



Abbott, Stringham & Lynch

Certified Public Accountants • Business Advisors & Consultants

August 15, 2006

Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 08856-5116

Re: Comment letter
Enhancing the Financial Accounting and Reporting
Standard-Setting Process for Private Companies (No. 1310-100)

Thank you for this opportunity to comment and provide feedback to FASB and to the AICPA on this extremely important topic. We applaud both organizations for listening to the feedback from CPAs and privately held companies nationwide, and we are very pleased that this first step has been taken to address the needs of those companies and the users of their financial reports. It is extremely important to understand that there are a great deal more privately held companies than publicly held companies in the United States; so paying close attention to the needs of those companies is critical.

One of the reasons cited in the opposition to differences in the standards for private companies is the possibility of additional costs to preparers, accountants, etc. We believe the opposite to be true. Currently our private companies pay far more to be in compliance with "Big GAAP" that doesn't necessarily provide better, or more useful, information to the users.

It is important to recognize that many private companies are smaller companies where financial statements are being prepared to comply with financial reporting needs where end-users have access to management/owners so that some of the requirements that typically are associated with general-purpose financial statements just might not be preferable for use in financial statements of private companies. We cite FIN 46 and FASB 123r as examples.

You specifically requested comment on the following five questions:

1. and 2. We believe that the proposal in paragraphs 16-29 will improve the accounting standard-setting process for private companies and ensure that the financial reporting needs of constituents of private companies are met. We

910 Campisi Way
Campbell, California 95008
408/377-8700 • Fax 408/377-0821 • asl@aslcpa.com
An Accountancy Corporation

ASL

believe that the changes to the FASB standard-setting process in paragraphs 18 and 19 are especially critical to the success of this effort. In our opinion, the level of commitment of the FASB and its staff to focus on the needs of private companies from the beginning of the standard-setting process through the issuance of a final standard will determine the degree of improvement to the standard-setting process for private company financial reporting.

3. We agree that financial statement user needs and cost-benefit considerations should be the basis for differences in GAAP for private companies. These are the same criteria that our clients currently use to choose between GAAP and OCBOA.
4. We fear that failure to compensate committee members could have a significant negative impact on the committee's ability to attract and retain the people needed to really give this issue the appropriate time and attention.

If the FASB and its staff drive this process and make it a priority to focus on private company needs, and if the committee receives significant staff resources, the committee can probably function on a volunteer basis. However, if the committee must identify and initiate opportunities to improve private company financial reporting in both existing and proposed standards, we believe the committee needs to be compensated in order to devote the time necessary to make this effort successful.

Private companies generally do not have the resources to provide partner or manager level personnel for committee representation without suffering from their absence. Either those representatives will not volunteer, or they will not be able to devote sufficient time to give this effort the attention that is necessary.

5. We agree that the committee should be free to set its own agenda and priorities. While the agenda will need to be influenced by the FASB agenda, the particular issues and the order in which they are addressed should be developed within the committee.

We anticipate that this will be a very long process, but feel that it is a very necessary process and that this is a good first step. We look forward to being able to provide a better service to our private company clients and to provide reports that are meaningful to them and the users of those financial statements.

Very Truly Yours,
ABBOTT, STRINGHAM & LYNCH



Pamela S. Hedblad, Principal



Mark W. Sheffield, Principal