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Sent: Sunday, July 23, 2006 2:12 PM
To: CommentLetters; Noll, Daniel
Subject: Comments to No. 1310-100, 6/8/2006

I am pleased to have this opportunity to comment on this FAS, "Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies." Absent the time to comment on each item 6 through 29, I would still like to make the following points:

- I believe that consideration should be given to the difference between large and small private companies. Some private companies can be larger than public companies. To apply the same standards equally to small private companies as to large private companies would be clearly inequitable.
- I believe that private companies using the Tax Basis of accounting should be determined to be in compliance with GAAP if it includes an account for GAAP/Tax differences.
- I believe that the conceptual framework should be applied sparingly to small private companies.
- I believe that the SBAC should review all standards as they are proposed and should meet more than twice a year with the FASB. I believe the SBAC should meet with the FASB, the EITC, etc. on all proposed standards. I also believe that the FASB should use a method similar to the line item in Federal Regulations that measures the impact of regulations on small businesses. I believe a section on the impact of proposed standards on small businesses should be included in the proposed standards.
- A sample of accounting standards that should not apply to small private companies is as follows:
- I believe that SFAS No. 115 on accounting for securities is overly complex for small companies and their users and is highly subjective because it allow for management intent to classify these assets. I therefore believe that this standard should be removed for small private companies and a return to the current asset accounting method should be made.
- Since small private companies do not issue derivatives, and in fact do not have opportunity to issue them, I believe that SFAS No. 133 should be deleted for all private companies.
- I believe that it is consistent with cost-benefit for small private companies to eliminate SFAS No. 142 for valuing goodwill and leaving goodwill at the same value it had when it was created in the original business combination.
- I have noted that companies still have trouble using the measurement of accrued leave in accordance with SFAS No. 43. I believe that a small private company should be permitted to use a pay-as-you-go method of accounting for employee leave.
- More weight should be given to the cost-benefit considerations for small private companies than is proposed in the standard and is currently in use.
- On the issue of small private companies, I do not believe that the FASB and the AICPA should set its own agenda and priorities. I believe that the SBAC should establish the agenda and priorities for both these bodies.
- In item 19. it states that the "FASB is currently actively recruiting staff with public and private accounting reporting backgrounds. I do not concur with this. First, I believe that the staff should have only private reporting backgrounds to avoid "watering-down" standards related to small businesses. Second, I believe that FASB control over the hiring process is a conflict of interest. The SBAC should do the hiring.

Again, I thank you for this opportunity to comment on your most auspicious proposal. If nothing else, your heart is in the right place. Small companies need some relief from standards that don't apply to them and your proposal can give it to them. **In addition, I would like to serve on the committee, or on the staff recruited by the FASB to deal with this issue.**

Anthony P. DeStefano, CPA, CFCM