MACC PRIVATE EQUITIES INC
Form 10-Q
May 16, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 0-24412

MACC Private Equities Inc.
(Exact name of registrant as specified in its charter)

Delaware	42-1421406
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

101 Second Street SE, Suite 800, Cedar Rapids, Iowa 52401
(Address of principal executive offices)
(Zip Code)

(319) 363-8249
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Please indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Please indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes No X

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At April 30, 2005, the registrant had issued and outstanding 2,329,255 shares of common stock.

Index

PART 1 -- FINANCIAL INFORMATION

Item 1. Financial Statements

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2005	September 30, 2004
Assets		
Loans and investments in portfolio securities, at fair value:		
Unaffiliated companies (cost of $7,357,451 and $10,367,898)	$ 5,056,628	7,352,409
Affiliated companies (cost of $19,109,571and $19,100,024)	23,688,694	21,266,781
Controlled companies (cost of $4,504,745 and $4,536,309)	4,936,495	4,598,894
Cash and cash equivalents	3,111,445	4,774,771
Interest receivable	328,158	221,844
Other assets	654,430	729,417
Total assets	$ 37,775,850	38,944,116
Liabilities and net assets		
Liabilities:		
Debentures payable	$ 25,790,000	25,790,000
Litigation settlement payable	---	1,713,174
Note payable-related party	305,000	270,000
Deferred incentive fees payable	16,557	18,353
Accrued interest	187,779	180,138
Accounts payable and other liabilities	243,370	234,230
Total liabilities	26,542,706	28,205,895
Net assets:		
Common stock, $.01 par value per share; authorized 10,000,000 shares; issued and outstanding 2,329,255 shares	23,293	23,293
Additional paid-in-capital	8,499,801	11,501,075
Unrealized appreciation (depreciation) on investments	2,710,050	(786,147)
Total net assets	11,233,144	10,738,221

Total liabilities and net assets	$ 37,775,850	38,944,116
Net assets per share	$ 4.82	4.61

See accompanying notes to unaudited condensed consolidated financial statements.

3

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
Condensed Consolidated Statements of Operations
(Unaudited)

	For the three months ended March 31, 2005	For the three months ended March 31, 2004	For the six months ende March 31, 2005
Investment income:			
Interest			
Unaffiliated companies	$ 73,194	122,878	123,294
Affiliated companies	349,795	330,419	569,262
Controlled companies	86,349	68,298	294,396
Other	16,532	15,571	35,516
Dividends			
Unaffiliated companies	---	---	---
Affiliated companies	72,313	287,251	266,465
Processing fees	---	---	7,700
Other	1,795	500	2,795
Total investment income	599,978	824,917	1,299,428
Operating expenses:			
Interest expenses	521,686	531,714	1,042,754
Management fees	239,955	259,264	484,394
Incentive fees	---	91,202	---
Professional fees	145,112	262,020	321,895
Other	78,260	116,914	160,882
Total operating expenses before management fees waived	985,013	1,261,114	2,009,925

Management fees waived	(52,225)	(34,292)	(52,225
Net operating expenses	932,788	1,226,822	1,957,700
Investment expense, net	(332,810)	(401,905)	(658,272
Realized and unrealized gain on investments and other assets:			
Net realized gain (loss) on investments:			
Unaffiliated companies	38,326	11,179	(2,429,083
Affiliated companies	---	669,431	---
Controlled companies	---	---	---
Net change in unrealized appreciation/depreciation on investments	514,421	1,365,962	3,496,197
Net change in unrealized gain (loss) on other assets	110,740	(729,132)	86,081
Net gain on investments	663,487	1,317,440	1,153,195
Net change in net assets from operations	$ 330,677	915,535	494,923

See accompanying notes to unaudited condensed consolidated financial statements.

