



# Private Company Council

## 2025 Annual Report



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## Message from Jere Shawver, Chair of the Private Company Council

Dear Stakeholders,

I appreciate you taking the time to learn more about the Private Company Council (PCC) by reading our 2025 Annual Report. This report is part of our ongoing commitment to keep our stakeholders informed about our activities.

As you know, the PCC makes recommendations to the Financial Accounting Standards Board (FASB) on private company financial accounting and reporting issues. The PCC is not a standard setter, but we do make recommendations to the FASB on practical expedients and accounting alternatives for private companies under United States Generally Accepted Accounting Principles (U.S. GAAP) so that costs or complexity are reduced while maintaining or improving the usefulness of the information provided to users of private company financial statements. So, while we have a broad and diverse range of private company stakeholders, the FASB is our customer.

As this report will highlight, the PCC has continued with our mandate as established by the Financial Accounting Foundation (FAF) in 2012 and codified in the Private Company Decision-Making Framework to assist the FASB. Our assistance helps in determining whether and in what circumstances to provide alternative recognition, measurement, disclosure, display, effective date, and transition guidance for private companies reporting under U.S. GAAP.

As we consider projects to add to our agenda, there are a number of factors we evaluate when determining whether to take on a project. Those factors include considering whether the issue is pervasive to a wide variety of private companies. We also consider whether there are technically feasible solutions and we can scope the issue in a way that does not negatively affect other standards. And finally, we consider how important this issue is to the private company community in either the short or the long term. Similarly, those areas also influence when we might choose not to add a project to our agenda. Sometimes after careful research we may find that there are no considerations that would support the effort to have private companies make a change that are not outweighed by the costs of the change.

We continued to make progress on our three primary strategic priorities. First, to ensure that we maximize our engagement with our constituencies to learn about the challenges faced by preparers and users of

private company financial statements. Second, to continue our ongoing process of evaluating existing reporting standards for alternatives that are most practical and efficient for private company preparers while sustaining effective reporting to users. And third, to serve as a consistent and influential source of feedback to the FASB and stay current on the FASB's priorities and the effects of standard setting on private company financial reporting.



**PCC Chair Jere Shawver**  
*Retired Chief Executive  
Officer, Baker Tilly US, LLP*

I sincerely appreciate the valuable contributions from our volunteer members. They and their organizations are committed to investing in the health of private company financial reporting.

Please take every opportunity to attend our meetings virtually, which are broadcast live on [fasb.org](https://fasb.org), and visit our webpage at [fasb.org/about-us/advisory-groups/pcc](https://fasb.org/about-us/advisory-groups/pcc) to learn about our current activities. Please reach out to Jenifer Wyss, PCC coordinator, at [jjwyss@fasb.org](mailto:jjwyss@fasb.org), if you might be interested in volunteering to be a part of the PCC or one of the working groups that we periodically establish to advise us on certain issues.

Thank you for your support and I look forward to seeing you at an upcoming event.

A handwritten signature in blue ink, appearing to read "Jere Shawver". The signature is fluid and stylized.

**Jere Shawver**  
Chair, Private Company Council

## PCC Accomplishments

Since its inception in 2012, the PCC has made significant progress in addressing and advising the FASB on financial accounting and reporting issues that are important to private company stakeholders. Notable 2025 highlights include making progress on PCC agenda priorities by completing projects and performing extensive outreach on other projects, advising the Board, and increasing its engagement with private company stakeholders.

### 2025 Highlights

#### PCC Projects

The PCC completed two projects, significantly advanced the research of three other areas, and concluded that no further action was needed for five areas. All areas being addressed by the PCC were identified through Town Hall and Liaison meetings and other stakeholder discussions. The PCC evaluated and prioritized that stakeholder feedback in its agenda priority process.

### Key Areas of Progress in 2025

#### Completed Projects

##### *Measurement of Credit Losses for Accounts Receivable and Contract Assets*

Issued a final Accounting Standards Update to reduce the cost and complexity when applying the credit losses guidance to trade receivables and contract assets.

##### *Presentation and Disclosure of Retainage for Construction Contractors*

Released a FASB staff educational paper to clarify the application of the revenue recognition guidance on the presentation and disclosure of retainage for construction contractors.

