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June 21, 2013

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

RE: File Reference No. 2013-250: *Invitation to Comment* – Private Company Decision-Making Framework, “A Guide for Evaluating Financial Accounting and Reporting for Private Companies”

Dear Technical Director:

We provided comments on the FASB’s Discussion Paper on the “Private Company Decision-Making Framework” on November 9, 2012. As only minor changes have been made to the Private Company Framework as a result of the comment letter process on the Discussion Paper, we continue to question whether the Framework described in the Invitation to Comment will assist the Board and the Private Company Council in developing an appropriate guide for determining whether and in what circumstances to provide alternatives for private companies under U.S. GAAP. While the differential characteristics of the Framework may describe the differences between some public and some private companies, the Framework does not appear to provide a basis for determining how the needs of users of private company financial statements differ from those of users of public company financial statements. Although we have not repeated our comments from our letter on the Discussion Paper, those comments continue to apply to the Invitation to Comment.

As noted in paragraph BC2 of the Invitation to Comment, the Private Company Framework is not intended to provide a new conceptual framework that would lead to a fundamentally different basis for preparing financial statements of private companies. We also understand that the Financial Accounting Foundation’s decision to require endorsement by the FASB of the PCC’s recommendations is intended to avoid the creation of two fundamentally different GAAPs for public and private companies. Based on that intent, we would expect that the criteria for determining whether differences or alternatives would be appropriate would address whether those differences would create a fundamentally different conceptual basis for private companies. However, the considerations identified in the Framework do not address whether the Board or PCC should evaluate whether potential differences or alternatives would create fundamentally different GAAPs. For example, would a decision that goodwill is a finite-lived intangible asset for a private company create a fundamentally different basis than treating goodwill as an

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indefinite-lived intangible asset for a public company? We believe that the Framework should include a criterion to evaluate whether a difference or alternative would create fundamentally different conceptual bases for public and private companies.

Statement of Financial Accounting Concepts No. 8, “Conceptual Framework for Financial Reporting,” indicates that the objective of general purpose financial reporting forms the foundation of the conceptual framework. OB5 of the Concepts Statement also indicates that many users must rely on general purpose financial reports for much of the financial information they need because they cannot require reporting entities to provide information directly to them. We believe that the Framework needs to address how the Board is to balance the objectives of general purpose financial reporting and the consideration of access to management described in the Framework. A presumption of access does not address whether the information in question is useful or appropriate for inclusion in general purpose financial statements and does not provide any assurance that such additional information would actually be available to the users if they requested it. We agree with a Board member’s observation noted in the minutes to the December 6, 2012 meeting of the FASB and PCC that the financial statements should retain some level of “general purpose.” We believe the Board’s responsibility is to establish standards for general purpose financial reporting, not for special purpose uses or for only certain users that may otherwise have access to management.

The considerations in the Framework address concerns about cost and complexity from the perspective of the application of a specific standard or a specific provision of a standard. We believe the Framework should also address considerations of cost and complexity based on the potential impacts on the overall standard-setting process and financial reporting system. Differences in accounting requirements may add to cost and complexity for users due to differences between public and private company reporting and differences among private companies as a result of some private companies electing alternatives and others not. Complexity may also increase as a result of preparers and auditors being required to know and understand multiple alternative treatments. Multiple alternatives, transition options, and different effective dates also create additional complexity in the standard-setting process, including how those requirements are presented within the FASB’s Accounting Standards Codification. Potential reductions in complexity in the application of specific provisions of accounting requirements should be considered in light of the potential overall impact on the standard-setting process and financial reporting system.

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As we have previously responded to the specific questions in the Discussion Paper which appear to cover the questions in the Invitation to Comment, we have not addressed the specific questions in the Invitation to Comment. We refer you to our responses in our November 9, 2012 letter for our views on those issues.

If you have any questions about our comments or wish to discuss any of the matters addressed herein, please contact Mark Bielstein at (212) 909-5419, mbielstein@kpmg.com or Paul Munter at (212) 909-5567, pmunter@kpmg.com.

Sincerely,

KPMG LLP