



September 15, 2010

Blue-Ribbon Panel on Standard Setting for Private Companies
Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Panel:

We are pleased to offer our responses to the Questions for Submissions from the Blue-Ribbon Panel on Standard Setting for Private Companies. Our firm supports the efforts you are making to improve the accounting standard setting process for private companies. Our responses to each question follow.

1. a. Tell us about any issues or concerns you have with current U.S. GAAP accounting standards as those standards apply to private company financial statements.

We feel the growing volume and complexity of new accounting standards is overwhelming the accounting staffs of private companies. Generally speaking, we do not feel the benefits of compliance with these standards justify the costs incurred to implement them. We are seeing an ever increasing number of users of private company financial statements requesting departures and/or accepting departures in the U.S. GAAP based financial statements of private companies. The users requesting these departures indicate the inclusion of the information required by new standards increases the difficulty in analyzing the financial statements for their needs. If users of financial statements are requesting departures from standards, we question how relevant these standards are to private companies. Examples of standards that have created difficulty for our constituents include: consolidation of variable interest entities, fair value accounting, accounting for uncertain tax positions, and share-based payments. These are just a few examples. The overwhelming volumes of standards that are currently being drafted are going to add to this list.

- b. Are those issues or concerns confined to one or more specific standards, or are they more systemic?

We feel the issues are systemic in nature. We believe many of the standards are being written to address issues primarily impacting large publicly traded companies. Many of the standards are being drafted to satisfy the request of analysts that follow publicly traded companies. While we understand the need for this information in their models, requiring private companies to disclose the same information does not meet prudent cost/benefit analyses.

c. Do you believe that those issues or concerns are largely confined to private companies or are they broader?

We believe the issues are significant for private companies but also impact other entities. Examples of entities that we feel are impacted include: not-for-profit organizations, small publicly traded companies, companies in transition from private to public, and employee benefit plans.

2. What short-term and/or long-term actions do you believe are necessary to address those issues or concerns? Please be as specific as possible in your answer and explain your reasoning.

We support transitioning to a different model for U.S. GAAP. We believe the model titled, "U.S. GAAP – Baseline GAAP with Public Company Add-Ons" would be the correct model to develop. We do not feel that two completely separate GAAP's for private and public companies are sustainable. Such a system would create a significant strain on the institutions that educate accountants. As the process currently stands, it is difficult to adequately address all the accounting topics that need to be covered under the current system of GAAP. We feel this problem would only be magnified with two completely separate systems of GAAP. Two systems would also place additional strain on lenders who are making credit decisions for both privately held and publicly traded companies. We believe the private company GAAP should be the baseline GAAP. The number of private companies in this country dwarfs the number of public companies. Yet, we feel current standard setting is driven by the perceived needs of public company users. To transition to this model, current GAAP should be the starting point, but current GAAP should be reviewed to remove standards from the baseline that are not relevant to private companies or do not meet basic cost/benefit analyses.

To achieve the above model, we believe the framework of the Financial Accounting Standards Board (FASB) must be revised. We agree with the decision for FASB to expand to seven members; however, we feel the members of FASB should represent the various constituencies who will implement and utilize the accounting standards FASB is developing. Our suggested framework would be: two representatives from Fortune 500 companies, two representatives from private companies (one from a large private company background and one from a small private company background), two representatives from CPA firms (one CPA from a large firm such as a Big 4 or regional firm and one CPA from a smaller, local firm), and one small publicly traded company representative. This framework will achieve the necessary balance of experience and background from all segments of the constituents that will utilize the accounting standards.

3. a. To what extent, if any, would an SEC requirement for public companies to adopt IFRS at a date certain affect your answers above? Why?

We would not modify our answer if the SEC were to adopt this requirement. We believe IFRS is inferior to a U.S. GAAP baseline set of standards and would prefer to maintain adherence to U.S. GAAP. If the SEC were to adopt IFRS, we realize we would have to deal with the difficulties of utilizing two different sets of standards, but we feel that is

preferable to adopting IFRS in this country. IFRS is a set of standards that has been developed in countries that do not have the litigious environment of the U.S. We do not believe that IFRS will withstand the current U.S. business environment. Also, IFRS is not truly a single set of accounting standards. Many countries have made their own modifications and adaptations to IFRS that they utilize in each of their own countries.

b. To what extent, if any, would other outside factors affect your answers above? Which factors and why?

We may be more inclined to support a transition to IFRS if the funding of the International Accounting Standards Board (IASB) is addressed. We do not feel the current funding method for the IASB makes them truly independent from political pressures that could negatively impact the U.S. economy. We believe that by addressing this significant concern the IASB standard setting process would be modified in such a manner that it produces a set of accounting standards that would be workable in the U.S.

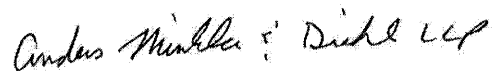
4. Is there any other input that you'd like to convey to the Panel?

We do not believe any attempt to revise U.S. GAAP for private companies will be successful without a related revision to the framework of the FASB. While we appreciate the steps the FASB has taken to address private company concerns, we do not believe they have impacted the standard setting process in a significant enough manner. Private companies must have greater representation in the standard setting process.

5. Do these responses represent your individual views or are they submitted to represent the views of the organization with which you are associated?

These views are meant to represent the views of our firm. We have developed these answers within the management group of the audit and advisory department and circulated them to all the partners of the firm for input before submission.

Very truly yours,



Anders Minkler & Diehl LLP
Certified Public Accountants