
The Financial Accounting Foundation Board of Trustees

Request for Comment

*Plan to Establish the Private Company Standards
Improvement Council*

October 4, 2011

Norwalk, Connecticut



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EXECUTIVE SUMMARY OF THE FAF BOARD OF TRUSTEES PLAN TO ESTABLISH THE PRIVATE COMPANY STANDARDS IMPROVEMENT COUNCIL

As a result of outreach to external stakeholders, study, and deliberation, the Financial Accounting Foundation (FAF) Board of Trustees plans to establish a “Private Company Standards Improvement Council” (PCSIC) to improve the standard-setting process for private companies. The Trustees seek public comment on the plan, as outlined in this document, until January 14, 2012. The Trustees will make a final decision on the plan following the end of the comment period.

Authority and Critical Responsibilities

The PCSIC would determine whether exceptions or modifications to nongovernmental US Generally Accepted Accounting Principles (US GAAP) are required to address the needs of users of private company financial statements. Jointly with the Financial Accounting Standards Board (FASB), which sets accounting standards for public and private companies and not-for-profit organizations in the United States, the PCSIC would develop criteria for determining whether and when exceptions or modifications to US GAAP are warranted for private companies. Based on those criteria, the PCSIC would conduct a review of existing US GAAP and identify standards that require reconsideration and vote on possible exceptions or modifications for private companies. Any proposed changes to existing US GAAP would be subject to ratification by the FASB and undergo thorough due process, including public comment. The PCSIC would be overseen by the FAF Board of Trustees.

Formation and Membership

The PCSIC would comprise a chairman and 11 to 15 members. The PCSIC chairman, who would be selected and appointed by the Trustees, would be a FASB member with substantial experience with and exposure to private companies during his or her career. PCSIC members also would be selected and appointed by the Trustees. Members would include users, preparers, and practitioners who have significant experience using, preparing, and auditing (and/or compiling and reviewing) private company financial statements.

Nominations for membership on the PCSIC would be sought from a broad array of interested stakeholders and stakeholder groups. Members would be appointed for a three-year term and could be reappointed, based on input from the PCSIC chairman and FASB chairman, for up to two additional one-year terms (for a total of five years). Membership tenure would be staggered to assure appropriate continuity on the PCSIC. FASB staff would be assigned to support and work closely with the PCSIC on outreach and research projects to leverage the FASB’s resources and to avoid duplication of efforts.

Meetings

The PCSIC would meet four to six times per year. The meetings would be held at the FASB’s offices in Norwalk, Connecticut, with the intention that all FASB members would participate. PCSIC meetings would be webcast and open to the public, except for discussions of an administrative nature, which could be closed.

Oversight

During the first three years of operations, the PCSIC would provide periodic in-person reports to a newly created, special-purpose Private Company Review Committee of the FAF Board of Trustees. The PCSIC also would provide quarterly written reports to the full FAF Board of Trustees. Following the three-year period, the oversight responsibilities of the Private Company Review Committee would be transferred to the existing Standard-Setting Process Oversight Committee of the Trustees. Quarterly written reports by the PCSIC to the Trustees also would continue following that transition. In addition to this oversight, the Trustees would conduct an overall assessment of the PCSIC at the end of the three-year period to determine whether its mission is being met and whether further changes to the standard-setting process for private companies would be warranted.

The planned PCSIC best addresses constituent concerns

The FASB has made recent, substantive changes to the manner in which it engages with private company stakeholders, and has demonstrated a greater operational and structural commitment to further address these issues. However, constituents continue to express concerns about private company needs.

In addressing these concerns, the Trustees considered a range of options, including:

1. Creating a new, autonomous, and authoritative standard-setting board for private company issues, under the oversight of the FAF, as recommended by the Blue-Ribbon Panel on Standard Setting for Private Companies
2. Establishing a new body, under the oversight of the FAF, to identify standards that require modification and to vote on specific proposed exceptions or modifications that would then be subject to ratification by the FASB and submitted to the public for comment
3. Establishing a new committee on private company issues that would serve solely in an advisory role to the FASB
4. Continuing to monitor the FASB's existing and ongoing initiatives to better serve the needs and interests of private companies.

In deciding on the second option, the Trustees concluded that creating a separate standard-setting board for private companies would likely lead to the establishment of two separate sets of US accounting standards—a so-called “little GAAP” for private companies and a “big GAAP” for public companies, which is not a desired outcome.