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the six months ended March 31, 2005	For the si months end March 31 2004
Cash flows from operating activities:		
Increase in net assets from operations	$ 494,923	528,0
Adjustments to reconcile increase in net assets from operations to net cash (used in) provided by operating activities:		
Net realized and unrealized gain on investments	(1,067,114)	(2,072,9
Net realized and unrealized (gain) loss on other assets	(86,081)	726,3
Loss on litigation settlement	(1,713,174)	---
Proceeds from disposition of and payments on loans and investments in portfolio securities	1,132,825	7,102,8
Payments of incentive fees to investment advisor	---	(493,0

Purchases of loans and investments in portfolio securities	(416,883)	(481,9
Change in interest receivable	(257,201)	(153,7
Change in other assets	197,598	703,0
Change in accrued interest, deferred incentive fees payable, accounts payable and other liabilities	16,781	(91,9
Total adjustments	(2,193,249)	5,238,6
Net cash (used in) provided by operating activities	(1,698,326)	5,766,7
Cash flows from financing activities:		
Proceeds from issuance of note payable-related party	35,000	200,0
Net cash provided by financing activities	35,000	200,0
Net (decrease) increase in cash and cash equivalents	(1,663,326)	5,966,7
Cash and cash equivalents at beginning of period	4,774,771	722,6
Cash and cash equivalents at end of period	$ 3,111,445	6,689,3
Supplemental disclosure of cash flow information - Cash paid during the period for interest	$ 975,429	1,011,4
Supplemental disclosure of noncash investing and financing information - Assets received in exchange of securities	$ 150,886	476,0

See accompanying notes to unaudited condensed consolidated financial statements.

MACC PRIVATE EQUITIES INC.

Notes to Unaudited Condensed Consolidated Financial Statements

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of MACC Private Equities Inc. (MACC) and its wholly owned subsidiary MorAmerica Capital Corporation (MorAmerica Capital) which have been prepared in accordance with accounting principles generally accepted in the United States of America for investment companies. All material intercompany accounts and transactions have been eliminated in consolidation.

The financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and instructions to Form 10-Q and Article 6 of Regulation S-X. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto of MACC Private Equities Inc. and its Subsidiary as of and for the year ended September 30, 2004. The information reflects all adjustments consisting of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods. The results of the interim period reported are not necessarily indicative of results to be expected for the year. The balance sheet information as of September 30, 2004 has been derived from the audited balance sheet as of that date.

Certain reclassifications have been made to prior period consolidated financial statements to conform to the March 31, 2005 presentation.

(2) Critical Accounting Policy

Investments in securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the average of the bid price on the three final trading days of the valuation period which is not materially different from the bid price on the final day of the period. Restricted and other securities for which quotations are not readily available are valued at fair value as determined by the Board of Directors. Among the factors considered in determining the fair value of investments are the cost of the investment; developments, including recent financing transactions, since the acquisition of the investment; financial condition and operating results of the investee; the long-term potential of the business of the investee; market interest rates for similar debt securities; and other factors generally pertinent to the valuation of investments. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

In the valuation process, MorAmerica Capital uses financial information received monthly, quarterly, and annually from its portfolio companies which includes both audited and unaudited financial statements. This information is used to determine financial condition, performance, and valuation of the portfolio investments.

Realization of the carrying value of investments is subject to future developments. Investment transactions are recorded on the trade date and identified cost is used to determine realized gains and losses. Under the provisions of SOP 90-7, the fair value of loans and investments in portfolio securities on February 15, 1995, the fresh-start date, is considered the cost basis for financial statement purposes.

(3) Litigation Settlement

As discussed in Note 6 to the consolidated financial statements and notes thereto of MACC Private Equities Inc. and its Subsidiary as of and for the year ended September 30, 2004, the Company recorded the effects of an arbitration settlement in its September 30, 2004 consolidated financial statements which included the recording of a "Litigation settlement payable" in the amount of $1,713,174. On January 5, 2005, the Company paid its portion of the settlement ($1,713,174) to satisfy its obligation.

