



May 8, 2015

"PCC Review"
Board of Trustees
Financial Accounting Foundation
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Dear Trustees:

I am writing to you in my capacity as chairman of the Texas Society of CPAs (TSCPA) in response to your request for comments on the assessment of the Private Company Council (PCC). TSCPA is the professional organization for CPAs in the state of Texas and represents over 27,000 members. Many of our members are employed as accounting professionals in private companies or work in CPA firms that serve private company clients. Thus, we feel we have a legitimate interest in the evaluative work you are currently conducting concerning the PCC.

Part of the mission of TSCPA is to speak on behalf of its members when it is appropriate and advocate for issues that are in the best interest of CPAs in Texas, as well as the public they serve. Seeking to improve accounting standards for private companies is one such issue and TSCPA's Professional Standards Committee submitted responses to the four exposure drafts issued by the PCC. We present our comments now in an effort to assist the FAF as it evaluates the work of the PCC over the past three years.

In August 2011, TSCPA strongly encouraged the FAF to establish a separate, autonomous board with private company experience to develop and implement standards for private companies under the oversight of the FAF. Later that same year, we expressed our disappointment to the FAF when it chose not to follow the recommendation of the Blue Ribbon Panel on Private Company Standards for a separate, independent board and instead chose the structure of the current PCC. We were concerned that such a structure would not provide meaningful alternatives to existing GAAP for private companies, especially smaller ones. We also felt that this PCC structure would leave private companies and the CPA professionals who serve them with the feeling that they were not being heard or understood by FASB and the FAF.

Now that the PCC structure has been in place for nearly three years and we have had the opportunity to see it in action, we are happy to say that some of our fears may have been misplaced. Through its work to date, the PCC has demonstrated

a willingness to listen to the private company community and it has worked hard to identify and implement, with the agreement of the FASB, meaningful exceptions to GAAP for private companies. But that is not to say that we think the PCC's work is done. Rather, we believe that it is off to a good start that needs to be continued.

We think part of the reason the PCC has worked well to date is that the FAF assembled a talented group of professionals to be responsible for this important task. Billy Atkinson, the first chairman of the PCC, and his fellow PCC members have done a great job by quickly moving to implement some changes to address concerns of the private company community. Moving forward, it is critical the FAF find a strong leader to replace Billy Atkinson when he steps down later this year. The FAF should continue to identify and recruit others to the PCC who have an understanding of the needs of private companies and are willing to act to implement changes that make sense.

Our guess is that the task of making exceptions to GAAP will only get harder as we move forward. It is important that the FAF has strong individuals who are willing to assume that decision-making role as part of the PCC to help prioritize issues and recommend needed accounting standards for private companies.

We do not think that the PCC should become an "advisory body" to the FASB, nor do we believe that a change in the "oversight structure" should occur. . Many times perception trumps reality, so we strongly encourage the FAF to be sensitive to anything that would diminish the work of the PCC or how it is perceived by private companies and the CPAs in practice who serve them. Such a change would damage the trust that the PCC has established with the private company community that the standard setting process is truly interested in recognizing its differing financial reporting needs.

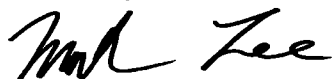
In addition to selecting appropriate members for and maintaining a strong PCC structure, we also think it is important for the PCC to seek input from and dialogue with the private company community. This "Request for Comment" is one example of reaching out for input that we support. We were also impressed with the PCC's efforts to hold Town Hall meetings around the country to seek input. We were fortunate that the PCC chose Dallas, Texas as one of the sites for a Town Hall meeting this year and we think the effort was well worth it.

These types of public meetings demonstrate a willingness on the part of the PCC to listen to the needs and problems of the private company community and provide an educational opportunity for that community to understand how the PCC works. It helps put a "public face" on the PCC and enhances its relations with the people in the field who are dealing with and implementing the accounting standards on a daily basis, so we strongly encourage the PCC to continue this outreach effort in the future.

There is an old saying that "if it ain't broke, don't fix it." We think the PCC is off to a great start during its first few years of operation. While the PCC and the FAF should learn from the experiences to date, we would caution against making any significant changes at this time that would affect the PCC's operation or how it is perceived by the public and the CPAs who rely on their work.

Thank you for the opportunity to provide our comments as you conduct your review of the PCC and thank you for your willingness to focus on the needs of the private company sector in the standard-setting process.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Lee". The signature is fluid and cursive, with the first name "Mark" and the last name "Lee" clearly distinguishable.

Mark D. Lee, CPA
Chairman