Concerns communicated to the Trustees about the complexity and relevance of US GAAP to private companies appear to involve a small but key group of standards. The Trustees concluded that improvements should focus on those standards first.

In addition, the Trustees concluded that the FASB should address—and is committed to addressing—complexity, relevance, and cost-benefit issues more broadly, as other constituents, in addition to private companies, have expressed similar concerns.

Plan to Establish the Private Company Standards Improvement Council

BACKGROUND

Since it was created in 1972, the Financial Accounting Foundation (FAF) has committed itself to the challenging mission of balancing two critical, but sometimes conflicting, objectives:

- Ensuring that its standard-setting bodies (the Financial Accounting Standards Board and the Governmental Accounting Standards Board) develop high-quality accounting standards that provide investors, lenders, and other users of financial statements with clear, comparable, and decision-useful financial information about a wide variety of companies, not-for-profit organizations, governmental bodies, and other entities
- Ensuring that those standards also take into account the individual needs and circumstances of the constituents of the disparate entities that issue financial statements under US Generally Accepted Accounting Principles (US GAAP), specifically related to relevance, complexity, and costs versus benefits.

The ongoing effort to reconcile those two goals has continued for nearly 40 years. One of the greatest challenges has involved the needs of nonpublic entities, including privately held companies and not-for-profit organizations. Over the years, no fewer than 12 separate reports, studies, or formal recommendations on issues related to private companies were produced, with varying degrees of impact and success.

In the past ten years, as businesses and business transactions have become increasingly global and complex, some have argued that the needs of public company and private company users of financial statements have moved further apart, even as the demands of capital markets have made it more important to maintain the comparability of financial reporting among disparate companies and organizations.

Focus on Private Company Issues

In 2006, the Financial Accounting Standards Board (FASB) created the Private Company Financial Reporting Committee (PCFRC) in an effort to further improve its ability to incorporate the views of private company constituents in its standard-setting process. Comprised of a chairman and 12 members representing nonpublic business entities, regardless of size, the mission of the PCFRC was to provide recommendations to the FASB on issues related to standard setting for private companies and to focus on how standard setting affects day-to-day technical activities at private companies.

Three years later, the FAF Board of Trustees undertook a nationwide “listening tour,” during which groups of Trustees and senior FAF leadership met with diverse constituents to hear and

understand their views on the independent standard-setting process and key issues affecting financial reporting.

During the tour, the Trustees learned that many constituents continued to be concerned about the cost and complexity of standards for nonpublic entities and, frankly, were not satisfied with the results of the collaboration between the FASB and the PCFRC. Some constituents believed that in the PCFRC’s early years, the FASB did not participate fully in its processes or pay sufficient attention to its recommendations. In addition, they said the PCFRC was not initially effective in engaging with the FASB and advocating on behalf of its constituents. A major issue cited by constituents was that the FASB and the PCFRC did not develop and agree upon a framework for considering exceptions or modifications to US GAAP for private companies.

2006	2009	2010	2011 January	2011 March	2011 October
FASB creates Private Company Financial Reporting Committee	FAF undertakes nationwide “listening tour”	FAF works with AICPA and NASBA to create Blue-Ribbon Panel on Standard Setting for Private Companies	Blue-Ribbon Panel submits report to FAF Trustees	FAF creates Trustee Working Group to consider standard setting for nonpublic entities	FAF seeks public comment on plan to create Private Company Standards Improvement Council

Blue-Ribbon Panel on Standard Setting for Private Companies

As a result of these concerns, the Trustees collaborated with the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to create the Blue-Ribbon Panel on Standard Setting for Private Companies. The panel was charged with studying the needs of users of private company financial statements and making recommendations to the Trustees about how the standard-setting process can best meet those needs.

Separately, the FASB took additional steps to improve the standard-setting process for private companies. The FASB, for example, assembled a team of professionals focused on formally representing and soliciting input from private companies; established a series of roundtables on private company issues; undertook efforts to develop a framework for identifying whether and

when differences in standards are warranted for private entities; increased education efforts to help private company constituents become informed about changes in US GAAP; created a dedicated electronic portal to make it easier for private company stakeholders to access information; developed an electronic feedback forum to enable private company stakeholders to more easily comment on the FASB proposals; and specifically addressed private company concerns in a series of standard-setting decisions related to goodwill impairment, revenue recognition, and financial instruments.

In January 2011, the Blue-Ribbon Panel submitted a report to the Trustees with its recommendations, including, among others, the creation of a new, separate, and authoritative standard-setting board (under the oversight of the Trustees) that would establish exceptions or modifications to US GAAP for private companies.

