November 16, 2011

“Private Company Plan”
c/o John J. Brennan, Chairman
Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Brennan:

UHY LLP is pleased to submit its response to the Foundation’s Request for Comment, Plan to Establish the Private Company Standards Improvement Council. We previously expressed our views in our June 2011 letter opposing the recommendation of the Blue Ribbon Panel on Private Company Financial Reporting to establish a separate body apart from the FASB to create or modify financial reporting standards for non-public entities. We wrote our previous letter (attached) to express our contrary views to those being encouraged in an unsolicited letter-writing campaign by the leadership of the AICPA.

We applaud the Foundation for its efforts and recommendations. At the same time, we are deeply saddened by the AICPA Council’s resolution—passed just two weeks after the issuance of the FAF’s Request for Comments—giving its board of directors the ability to consider establishing its own private company accounting standards board. Their decision only serves to illustrate the AICPA’s lack of respect for due process. We agree with the SEC Chief Accountant’s assessment that the decision was intended as a “clear threat to the independence of the FAF.”

We believe more can and should be done to accommodate the financial reporting needs of private companies. However, we do not care to imagine what the standards-setting process would be like if it were placed back in the hands of the AICPA. We continue to agree with the overall view contained in the 1972 Wheat Committee Report that recommended the existing standard-setting structure and established the FASB in preference to the AICPA’s Accounting Principles Board. There still should be a single independent body to establish and maintain financial reporting standards for all non-governmental entities.
Developing Specific Criteria for Exceptions and Modifications

In particular, we are pleased to see the thorough analysis and frank discussion on the part of the Trustee Working Group in this Request for Comment. Acknowledging and understanding the shortcomings in the structure of the FASB's 2006 Private Company Financial Reporting Committee (PCFRC) are important first steps toward establishing a better and successful focus on the issues of private companies. We support the FAF's proposal to require a newly formed Private Company Standards Improvement Council (PCSIC) to first work with the FASB to develop specific criteria for determining whether and when exceptions or modifications to U.S. GAAP for private companies are warranted. We believe that it has been and will be impossible to move forward without such a framework.

Required FASB Ratification

The FASB, as it currently exists, best understands existing and proposed standards and is the body most capable of approving modifications to standards to accommodate the needs of preparers and users of private company financial statements. Establishing a PCSIC with authority and a clear scope, chaired by a FASB member, and having members with appropriate backgrounds will create an excellent resource for the Board and its constituents. Requiring FASB attendance at all of the PCSIC's meetings and ratification of final modifications will ensure that financial statements prepared in accordance with private company standards are not considered inferior to others. Establishing a FAF Private Company Review Committee to monitor the process will provide the FAF with oversight and will ensure that the two groups are working together as intended and provide an early warning system if modifications in the process are needed.

Finally, we support the approach suggested by the FAF for moving forward once a framework is developed. Focusing on the six to ten standards that cause "most, if not all, of the problems" will be a welcome response to private company concerns. Giving PCSIC members an active voice in the projects currently on the FASB's agenda will also be a welcome addition.

Very truly yours,

[Signature]

Paul Rohan
Partner
Director of Financial Reporting and Quality Control

Copy to: Leslie F. Siedman, Chairman, FASB
June 23, 2011

John J. Brennan
Chairman
Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Brennan:

UHY LLP is submitting this letter to the FAF to oppose the recommendation of the Blue Ribbon Panel on Private Company Financial Reporting to establish a separate body apart from the FASB to create or modify financial reporting standards for non-public entities. That Panel’s view currently is being encouraged by the leadership of the AICPA through a letter-writing campaign to its member firms.

We continue to agree with the overall view contained in the 1972 Wheat Committee Report, which recommended the existing standard-setting structure: there should be a single independent body to establish and maintain financial reporting standards for all non-governmental entities. Moreover, we believe that independent body should continue to be the FASB as it currently is structured, reporting directly to the FAF for administration and funding but not subordinated to the FAF in its standards-setting role.

While we believe more can and should be done to accommodate the financial reporting needs of non-public entities, we note that the FASB has on several occasions accommodated those needs in a variety of ways, including the following:

- Delayed effective dates (many standards)
- Less rigorous disclosure requirements (fair value disclosures)
- Abridged reporting requirements (segment information and earnings per share)
- Indefinite deferral (portions of financial instruments with characteristics of both liabilities and equity)

We also believe that the FASB should give greater consideration to similar accommodations and embark on a review of existing standards for the same purpose. We suggest these other accommodations that could be made to existing and future standards:
• Permitting less robust measurements of fair value by allowing for the use of thumb rules and other simplified surrogates to achieve the same measurement objective but allowing that it be done in a less precise manner, of course, accompanied by full disclosure of the limitations of the approach and that it is not acceptable for public company use.

• Permitting relief on the entity issue thereby allowing financial reporting on the basis of legal entities (except for parent-only financial statements) accompanied by full disclosure of the organizational structure and of related parties and entities and that such reporting is not acceptable for public company use.

The FASB, as it currently exists, best understands existing and proposed standards and is the most capable body for making modifications to those standards to accommodate the needs of preparers and users of non-public entity financial statements. Establishing a dedicated team of staff with appropriate backgrounds should enable the FASB to regularly review standards and make accommodations as may be necessary.

Moreover, we believe that the goal of international harmonization of financial reporting standards would be impaired significantly should a new standard-setting body come into being in this country. Achieving harmony in standard setting between the FASB and the IASB is possible. Achieving it among three such bodies would be nearly impossible.

A new standards-setting body creating what would be in effect its own standards would be a burden to everyone—to financial statement users and preparers, to audit firms, to analysts, to individual investors, to students, and especially to colleges and universities that would be required to provide additional teaching on two separate U.S. standards as well as international ones.

Having one body exist to establish financial reporting standards and establishing a separate one to tear away at the work of the first is simply a bad idea.

Very truly yours,

[Signature]
Paul Rohan
Partner
Director of Financial Reporting and Quality Control

Copy to: Leslie F. Siedman, Chairman, FASB