

From: William P. McGuire [wmcguire@htmcpas.com]
Sent: Monday, August 14, 2006 8:50 AM
To: CommentLetters
Subject: Response to Invitation to Comment on FASB No. 1310-100 "Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies"
August 14, 2006

Robert H. Herz, Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, Connecticut 06856

Dear Chairman Herz and Members, Financial Accounting Standards Board:

Thank you for the invitation to comment on the joint proposal of the AICPA and the FASB entitled "Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies." My comments are based on my experiences over the past sixteen years as a Certified Public Accountant during which I have primarily served private companies.

General Comments

I would like to thank you for recognizing what can only be described as a crisis for private companies and those that serve their accounting and attestation needs. During the time that I have been a CPA, I have seen the standards that are applicable to private companies grow exponentially. As those who are actively involved with business on a daily basis know, one must weigh the costs of actions against the benefits of those actions. For far too long, I believe there has been a significant disconnect from that basic premise. While I am certain that financial reporting of public companies has been greatly enhanced by the implementation of the many new standards in recent years, I question the applicability of many of those standards to private companies. I believe the users of the financial statements of private companies should have a voice in determining what information is mandated in those statements. I applaud you in taking steps to make that concept a reality.

Specific Comments

1. ***Do you believe the proposal contained in paragraphs 16-29 will improve the accounting standard-setting process for private companies?***

I believe that the proposal is a good beginning for recognizing that the standard-setting process affects not only the publicly traded mega-corporation but also the small-town mom and pop company. Again, the costs of implementing standards need to be balanced with the benefits that will be obtained by implementation.

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?***

I believe that the proposed changes will help achieve the goal of meeting the financial reporting needs of private company constituents. I do not believe they will ensure that goal will be achieved. Until implemented, it will be difficult to measure the success of the proposal. I believe that once implemented, the changes should be monitored and revised as needed to fully realize the goal of meeting the needs of the users of the financial reports 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?***

I agree that user needs and cost-benefit considerations should be the foundation of GAAP differences for private companies.

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?***

Due to the great importance of this undertaking, I believe that the committee should be made up of the most qualified individuals available. If it takes compensation to make those individuals available, then I think they should be compensated.

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

If the right individuals are on the committee, then they will know what the agenda and priorities should be.

Thank you for this opportunity to express my views on this critical issue.

Sincerely,

William P. McGuire

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