

July 24, 2006

VIA EMAIL www.pcf.org

Technical Director-File Reference 1310-100

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies
Comments

Submitted By: Jodie B. Arceneaux, CPA
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General Comments:

I support the objectives contained within the joint proposal by the FASB and AICPA.

I am personally affected by private company reporting with my background being a partner in a local CPA firm who performs (non-governmental, private company) audits, reviews and full-disclosure compilations predominately based on lending requirements of my clients.

In the last several years, the trend that I've seen occurring has been for firms in my area to completely move away from performing audits since the SAS 99 standards have taken effect. Additionally, with the required implementation of FSP FIN 46(R), VARIABLE INTEREST ENTITIES, I envision even fewer firms will be able to provide GAAP basis financial statements due to the additional time, manpower and knowledge involved in complying with the complexity of this reporting requirement. I recently prepared "reviewed" financial statements for two companies that were required to consolidate in compliance with the variable interest entity requirements. In order to enable the lender requiring the review to determine compliance with loan performance covenants, various supplemental schedules exclusive of VIEs needed to be added to the financial statements. These occurrences make it clear that application of certain standards to private companies is not relevant to decision makers. While I understand the concepts involved with these standards and don't disagree with their content, it is not always relevant within the private company sector and has substantially increased the cost of preparing GAAP basis financial statements which has been passed down to private companies needing this product.

Specific Comments:

Issue 1: I do believe the proposal contained in paragraphs 16 - 29 could improve the accounting standard-setting process for private companies if implemented properly.

Issue 2: I do believe the interaction of lenders, bonding companies, etc. will help ensure that the financial reporting needs of constituents of private companies are met. Many conversations that I have had with

lenders have brought me to the realization that there should be a separate set of standards for private companies in many instances.

Issue 3: I definitely agree that differences in GAAP for private companies should be based on user needs AND cost-benefit considerations.

Issue 4: I'm not sure that I agree that there should be NO compensation beyond reimbursed expenses. I believe this project will be a massive undertaking. From my experience on the Louisiana A & A Standards Committee, I believe that there is lots of time spent outside of committee meetings in order to bring what is needed to the table for prudent decision making.

Issue 5: I agree that the committee should set its own agenda and priorities but should have oversight from FASB and AICPA to determine the committee's effectiveness.

Very truly yours,

Jodie B. Arceneaux, CPA