

August 14, 2006

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

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

I am in favor of the joint proposal by the FASB and the AICPA to enhance the financial accounting and reporting standard for private companies.

As a Controller with a CPA license for a private company preparing consolidated financial statements I am personally affected by the private company reporting requirements. Sarbanes-Oxley legislation especially FIN 46R for Variable Interest Entities (VIEs) requiring these to be consolidated has created another layer of complexity to the reporting and auditing of these financial statements. There should be different reporting standards for private companies due to the readers use (lenders and owners) of these financials being very different than that of public companies. The lenders actually want to see the financial statements without the VIEs consolidated in order to determine if loan covenant compliance is being met. In addition, the cost of auditing and preparing GAAP financial statements has increased without a cost-benefit to the private company.

In response to the questions:

1. I do believe the proposal contained in paragraphs 16-29 will improve the accounting standard-setting process for private companies if done properly and the committee's comments and recommendations are seriously considered.
2. Yes, in speaking with lenders they don't want to see certain things that are now required in order to be in conformity with GAAP.
3. Yes, I believe any GAAP differences between private and public companies has to be based on financial statement user needs and the cost-benefit must also be considered.
4. No, committee members should be compensated in order to insure that these dedicated individuals do their very best in trying to make important changes to the financial reporting standards of private companies.

5. Yes, I believe the committee should set its own agenda and priorities but also should report back to the FASB and AICPA to make certain everyone involved on the same page.

Sincerely yours,

Stuart Shapiro, CPA