*We listened! Your feedback influenced our actions!*

#### Measurement of Credit Losses for Accounts Receivable and Contract Assets



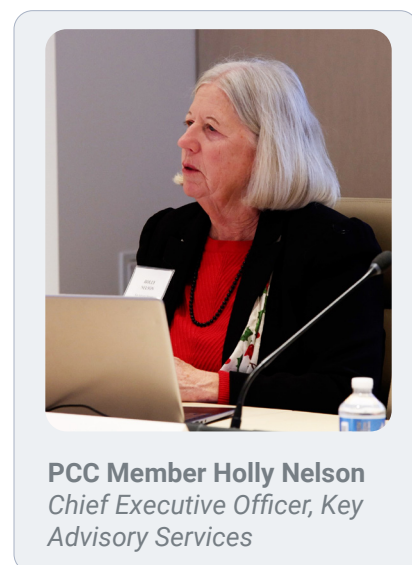
**PCC Member Doug Uhl**  
Director, Financial Enablement  
& Internal Assurance, Chick-  
fil-A, Inc. Corporate

In September 2024, the PCC added a project on credit losses to its agenda and completed initial deliberations to address challenges encountered by private companies when applying the credit losses guidance to current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, Revenue from Contracts with Customers. The Board endorsed and expanded certain PCC decisions in October 2024 and the proposed Accounting Standards Update, [\*Financial Instruments—Credit Losses \(Topic 326\): Measurement of Credit Losses for Accounts Receivable and Contract Assets for Private Companies and Certain Not-for-Profit Entities\*](#), was issued in December 2024.

In March 2025, the PCC evaluated the feedback received on the proposed Update and completed deliberations. In April 2025, the Board endorsed the PCC’s decisions and expanded the scope of the practical expedient to all entities, while retaining the originally proposed scope for the accounting policy election to only apply to entities other than public business entities. [Accounting Standards Update No. 2025-05—Financial Instruments—Credit Losses \(Topic 326\): Measurement of Credit Losses for Accounts Receivables and Contract Assets](#), was issued in July 2025. The amendments are intended to streamline the time and effort when applying the guidance for private companies without reducing the decision usefulness of this information for investors and other financial statement users.

### *Presentation and Disclosure of Retainage for Construction Contractors*

Through outreach with private company stakeholders in the construction industry, the PCC identified diversity in practice in applying Topic 606 to retainage (the practice of a customer withholding a portion of a payment billed by a company until certain milestones are reached) and concluded that more transparent information about retainage amounts would be valuable to users. The PCC worked with the FASB staff to clearly identify the nature of diversity and understand the information needs of private company users. As a result of the PCC’s efforts, an [FASB Staff Educational Paper, Topic 606: Presentation and Disclosure of Retainage for Construction Contractors](#), was released in April 2025, to clarify the presentation and disclosure requirements in GAAP about retainage for construction contractors and to provide example voluntary retainage disclosures that would be permissible under GAAP and that would enhance users’ understanding of contract asset and contract liability balances.



With work completed on two projects and conclusions reached to discontinue research on several other areas, the PCC continues its research on the areas identified during its annual reassessment of its agenda priorities.

#### *Key Areas of Progress in 2025, continued*

##### **Active Research Projects**

###### ***Debt Modifications and Extinguishments and Troubled Debt Restructurings***

Researching the costs and complexities of applying the guidance; working group formed to evaluate potential private company solutions.

###### ***Lease Accounting Simplifications***

Researching specific areas of the leases guidance for potential private company simplifications, as directed by the leases working group.

###### ***Subjective Acceleration Clauses and Related Disclosures***

Advancing a practical and more cost-effective approach to determining debt classification for debt arrangements with subjective acceleration clauses and enhancing related disclosures that are expected to benefit private companies and users of their financial statements.

## Key Areas of Progress in 2025, continued

### Areas Researched and Concluded

#### *Interest Method and Determining the Effective Interest Rate*

Explored potential private company simplifications. Based on stakeholder feedback, the PCC concluded that further research should be focused on other debt related issues.

#### *Weighted-Average Disclosures*

Evaluated for pervasiveness and complexity for private companies and usefulness for investors. Based on stakeholder feedback, the PCC concluded that the disclosures provide decision-useful information and are not overly cumbersome to prepare.