The Working Group

In March 2011, the FAF appointed several Trustees and senior FAF staff members to a “Working Group” to further consider standard setting for nonpublic entities.

The Working Group received significant input from users, practitioners, and preparers of private company and not-for-profit financial statements. The Working Group also reviewed the current process by which the FASB considers the concerns of private companies and not-for-profit organizations. Specifically, the Working Group conducted a series of meetings with stakeholders, including meetings with representatives of large, mid-market, and small CPA firms, all with significant practices serving private companies and not-for-profit organizations.

The Working Group also met with leading members of the academic community who have reviewed and, in some cases, undertaken significant research on issues relating to private company and not-for-profit financial reporting. Representatives of the Working Group also participated in discussions with the FASB’s advisory groups, including the Financial Accounting Standards Advisory Council (FASAC), the PCFRC, the Not-for-Profit Advisory Committee (NAC), and the Small Business Advisory Committee (SBAC).

Representatives of the Working Group had meetings with lenders, investors, regulators, donors, and others. Also, the Working Group considered the content of more than 2,800 unsolicited letters, most of which made similar points in support of the Blue-Ribbon Panel’s recommendation for a separate standard-setting board for private companies.

KEY CONCLUSIONS

As a result of this outreach and their analysis of the Blue-Ribbon Panel’s report, the Trustees reached these key conclusions:

- Despite significant progress made in recent years by the FASB and the PCFRC in addressing the needs of the constituents of private company financial reporting in the standard-setting process,¹ their efforts stopped short of achieving all of their intended objectives. In other words, private company needs were not addressed as thoroughly or directly as had been intended.
- A new body with increased authority and scope—the Private Company Standards Improvement Council (PCSIC)—should replace the PCFRC (which would be disbanded) as part of a new structure to ensure that the needs of private companies are appropriately addressed in the standard-setting process.
- As an essential element in creating the new structure, the PCSIC, jointly with the FASB, should be responsible for developing specific criteria for determining whether and when exceptions or modifications to US GAAP for private companies are warranted. Those criteria would be subject to public comment.
- Using the new criteria, the PCSIC should develop, deliberate, and formally vote on specific exceptions or modifications to US GAAP. PCSIC meetings should be attended by all FASB members and the conclusions of PCSIC deliberations should be subject to FASB ratification. Those ratified exceptions or modifications should then be exposed for public comment. At the conclusion of the public comment process, the PCSIC should publicly redeliberate in meetings attended by the FASB the proposed exceptions or modifications, vote on final changes, and submit them to the FASB for final ratification.
- The FAF should create a special-purpose committee of Trustees, the Private Company Review Committee, to oversee the activities of the PCSIC and its interactions with the FASB during a three-year transition period. (Following the transition, that responsibility should be assumed by the FAF Standard-Setting Process Oversight Committee.)
- The Private Company Review Committee should hold both the PCSIC and the FASB accountable for achieving the objective of ensuring adequate consideration of private company issues and input in the standard-setting process. The Review Committee should be chaired by a Trustee, appointed by the Board of Trustees, who has had substantial experience with and exposure to private companies during his or her career. The Committee should include among its members Trustees who also have significant experience with private company accounting issues.
- The needs of the users of not-for-profit financial statements differ substantially from those of private company financial statements. In fact, not-for-profits have many characteristics that are more in common with publicly traded companies than with privately held companies, particularly related to the variety and diversity of their user constituents. Further, the FASB recently established an advisory group, the Not-for-Profit Advisory Committee (NAC) to consider issues specifically related to not-for-profit organizations. Accordingly, the Trustees have limited the current plan to addressing the concerns of private companies.

¹As described in detail in the appendix.

THE “PRIVATE COMPANY STANDARDS IMPROVEMENT COUNCIL”

Because of the outreach and analysis outlined above, the Trustees plan to establish a Private Company Standards Improvement Council (PCSIC), under the oversight of the Trustees, to improve the standard-setting process for private companies. The plan, following a period of public comment, will be subject to further discussion and deliberation by the Trustees, including consideration of comments received, before it becomes final.

Authority and Critical Responsibilities

The PCSIC would determine whether exceptions or modifications to US GAAP are required to address the needs of the users of private company financial statements.

