

September 8, 2006



Technical Director  
Private Companies Financial Reporting  
commentletters@pcfr.org

California  
Society

File Reference No. 1310-100

Certified  
Public  
Accountants

Re: Enhancing the Financial Accounting and Reporting  
Standard-Setting Process For Private Companies

The Accounting Principles & Auditing Standards Committee of the California Society of Certified Public Accountants (the "Committee") submits the following comments on the proposed statement.

The AP&AS Committee is the senior technical committee of our state society. It has 43 members; 67 percent from local or regional firms, 23 percent sole practitioners in public practice, 5 percent from industry and 5 percent from academia.

The Committee discussed each of the issues for respondents and the outcomes of the Committee's discussions are noted below.

The Committee strongly supports this new standard setting process. Furthermore, we believe that strong support by all constituents needs to be given to the new committee (PCFR) so that it can succeed where others have failed.

Financial statement *user needs and cost benefits* are discussed in the proposal. The Committee feels that user needs and cost benefits should be major areas of emphasis, without which the efforts of the PCFR committee would be fruitless.

We believe that time has come for differential measurement standards, which, hopefully, will parallel the different auditing standards for public, governmental and private companies.

The Committee would be pleased to discuss its comments further with the Board or its staff.

Very truly yours,

Robert R. Coté, Chair  
Accounting Principles and Auditing Standards Committee  
California Society of Certified Public Accountants

1235 Radio Road  
Redwood City, CA  
94065-1217

(800) 922-5272  
www.calcpa.org