#### *Short-Cycle Manufacturing*

Reviewed ongoing challenges in applying revenue recognition guidance to short-cycle manufacturing contracts and concluded that the issue is not pervasive and that there are other higher priority issues.

#### *Low-Value Lease Scope Exception*

Conducted outreach and concluded that a scope exception for low value leases is not needed because many private company preparers already apply the materiality guidance and establish recognition and measurement thresholds.

#### *Optional Single Lease Classification Accounting Model*

Conducted outreach and determined that the dual classification model provides decision-useful information and that a change to the model would significantly affect users' financial statement analyses. The PCC concluded that there is no feasible path forward for such an option.

## Advising the FASB

As the primary advisory body to the FASB on private company accounting matters, the PCC advised the Board on FASB projects during 2025.

For example, the PCC advised the Board that it views the following topics included in the FASB Invitation to Comment, *Agenda Consultation*, as higher priorities for private companies: (a) equity method of accounting, (b) definition of a public business entity, (c) employee stock ownership plan (ESOP) repurchase obligation disclosures, (d) consolidation, and (e) distinguishing liabilities from equity.

The PCC also provided significant input to the Board during 2025 on many other FASB projects, such as Accounting for Government Grants and Accounting for and Disclosure of Software Costs. Input from the PCC and private company stakeholders was considered and addressed by the Board in each of the Accounting Standards Updates.

The complete list of projects for which the PCC advised the Board during 2025 is as follows:

### Final Accounting Standards Updates

- ▶ Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity
- ▶ Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer
- ▶ Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets
- ▶ Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software
- ▶ Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract
- ▶ Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities
- ▶ Interim Reporting (Topic 270): Narrow-Scope Improvements

### Projects

- ▶ Accounting for Debt Exchanges
- ▶ Accounting for Transfers of Crypto Assets
- ▶ Application of Topic 715 to Market-Return Cash Balance Plans
- ▶ Classification of Certain Digital Assets as Cash Equivalents
- ▶ Equity Method of Accounting: Targeted Improvements
- ▶ Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock

### Research Projects

- ▶ Accounting for and Disclosure of Intangibles
- ▶ Agenda Consultation
- ▶ Financial Key Performance Indicators for Business Entities

### Post-Implementation Projects

- ▶ Credit Losses
- ▶ Leases

## Engaging Private Company Stakeholders

Engaging all types of private company stakeholders—private company preparers, users, and practitioners—is a critical element of carrying out the PCC’s responsibilities. The PCC places significant emphasis on engaging private company stakeholders by soliciting feedback on financial reporting issues affecting private companies and ensuring that those stakeholders are kept up to date on standard-setting activities affecting private companies.

In 2025, the PCC increased its engagement with private company stakeholders through a variety of activities including Town Hall and Liaison meetings, conferences, webcasts, outreach meetings on PCC projects, videos, interviews, articles, and social media posts.

### Town Hall and Liaison Meetings

During 2025, the PCC held the following Town Hall and Liaison meetings:

2025 Town Hall and Liaison Meetings	Type of Private Company Stakeholder in Attendance
PCC Forum at the AICPA ENGAGE Conference	Practitioners and Preparers
ProSight Financial Association Accounting Working Group	Financial Statement Users (Lenders and Creditors)
Institute of Management Accountants (IMA) Small Business Shared Interest Group	Preparers from Small Private Companies and Practitioners
AICPA Private Company Practice Section Technical Issues Committee (TIC)	Practitioners
Construction Financial Management Association (CFMA) Emerging Issues Committee	Preparers, Practitioners, and Users
Auditing Standards Board Audit Issues Task Force	Practitioners
AICPA Group of 400 (G400)	Practitioners
Surety Industry (National Association of Surety Bond Producers & The Surety and Fidelity Association of America)	Financial Statement Users (Surety Bond Producers)



**PCC Members and FASB Board Members participating in a PCC Town Hall at the AICPA ENGAGE conference**

Left to Right: Jere Shawver (PCC), David Pesce (PCC), Holly Nelson (PCC), Susan Cosper (FASB), Hillary Salo (FASB), David Finklestein (PCC)

Private company stakeholders provided feedback on a wide array of topics during those Town Hall and Liaison meetings, including:

- ▶ PCC agenda priorities
- ▶ FASB agenda consultation
- ▶ Leases
- ▶ Credit losses
- ▶ Debt modifications and extinguishments and troubled debt restructurings
- ▶ Subjective acceleration clauses
- ▶ Debt disclosures
- ▶ ESOP repurchase obligation disclosures
- ▶ Presentation and disclosure of retainage for construction contractors
- ▶ Weighted-average disclosures
- ▶ Short-cycle manufacturing
- ▶ Effective interest method and determining the effective interest rate
- ▶ Artificial intelligence and other emerging technologies
- ▶ Emerging private company financial reporting issues.

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*Through extensive outreach and engagement, the PCC evaluated stakeholder feedback to assess its priorities and develop potential solutions.*

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## *Private Company Stakeholder Feedback*

Through extensive outreach and engagement, the PCC evaluated stakeholder feedback to assess its priorities and develop potential solutions. The PCC met with over 940 private company stakeholders through Town Hall and Liaison meetings and 90 stakeholders through outreach meetings on specific topics.



**PCC Member Robert Messer**  
*Partner at BR Messer,  
formerly Senior Executive  
Vice President, Chief Financial  
Officer-Chief Risk Officer,  
American National Bank of  
Texas*

Stakeholder feedback was considered by the PCC at its quarterly meetings. For example, many private company stakeholders expressed the view that the accounting for debt modifications and extinguishments and troubled debt restructurings was costly and complex to apply, yet the differences in outcomes under this guidance were not always relevant to private company financial statement users. Users also indicated that troubled debt restructuring accounting does not provide decision-useful information. Feedback was mixed on whether modification or extinguishment accounting would better reflect the economics of transactions that would currently be accounted for as a troubled debt restructuring. In December, the PCC formed a working group consisting of members of the TIC and the PCC to research and identify potential solutions and simplifications to this guidance.

Below is a summary of private company stakeholder feedback obtained on other PCC research projects and the status of the PCC's research.

## Leases

### Embedded Leases

#### *Preparers and Practitioners*

Broad support for simplification. Embedded lease assessments are an ongoing area of cost and complexity. Suggested an option to forgo recognition of embedded leases within service arrangements under certain conditions.

*Research ongoing; working group exploring simplifications*

### Lease Modifications

#### *Preparers and Practitioners*

Some indicated difficulty determining when modifications should be accounted for as a separate contract and when classification reassessment is required. Support simplifying reassessment of items such as discount rate or underlying asset fair value in certain scenarios.

*Research ongoing; working group exploring simplifications*

#### *Users*

Most requested enhanced disclosures on significant modifications.

### Related-Party Lease Disclosures

#### *Preparers and Practitioners*

Mixed views. Some indicated that prescriptive disclosure guidance would reduce diversity in practice and enhance disclosures; others indicated that current guidance is sufficient.

*Research ongoing; to be evaluated in combination with other lease topics*

#### *Users*

Most requested greater transparency on the terms and the financial statement effects of related party leases, especially common-control leases.

## Weighted-Average Lease Term and Discount Rate Disclosures

### *Preparers and Practitioners*

Mixed views. Some noted that those disclosures are costly and complex, others find them manageable.

### *Users*

Mixed views. Some find them decision-useful; some consider other lease disclosures more meaningful.

*Research ongoing; to be evaluated in combination with other lease topics*

## Optional Single Lease Classification Accounting Model

### *Preparers and Practitioners*

Mixed views. Some expressed support for an optional single lease classification accounting model to reduce cost and complexity (especially for smaller private companies). Others argue that private companies have already absorbed significant implementation costs and a major change would be disruptive.

### *Users (Lenders)*

Do not support. They rely on the distinction between operating leases (rent) and finance leases (debt) and an optional single lease classification accounting model would significantly affect financial statement analysis.

*Further research discontinued*

## Scope Exception for Low-Value Leases

### *Preparers and Practitioners*

Most do not see a need. Materiality thresholds already achieve similar results. Some raised concerns about a prescriptive quantitative threshold and accounting for low-value leases that are material in the aggregate.

### *Users*

Support if optional and paired with disclosure of total low-value lease expense.

