

HANTZMON WIEBEL LLP
Certified Public Accountants

L. Peyton Humphrey
Lawrence J. Martin
Phillip W. Shillett
Dean A. Martinelli
Richard M. Busofsky
W. Keith Haney
Kevin L. Keller
Glenn M. Lankford
Alfred L. Layne, Jr.

P.O. Box 1408 • 818 East Jefferson Street • Charlottesville, VA 22902
(434) 296-2156 • FAX (434) 977-4629 • www.hantzmonwiebel.com

Jennifer S. Lehman
P. Frank Berry
Kendra L. Stribling
Jeffrey D. Ulmer
Helene H. Downs
Edward J. Schmitz
• Consultants •
Robert F. German
Robert A. Foster

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

To Whom It May Concern:

We would like to take this opportunity to submit our comments for the three-year review of the Private Company Council (PCC). In our practice we work exclusively with privately-owned companies. Prior to the formation of the PCC, the needs of private company financial statement users were not being met as evidenced by the users increasing acceptance of U.S. GAAP exception reports in lieu of implementation of FASB financial accounting standards. For a time, FASB seemed completely unresponsive to the needs of private company financial statement users. We have recently noticed, perhaps in response to the efforts of the PCC, that FASB seems to be more willing to consider sensible alternatives for private companies.

Our responses to your specific questions are as follows:

- 1. A primary responsibility of the PCC has been to review and propose GAAP alternatives that will sufficiently address the needs of users of private company financial statements. Do you believe that the PCC has been successful in proposing alternatives within GAAP that address the needs of users of private company financial statements? Please elaborate.*

We believe that the PCC has been successful in proposing alternatives within GAAP that sufficiently address the needs of users of private company financial statements. The PCC has passed several GAAP alternatives (goodwill, variable interest entities, intangibles, and interest rate swaps) that FASB has endorsed and ultimately passed into U.S. GAAP. In our practice, prior to the PCC, financial institutions were accepting GAAP exception reports related to goodwill and variable interest entities because the FASB accounting standards did not provide relevant information. The PCC alternatives, especially for goodwill and variable interest entities, provide that relevant information.

Members

- 2. Do you believe the PCC's review of areas of existing GAAP that require reconsideration for private companies (referred to as the "look-back" phase) is complete or almost complete? Please elaborate on what will indicate that the look-back phase (for existing GAAP) is complete.*

We believe that there are more areas of existing GAAP that can be simplified for users of private company financial statements.

- 3. Another key responsibility for the PCC is to serve as FASB's primary advisory body on the appropriate treatment for private companies on issues that the FASB is actively considering. Do you believe that the PCC has been effective in assisting the FASB in its standard-setting process for active projects? Please explain.*

The PCC has provided input to FASB on its active projects. FASB can still ignore the PCC input and/or alternatives and issue accounting standards that do not meet the needs of users of private company financial statements, such as ASU 2015-03 (debt issuance costs).

- 4. What improvements, if any, are needed to ensure the PCC is an effective advisory body to the FASB on issues that the FASB is actively considering?*

As noted in question 9, we agree with the possible improvements included in the Request for Comment.

- 5. Since the establishment of the PCC, do you believe that the FASB has been appropriately responsive to the needs of private companies and the recommendations from the PCC?*

As noted above, we have seen encouraging signs that the FASB is at least a little more responsive to the needs of users of private company financial statements. The FASB's simplification initiative indicates that the accounting standards had grown too complicated and did not provide relevant information to financial statement users.

- 6. Do you believe that further changes to the standard-setting process for private companies are warranted? Please elaborate.*

Further changes to the standard-setting process for private companies may be necessary if the FASB does not seriously consider the PCC input and/or alternatives. If the FASB's ASUs are predominately driven by public company issues that significantly impact private company financial statements without providing relevance, then we would like to see a separate Board, independent from FASB, responsible for issuing accounting standards for private companies. This separate Board could issue (and update as needed) a stand-alone set of accounting standards for private companies.

- 7. Do you have any suggestions regarding changes to the size, composition, term length, or responsibilities of the PCC?*

The number of PCC members may need to increase, especially in the near term, to effectively finish the look-back phase of existing GAAP while, at the same time, providing private company input for active FASB projects.

8. *When the Trustees established the PCC in 2012, the Trustees envisioned that their existing Standard-Setting Process Oversight Committee would assume the oversight responsibilities for the PCC after three years. Is there a reason that the Standard-Setting Process Oversight Committee should not assume those responsibilities in 2016?*

We believe that the Trustees should keep the existing Private Company Review Committee (PCRC) to provide oversight to hold both the PCC and the FASB accountable for achieving the objective of ensuring adequate consideration of private company issues in the standard-setting process.

9. *What is your reaction to the possible improvements included in the prior section?*

The possible improvements included in the Request for Comment appear appropriate.

10. *What other improvements to the PCC or its process would you suggest?*

We have no other improvements to the PCC or its process, except as noted above.

Thank you for the opportunity to comment on the PCC. The PCC is off to a good start and has much more to accomplish to meet the needs of users of private company financial statements.

Sincerely,

HANTZMON WIEBEL LLP

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