

May 30, 2024

Financial Accounting Foundation (FAF)  
Board of Trustees  
801 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

Email: PCCReview@f-a-f.org

RE: Review of the Private Company Council

We appreciate the opportunity to provide feedback on the Review of the Private Company Council (PCC). The purpose of this review is to assist the Trustees in the assessment of the PCC. Particularly, the Trustees are concerned with a) whether the PCC has been effective as the primary advisory body to the FASB on private company issues and concerns; b) whether the PCC has been successful in considering the needs of private company stakeholders when making recommendations to the FASB on alternatives within Generally Accepted Accounting Principles (GAAP); and c) what organizational or procedural improvements to the PCC are needed.

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The committee has been authorized by the Texas Society of CPAs' Leadership Council to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Leadership Council or Board of Directors and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs.

The PSC recognizes that the PCC has, in general, done great work in reducing costs for private companies by developing accounting alternatives that are easier to apply and we continue to believe that the PCC is of critical importance for private companies. Overall, we believe that the PCC has been effective in its role, but we have the following observations:

- The PCC has been instrumental in developing recommendations for simplifying GAAP for private companies. However, there are still many areas within GAAP that are very complex and costly to apply. For example, accounting for debt modifications and extinguishments under ASC 470 and the accounting for derivatives, including embedded derivatives, under ASC 815 is complex and could potentially be simplified. We recommend that the PCC conduct an updated comprehensive review of the accounting standards impacting private companies to find ways to simplify their reporting requirements in a proactive fashion.
- The PCC should continue to be actively involved in working with the FASB for any new standards to ensure that the perspectives of private companies are considered when developing new standards.
- Consider whether the PCC should meet more often than quarterly.

We appreciate the opportunity to submit comments on the Review of the Private Company Council (PCC).

Sincerely,



Jeffrey Johanns, CPA  
Chair, Professional Standards Committee  
Texas Society of Certified Public Accountants

