

August 15, 2006

AICPA and the Financial Accounting Standards Board

INVITATION TO COMMENT

Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies – June 8, 2006

www.pcfir.org

Response from VanderBloemen Rodrigues & Associates LLC (VR)

THE FIRM:

VR is a certified public accounting firm located in the metropolitan Milwaukee area serving privately held companies primarily in the Construction Industry (non-residential)

SPECIFIC QUESTIONS AND VR'S RESPONSE:

1. *Do you believe the proposal contained in paragraphs 16-29 will improve the accounting standard-setting process for private companies?*
 - a. We believe it will improve the accounting standard setting-process for private companies if the objective in the last sentence of paragraph 17 is followed without exception. That objective is:
 - i. ***“The objective of the change is not to create a separate, new set of GAAP requirements for private companies.”***
 - b. The key to its success will require the representatives of FASB and the AICPA to design and develop a plan to select a private company constituent that is well thought out with timely input from these constituents as to how to best structure and select the committee members.
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?*
 - o 18 a Yes - for this process change.
 - o 18 b This process concerns us as to how the alternatives will be evaluated based upon differences in user needs and cost-benefit considerations. We believe that user needs are the most important



in the decision making process. The cost-benefit consideration, while important, should not drive the decision in the majority of the considerations.

- 18 c This item should include a plan for obtaining input from the Committee of Constituents to assist FASB with the presentation of the basis for its conclusions.
- 18 d Yes – input from the Committee of Constituents as to the standard’s impact.
- 18 e Yes – if FASB will address and consider any major issues with the Committee of Constituents.

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 do not agree if the evaluation of GAAP is based upon both user needs and cost-benefit consideration on an equal basis (weighting both equally). This issue is addressed under question #18 b above.
- Another concern is the proposed new Committee. While we understand this is a draft document, we believe that more explanation is required as to how the number of committee members was determined (why 11 members?), how will the pool of eligible constituents be determined, how will the members be selected, and how will the committee function?
- A more formal structure should be considered and addressed so that FASB/AICPA will be able to maximize participation from all constituents.
- Consider Specific Definitions of the Constituent Groups which could include:
 - i. Owners and financial managers of privately owned companies.
 - ii. Credit granters – banks, finance companies, equipment lenders, surety underwriters, surety bond producers and other credit granters.
 - iii. Passive Investors
 - iv. CPA’s that work with privately owned companies and provide attestation services (audits, reviews and compilations).
- Consider working closely with the respective national associations for participation on the Committee. This would include such associations as: State CPA chapters, State Financial Managers,



Banking, Manufacturing, Construction, Retail, Restaurants/Bars, other Services, etc.

- It is not clear if the Committee will be addressing previously issued FASB's as part of their charge. We believe this should be addressed as a specific charge to the Committee.

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. We recommend that the committee members be compensated for each of the four - six annual meetings and be reimbursed for all reasonable out of pocket expenses. A reasonable fee would be \$1,000 to \$1,500 per meeting. All preparation time would not be reimbursed. Any fees for special projects that would require a significant amount of time on the committee member's part would be addressed on a case by case basis. We believe that by compensating the committee members you improve the credibility of the committee and provide nominal compensation for the time spent at the meetings.

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

We agree if the process is defined. For example: Input should come from any of the constituents through the normal channels, which are yet to be developed. Consequently, there must be a process for the committee to determine the most significant items and develop a list of priorities and a timetable for addressing those issues.

We appreciate the opportunity to respond to this request and look forward to the final development of this process. We would be willing to participate in the planning for the development of this committee.

Sincerely

A handwritten signature in black ink that reads "Stephen C. VanderBloemen".

Stephen C. VanderBloemen, CPA

Managing Member

SCV/ck