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August 4, 2006

Financial Accounting Standards Board
PO Box 5116
Norwalk, Connecticut 06856

Re: Invitation to Comment - Enhancing the Financial Accounting
And Reporting Standard-Setting Process for Private Companies

The Maryland Association of Certified Public Accountants ("MACPA") appreciates the invitation to comment on the joint proposal of the FASB and AICPA with respect to "Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies."

The MACPA has a membership of nearly 10,000, the largest professional organization serving the exclusive needs of Maryland CPAs. Roughly 50% of the MACPA's membership is composed of CPAs working in the business and industry segment, with a significant majority of those working for private companies.

Given the high level of interest in the proposal, the MACPA's Business & Industry and Accounting & Auditing Standards Committees held a joint meeting to discuss and respond to the invitation to comment, with our collective thoughts provided below.

We agree with FASB & AICPA that private company financial reporting really does matter and reform is way overdue. One of the challenges within the "private company" setting will be the huge span of "Big" vs. "Small" companies and how that criteria will be established.

Before we considered the questions you requested comments on, we discussed the report and had these observations.

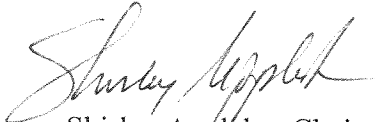
- What are private company financial statements used for? Are they used to analyze stewardship for historical summation, or as future projections of a company's financial position, or some combination of those purposes?
- Ultimately we believe financial statements should show how the money was spent (cash flow focus). Users should be able to clearly understand where the cash was, is, and where it went or came from.
- The presentation of EBITDA should be included as a standard part of the financial statements since users of private company financial statements usually require it.

1. **Do you believe the proposal contained in paragraphs 16 – 29 will improve the accounting standard-setting process for private companies?**
YES, we believe it will improve the process, since there is no current process in place and we reference the proposed changes as outlined in paragraph 18 a - e.
2. **Specific to paragraphs 16-29 do you believe that the proposed changes will help ensure that the financial reporting needs of constituents of private companies are met?**
 - We believe "ensure" is too strong and as a group objected to the use of this word.
 - We agree that the proposed changes should help meet the financial reporting needs of the constituents of private companies.
3. **The FASB and the AICPA believe that any differences in generally accepted accounting principles (GAAP) for private companies should be based on financial statement user needs and cost-benefit considerations. Do you agree?**
 - YES, we generally agree that differences in application would need to be based on user needs, however cost-benefit considerations can be a gray area.
 - We agree financial statements must be consistent with the application of one set of standards that the users need to understand and that there should be flexibility in the application of GAAP standards for private companies.
 - For example, certain current standards can be cost prohibitive for small companies - such as the valuation of goodwill. Why should it be required for private companies when quite often it not even considered by the end user?
4. **The FASB and the AICPA believe that members of the committee (except the chair) should not be compensated beyond a reasonable reimbursement of expenses. Do you agree?**
 - We agree that the members, except the chair, should not be compensated except for reimbursement of expenses. As volunteers ourselves, we give our time and talent because we care about the future of the profession and want to contribute to its long-term success.
 - Most volunteers genuinely feel that they receive much more than they give.
 - However, the amount of time commitment on this project may limit the number of volunteers from the smaller private companies.

5. The FASB and the AICPA believe the committee should be its own agenda and priorities. Do you agree?

YES - By having this committee set its own agenda and priorities it will hopefully help with the effectiveness and efficiency of the standard setting process, along with the application of any differences for private companies. This committee will also be able to address issues specific to private companies that FASB has not yet addressed.

Sincerely,



Shirley Appleby, Chairman
Accounting and Auditing Committee, MACPA



Thomas Foard, Chairman
Business and Industry Committee, MACPA