

From: Neville Grusd  
To: CommentLetters  
Date: 6/21/06  
Subject: Private Company Financial Reporting

Gentlemen:

I am a New York CPA and South African Chartered Accountant .I have been in public accounting here and in South Africa ; operated as a CFO in public and private companies ; and have been a lender to private companies for the past 24 years. I am currently on the Board and Executive Committee of the New York State Society of CPAs and am currently the Treasurer.

I am also on the Board and Executive Committee of the Commercial Finance Association ,the trade association of 250 lending institutions (including banks) throughout the US.

As a user of financials in my business to make credit decisions it is imperative that I receive relevant and reliable information.

It is my opinion that to be working on different rules for private and public companies is misguided and a waste of time and effort .

Furthermore ,if such different rules were instituted, it will lead to confusion .

My opinion is based on the following observations:

1.A financial statement is either accurate or it isn't ,irrespective of whether the entity is public or private. If an item is material for a public company and it is relevant for a private company,how can the latter's statement be accurate if the item is omitted?

2.I acknowledge ther are certain items that are time-consuming and costly to compute ,but many of these, e.g stock option disclosures, pension liabilities,FIN 46 disclosures,etc., do not apply to most private companies.

If there are disclosures that fall into this category ,then Accountant should omit them (preferably with the pre-approval of the lender) and qualify the opinion accordingly. The market will tell them if this is acceptable.

3.Tinkering with GAAP is dangerous, and where will it end?

In summary, I recommend that GAAP continue to be applicable to ALL companies and let the private company preparers make exceptions on a case-for-case basis with the appropriate disclosure of what is being left out.

Very truly yours ,

Neville Grusd .

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