

To: CommentLetters  
From: [Joseph R. Herman](#)

This response to the Proposal “Enhancing the Financial Accounting and Reporting Standard Setting Process for Private Companies” is my view from a partner who only works in the private company sector and not in the public company arena. Many companies are required to present their financial information in accordance with GAAP and have the strong desire to do so; however, compliance has become increasingly difficult at dramatically increased costs.

Relative to the five issues brought up in the request for comment, I am responding with the following:

***I unequivocally support the FASB and the AICPA efforts to improve the accounting standard setting process for private companies.***

***I believe that the proposed changes to the standard setting process would help to ensure that the financial reporting needs of the users of financial statements of private companies are met.***

***The differences in GAAP for private companies and public companies should be based on financial statement user needs and cost-benefit considerations.***

***The members of the committee should be uncompensated volunteers and should set their own agenda & priorities. They should also be active in the financial community involved with private company financial statements. This would be as a member of public accounting, lender, owner/management of a private company, bonding agent or other user of these type statements.***

***I believe that several recent pronouncements including variable interest entities, financial instruments and stock-based compensation have limited usefulness and that possibly footnote disclosures of the situation, and not necessarily quantification of these pronouncements, could adequately cover to the satisfaction of the users of private company financial statements.***

Thank you for this invitation to comment.

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