



April 10, 2007

LETTER OF COMMENT NO. *20*

Technical Director – File Reference No. 1520-100
Financial Accounting Standards Board
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1520-100

Ladies and Gentlemen:

The Business Valuation, Forensics and Litigation Services (BVFLS) Committee of the Texas Society of Certified Public Accountants wishes to respond to your invitation to comment.

The views expressed herein are written on behalf of the committee, which has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this letter have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs.

Question 1 – Is there a need for valuation guidance specifically for Financial Reporting?

There is no need for additional conceptual valuation guidance from FASB specifically for financial reporting.

The professional standards issued by the recognized valuation credentialing organizations provide sufficient conceptual guidance for most valuation-related engagements. There are no material differences between the various credentialing organizations' standards concerning development of the valuation opinion, and arguably from a financial reporting perspective, there also are no material differences between the various reporting standards.

There is no need for detailed valuation implementation guidance from FASB specifically for financial reporting.

In addition to the mostly conceptual valuation standards of the recognized valuation credentialing organizations, there is a recognized body of knowledge which provides adequate specific application and implementation guidance. This body of knowledge continually evolves and becomes more and more robust through the ongoing discussion in the various peer reviewed valuation publications and forums. Professional valuers are aware of and often involved in these ongoing discussions.

Additionally, the vast range of fact patterns also makes it inappropriate for FASB or any organization to provide detailed valuation methodology implementation guidance.

Professional judgment exercised by the valuator following the published conceptual guidance is necessary to match the methodology to the fact pattern.

While professional judgment may lead to the use of different, conceptually sound methodology by different valuers, the reporting standards of all recognized valuation credentialing organizations provide for adequate disclosure of the application of the chosen methodology. Because of these reporting standards, audit professionals will have sufficient information from the valuation report to consider and challenge the methodology chosen by the valuation professional and the application of the methodology.

Finally, a comparable situation exists for the work performed by actuaries. FASB mandates that management retain an actuary to determine certain information. FASB does not mandate how the actuary develops that information.

There is a need for guidance from FASB concerning the appropriate standard of value for financial reporting.

This guidance will assist in providing comparability of financial statements.

Question 1(a) – Should valuation guidance include conceptual valuation guidance, detailed implementation guidance, or a combination of both?

As mentioned in question 1 above, other than the need for specific guidance concerning the appropriate standard of value for financial reporting purposes, there is no need for conceptual or detailed implementation guidance from FASB specifically for financial reporting.

Question 1(b) – What should be the duration of any valuation-guidance-setting activities?

The guidance-setting activities relating to the standard of value specifically for financial reporting should be ongoing.

Just as the body of knowledge continues to evolve, determination of the appropriate standard of value for financial reporting purposes may also evolve. Additionally, new types and classes of assets may require consideration of new or different standards of value for financial reporting purposes.

Question 2 – What level of participation should existing appraisal organizations have in establishing valuation guidance for financial reporting?

Representatives of the existing valuation credentialing organizations should be utilized as advisors to FASB.

The existing recognized valuation credentialing organizations have functioning standards deliberating groups. These groups are comprised of experienced practitioners with a wide range of practical experience and theoretical training. These bodies are already discussing the specific issues addressed in this invitation to comment.

Question 3 – What process should be used for issuing valuation guidance for financial reporting?

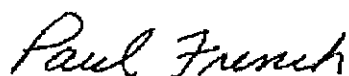
An organization comprised of representatives of the existing valuation credentialing organizations, structured similarly to the Emerging Issues Task Force should be utilized for valuation guidance, and as stated above, such guidance should only pertain to standard of value.

Question 4 – Should the process of valuation guidance be on an international or national level?

At this time, the process should be limited to a national level.

The members of the Business Valuations, Forensic and Litigation Services Committee appreciate the opportunity to provide comments regarding Valuation Guidance for Financial Reporting.

Sincerely,

A handwritten signature in cursive script that reads "Paul French".

Paul French, CPA/ABV, CVA, BVAL, CFFA
Chair, Business Valuations, Forensic and Litigation Services Committee
Texas Society of Certified Public Accountants