



May 13, 2015

Financial Accounting Foundation
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Via email: PCCreview@F-A-F.org

The Connecticut State Society of Certified Public Accountants, representing approximately than 6,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the *Three-Year Review of the Private Company Council, Request for Comment*.

The CTCPA's Financial Accounting Standards Committee deliberated the request for comment and prepared the attached response. These comments represent the views of the committee. If you would like additional information, please contact me at 860-486-1928 or glotzcpa1@gmail.com.

Respectfully,

Paul H. Glotzer, Chair
Chair Accounting and Reporting Standards Committee
of the Connecticut Society of Certified Public Accountants

At a recent meeting the CTCPA Accounting and Reporting Standards Committee (the "Committee") discussed the Three-Year Review of the Private Company Council and have the following general comments.

The Committee is pleased with the accomplishments of the PCC and hopes that it continues to have influence in the standard setting process and the evaluation of existing GAAP. The second bullet on page 8 of the Three-Year Review of the PCC mentions the following possible improvement:

The PCC should continue transitioning from a body that primarily develops alternatives to existing GAAP to one that primarily provides input on active FASB agenda projects. During this phase, the amount of time the PCC spends on look-back issues should decrease as the amount of time the PCC spends in an advisory capacity increases. At the end of this transition phase, the PCC should be spending the majority of its time advising the FASB on its active agenda projects.

Although the possible improvement suggests that the PCC will be involved with both ongoing and existing GAAP there is a concern that the PCC in the near term might become an advisory body focusing **only** on current projects before it has a chance to thoroughly evaluate existing GAAP for potential changes. We believe it is important that the PCC continue to look at existing standards for potential codification modifications for private companies.

The following are our responses to selected Questions for Comment.

1. The PCC has been successful so far and we are pleased with the alternatives created for goodwill, hedge accounting, and VIEs. As mentioned above, we hope the Council will continue to review existing GAAP.
2. We do not believe that the look-back phase is complete. Areas that the Committee considers open to improvement to include (but are not limited to) Stock Based Compensation for private companies (not-traded in an active market) and various issues originally created by FIN 48 guidance subsequently incorporated into the FASB codification section 740.
3. The Committee agrees with the PCC members' observation that there is a need to have regular communication between the PCC meetings. The mechanisms suggested on pages 8 and 9 i.e., monthly conference calls, webcasts, and the establishment of working groups should work.

We are pleased that all new proposed changes to the Codification must include a discussion of their effect on private companies. Users of private company financial statements often have different needs than users of public company financial statements. Therefore any changes to the Codification should consider the usefulness of the changes to these private company financial statement users.

If you have any questions, please feel free to contact me.

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