financial information. In my humble opinion, a significant number of those pronouncements have no relevance to my clients or other users (lenders, suppliers, or customers) of my client's financial statements.

Your proposal states that "Different financial reporting standards for private companies could result in additional costs to preparers, accountants...in the areas of continuing education, authoritative resources, and quality control systems." I disagree. I spend considerable time reading new pronouncements; spend considerable money on CPE courses and authoritative resources, only to find out that the pronouncements have limited, if any, relevance to the clients that I serve. If there were separate standards for privately held enterprises, I could concentrate on those pronouncements; thereby provide better service to my clients and the users of their financial statements.

Additionally, I perform peer reviews for small CPA firms that serve privately held enterprises. Many of those firms prepare only tax basis financial statements due to, what they and their clients consider onerous requirements to comply with GAAP.

Now some comments in response to your specific questions.

Question 1. I do agree that the proposal **has the potential** to improve the accounting standard-setting process for private companies. I believe that the key here is that the FASB **consistently** articulate its analysis and that it **consistently** asks for input on whether differences should exist for private companies.

Question 2. Again I do agree that the proposal **has the potential** to ensure that the financial reporting needs of constituents of private companies are met. The key here is that the standards, new or existing, are providing decision-useful information to users of financial reporting information of private companies in a **cost-beneficial way**. Bear in mind that the main users are the owners of the enterprise.

Question 3. I agree.

Question 4. I believe that members of the committee should be treated the same as any other AICPA or FASB committee regarding compensation.

Question 5. Most definitely I agree.