(4) Commitments and Contingencies

As an SBIC, MorAmerica Capital is required to comply with the regulations of the SBA (the "SBA Regulations"). These regulations include the capital impairment rules, as defined by Regulation 107.1830 of the SBA Regulations. As of March 31, 2005, the capital of MorAmerica Capital was impaired by approximately 56.08%, which exceeded the 50% maximum impairment percentage permitted under the SBA Regulations. Accordingly, the SBA currently has the discretion not to extend additional financing to MorAmerica Capital, as well as the right to declare a default on MorAmerica Capital's outstanding SBA-guaranteed debentures, to accelerate MorAmerica Capital's payment obligations thereunder and to seek appointment of the SBA as receiver for MorAmerica Capital. If the SBA were to exercise its right to accelerate MorAmerica Capital's payment obligations under the outstanding SBA-guaranteed debentures, MorAmerica Capital may be required to liquidate some or all of its portfolio investments. Because most of its portfolio investments are not publicly traded, MorAmerica Capital may receive less than the carrying value for its portfolio investments in connection with such a forced sale. Therefore, the exercise by the SBA of any of these rights could have a material adverse effect on the financial position, results of operations, cash flow and liquidity of MACC and MorAmerica Capital and raises substantial doubt about the Company's ability to continue as a going concern.

(5) Financial Highlights

	For the six months ended March 31, 2005	For the six months ended March 31, 2004
Per Share Operating Performance		
(For a share of capital stock outstanding		
throughout the period (1):		
Net asset value, beginning of period	$ 4.61	5.47
Income from investment operations:		
Investment expense, net	(0.28)	(0.57)

Net realized and unrealized gain on investment transactions	0.49	0.80
Total from investment operations	0.21	0.23

Net asset value, end of period	$ 4.82	5.70
Closing market price	$ 2.55	3.00

	For the six months ended March 31, 2005	For the six months ended March 31, 2004
Total return		
Net asset value basis (1)	4.61 %	4.14
Market price basis	26.09 %	(19.05)
Net asset value, end of period *(in thousands)*	$ 11,233	13,274
Ratio to average net assets:		
Investment (expense) income, net (1)	(6.35) %	(10.32)
Operating and income tax expense (1)	18.87 %	20.51

(1) MACC's investment advisor agreed to a voluntary, temporary reduction in management fees from January 1, 2003 through February 29, 2004. In addition, MACC's investment advisor agreed to voluntarily waive any management fees payable by MorAmerica Capital for the months of March and April, 2005, in relation to SBA's decision not to approve the investment advisor as investment advisor of MorAmerica Capital. Due to these agreements, the investment advisor voluntarily waived $52,225 and $87,092 of management fees for the six months ended March 31, 2005 and 2004, respectively. Excluding the effects of the waiver for the six months ended March 31, 2005 and 2004, total return on a net assets value basis would be 4.12% and 3.46%, respectively; the investment (expense) income, net ratio would be (6.87)% and (11.03)%, respectively; and the operating and income expense ratio would be 19.42% and 21.26%, respectively.

The ratios of investment (expense) income, net to average net assets, of operating and income tax expenses to average net assets and total return are calculated for common stockholders as a class. Total return, which reflects the annual change in net assets, was calculated using the change in net assets between the beginning and end of the year. An individual common stockholders' return may vary from these returns.

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS
MARCH 31, 2005

Manufacturing:

Company	Security	Percent o Net asset

Architectural Art Manufacturing, Inc. (a) Wichita, Kansas Manufacturer of industrial and commercial boilers and shower doors, frames and enclosures	12% debt security, due March 31, 2007 (c) Warrant to purchase 11,143 common shares (c) 10% debt security, due March 31, 2007 (c) 121,457 common shares (c)
Aviation Manufacturing Group, LLC (a) Yankton, South Dakota Manufacturer of flight critical parts for aircraft	14% debt security, due October 1, 2007 154,000 units preferred Membership interest
Central Fiber Corporation Wellsville, Kansas Recycles and manufactures cellulose fiber products	12% debt security, due December 31, 2005 12% debt security, due December 31, 2005 Warrant to purchase 490.67 common shares (c)
Detroit Tool Metal Products Co. (a) Lebanon, Missouri Metal stamping	14% debt security, due February 29, 2008 19,853.94 shares Series A preferred (c)
Handy Industries, LLC (a) Marshalltown, Iowa Manufacturer of lifts for motorcycles, trucks and industrial metal products	12.5% debt security, due January 8, 2007 167,171 units Class B preferred (c) Membership interest
Hicklin Engineering, L.C. (a) Des Moines, Iowa Manufacturer of auto and truck transmission and brake dynamometers	10% debt security, due June 30, 2007 Membership interest
Humane Manufacturing, LLC (b) Baraboo, Wisconsin Manufacturer of rubber mats for anti-fatigue, agricultural, exercise and roofing markets	12% debt security, due January 31, 2005 12% promissory note, due December 31, 2004 Membership interest (c)
Industrial Tooling & Fabrication, LLC (a) Fort Madison, Iowa Metal stamping	10% debt security, due November 18, 2009 12% debt security, due November 18, 2009

