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August 14, 2006

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

Ladies and Gentlemen:

Thank you for the opportunity to comment on the proposal "Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies. Our firm provides audits, reviews, and compilations for small to medium size, privately held companies. Our services are provided based primarily on the management and lending requirements of our clients.

It is our belief that the financial reporting needs are very different between public companies and privately held businesses. This has become increasingly evident with the requirement of FIN 46(R), VARIABLE INTEREST ENTITIES. While certain standards, such as FIN 46(R), may improve the reporting for certain large companies, they are not always relevant to smaller privately held companies. Further, it is our experience that the users of these financial statements do not always understand the need for new accounting pronouncements, nor do they find them useful in managing the business or making lending decisions.

Regarding the specific questions for our consideration, following are our comments.

1. We believe the proposal will improve the accounting standard-setting process for private companies. The proposed committee will provide a voice to the private companies and allow for differences between public companies and private companies.
2. We believe that the proposed changes will help ensure that the financial reporting needs of constituents of private companies are met. The proposed committee will focus on the reporting requirements solely from the view of private company financial statement users.
3. We agree that the differences in GAAP for private companies should be based on financial statement user needs and cost-benefit considerations.
4. We agree that members of the committee should not be compensated beyond a reasonable reimbursement of expenses. Other AICPA committee positions are on a volunteer basis, and we feel that this committee should be no different.
5. We agree that the committee should set its own agenda and priorities. Because the committee will be staffed with representatives of the significant constituent groups, the committee should be able to develop an agenda that will create benefit for these groups and be able to achieve its goals.

We again thank you for the opportunity to comment on this proposal.

Sincerely,

A handwritten signature in black ink that reads "Steven P. Witt". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven P. Witt, CPA, Principal  
Yeo & Yeo CPAs and Business Consultants