



FOR IMMEDIATE RELEASE

Blue-Ribbon Panel Addressing Standards for Private Companies Submits Report of Recommendations to Financial Accounting Foundation

Norwalk, CT, January 26, 2011—The blue-ribbon panel addressing how U.S. accounting standards can best meet the needs of users of private company financial statements has issued a [report](#) of its recommendations to the Financial Accounting Foundation (FAF) Board of Trustees. The report calls for fundamental changes to the system of standard setting, including the creation of a new board, to be overseen by the FAF, that would focus on making exceptions and modifications to U.S. GAAP for private companies that better respond to the needs of the private company sector. The report also recommends the creation of a differential framework—a set of decision criteria—to facilitate a standard setter’s ability to make appropriate, justifiable exceptions and modifications. The report does not advocate a move toward a separate, self-contained GAAP for private companies or a comprehensive reorganization of GAAP.

“This was an overwhelming recommendation from the diverse panel members to establish a separate private company board with urgency,” American Institute of Certified Public Accountants (AICPA) President and CEO Barry Melancon said. “This issue has been discussed for 30-plus years and the time for FAF to act is now. While some changes have been made to the process to be more responsive to private companies, the panel concluded those were insufficient. This is an important day for the 50 percent of the U.S. economy in private business.”

Billy Atkinson, chairman of the National Association of State Boards of Accountancy (NASBA), said: “We share the panel’s concerns regarding the relevance, complexity, and cost of today’s accounting standards. As this is a significant public policy issue that is not unique to private companies, we believe the best approach for needed change is through the existing FAF-governed FASB, which should be more strategically aligned to continuously address these concerns. In our view, a separate accounting standard-setting body for private companies would lead to differential standards and result in other unintended consequences. We urge the FAF to carefully consider the potential effect on the financial reporting system.”

The FAF Board of Trustees, as part of its strategic initiative to review private company issues, will consider the panel’s recommendations as it deliberates improvements to the standard-setting process. The FAF Trustees’ resulting plan is expected to be subject to further input from constituents, including exposing for public comment any potential significant changes to the standard-setting process and structure.

FAF President and CEO Teresa S. Polley said: “The FAF applauds the efforts of the blue-ribbon panel and will thoughtfully and thoroughly consider the issues raised by the panel, as well as the recommended solutions. The panel’s report, along with further analysis and constituent input, will be valuable in reaching sound decisions that improve standard setting and financial reporting for private companies.”

The panel was formed in 2009 by the AICPA, the FAF, and NASBA. The members of the panel comprised a cross-section of financial reporting constituencies, including lenders, investors, and owners as well as preparers, auditors, and regulators. The panel was chaired by Rick Anderson, chairman of Moss Adams LLP.

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About the Financial Accounting Foundation

The FAF is responsible for the oversight, administration, and finances of both the Financial Accounting Standards Board (www.fasb.org) and its counterpart for state and local government, the Governmental Accounting Standards Board (www.gasb.org).

The FASB is the designated organization in the private sector for establishing standards of financial accounting and reporting for non-governmental entities in the U.S. The GASB establishes and improves financial accounting and reporting standards for state and local governments. The FAF also is responsible for selecting the members of both Boards and their respective Advisory Councils.

The FAF is based in Norwalk, Connecticut.

About NASBA

The National Association of State Boards of Accountancy (www.nasba.org) is the membership organization for the 55 boards of accountancy (50 states, Puerto Rico, Virgin Islands, Washington D.C., Guam, and Commonwealth of the Northern Mariana Islands). NASBA’s mission is to enhance the effectiveness of state boards of accountancy through programs which preserve the public trust and confidence in the CPA license, ensure that the integrity, objectivity and independence of CPAs are not compromised and foster compliance with ethical and professional standards.

NASBA is headquartered in Nashville, TN and maintains a northeast office in New York, NY.

About the AICPA

The American Institute of Certified Public Accountants (www.aicpa.org) is the world's largest association representing the accounting profession, with nearly 370,000 members in 128 countries. AICPA members represent many areas of practice, including business and industry, public practice, government, education, and consulting; membership is also available to accounting students and CPA candidates. The AICPA sets ethical standards for the profession and U.S. auditing standards for audits of private companies, non-profit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination.

The AICPA maintains offices in New York, Washington, D.C., Durham, N.C., Ewing, N.J. and Lewisville, Tex.

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