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS CONTINUED...
MARCH 31, 2005

Manufacturing Continued:

Company	Security	Percent o Net asset
Kwik-Way Products, Inc. (a)	2% debt security, due January 31, 2008 (c)	
Marion, Iowa	2% debt security, due January 31, 2008 (c)	
Manufacturer of automobile	29,340 common shares (c)	
aftermarket engine and	38,008 common shares (c)	
brake repair machinery		
Linton Truss Corporation	542.8 common shares (c)	
Delray Beach, Florida	400 shares Series 1 preferred (c)	
Manufacturer of residential roof	Warrants to purchase common shares (c)	
and floor truss systems		
M.A. Gedney Company (a)	536,003 shares preferred (c) v	
Chaska, Minnesota	Warrant to purchase 34, 223 preferred shares	
Pickle processor	10% debt security (c)	
Magnum Systems, Inc. (a)	12% debt security, due July 31, 2006	
Parsons, Kansas	48,038 common shares (c)	
Manufacturer of industrial	292,800 shares preferred (c)	
bagging equipment	Warrant to purchase 56,529 common shares (c)	
Metal Tooling Holdings, Inc. (a)	6,652.98 common shares	
Lebanon, Missouri	1,234.19 common shares	
Metal stamping		
Penn Wheeling Acquisition	13% debt security, due March 10, 2007	
Company, LLC (a)	62 units Class B membership interest (c)	
Glen Dale, West Virginia	35 units Class C membership interest (c)	
Metal closure manufacturer		

Pratt-Read Corporation (a) Bridgeport, Connecticut Manufacturer of screwdriver shafts and handles and other hand tools	13,889 shares Series A Preferred 7,718 shares Series A preferred 13% debt security, due July 26, 2006 Warrants to purchase common shares (c)
Simoniz USA, Inc. Bolton, Connecticut Producer of cleaning and wax products under both the Simoniz brand and private label brand names	12% debt security, due April 1, 2008

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS CONTINUED...
MARCH 31, 2005

Manufacturing Continued:

Company	Security	Percent o Net asset
Spectrum Products, LLC (b) Missoula, Montana Manufacturer of equipment for the swimming pool industry	13% debt security, due October 9, 2006 385,000 units Series A preferred Membership interest	
Total manufacturing		157.93% ========
Service:		
Concentrix Corporation (a) Pittsford, New York Provides marketing outsourcing solutions including telemarketing, fulfillment and web communications	3,758,750 shares Series A preferred (c) 130,539 shares Series C preferred (c) 328,485 shares Series D preferred (c)	
Direct Mail Holding, LLC (a) Mt. Pleasant, Iowa Provider of turnkey services for non-profit fund raising	Membership interest	
FreightPro, Inc. Overland Park, Kansas Internet based outsource	17.50% debt security, due February 21, 2007 (c) 17.50% debt security, due February 15, 2007 (c) Warrant to purchase 366,177.80 common shares (c)	

provider of freight logistics	
JHT Holdings, Inc. Joplin, Missouri Provider of truck drive-away, internet based auction and related services to the commercial truck industry	1,238 shares Class A common (c)
Lee Mathews Equipment, Inc. Kansas City, Missouri Distributor of industrial pump systems	12% debt security, due March 10, 2005 Warrant to purchase 153,654 common shares (c) 12% debt security, due March 10, 2005
Monitronics International, Inc. Dallas, Texas Provides home security systems monitoring services	73,214 common shares (c)

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS CONTINUED...
MARCH 31, 2005

Service Continued:

Company	Security	Percent o Net asset
Morgan Ohare, Inc. (b) Addison, Illinois Fastener plating and heat treating	0% debt security, due January 1, 2007 (c) 10% debt security, due January 1, 2007 57 common shares (c) 10% debt security, due January 1, 2007 10% debt security, due January 1, 2007 10% debt security, due January 1, 2007 10% debt security, due January 1, 2007	
Organized Living, Inc. Westerville, Ohio Retail specialty stores for storage and organizational products	545,204 shares Series A preferred (c) 215,593 shares Series B preferred (c) 174,964.5714 shares Series C preferred (c) 138,889 shares Series D preferred (c) 800,000 shares Series F preferred (c)	

