APHC, INC.
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Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, Connecticut 06856-5116

Attention: Mr. Robert H. Herz, Chairman

Dear Board Members:

The officers of APHC, Inc. wish to express serious concerns regarding the severe impact that we believe Statement of Financial Accounting Standards No. 150 (SFAS 150) will have upon the business situations of a vast number of employee-owned companies in the United States. We urge the Financial Accounting Standards Board (the Board) reconsider its decision to make SFAS 150 applicable to non-public entities.

APHC, Inc. is an employee-owned consulting firm with nearly 200 shareholders. One of the cornerstones of our thirty-plus years of success has been successful ownership transition. This has allowed us to provide opportunity for our employees and allowed us to maintain the ownership of the company in the hands of our active employees.

As part of our plan, shares are redeemed if a shareholder leaves the firm, reaches age 62, or dies. These repurchase provisions are key to the successful transition of ownership and to the growth of our company. An essential part of our philosophy is that every employee can contribute to the success of the firm. Our shares appear to fall under the SFAS 150 definition of shares which are "mandatorily redeemable." As such, SFAS 150 would require our company to classify the entire value of these shares as liabilities. Our share valuation is based on a formula, not solely on the book value of the company. As a result, reclassifying these shares as liabilities would result in a huge liability and substantial negative net worth on our balance sheet. Changes in our stock value could result in large losses reflected on our income statement. Reporting our stock in this manner would have a negative impact on the users of our financial statements – lenders, clients, and our shareholders. Rather than improving the quality of our reporting, SFAS 150 would confuse the users of our financial statements and raise questions about the company's financial stability. For example, we provide our financial statements to several of our public sector clients as required in connection with project proposals, to provide assurance that the company has the financial ability to perform the project. Those clients often do not have a financial background, and would not be familiar with the impacts of SFAS 150. They will see a negative net worth, and might simply have the perception that our company is in financial difficulty and is a high risk to perform on their projects. Most users will not understand that what they see is only the effect of our ongoing stock transition plan.

When faced with the negative impacts of SFAS 150, a company like ours is left with few options. We could change the redemption provisions of our stock, undermining the confidence of our shareholders and prospective shareholders, and weakening our entire transition plan. Or we could simply apply the standard, which would distort our financial results and undermine the confidence of our clients and lenders.

In short, while we appreciate the benefit that SFAS 150 can provide in the context of public entities, we believe that SFAS 150 will have unduly harsh and unwarranted consequences when applied to non-public entities like ours. We feel the best alternative to the proposed standard for non-public entities is a note accompanying the financial statements which discloses the repurchase commitment.

We respectfully urge the Board to act promptly to reconsider, or, at a minimum, amend the new standard to substitute broader disclosure elements in lieu of the reclassification of equity to debt.

Thank you for your consideration.

Sincerely,

APHC, INC.

Robert G. Wright
Chairman

Mark S. Wilson
President & CEO

Nicholas L. Ellis
Vice President & Treasurer