In that regard, the PCSIC will have the following critical responsibilities:

- The PCSIC, jointly with the FASB, would develop a set of specific criteria to determine whether and when exceptions or modifications to US GAAP are warranted for private companies.
- Based on those criteria, the PCSIC would identify aspects of existing US GAAP that its members believe require exceptions or modifications for private companies, based on the criteria it developed.
- For those areas of US GAAP identified through this process that are not already under active reconsideration on the FASB’s technical agenda, the PCSIC would obtain input from a broad array of constituents and then deliberate and vote, in meetings attended by FASB members, on specific modifications to those standards to ensure that they meet the needs of users of private company financial statements.
- Any proposed changes to existing US GAAP would be subject to ratification by the FASB and thorough due process, including public comment.
- Following the public comment period, the PCSIC would publicly redeliberate the proposed exceptions or modifications at meetings attended by the FASB members and then vote on final changes. Changes would have to be approved by a supermajority (two-thirds) of PCSIC members. Following an affirmative vote, the final changes would be forwarded to the FASB for final ratification.
- For items under active consideration on the FASB’s technical agenda, the PCSIC would serve as the primary source of advice on appropriate treatment for private companies by working actively and closely with FASB members and staff, and providing advice for consideration by the FASB members in their deliberations. In addition, the PCSIC would have the ability to vote to take a position on the appropriate treatment for private companies related to issues under active consideration by the FASB.

Formation and Membership

The chairman of the PCSIC, who would be selected and appointed by the Trustees, would be a FASB member with substantial experience with and exposure to private companies during his or her career. The Trustees believe that appointing a FASB member as chairman and having FASB members attend meetings of the PCSIC would establish a strong and direct link between the two bodies and ensure that private company issues raised by the PCSIC would receive a thorough, detailed, and considered hearing by the FASB. The PCSIC chairman would be a voting member of the Council; other FASB members would not vote but would be expected to add perspective to the issues being deliberated.

The PCSIC would comprise 11 to 15 members (in addition to the chairman), including users, preparers, and practitioners who have significant experience using, preparing, and auditing (and/or compiling and reviewing) private company financial statements.

Members of the PCSIC would be selected and appointed by the Trustees. Nominations for membership on the PCSIC would be sought from a broad array of interested constituents and stakeholder groups. Members would be appointed for a three-year term and may be reappointed, based on input from the PCSIC chairman and FASB chairman, for up to two additional one-year terms (for a total of five years). Membership tenure would be staggered to assure appropriate continuity on the PCSIC.

FASB staff will be assigned to support and work closely with the PCSIC on outreach and research projects in order to leverage the FASB's resources and to avoid duplication of efforts.

Meetings

PCSIC would schedule meetings four to six times per year. The meetings would be held at the FASB's offices in Norwalk, Connecticut, with the intention that all FASB members would attend and participate. Participation of FASB members would facilitate their understanding of PCSIC member views and enable a more efficient ratification process.

PCSIC meetings would be webcast and open to the public, except for discussions of an administrative nature, which could be closed.

Oversight

The PCSIC will provide periodic in-person reports to the FAF Private Company Review Committee during its first three years of operation, as well as quarterly written reports to the full Board of Trustees. Following the three-year transition, the PCSIC will provide in-person reports to the FAF Standard-Setting Process Oversight Committee and continue to provide quarterly written reports to the full Board of Trustees.

The FAF’s post-implementation review (PIR) process, as currently designed, includes engagement with and input from private companies. The PIR process will be further enhanced to include the input of the PCSIC and the post-implementation evaluation of changes made to US GAAP as a result of the PCSIC’s work. The objective of this evaluation is to consider whether the resulting standards are achieving the intended objectives. In addition to this oversight, the FAF Trustees will conduct an overall assessment of the PCSIC in three years to determine whether its mission is being met and whether further changes to the standard-setting process for private companies are warranted.

CONSIDERATIONS

In developing this proposal, the Trustees considered a range of options, including:

1. Creating an autonomous, new, and authoritative standard-setting board for private company issues, under the oversight of the FAF, as recommended by the Blue-Ribbon Panel
2. Establishing a new body, under the oversight of the FAF, to identify standards that require modification and to vote on specific proposed modifications that would then be subject to ratification by the FASB and submitted to the public for comment
3. Establishing a new committee on private company issues that would serve solely in an advisory role to the FASB
4. Continuing to monitor the FASB’s existing and ongoing initiatives to better serve the needs and interests of private companies.