SMWC Acquisition Co., Inc. (a) Kansas City, Missouri Steel warehouse distribution and processing	10% debt security, due on demand 13% debt security due May 19, 2007 1,320 shares common (c) Warrant to purchase 2,200 common shares (c) 176,550 shares Series A preferred (c)	
Warren Family Funeral Homes, Inc. Topeka, Kansas Provider of value priced funeral services	12% debt security, due June 29, 2006 Warrant to purchase 346.5 common shares (c)	
Total service		95.18% ========

Technology and Communications:

Feed Management Systems, Inc. (a) Brooklyn Center, Minnesota Batch feed software and systems and B2B internet services	540,551 common shares (c) 674,309 shares Series A preferred (c) 12% debt security, due May 20, 2008 12% debt security, due August 21, 2008 Warrants to purchase 166,500 Series A preferred (c)	
MainStream Data, Inc. (a) Salt Lake City, Utah Content delivery solutions provider	322,763 shares Series A preferred (c)	

MACC PRIVATE EQUITIES INC. AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS CONTINUED...
MARCH 31, 2005

Technology and Communications Continued:

Company	Security	Percent o Net asset
Miles Media Group, Inc. (a) Sarasota, Florida Tourist magazine publisher	1,000 common shares (c) 100 common options (c) 12% debt security, due September 24, 2007 (c) 150 shares Series A preferred (c) 12% debt security, due September 24, 2007 (c) 50 shares Series A preferred (c) 12% debt security, due June 30, 2008 (c) Warrants to purchase 1,423 shares common (c)	

Phonex Broadband Corporation Midvale, Utah Power line communications	1,855,302 shares Series A preferred (c)	
Portrait Displays, Inc. Pleasanton, California Designs and markets pivot enabling software for LCD computer monitors	12% debt security, due April 1, 2005 8% debt security, due April 1, 2009 (c) 8% debt security, due April 1, 2012 (c) Warrant to purchase 39,400 common shares (c)	
SnapNames.com, Inc. Portland, Oregon Domain name management	10% debt security, due March 15, 2007 Warrant to purchase 465,000 common shares (c)	
Total technology and communications		46.73%

(a) Affiliated company.

(b) Controlled company.

(c) Non-income producing.

(d) For all debt securities presented, the cost is equal to the principal balance.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "1995 Act"). Such statements are made in good faith by MACC pursuant to the safe-harbor provisions of the 1995 Act, and are identified as including terms such as "may," "will," "should," "expects," "anticipates," "estimates," "plans," or similar language. In connection with these safe-harbor provisions, MACC has identified in its Annual Report to Shareholders for the fiscal year ended September 30, 2004, important factors that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of MACC, *including, without limitation, the high risk nature of MACC's portfolio investments, the effects of general economic conditions on MACC's portfolio companies, the effects of recent or future losses on the ability of MorAmerica Capital to comply with applicable regulations of the Small Business Administration and MorAmerica Capital's ability to obtain future funding, any actions taken by the SBA with respect to MorAmerica Capital's impairment, any failure to achieve annual investment level objectives, changes in prevailing market interest rates, and contractions in the markets for corporate acquisitions and initial public offerings. MACC further cautions that such factors are not exhaustive or exclusive. MACC does not undertake to update any forward-looking statement which may be made from time to time by or on behalf of MACC.*

Results of Operations

MACC's investment income includes income from interest, dividends and fees. Investment expense, net represents total investment income minus net operating expenses after management fees waived. The main objective of portfolio company investments is to achieve capital appreciation and realized gains in the portfolio. These gains and losses are not included in investment expense, net. However, another one of MACC's on-going goals is to achieve net investment income and increased earnings stability. In this regard, a significant proportion of new portfolio investments are structured so as to provide a current yield through interest or dividends. MACC also earns interest on short-term investments of cash.

