



April 16, 2007

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



LETTER OF COMMENT NO. 55

File Reference No. 1520-100

Dear Sir/Madam:

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide our perspective on the Invitation to Comment on *Valuation Guidance for Financial Reporting*. The organization and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These recommendations and comments represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which the members are associated.

Our comments are organized along the lines of the specific questions posed in the Invitation to Comment.

Question 1 – Is There a Need for Valuation Guidance Specifically for Financial Reporting?

The Committee believes that there is a need for valuation guidance, especially in light of Statement Nos. 157 and 159. Further, a majority of the Committee believes the FASB and/or its staff groups should provide such guidance. They argue that accounting valuation standards are different enough from valuation in other contexts that the Board should retain control over them. However, some members of the Committee view valuation techniques as outside the natural expertise of accountants. In their view, while accounting standards might rely on the concept of fair value, that concept is not unique to accounting and thus specific techniques for determining fair value should be left to valuation experts.

Question 1a – Should Valuation Guidance Include Conceptual Valuation Guidance, Detailed Implementation Guidance, or a Combination of Both?

The Committee believes there is a need for both conceptual and implementation guidance. Conceptual guidance is required to provide the appropriate context for the

techniques that will be used in a valuation exercise. Detailed implementation guidance is also necessary for accountants to be able to apply the concepts appropriately.

Question 1b – What Should Be the Duration of Any Valuation-Guidance-Setting Activities?

The Committee believes the need for valuation guidance will be continuing and so a permanent mechanism should be established for providing such guidance. As new circumstances present themselves, including new types of assets and new assets and liabilities being subject to fair value accounting, there will be a continuing need for valuation guidance for the foreseeable future.

Question 2 – What Level of Participation Should Existing Appraisal Organizations Have in Establishing Valuation Guidance for Financial Reporting?

The Committee believes that existing appraisal organizations should serve in an advisory capacity to standard setters. The Committee does not believe it is appropriate to exclude these organizations from the process entirely, as they have significant expertise that should be relevant to standard setters. However, the Committee does not believe authority over the standard-setting process should be abdicated to appraisal organizations.

Question 3 – What Process Should Be Used for Issuing Valuation Guidance for Financial Reporting?

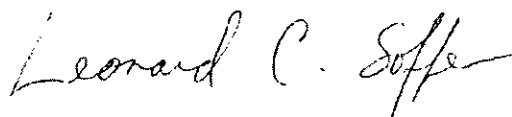
The Committee believes the Board should issue guidance with the assistance from an organization structured similarly to the EITF, with the qualification that the SEC should be involved in establishing the process. And of course, the organization should be staffed with duly qualified valuation experts.

Question 4 – Should the Process of Valuation Guidance Be on an International or a National Level?

Ideally, valuation guidance should be on an international level. However, currently the term “fair value” does not mean the same thing in U.S. and International standards. So, as a practical matter, it may be necessary to provide valuation guidance on a national level until U.S. and international standards are sufficiently similar.

We appreciate the opportunity to offer our comments.

Sincerely,

A handwritten signature in cursive script that reads "Leonard C. Soffer".

Leonard C. Soffer, Chair
Accounting Principles Committee

APPENDIX A
ILLINOIS CPA SOCIETY
ACCOUNTING PRINCIPLES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2006-2007

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of accounting standards. The Committee's comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of accounting standards. The Subcommittee ordinarily develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times, includes a minority viewpoint.

Current members of the Committee and their business affiliations are as follows:

Public Accounting Firms:

Large (National Firms):

Matthew L. Brenner, CPA	PricewaterhouseCoopers LLP
James L. Fuehrmeyer, Jr., CPA	Deloitte & Touche LLP
John A. Hepp, CPA	Grant Thornton LLP
Alvin W. Herbert, Jr., CPA	Retired/Clifton Gunderson LLP
Steven C. Johnson, CPA	McGladrey & Pullen LLP
Matthew G. Mitzen, CPA	Virchow Krause & Company, LLP
J. Christopher Rabin, CPA	McGladrey & Pullen LLP
Reva B. Steinberg, CPA	BDO Seidman LLP
Joan Waggoner, CPA	Blackman Kallick Bartelstein LLP

Medium (more than 40 employees):

Barbara Dennison, CPA	Selden Fox, Ltd.
Marvin A. Gordon, CPA	Baygood & Rose Chartered
Ronald R. Knakmuhs, CPA	Miller, Cooper & Co. Ltd.
Laurence A. Sophian, CPA	Ostrow, Reisin, Berk & Abrams, Ltd.

Small (less than 40 employees)

Walter J. Jagiello, CPA	Walter J. Jagiello, CPA
Kathleen A. Musial, CPA	Benham, Ichen & Knox LLP

Industry:

Peter J. Bensen, CPA	McDonald's Corporation
Melinda S. Henbest, CPA	The Boeing Co.
James B. Lindsey, CPA	TTX Company
Annette M. O'Connor, CPA	RR Donnelley Logistics
John H. Wolter, CPA	Retired/Natural Gas Pipeline Company of America

Educators:

David L. Senteney, CPA	Ohio University
Leonard C. Soffer, CPA	University of Illinois at Chicago

Staff Representative:

Paul E. Pierson, CPA	Illinois CPA Society
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