



May 31, 2024

Board of Trustees
Financial Accounting Foundation
801 Main Avenue
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Private Company Council Review

Dear Trustees:

We appreciate the opportunity to comment on the Review of the Private Company Council (PCC). PricewaterhouseCoopers LLP (PwC) is one of the largest providers of audit, tax, and other professional services to private companies in the United States. PwC's Private practice is a national practice comprising more than 2,000 professionals who provide customized tax, audit, and advisory services to private companies, their owners, and high net worth individuals. These companies span a broad array of sectors and industries ranging from manufacturing to retail to industrial to professional services.

Overall, we believe the PCC has been successful in representing the perspectives of private company stakeholders. Providing a forum for private company stakeholders to discuss issues of importance and provide feedback to the FASB on active standard setting projects has been valuable. The FASB's responsiveness to private company needs and PCC recommendations is demonstrated by the number of accomplishments cited in the Request for Comment.

We believe that financial reporting that is relevant to users of public company financial statements is in most cases also relevant to users of private company financial statements. Therefore, we continue to believe that different recognition and measurement guidance between private and public companies should be rare, limited to instances when users of private and public company financial statements have clearly different informational needs. We believe that concerns about the complexity of US GAAP are typically not limited to private companies, but impact both private and public companies, and where improvements to US GAAP are warranted, they should generally be applicable to all companies. Additionally, we have observed that companies that have adopted private company alternatives have encountered additional complexities when they were subsequently required to "unwind" these alternatives to comply with public company reporting requirements when acquired or when deciding to access the public markets.

At the same time, we recognize the value of diverse perspectives in the standard setting process and the sometimes unique concerns of the private company constituency. We also acknowledge that it may be appropriate to provide private companies relief from certain onerous disclosure requirements, additional time to implement new guidance, and in limited circumstances, the ability to utilize practical expedients. Therefore, we support the PCC's ongoing involvement in the standard setting debate. We believe the PCC can have the greatest impact as an advisory body to the FASB, ensuring appropriate consideration of private company perspectives during the FASB's deliberation of active projects and evaluation of future agenda items. We recommend amending the role and responsibilities of the PCC to align with that of other advisory groups, thus removing identifying alternatives for private companies within existing US GAAP from the PCC's responsibilities.



We also encourage the FAF to consider the following.

- *Post-implementation review of PCC standards* – We recommend the FAF consider performing a post-implementation review of standards initiated by the PCC to evaluate whether they are achieving their objectives as well as to assess the extent of adoption. This process could help inform the PCC’s future agenda and the cost versus benefit analysis of future projects. Further, this analysis should consider whether standards that have been widely adopted by private companies and are viewed as useful by preparers and users should be more broadly considered for public companies.
- *PCC agenda issues* – As noted above, we recommend aligning the PCC’s role and responsibilities with other advisory groups to the FASB. Should the PCC continue to maintain its own separate agenda, however, we support the PCC taking a structured process to evaluate its agenda priorities. When the PCC identifies issues important to private companies that it believes should be addressed through standard setting, we recommend the FASB evaluate these issues similar to other agenda requests and decide whether to add such issues to the FASB’s technical agenda. Importantly, we believe the FASB should have a consistent process for evaluating whether issues raised by the PCC are relevant more broadly to both private and public companies. Before projects are added to the PCC agenda, the FASB should critically assess whether users of private company financial statements use different information to assess performance or make investing decisions. Only in these rare circumstances should differences in recognition and measurement be explored.
- *Composition of the PCC* – While we do not have specific recommendations for changes to the composition of the PCC, we encourage the FAF and PCC to periodically reassess the constituency it seeks to represent. Private companies can range from small, family-owned businesses to multibillion dollar international conglomerates, and similarly, the users of private company financial reporting can vary significantly. Economic developments and trends, such as an increase in private capital and private debt transactions, can also impact the landscape of private companies and their users. A process to reassess and define the stakeholders that the PCC represents would help the FAF evaluate whether the composition of the PCC aligns with that stakeholder group; it could also inform the prioritization of the PCC’s agenda items on the overall FASB agenda process.
- *Integration of private company perspectives* – We encourage the FAF and FASB to continue to integrate private company perspectives more broadly into the FASB’s standard setting process, including private company or PCC member involvement in other advisory groups (such as the Financial Accounting Standards Advisory Council, Investor Advisory Committee, and Emerging Issues Task Force) and other working groups and stakeholder roundtables utilized by the FASB in the future. Additionally, the FASB staff should continue to leverage the PCC when performing stakeholder outreach to ensure outreach includes representation from private companies when relevant.

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If you have any questions regarding our comments, please contact Thomas Barbieri at thomas.barbieri@pwc.com or Angela Ferguson at angela.fergason@pwc.com.

Sincerely,

PricewaterhouseCoopers LLP

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