Second Quarter Ended March 31, 2005 Compared to Second Quarter Ended March 31, 2004

	For the three months ended March 31,		
	2005	2004	Change
Total investment income	$ 599,978	824,917	(224,939)
Net operating expenses	(932,788)	(1,226,822)	294,034
Investment expense, net	(332,810)	(401,905)	69,095
Net realized gain on investments	38,326	680,610	(642,284)
Net change in unrealized appreciation/ depreciation on investments	514,421	1,365,962	(851,541)
Net change in unrealized gain (loss) on other assets	110,740	(729,132)	839,872
Net gain on investments	663,487	1,317,440	(653,953)
Net change in net assets from operations	$ 330,677	915,535	(584,858)
Net asset value:			
Beginning of period	$ 4.68	5.31	
End of period	$ 4.82	5.70	

Total Investment Income

During the current year second quarter, total investment income was $599,978, a decrease of $224,939, or 27%, from total investment income of $824,917 for the prior year second quarter. In the current year second quarter as compared to the prior year second quarter, interest income decreased $11,296, or 2%, dividend income decreased $214,938, or 75%, and other income increased $1,295, or 259%. The decrease in interest income is the net result of decreases in interest income on debt portfolio securities issued by two portfolio companies which are on non-accrual of interest status and the repayment of debt portfolio securities issued by two portfolio companies in the current year second quarter, partially offset by increases in interest income on debt portfolio securities issued by two portfolio companies that were previously on non-accrual of interest status, interest received on one follow-on investment made during the current year and the conversion of interest to stock in one portfolio company which was on non-accrual of interest status in the prior year second quarter. In the current year second quarter and the prior year second quarter, MACC received dividends on five existing portfolio companies, two of which were distributions from limited liability companies. The dividends in the prior year second quarter were larger than in the current year second quarter. The increase in other income is due to the receipt of more board fees from one portfolio company in the current year second quarter.

Net Operating Expenses

Net operating expenses for the second quarter of the current year were $932,788, a decrease of $294,034, or 24%, as compared to net operating expenses for the prior year second quarter of $1,226,822. Interest expense decreased $10,028, or 2%, in the current year second quarter due to the repayment in the fourth quarter of fiscal year 2004 of $2,150,000 of borrowings from the Small Business Administration. Management fees (after management fees waived in the current year second quarter and the prior year second quarter) decreased $37,242, or 17%, in the current year second quarter due to the decrease in assets under management and more management fees waived in the current year second quarter. Management fees as a percentage of assets under management are expected to be lower in future periods due to a change in the terms of the investment advisory relationships of MACC and MorAmerica Capital. Professional fees decreased $116,908, or 45%, in the current year second quarter primarily due to a decrease in legal expenses from the arbitration proceedings related to the sale of a former portfolio company. Other expenses decreased $38,654, or 33%, in the current year second quarter as compared to the prior year second quarter, mainly due to the postponement of the 2005 Annual Shareholders Meeting.

Investment Expense, Net

For the current year second quarter, MACC recorded investment expense, net of $332,810, as compared to investment expense, net of $401,905 during the prior year second quarter.

Net Realized (Loss) Gain on Investments

During the current year second quarter, MACC recorded net realized gain on investments of $38,326, as compared with net realized gain on investments of $680,610 during the prior year second quarter. In the current year second quarter, MACC realized a gain of $38,326 from the reversal of incentive fees which were deferred fees that will not be paid. Management does not attempt to maintain a comparable level of realized gains quarter to quarter but instead attempts to maximize total investment portfolio appreciation through realizing gains in the disposition of securities and investing in new portfolio investments. MACC's investment advisor is entitled to be paid an incentive fee which is calculated as a percentage of the excess of MACC's realized gains in a particular period, over the sum of net realized losses and unrealized depreciation during the same period. As a result, the timing of realized gains, realized losses and unrealized depreciation can have an effect on the amount of the incentive fee payable to the investment advisor.

Net Change in Unrealized Appreciation/Depreciation of Investments and Other Assets

MACC recorded net change in unrealized appreciation/depreciation on investments of $514,421 during the current year second quarter, as compared to $1,365,962 during the prior year second quarter. This net change in unrealized appreciation/depreciation on investments of $514,421 is the net effect of increases in fair value of four portfolio companies totaling $1,644,801 and decreases in fair value of three portfolio companies totaling $1,130,380.