*Further research discontinued*

## Subjective Acceleration Clauses & Related Disclosures

### Trigger-Based Model

#### *Preparers and Practitioners*

Subjective acceleration clauses are pervasive in private company debt arrangements but rarely enforced by lenders. Applying current probability-assessment guidance is difficult and it is often overlooked. Many support replacing it with a trigger-based approach and reclassifying debt only when the lender demands repayment.

#### *Users*

Subjective acceleration clauses are pervasive but not used to accelerate debt. All support a trigger-based model. Additionally, many requested enhanced disclosures, particularly around defaults.

### Revolving Credit Agreements with Lock-Box Requirements and Subjective Acceleration Clauses

#### *Preparers and Practitioners*

Lock-box requirements vary; existing guidance is inconsistently applied. Support alignment with the trigger-based approach.

#### *Users*

Lock-boxes are common in certain industries. Also support alignment.

### Intent and Ability to Refinance Short-Term Debt

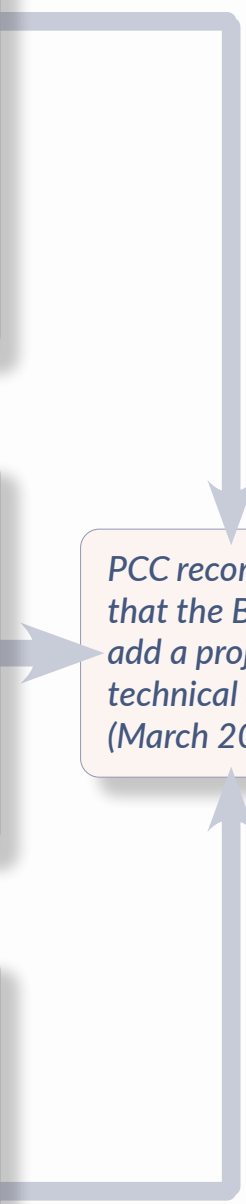
#### *Preparers and Practitioners*

Current guidance is sometimes overlooked and the outcome of applying the guidance is prohibitive. Support alignment with the trigger-based approach.

#### *Users*

More common to execute post-balance-sheet loan agreements rather than financing agreements. Also support alignment.

*PCC recommended that the Board add a project to its technical agenda (March 2026)*



# PCC Agenda Priorities

## ESOP Repurchase Obligation Disclosures

### *Preparers and Practitioners*

Some indicated that ESOPs have become more prevalent in private companies. Some noted that calculating repurchase obligations are costly and complex and do not support additional disclosure requirements on repurchase obligations.

### *Users (Lenders)*

Many indicated a need for more decision-useful information—quantitative amount of repurchase obligations and estimated timing of future cash outflows and qualitative information on how companies plan to fund the obligation.



*Added to PCC research agenda (March 2026)*

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*The PCC met with over 940 private company stakeholders through Town Hall and Liaison meetings and 90 stakeholders through outreach meetings on specific topics.*

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Other venues for engaging private company stakeholders during 2025 included the following:

## Additional Engagement with Private Company Stakeholders



### Working Groups

The Debt Modifications and Extinguishments Working Group (formed in 2025) is working together with the FASB staff to conduct outreach with private company stakeholders, to determine whether any simplifications to the accounting for debt modifications and extinguishments and troubled debt restructurings should be considered for private companies.

The Leases Working Group (formed in 2024) continues to work with the FASB staff to determine whether any simplification to the leases guidance should be considered for private companies. Based on stakeholder feedback, the working group is researching specific areas of the guidance.



## Presentations at State CPA Society Conferences

PCC members, FASB members, and FASB staff participated in many state CPA society conferences during 2025. After numerous events, attendees also participated in subsequent outreach meetings with the PCC and FASB staff.



## Webcasts

In 2025, the FASB held two [webcasts](#) focusing on private companies. During each webcast, a PCC member highlighted ongoing PCC activities and private company efforts. FASB members and staff highlighted FASB projects affecting private companies. Combined, those webcasts had nearly 1,600 attendees.



## Articles and Interviews

The National Association of Surety Bond Producers published three articles by the PCC chair, highlighting PCC completed and current agenda priorities. [Article 1](#) | [Article 2](#) | [Article 3](#)

The Texas Society of Certified Public Accountants also published [an article](#) by the PCC chair.

