

July 11, 2006

Financial Accounting Standards Board
PO Box 5116
Norwalk, Connecticut 06856-5116

RE: Response to FASB Invitation to Comment on "Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies"
File Reference 1310-100

To Whom It May Concern:

The following are the responses to the above Invitation to Comment, from the Washington Society committee on Accounting, Auditing, and Review Services. We appreciate your consideration of them.

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

Yes, based on the criteria set forth in those paragraphs. We believe that a change for private company accounting standards is necessary and this proposal is a good beginning.

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 the proposed changes will aid but not guarantee that the needs of private company constituents will be met. The concern is that mostly large private companies will be represented on the committee and not smaller private companies who would be significantly affected by any changes proposed by this committee. We believe that 80% of the constituency is represented in companies with revenues of less than \$10 million, and we suggest that the committee membership reflect its constituency.

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?

Absolutely. There has to be a rational basis for having differences, and cost/benefit is definitely a major factor.

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?

No. It takes time to serve effectively on a committee like this. It may not affect a large private company to have one of its employees be involved in this committee, but it would certainly affect a small company. This emphasizes the issue of having fair representation of the constituency on the committee. It would be a disincentive to small company representatives who would otherwise be eager to serve on this committee if there were no compensation. Beyond expense reimbursement, we suggest a per diem allowance as compensation for serving on this committee.

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

Yes, absolutely.

We would like to understand what the roles of the FASB and AICPA are with relation to this committee. What about the PCAOB? Will it be concerned with the results of this committee as well?

Again, thank you for your consideration of our comments.

Sincerely,

Nancy Y. Prior, CPA
Chairman, on behalf of

Accounting, Auditing, and Review Services Committee
Washington Society of CPA's