



August 15, 2006

Technical Director – File Reference 1310-100
Private Company Financial Reporting www.pcfr.org
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Enhancing the Financial Accounting and Reporting Standard-Setting Process for Private Companies: A joint proposal of the Financial Accounting Standards Board and the American Institute of Certified Public Accountants

Dear Sir or Madam:

The National Society of Accountants for Cooperatives (NSAC) is a national service organization representing approximately 1,500 individual accountants and other financial and legal service providers employed by cooperatives or by firms providing auditing, consulting and legal services to cooperatives. Our membership represents a broad array of different types of cooperative entities including producer owned local and regional agricultural cooperatives, federated agricultural cooperatives, consumer owned electric utility and telephone cooperatives, Federal intermediary credit associations, retail and wholesale grocery and hardware cooperatives and other consumer owned cooperatives.

Cooperatives in the United States employ hundreds of thousands of workers and their operations, mostly in rural areas, provide hundreds of billions of dollars of positive economic impact to their communities.

The NSAC appreciates the opportunity to provide our comments to the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) with our comments on the joint proposal referred to above.

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

The NSAC appreciates the relationship it has with the FASB and its staff, and we appreciate their willingness to hear, sometimes even solicit, our views. However, we believe that this proposal will establish a broader more deliberate forum for the expression of the views of cooperatives and other private companies in the standard setting process.

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 be met?

We believe that the proposed changes will help ensure that the financial reporting needs of private companies are met. We also believe that the make-up of the committee should be the subject of careful thought. The members of the committee should be of a diverse background, representing the diversity of interests among private companies, and should be experienced in dealing with private company issues. Also, given the unique nature of the cooperative business model, our somewhat unique concerns regarding accounting matters, and the economic impact of cooperatives through out the United States, we believe that at least one individual representing the interests of the cooperative community should serve on the committee.

The FASB and the AICPA believe that any differences in GAAP for private companies should be based on financial statement user needs and cost/benefit considerations. Do you agree?

We agree with the statement. We believe there should be a more deliberative process of considering the needs of those using private company financials; a frank forum for cost benefit analysis will certainly improve the process in future years. We believe that the committee must not be a rubber stamp for FASB standards intended for larger investor owned companies. We believe that the cooperative business model, requiring operations at cost, largely democratic control, and business with or for patron-owners, is philosophically and fundamentally different than the prevailing thrust of modern business practice that rewards only investor capital. This difference in philosophy leads us to be cautiously optimistic that this process will allow for better deliberation and assessment of the cost/benefit relationship.

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?

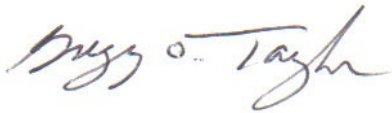
Although we understand the reasoning behind this belief, we think it is unrealistic to expect the completely voluntary participation of qualified individuals, companies and firms in this process if there is no provision for adequate compensation. We believe it is critical that high quality individuals be involved and committed to the process and that those individuals and/or companies who make that commitment will need to be adequately compensated.

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

We agree. We trust that an open and deliberative process will allow the committee to concentrate first on crucial issues. This process may take some time to develop, but the agenda should not be set by the FASB and/or the AICPA in fact or appearance.

We would be pleased to discuss these issues with you further as we consider this joint proposal by the FASB and the AICPA to be a critical element in improving financial reporting for private companies.

Sincerely,

A handwritten signature in cursive script that reads "Gregory O. Taylor". The signature is written in dark ink and is positioned above the typed name.

Gregory O. Taylor
Chairman – Accounting and Auditing Committee – National Society of Accountants for Cooperatives