

**JMF Jamison, Money,
Farmer & Co., P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

SENT VIA ELECTRONIC MAIL to commentletters@pcfr.org.

August 15, 2006

Mr. Lawrence W. Smith
Director
Technical Application and Implementation Activities
Financial Accounting Standards Board

RE: FASB-AICPA Joint Exposure Draft
(File Reference Nos. 1310-100)
Enhancing the Financial Accounting and Reporting Standards-Setting
Process for Private Companies

Mr. Smith:

The shareholders of Jamison, Money, Farmer & Co., P.C. located in Tuscaloosa, Alabama are pleased to see the progress the FASB and AICPA have made thus far in considering the possibilities of developing differential accounting standards for privately held companies. We recognize the tremendous effort and challenge of such an undertaking. We appreciate the opportunity to comment on the joint proposal referenced above.

While in theory the utilization of one set of accounting standards is ideal it is not cost-beneficial or practical for all companies. Our technical literature currently has several differential components. Oftentimes these differences are not anticipated prior to the issuance of the original document as the focus is largely on the users of publicly held companies including the wishes of the SEC in the development of standards. While the opinions of the PCPS Technical Issues Committee, the representation of small business concerns on the both the FASAC and the EITF, and the formation of the SBAC all have been helpful to the FASB, small business and financial statement users of private companies, it has not been enough.

All of our clients are privately held. The users of their financial statements are primarily financial institutions. Unlike users of publicly held companies, our client's loan officers have access to the management and owners of these privately held entities. The consensus in our discussions with lenders is that while GAAP is preferred, the users recognize public companies have circumstances and needs different from privately held companies. For example, in educating our clients and their loan officer about FIN46R we have found that both parties recognize the added cost of implementing this standard, they do not see the need for this standard and they knew from the related party disclosures enough information to ask more detailed questions of their loan customers. Small business financial statement users also prefer more detailed information on a per entity basis, thus if FIN46R was applicable the users would need supplementary information by entity in consolidated financial statements.

Below are our specific responses to the questions posed in the Invitation to Comment by the FASB and AICPA.

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

Answer: Yes. The majority of privately held companies are very small and oftentimes there are few members of management or owners. The demands on their time to run their businesses and keep up with various local, state and U.S. government filing requirements from annual permits to tax reporting is burdensome. Couple those demands with understanding and implementing GAAP is difficult even with "basic" standards.

Question: 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?

Answer: Yes. On several occasions, for example the deferral of SFAS 150, newly issued standards are subsequently modified for the practical implementation problems and difficulties privately held companies face in complying with GAAP. These modifications and amendments would be significantly reduced if the proposals are adopted. The education process and implementation costs for company management, users and practitioners would be less cumbersome and less costly if the concerns of privately held companies were addressed as suggested in the proposed changes.

Question: 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?

Answer: Yes. The purpose of financial statements is for users and their needs must be considered. We find that the users of our client's financial statements, again principally lenders, are mindful of the cost-benefit of their requests of private companies. Achieving both of these objectives simultaneously for all standards may not be feasible but they certainly should be carefully considered from a private company perspective.

Furthermore, the more difficulty private companies and practitioners have in implementing pronouncements the chances are greater for delays in issuing their financial statements to users. As a result, financial statements are less timely.

Question: 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?

Answer: We believe the committee members will most likely need to be compensated. To be effective, the members of the committee will need extensive knowledge of the framework of standard-setting for current GAAP, first-hand information of the discussions of FASB and a thorough awareness of the issues private companies encounter or could encounter in implementing current and proposed standards. Such comprehension requires significant time. Then committee members will need to deliberate and research the user needs and cost-benefit considerations for private companies. As a result, the time commitment by the committee members will be vast. Many potential, qualified, unpaid members for the committee are associated with smaller businesses and firms that may be unable to use their people resources for much volunteerism. Furthermore, currently members of the FASB are compensated for their services. Private companies make up a larger number of companies and are the backbone of our economy. They deserve to have persons with time to devote to the unique issues of privately held companies as standards are developed.

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

Answer: Yes. Initially the committee may desire to consider existing standards and their impact on privately held companies and their financial statement users. The FASB agenda will also influence the work of the committee.

Thank you for the Invitation to Comment on a subject so important to our clients and our practice.

Leighanne M. Fought
Director of Accounting and Auditing