

MACC PRIVATE EQUITIES INC

Form 40-17F2

August 21, 2007

**Report of Independent Registered Public Accounting Firm**

The Board of Directors  
MACC Private Equities Inc. and subsidiary  
and  
The Securities and Exchange Commission:

We have examined management's assertion, included in the accompanying Management Assertion Regarding Compliance with Certain Provisions of the Investment Company Act of 1940, that MACC Private Equities Inc. and subsidiary (the Company) complied with the requirements of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940 (the Act) as of August 6, 2007. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of August 6, 2007, and with respect to agreement of security purchases and sales, for the period May 2, 2007 (the date of our last examination), through August 6, 2007:

Count and inspection of all securities located in the vault of US Bank in Cedar Rapids, Iowa

Reconciliation of all such securities to the books and records of the Company

Confirmation of selected security transactions since the date of our last report

Vouching of proceeds from certain sales transactions since the date of our last report

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that MACC Private Equities Inc. and subsidiary complied with the requirements of subsections (b) and (c) of rule 17f-2 of the Investment Company Act of 1940 as of August 6, 2007 with respect to securities reflected in the investment account of the Company is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Board of Directors of MACC Private Equities Inc. and subsidiary and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/KPMG LLP

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Des Moines, Iowa  
August 20, 2007

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**MACC PRIVATE EQUITIES INC.**

August 6, 2007

KPMG LLP  
2500 Ruan Center  
Des Moines, IA 50309

Ladies and Gentlemen:

RE: Management Assertion Regarding Compliance with  
Certain Provisions of the Investment Company Act of 1940

MACC Private Equities Inc. is responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940. It is also responsible for establishing and maintaining an effective internal control structure over compliance with Rule 17f-2 requirements.

MACC Private Equities Inc. has performed an evaluation of its compliance with the requirements of subsections (b) and (c) of Rule 17f-2 as of August 6, 2007 for the period May 2, 2007 through August 6, 2007. Based on this evaluation, it has determined that MACC Private Equities Inc. was in compliance with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of August 6, 2007, with respect to securities reflected in the investment accounts of MACC Private Equities Inc. with the following exception:

A warrant included in the schedule of investments for one portfolio company was not located in the vault. The warrant was misplaced during delivery of the certificate. MACC is planning on waiting until the warrant is exercised to carry out the legal proceedings to replace the warrant. This warrant has a cost and valuation of \$0.

Very truly yours,

MACC PRIVATE EQUITIES INC.

By: /s/ David R. Schroder  
David R. Schroder, President

/s/ Marilyn Bengé  
Marilyn Bengé, Controller

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