November 13, 2015

Technical Director
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Proposed Accounting Standards Update:
Effective Date and Transition Guidance - Various Topics

The Accounting Principles and Assurance Services Committee (the “Committee”) of the California Society of Certified Public Accountants (“CalCPA”) respectfully submits its comments on the referenced proposal. The Committee is the senior technical committee of CalCPA. CalCPA has approximately 43,000 members. The Committee consists of 57 members, of whom 43 percent are from local or regional CPA firms, 30 percent are from large multi-office CPA firms, 13 percent are sole practitioners in public practice, 9 percent are in academia and 5 percent are in international CPA firms. Members of the Committee are with CPA firms serving a large number of public and nonpublic business entities, as well as many non-business entities such as not-for-profits, pension plans and governmental organizations.

The Committee has two essential disagreements with the approach the Board and the PCC is using to set those alternative GAAP for private companies: one with the definition of public vs. private entities, one with how those alternatives may be implemented.

- The Committee believes any entity with a public accountability should be considered to be a public business entity. This would include entities which accept deposits from the public (e.g., banks, credit unions, and trust companies) or are the beneficiaries of government sponsored insurance programs, and insurance companies that offer insurance products to the public, as well as securities brokers/dealers, mutual funds and investment banks. We realize that the Board has to date failed to embrace the reference to public accountability. We believe this failure overlooks a significant concern of users. The fact that many of these entities have regulatory requirements to file financial statements, whether or not on a GAAP basis, is evidence that the government, as representative of the people, views public accountability as an important consideration, and it is incongruous not to hold these entities to the higher standard of non-alternative GAAP financial statements.

- The Board is issuing accounting and reporting alternatives for private companies on a piecemeal basis and including them within its single set of U.S. GAAP guidance. The Committee believes that alternatives for private companies should be provided as a separate comprehensive framework. Further, those entities which adopt those standards should adopt all of them. Piecemeal adoption will tend to undermine the credibility of the standards and confuse users as to what accounting and disclosure policies are being used, no matter how much explanation is provided as to what standards are used.

Our disagreements extend to this proposed ASU. We believe that an entity adopting any of the alternative standards for private companies should adopt all of them.

**Question 1:** Please describe the entity or individual responding to this request. For example:
a. Please indicate whether you primarily are a preparer, user, or public accountant. If other, please specify.
b. If you are a preparer of financial statements, please indicate whether your entity is privately held or publicly held and describe your primary business and its size (in terms of annual revenue, the number of employees, or other relevant metric).
c. If you are a public accountant, please describe the size of your firm (in terms of the number of partners or other relevant metric) and indicate whether your practice focuses primarily on public entities, private entities, or both.
d. If you are a user of financial statements, please indicate in what capacity (for example, lender, investor, surety, analyst, or rating agency) and whether you primarily use financial statements of private entities or those of both private entities and public entities.

See first paragraph above.

**Question 2:** Would the proposed amendments adequately address private company stakeholder concerns, if any, about the assessment of preferability when a private company accounting alternative within the scope of this proposed Update is elected for the first time after its effective date? If not, please explain why.

The Committee is not aware of any concerns which have not been adequately addressed.

**Question 3:** Would the proposed amendments adequately address private company stakeholder concerns, if any, about the transition guidance in Update 2014-02? If not, please explain why.

The Committee is not aware of any concerns which have not been adequately addressed.

**Question 4:** Would the proposed amendments adequately address private company stakeholder concerns, if any, about the transition guidance in Update 2014-03? If not, please explain why.

The Committee is not aware of any concerns which have not been adequately addressed.

**Question 5:** Do you agree that no additional disclosures should be required as a result of the proposed amendments? If not, please explain why.

The Committee agrees that no additional disclosures should be required as a result of the proposed amendments.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Sincerely,

[Signature]

A.J. Major III
Chair
Accounting Principles and Assurance Services Committee
California Society of Certified Public Accountants