Net change in unrealized appreciation/depreciation on investments represents the change for the period in the unrealized appreciation net of unrealized depreciation on MACC's total investment portfolio. When MACC increases the fair value of a portfolio investment above its cost, the unrealized appreciation for the portfolio as a whole increases, and when MACC decreases the fair value of a portfolio investment below its cost, unrealized depreciation for the portfolio as a whole increases. When MACC sells an appreciated portfolio investment for a gain, unrealized appreciation for the portfolio as a whole decreases as the gain is realized. Similarly, when MACC sells or writes off a depreciated portfolio investment for a loss, unrealized depreciation for the portfolio as a whole decreases as the loss is realized.

Net change in unrealized gain on other assets of $110,740 during the current year second quarter was recorded with respect to other securities which are classified as other assets, as compared to a net change in unrealized loss on other assets of ($729,132) during the prior year second quarter.

Net Change in Net Assets from Operations

MACC experienced an increase of $494,923 in net assets at the end of the second quarter of fiscal year 2005, and the resulting net asset value per share was $4.82 as of March 31, 2005, as compared to $4.61 as of September 30, 2004. Although general economic conditions continue to have an adverse impact on the operating results and financial condition of a number of MACC's portfolio companies, the majority of MACC's thirty-one portfolio companies continue to be valued at cost or above. MACC has nine portfolio investments valued at cost, has recorded unrealized appreciation on eleven portfolio investments and has recorded unrealized depreciation on eleven portfolio investments.

MACC has projected no new investments and no new borrowings under the SBIC leverage program in the fiscal year 2005 budget. Recent years have been difficult years for the venture capital industry. With the recent improvement in the economy, MACC's overall portfolio is showing signs of increasing strength. The overall activity in the investment banking market has improved and MACC expects to exit several investments in 2005. If the economy continues to improve, management believes MACC's investment portfolio will benefit from improved operating performance at a number of portfolio companies and from a more robust market for corporate acquisitions and investments.

Six Months Ended March 31, 2005 Compared to Six Months Ended March 31, 2004

	For the six months ended March 31, 2005	2004	Change
Total investment income	$ 1,299,428	1,316,431	(17,003)
Net operating expenses	(1,957,700)	(2,649,293)	691,593
Investment expense, net	(658,272)	(1,332,862)	674,590
Net realized (loss) gain on investments	(2,429,083)	2,990,778	(5,419,861)
Net change in unrealized appreciation/ depreciation on investments	3,496,197	(403,540)	3,899,737
Net change in unrealized gain (loss) on other assets	86,081	(726,328)	812,409
Net gain on investments	1,153,195	1,860,910	(707,715)
Net change in net assets from operations	$ 494,923	528,048	(33,125)
Net asset value:			
Beginning of period	$ 4.61	5.47	
End of period	$ 4.82	5.70	

Total Investment Income

During the current year six-month period, total investment income was $1,299,428, a decrease of $17,003, or 1%, from total investment income of $1,316,431 for the prior year six- month period. In the current year six-month period as compared to the prior year six-month period, interest income increased $130,008, or 15%, dividend income decreased $154,006, or 37%, processing fees increased $7,700, or 100%, and other income decreased $705, or 20%. The increase in interest income is the net result of increases in interest income on debt portfolio securities issued by two portfolio companies that were previously on non-accrual of interest status, interest received on one follow-on investment made during the current year six month period, the conversion of interest to stock in one portfolio company which was on non-accrual of interest status in the prior year six-month period and on one portfolio company which was placed on non-accrual of interest status in the prior year six-month period of which accrued interest was reserved from the prior fiscal year period, partially offset by decreases in interest income on debt portfolio securities issued by two portfolio companies which are on non-accrual of interest status and the repayment of debt portfolio securities issued by two portfolio companies in the current year six-month period. In the current year six-month period, MACC received dividends on six existing portfolio companies, three of which were distributions from a limited liability companies, as compared to dividend income received in the prior year six-month period from seven existing portfolio companies, four of which were distributions from limited liability companies. Processing fees increased due to fees received on the follow-on investment made in the current year six-month period, compared to no new portfolio company investments in which MACC received a processing fee at closing in the prior year six-month period.

