

MACC PRIVATE EQUITIES INC  
Form 40-17F2  
September 05, 2003

INDEPENDENT AUDITORS' REPORT

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

We have examined management's assertion, included in its representation letter dated August 28, 2003, that MACC Private Equities Inc. (the Company) complied with the provisions of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940 as of August 28, 2003, and during the period March 7, 2003 (the date of our last similar examination) through August 28, 2003, included in the accompanying Management Statement Regarding Compliance with Certain Provisions of the Investment Company Act of 1940. Management is responsible for the Company's compliance with those provisions. 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 attestation standards established by the American Institute of Certified Public Accountants 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 28, 2003 and for the period March 7, 2003 through August 28, 2003, with respect to securities of MACC Private Equities Inc.:

- o Count and inspection of all securities located in the vault of Wells Fargo Bank Iowa, N.A. in Cedar Rapids, Iowa
- o Reconciliation of all such securities to the books and records of the Company
- o Confirmation of selected security 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 Company's compliance with specified requirements.

In our opinion, management's assertion that MACC Private Equities Inc. was in compliance with the provisions of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of August 28, 2003 and for the period from March 7, 2003 (prior report date) through August 28, 2003, is fairly stated in all material respects.

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

KPMG LLP

Des Moines, IA

August 28, 2003