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Mr. Lawrence Smith
Director, Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 1310-100

Re: FASB and AICPA Invitation to Comment on *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies*

Dear Mr. Smith:

Deloitte & Touche LLP is pleased to respond to the June 8, 2006, Invitation to Comment on the joint proposal by the FASB and AICPA, *Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies* (the "Invitation to Comment" or "ITC").

The ITC presents a sound framework to help the AICPA and the FASB honor their mutual commitment to the needs of constituents of private company financial reporting. In particular, the new committee created to promote constituent input into the standard-setting process (the "Committee") will provide a mechanism for the FASB to gather and consider carefully analyzed, well articulated views of private company experts. The changes contemplated to the standard-setting process will ensure that the perspectives of private companies are fully vetted during the Board's deliberations.

However, any move to establish separate accounting standards for public and private companies should be made with the utmost caution. The consequences of the coexistence of dual accounting principles include a lack of comparability, additional complexity, and potential cost for financial statement users and auditors.

The Appendix below contains our responses to the Issues for Respondents raised in the Invitation to Comment.

We appreciate your consideration of our comments. If you have any questions concerning them, please contact Georganne Walters at (203) 761-3102.

Yours truly,

Deloitte & Touche LLP

Appendix

1. Do you believe the proposal contained in paragraphs 16–29 will improve the accounting standard-setting process for private companies?

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?

These two questions ask the same thing. In other words, the accounting standard-setting process for private companies cannot be improved unless it also helps ensure that the financial reporting needs of constituents of private companies are met, at least in all important respects.

The deliberations of the Committee and the five specific steps outlined in paragraph 18 of the ITC will help ensure that the Board efficiently and effectively focuses on the “perspective” of private companies. Of course, there is no single perspective representing the consensus of such a diverse group; however, the Committee will help ensure that a wide variety of views are considered, appropriately distilled, and carefully analyzed and articulated.

While we agree with the ITC, we caution the Board that the new Committee, and its role in the already complex process of standard setting, has the potential to create confusion among less sophisticated users and preparers of financial information. The Board and the AICPA should implement a program to educate constituents on the Committee’s specific role in the standard-setting process.

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?

We agree that these are the appropriate factors. However, history has shown that cost-benefit determinations can be very difficult to make and often have not yielded definitive conclusions. Generally, our view is that strong evidence would need to justify different standards for private and public companies related to recognition and measurement. Any move to establish separate accounting standards for public and private companies should be made with the utmost caution. The consequences of the coexistence of dual accounting principles include a lack of comparability, additional complexity, and potential cost for financial statement users and auditors.

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?

We agree. We believe this Committee should function in a manner similar to other advisory committees that have been established, such as the Financial Accounting Standards Advisory Council and the User Advisory Council.

5. The FASB and the AICPA believe the Committee should set its own agenda and priorities. Do you agree?

We agree. However, the Committee's charter or mission should be unambiguous with respect to the FASB's authority to reach conclusions without regard to Committee input or conclusions.