

To: CommentLetters

From: Barry Fry

Gentlemen:

The following are my comments on "Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies",

as requested:

1. Do you believe the proposal contained in paragraphs 16–29 will improve the accounting standard-setting process for private companies? Yes. I do not believe that the current process gives adequate weight to cost-benefit considerations to private companies when determining GAAP. Due to the current cost to private companies of producing GAAP financial statements, many private companies resort to tax basis financial statements.
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? Yes, due to the proposed representation on the committee.
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? Yes. However, care should be given to be sure that cost-benefit considerations are given equal weight to user needs. It seems that in the past user desires (not needs), regardless of cost-benefit considerations, were the only items considered in promulgating GAAP for private companies.
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? No. Reasonable compensation should be paid to all for their professional time. Without reasonable compensation, the committee will most likely be comprised of members funded and influenced by large organizations and the little guy will be left out of the decision making process again.
5. The FASB and the AICPA believe the committee should set its own agenda and priorities. Do you agree? Yes.

Sincerely,

Barry W. Fry, CPA - Partner  
Kimmel, Lorah & Associates, LLP