In deciding on the second option, the Trustees observed the following:

- Establishing two sets of US GAAP (informally described as “big GAAP” and “little GAAP”) is not a desired outcome. Creation of a separate standard-setting board would likely lead to that outcome over time.
- Concerns communicated to the Trustees about the complexity and relevance of US GAAP to private companies appear to involve a small but key group of standards. Therefore, improvements should focus on those standards first.
- The FASB should address—and is committed to addressing—complexity, relevance, and cost-benefit issues more broadly, as other constituents, in addition to private companies, have expressed similar concerns.
- The FASB has made recent, substantive changes to how it engages with private company constituents, and has demonstrated a greater operational and structural commitment to further address these issues.² The Trustees believe it is appropriate to allow a period of time for those efforts to mature and are monitoring those efforts closely.

²As described in detail in the appendix.

- The PCFRC has not been wholly successful in achieving its mission, in part because in its early years, the FASB did not participate fully in its processes or pay sufficient attention to its recommendations. In addition, the PCFRC was not initially effective in engaging with the FASB and advocating on behalf of its constituents. Other factors contributing to the shortcomings of the partnership were: (1) the FASB and the PCFRC did not develop and agree upon a framework for considering exceptions or modifications and exceptions to US GAAP for private companies and (2) the two organizations did not integrate their administrative processes in support of their common objective. Based on their outreach and analysis, the Trustees believe that meaningful change in the standard-setting process for private companies can occur only if a common understanding of mutual objectives for the FASB and private company constituents is embedded in both the structure and processes of the FASB.

COMMON CONSTITUENT CONCERNS

As noted above, the Working Group in the course of its outreach efforts received significant input from users, practitioners, and preparers of private company financial statements. That input was instrumental in helping the Working Group frame and consider many of the issues discussed in this paper.

Summarized below are the issues and concerns most commonly raised by constituents in meetings with Trustees and representatives of the Working Group during the outreach process:

- While some practitioners and preparers expressed support for the formation of a separate board as recommended by the Blue-Ribbon Panel, the view was not widely held. In fact, many of those who initially spoke in support of the creation of a new authoritative board, moved away from that view after hearing concerns of others. Such concerns included the likelihood of confusion, the lack of acceptance of new standards by banks and sureties who expect to see US GAAP financial statements, the establishment of a bifurcated profession, a recognition that the formation of a new board and the promulgation of new rules would take years, and a fear that financial statements prepared in accordance to “little GAAP” would be viewed as inferior to “big GAAP” financial statements.
- Many constituents noted that “complexity” in financial reporting is, in many ways, the real problem that concerns the private company community. Complexity, however, affects all entities whether public or private, large or small. There is a general belief that the FASB does not do a sufficient job undertaking a cost-benefit analysis before issuing standards. Nor has the FASB performed systematic post-implementation reviews to determine whether the standards have achieved their goals. There is a concern that GAAP financial statements sometimes do not properly capture the economics of transactions and the standards are not “faithful to the transaction” and do not reflect the “real economic situation.” Nonetheless, there was an acknowledgement that complex financial transactions often require complex accounting.
- A number of constituents believe that the FASB historically has not been attentive to concerns of private companies. Yet, there also was a recognition that private company

constituents do not actively participate in the standard-setting process. Several participants suggested that the FASB should develop methods to more easily facilitate private company input (recognizing that preparing comment letters can be difficult and time consuming for resource-constrained enterprises).

- Despite these criticisms, most participants believe that recent changes at the FASB demonstrate a significant move in the right direction. There are concerns, however, about whether this improvement is sustainable and permanent or dependent on the current board and its interests. To address these concerns, the Trustees will continue to monitor the FASB's efforts and will hold both the FASB and the PCSIC accountable for ensuring that the concerns of private company stakeholders are addressed.
- There also is consensus that between six and ten current standards cause most, if not all, of the problems for private companies.
- When speaking with users of private company financial statements, representatives of the Working Group heard that US GAAP financial statements provide a useful and sound starting point for underwriting and investment decision making. In fact, some said that they are "critical." But, since lenders and investors have significant access to management and outside accountants, financial statements are neither the only nor the best source of information.

The Trustees also acknowledge receipt of more than 2,800 unsolicited letters, most of which made similar points in support of the Blue-Ribbon Panel's recommendation for a separate standard-setting board for private companies.

REQUEST FOR COMMENTS

The FAF Board of Trustees invites individuals and organizations to send written comments on the "Plan to Establish the Private Company Standards Improvement Council."

