

Blue-Ribbon Panel Addressing Standards for Private Companies Weighs GAAP with Exceptions and a Separate Standards Board

Norwalk, CT, October 8, 2010—A majority of the blue-ribbon panel addressing how U.S. accounting standards can best meet the needs of users of private company financial statements believes there is a need for a new standard-setting model that follows Generally Accepted Accounting Practices (GAAP) with exceptions for private companies. In addition, the majority envisions a separate private company standards board under the oversight of the Financial Accounting Foundation (FAF).

The proposal emerged today at the panel's fourth public meeting.

The panel will continue to develop this model, as well as address issues which surfaced outside of the consensus views that were discussed today. The panel will discuss a draft report containing its recommendations at its next meeting on December 10 at the FAF offices in Norwalk, Connecticut. The panel is expected to issue the report to the FAF Board of Trustees in January 2011 and then to the public. After deliberation, the FAF Trustees' resulting action plan is expected to be subject to further input from constituents, including exposing the plan for public comment prior to its being implemented.

The panel was formed in 2009 by the American Institute of Certified Public Accountants (AICPA), the FAF and the National Association of State Boards of Accountancy (NASBA). The members of the panel comprise a cross-section of financial reporting constituencies, including lenders, investors, and owners as well as preparers, auditors, and regulators. The panel is chaired by Rick Anderson, chairman of Moss Adams LLP. In August, the panel asked for written public input on some key private company reporting questions that surfaced from its meetings and reported the results at today's meeting.

“On behalf of the AICPA members working in the private company arena, I'm pleased the majority of the panel members supported the bold step of a new, separate private accounting standards board under the FAF's oversight,” said Barry Melancon, AICPA president and CEO. “An important benefit of having a new board is to help ensure the needs of the private company sector are appropriately addressed in the standard-setting process.”

FAF President Terri Polley said, “It's important that our Trustees have a thorough understanding of the issues affecting private company financial reporting as they consider the entire standard-setting system. We look forward to the continued discussions of the panel as it finalizes its recommendations for the FAF Trustees. The FAF stands ready to carefully consider improvements in the accounting standard-setting process.”

Billy Atkinson, chairman of NASBA, said, “Although more discussion lies ahead about the ideas proposed in today's meeting, there is agreement that change is needed in the development of private company financial reporting standards. The FAF and its processes for the oversight of standard setting are sound. The real challenges ahead are the important public policy issues

associated with this debate.”

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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, Conn.

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 national, professional association of CPAs, with more than 360,000 members, including CPAs in business and industry, public practice, government, and education. It sets ethical standards for the

profession and U.S. auditing standards for audits of private companies; federal, state and local governments; and not-for-profit organizations. 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, Texas.