

To: CommentLetters
From: Wayne Fossett

Following are my responses to your questions on page iv of the invitation to comment:

1. I do not believe the proposal contained in paragraph 16 thru 29 will improve the standard setting process for private companies. There are approximately 20 million privately held business in the U.S. and approximately 17,000 public companies. If there is going to be a committee formed to review accounting standards then that committee should be established to address the needs of PUBLIC companies. The FASB itself should be devoting ALL of its efforts in setting accounting standards for PRIVATE business. I believe a new Board should be established to set accounting standards solely for private companies just as the AICPA sets audit standards for private companies and PCAOB sets audit standards for public companies. If the auditing standard setters should be separate then why shouldn't the accounting standard setting be separate? The needs of financial statement users for private and public companies are totally different and always will be.
2. I do not believe paragraphs 16 to 29 will ensure the needs of private company constituents are met. The only way the needs of users of private company financial statements will be met is if a separate Board is established to address only private company issues. I believe items in paragraph 16 -29 is just a way for the FASB to give lip service to private companies. Based on FASB statements that have been issued over the last several years it looks to me like these 20 million private companies have had no influence on FASB's decision making process.
3. I believe GAAP for private companies should be based solely on user needs and cost-benefit considerations. I believe the FASB never takes these two items into consideration when issuing their accounting standards. Why else would they issue some of the accounting standards they have issued for private companies to follow.
4. As stated above, I do not believe a committee of the FASB should be formed, I believe a separate Board should be established for these 20 million private companies.
5. A separate Board should be established for setting accounting standards for private companies and that Board should set its own agenda and priorities and be free from any influence from anyone representing the interests of public companies.

Wayne Fossett, CPA
Director of Accounting & Auditing Services
Work & Greer, PC