Kaplan Financial Education interviewed the PCC chair about key issues the PCC addressed in 2025 and other issues. The interview was shared in November with Kaplan's members.



## Digital Media

Periodically, the PCC chair is featured in a [short video](#) that recaps the most recent PCC meeting. The videos are available on the PCC's webpage and posted to social media. Other examples of social media posts include announcing upcoming PCC meetings, calls for nominations of PCC members, and issuances of proposed or final accounting standards.



**PCC Member Adam Roark**  
*Partner, Assurance Methodology and Innovation, Forvis Mazars*

**PCC Member David Finkelstein**  
*Director, SingerLewak LLP*

## Forward-Looking Strategy

In 2026, the PCC will continue its structured process for evaluating and refining its agenda priorities. That approach is designed to enhance the efficiency and effectiveness of the PCC by regularly assessing the most pressing financial reporting issues affecting private companies.

The PCC will review and prioritize private company financial reporting issues on an annual basis, ensuring that its efforts are aligned with the evolving needs of private company stakeholders and focused on identifying solutions to and alternatives for the most pervasive and impactful financial reporting challenges.

By maintaining this structured process, the PCC can focus on executing its responsibility to propose alternatives within GAAP that specifically address the unique needs of private company financial statement users and ultimately result in better financial reporting outcomes for private companies.

### How Potential Agenda Issues Are Evaluated

- ▶ Is the issue pervasive and does it apply to all entities or only private companies?
- ▶ Do technically feasible solutions exist or could they be developed?
- ▶ Is there an identifiable scope?
- ▶ Does the FASB already have a related research or technical agenda project?
- ▶ Is the issue and potential solution supported by the Private Company Decision-Making Framework?
- ▶ To what degree has the issue been raised, by whom, and with what frequency?
- ▶ What is the likely timeline to resolve the issue?
- ▶ What is the relative priority of the issue (near term vs. longer term)?

The PCC will continue to advance areas currently being researched and previously identified through its agenda-setting process and intends to reassess its future priorities in late 2026 based on financial reporting issues raised by stakeholders. In addition, the PCC may consider certain private company topics identified through the FASB's Agenda Consultation, if those topics are not otherwise taken up by the FASB. For any topic added to its agenda, the PCC will focus on advancing the issue in a timely manner, producing practical and decision-useful improvements to private company financial reporting.

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*The PCC will focus on advancing issues in a timely manner, producing practical and decision-useful improvements to private company financial reporting.*

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## How to Contact the PCC

We would like to extend a special thank you to all the private company stakeholders who participated in our outreach and shared their perspectives during 2025. We look forward to your continued input and involvement on key private company accounting issues.

To reach the PCC, please send an email to [privatecompany@f-a-f.org](mailto:privatecompany@f-a-f.org).

### Current PCC Members

#### Practitioners

**Jere Shawver, PCC Chair** | Retired Chief Executive Officer, Baker Tilly US, LLP

**Michael Cheng** | National Professional Practice Partner, Frazier & Deeter LLC

**Katina Curtis** | Audit Partner, Grant Thornton LLP

**David Finkelstein** | Director, SingerLewak LLP

**Adam Roark** | Partner, Assurance Methodology and Innovation, Forvis Mazars

#### Preparers

**Autumn Hindman** | Chief Financial Officer, KNS International

**Holly Nelson** | Chief Executive Officer, Key Advisory Services (term ended December 31, 2025)

**Wim Schaffers** | Chief Financial Officer, Ole' Insurance Group (term started January 1, 2026)

**Doug Uhl** | Director, Financial Enablement & Internal Assurance, Chick-fil-A, Inc. Corporate

#### Users

**David Hoagland** | Executive Credit Officer—Commercial Real Estate, Community Development Corporation, and Housing Capital Corporation, U.S. Bank

**Robert Messer** | Partner at BR Messer (formerly Senior Executive Vice President, Chief Financial Officer-Chief Risk Officer, American National Bank of Texas)

**David Pesce** | Head of Surety, Munich Re Specialty Insurance

#### Academic

**Bradley Hendricks** | Associate Professor, University of North Carolina at Chapel Hill, Kenan-Flagler Business School