

STATE OF COLORADO

COLORADO STATE BOARD OF ACCOUNTANCY

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July 26, 2006

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

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

Dear Chairman Herz and Board Members:

We appreciate the opportunity to offer our comments to the Financial Accounting Standards Board ("FASB") on the proposed "Enhancing the Financial and Reporting Standard-Setting Process for Private Companies, (the "Proposal")".

Although Section 209 of the Sarbanes-Oxley Act clearly recognizes the authority of state regulation in areas other than those regulated by federal agencies, the Colorado State Board of Accountancy (the "Board") is pleased to see that the Proposal reinforces the concept that the FASB is the only organization permitted to develop financial and reporting standards for publicly held and privately held companies. Please note:

1. The Board agrees with paragraphs 18 and 19 of the Proposal in that the FASB will assign staff members with private company experience to current and future projects;
2. The Board believes that the FASB should consider forming an advisory group similar to the PCOAB Standing Advisory Group to advise the FASB. This committee should be comprised of individuals from the National Association of State Boards of Accountancy ("NASBA")¹, the accounting profession, industry, academia, other regulators and the public. A joint project between the FASB and American Institute of Certified Public Accountants ("AICPA"), a professional membership association, appears to be a conflict of interest and should be avoided.

¹This would provide State Board input since Section 209 of the Sarbanes-Oxley Act clearly recognizes the authority of state regulation in the areas other than those regulated by federal standards.

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We appreciate the FASB for its work on private company accounting standards and the opportunity to provide our comments.

Sincerely,

A handwritten signature in black ink that reads "Gaylen R. Hansen". The signature is written in a cursive style with a large initial 'G'.

Gaylen R. Hansen, CPA
President, Colorado State Board of Accountancy