The Trustees request that responses from those wishing to comment on the plan be received in writing by January 14, 2012. Interested parties should submit their comments by email to PrivateCompanyPlan@f-a-f.org. Those without email should send their comments to "Private Company Plan," FAF, 401 Merritt 7, PO Box 5116, Norwalk, CT 06856-5116. Please do not send responses by fax.

All comments received constitute part of the FAF's public file. The FAF will make all comments publicly available by posting them to the FAF website.

An electronic copy of this plan is available on the FAF's website.

PUBLIC ROUNDTABLE MEETINGS

The FAF Board of Trustees plans to hold public roundtable meetings after the end of the comment period to hear the views of, and obtain information from, interested parties regarding the “Plan to Establish the Private Company Standards Improvement Council.” The Trustees plan to seek participants for the meetings that represent a wide variety of constituents (including users, preparers, auditors, and others) to ensure that it receives broad input. The schedule, location, and other details of the process for participating in these roundtables will be announced in the coming weeks by the Trustees on the FAF website (www.accountingfoundation.org).

APPENDIX: FASB INITIATIVES TO IMPROVE THE STANDARD-SETTING PROCESS FOR PRIVATE COMPANIES

As noted earlier, the Trustees concluded that the FASB has made considerable progress in addressing private company concerns in the standard-setting process, a view that was confirmed by many of the constituents with whom members of the Working Group spoke. Some constituents, however, were concerned that this improvement may not prove to be sustainable and permanent, depending on the composition of future boards and their members' interests. To address these concerns, the Trustees will continue to monitor the FASB's efforts and will hold both the FASB and the PCSIC accountable for ensuring that the concerns of private company stakeholders are addressed.

The following appendix outlines the manner in which the FASB is addressing private company issues:

The FASB has increased its effort to understand and address the needs of the users and preparers of private company financial statements.

- The FASB released an initial staff analysis (*FASB in Focus*—July 11, 2011) identifying six specific ways in which use of financial statements for private companies differs from that of public companies.
- FASB staff is working closely with its Private Company Resource Group (PCRG), a working group, to make recommendations on developing a set of criteria that will assist the FASB in deciding whether and when to adopt exceptions or modifications to US GAAP for private companies.
- While efforts to develop these criteria are proceeding, FASB staff is working to evaluate potential exceptions or modifications for private companies for the FASB's consideration, in current standard-setting projects.

The FASB has put in place the infrastructure and processes required to develop, field test, and implement accounting standards for private companies.

- The FASB has built a team of professionals dedicated to soliciting the input of private company stakeholders in all standard-setting projects.
- The FASB's due process incorporates feedback and opinions from these constituents.

The FASB has been increasingly responsive to criticism of the manner in which the FASB handled private company issues in the past.

- The FASB has established a series of roundtables during which private company stakeholders share their views directly with FASB members.
- For major standard-setting projects, the FASB has created issue-specific roundtables for private company stakeholders.
- FASB members now regularly attend meetings of the PCFRC.

- The FASB created a dedicated electronic portal to make it easier for private company stakeholders to access information that pertains to their needs.
- The FASB developed the Electronic Constituent Feedback Forum to make it easier for private company stakeholders to offer comments on the FASB proposals.
- FASB staff has developed a resource list of private company contacts that can be consulted on an ad hoc basis.
- The FASB has increased the transparency of its decision-making process on US GAAP related to private companies, including increased use of video webcasting of its meetings.

The FASB is increasingly willing to take action on private company concerns as part of the standard-setting process. For example:

- In response to recommendations from private company financial statement preparers, the Board completed a project (Testing Goodwill for Impairment) to reduce the cost and complexity of testing goodwill for impairment.
- In its revenue recognition project, the FASB has tentatively decided to exempt private companies from certain new disclosure requirements.
- In its financial instruments projects, the FASB has proposed a measurement exemption for nonmarketable equity securities.
- For many recent projects, the FASB instituted one-year deferrals for nonpublic entities to enable them to implement new standards more effectively and efficiently.

The FASB has undertaken a series of new educational efforts intended to provide more information to stakeholders about their private company initiatives and issues.

- In June 2011, the FASB held its first FASB Update webcast geared specifically to nonpublic entities—including private companies—for CPE credit and has scheduled the next semiannual webcast for December 2011.
- The FASB provides plain-English executive summaries (*FASB in Focus* documents) and brief podcasts for all new proposed and final ASUs, as well as educational webcasts for major projects.
- FASB Board and staff members participate, as presenters and panelists, in many educational conferences and meetings geared primarily toward the private company sector, at both national and local levels.