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August 15, 2006

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

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

File Reference: 1310-100

Dear FASB:

McGladrey & Pullen appreciates the opportunity to comment on the June 8, 2006 Invitation to Comment (IC): Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies.

We support the overall premise of the IC to improve the accounting and reporting standard setting process for private companies. Our comments on the specific questions are as follows:

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

We believe the proposal will improve the standard setting process for private companies.

*Question 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 help ensure the financial reporting needs of constituents of private companies will be better represented in the standard setting process. However, whether the needs are met will ultimately depend on the actions taken by the FASB in response to input received through the new processes.

*Question 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?*

We believe that financial statement user needs and cost-benefit considerations are two important considerations, but not the only considerations. We believe it will be difficult to find agreement on what is the financial statement user need. There are many potential financial statement users of private company

financial statements. The most often mentioned are owners, lenders and suppliers. However, investors contemplating a minority investment in a private company or the purchase of an entire company may need financial statements that are more comparable to a public company, especially when such statements are used as the starting point in a business valuation. Lenders may need to develop different underwriting processes for companies that prepare financial statements using "private company GAAP" and may not fully understand the differences, especially if private companies would be allowed to choose which standards to follow on a transaction by transaction basis or issue by issue basis. As a result of these different needs, we believe it could lead to certain users stipulating that private company financial statements be prepared on the basis of public company standards while others may desire private company standards, even for the same entity.

We believe the initial focus of the improvement efforts should be on (i) simplified methods of applying standards, especially the ever increasing standards based on fair value measurements, (ii) illustrations and implementation guidance for private companies and (iii) more robust explanations in the basis for conclusions and other communications about how private company reporting needs were considered. We also support the current practice applied in some standards of a delayed effective date for private companies and reduced disclosure requirements.

*Question 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?*

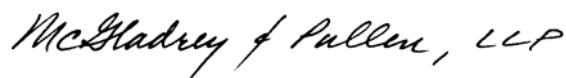
In concept, we support the volunteer model for this effort and agree with the proposal. We have historically provided support to efforts of the FASB and AICPA and will continue to do so. However, since the input of private company financial statement preparers will be critical to these improvements, we believe some level of compensation for the members may be necessary.

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

We agree that the committee should set its own agenda and priorities, otherwise the FASB and AICPA will likely not receive the desired input.

We would be pleased to respond to any questions the Board or its staff may have about any of the foregoing comments. Please direct any questions to Jay D. Hanson (952.921.7785) or Joseph L. (Leroy) Dennis (952.921.7627).

Sincerely,



McGladrey & Pullen, LLP