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PCC Review
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Re: Request for Comment: Three-Year Review of the Private Company Council

Dear Board of Trustees,

As the auditor of more than 2,600 private entities, we appreciate the opportunity to comment on the Request for Comment: *Three-Year Review of the Private Company Council*. We commend the Financial Accounting Foundation's Board of Trustees (Trustees) and the Private Company Council (PCC) for their work over the past three years.

We continue to support providing relief to private companies under US GAAP to reduce the burden of financial reporting for them while maintaining relevant information for the users of private company financial statements. We applaud the Financial Accounting Standards Board (FASB) for being responsive to private companies' needs and the PCC's recommendations.

We encourage the PCC to continue focusing on advising the FASB on its current projects and research topics, especially those that are part of the FASB's simplification initiative. We believe that decreasing complexity for all entities may reduce the need for alternatives for private companies.

In the Appendix to this letter, we provide our responses to the Trustees' questions in the Request for Comment.

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We would be pleased to discuss our comments with the Trustees at your convenience.

Very truly yours,

Responses to the questions in the Request for Comment: Three-Year Review of the Private Company Council

Question 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.

At this early stage, we have limited experience with the use of private company alternatives. As a result, we do not have any comments at this time.

Question 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 observe that the topics suggested by the Private Company Financial Reporting Committee have been addressed. We believe it is important for the PCC and the FASB to work together on simplifying standards going forward.

Question 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.

We continue to support the PCC's role as an advisory body to the FASB. We encourage the PCC to continue focusing on advising the FASB on its current projects and research topics, especially those that are part of the FASB's simplification initiative. We also applaud the FASB for considering whether certain private company alternatives should be applied more broadly to all companies and continue to believe that decreasing complexity for all entities may reduce the need for alternatives for private companies. Many of the issues affecting private companies also are of concern to public companies, as has been noted in the deliberations over the past three years.

Question 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?

We observe that the PCC uses town hall meetings as a primary source of stakeholder feedback on accounting issues that affect private companies. The PCC should assess whether such meetings are the most effective way to perform outreach with private company stakeholders and whether it should perform other outreach activities (e.g., a survey) with financial statement users.

Question 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?

The FASB appears to be responsive to private companies' needs and the PCC's recommendations. We believe that the FASB is actively working to meet its objective of providing relevant information in private company financial statements in a more cost-effective manner while preserving the same fundamental basis of accounting for public and private companies. We note that the FASB has issued many standards that provide recognition and measurement alternatives, disclosure exemptions and delayed effective date provisions for private companies.

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

We do not have any specific suggestions at this time.

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

We do not have any specific suggestions at this time.

Question 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 are not aware of any reason that the Standard-Setting Process Oversight Committee should not assume those responsibilities in 2016.

Question 9: What is your reaction to the possible improvements included in the prior section?

We believe that the PCC and the FASB should discuss accounting issues that are of interest to private companies before the PCC adds them to its agenda. This would allow the PCC and the FASB to effectively consider private company stakeholder feedback before deciding which group would be more suitable to address the issues.

Question 10: What other improvements to the PCC or its process would you suggest?

We do not have any specific suggestions at this time.