Net Operating Expenses

Net operating expenses for the six-month period of the current year were $1,957,700, a decrease of $691,593, or 26%, as compared to net operating expenses for the prior year six-month period of $2,649,293. Interest expense decreased $20,674, or 2%, in the current year six-month period due to the repayment in the fourth quarter of fiscal year 2004 of $2,150,000 of borrowings from the Small Business Administration. Management fees (after management fees waived in the current year six-month period and the prior year six-month period) decreased $537, or .1%, in the current year six-month period due to the decrease in assets under management. Management fees as a percentage of assets under management are expected to be lower in future periods due to a change in the terms of the investment advisory relationships of MACC and MorAmerica Capital. Professional fees decreased $131,951, or 29%, in the current year six-month period primarily due a decrease in legal expenses from the arbitration proceedings related to the sale of a former portfolio company. Other expenses decreased $24,117, or 13%, in the current year six-month period as compared to the prior year six-month period mainly due to the postponement of the 2005 Annual Shareholders Meeting.

Investment Expense, Net

For the current year six-month period, MACC recorded investment expense, net of $658,272, as compared to investment expense, net of $1,332,862 during the prior year six-month period.

Net Realized (Loss) Gain on Investments

During the current year six-month period, MACC recorded net realized loss on investments of $2,429,083, as compared with net realized gain on investments of $2,990,728 during the prior year six-month period. In the current year six-month period, MACC realized a gain of $38,326 from the reversal of incentive fees which were deferred fees that will not be paid, a loss of $635,251 from the sale of one portfolio company and $1,832,158 from the write-off of one portfolio company of which $1,832,071 was previously recorded as unrealized depreciation. Management does not attempt to maintain a comparable level of realized gains quarter to quarter but instead attempts to maximize total investment portfolio appreciation through realizing gains in the disposition of securities and investing in new portfolio investments. MACC's investment advisor is entitled to be paid an incentive fee which is calculated as a percentage of the excess of MACC's realized gains in a particular period, over the sum of net realized losses and unrealized depreciation during the same period. As a result, the timing of realized gains, realized losses and unrealized depreciation can have an effect on the amount of the incentive fee payable to the investment advisor.

Net Change in Unrealized Appreciation/Depreciation of Investments and Other Assets

MACC recorded net change in unrealized appreciation/depreciation on investments of $3,496,197 during the current year six-month period, as compared to ($403,540) during the prior year six-month period. This net change in unrealized appreciation/depreciation on investments of $3,496,197 is the net effect of increases in fair value of seven portfolio companies totaling $3,302,111, decreases in fair value of six portfolio companies totaling $2,237,984, and the reversal of $2,432,070 of depreciation resulting from the sale of one portfolio investment and the write-off of one portfolio investment.

Net change in unrealized appreciation/depreciation on investments represents the change for the period in the unrealized appreciation net of unrealized depreciation on MACC's total investment portfolio. When MACC increases the fair value of a portfolio investment above its cost, the unrealized appreciation for the portfolio as a whole increases, and when MACC decreases the fair value of a portfolio investment below its cost, unrealized depreciation for the portfolio as a whole increases. When MACC sells an appreciated portfolio investment for a gain, unrealized appreciation for the portfolio as a whole decreases as the gain is realized. Similarly, when MACC sells or writes off a depreciated portfolio investment for a loss, unrealized depreciation for the portfolio as a whole decreases as the loss is realized.

Net change in unrealized gain on other assets of $86,081 during the current year six-month period was recorded with respect to other securities which are classified as other assets, as compared to a net change in unrealized loss on other assets of ($726,328) during the prior year six-month period.

Financial Condition, Liquidity and Capital Resources

To date, MACC has relied upon several sources to fund its investment activities, including MACC's cash and money market accounts and the Small Business Investment Company ("SBIC") leverage program operated by the Small Business Administration (the "SBA").

As an SBIC, MorAmerica Capital is required to comply with the regulations of the SBA (the "SBA Regulations"). These regulations include the capital impairment rules, as defined by Regulation 107.1830 of the SBA Regulations. As of March 31, 2005, the capital of MorAmerica Capital was impaired by approximately 56.08%, which exceeded the 50% maximum impairment percentage permitted under SBA Regulations. Accordingly, the SBA currently has the discretion not to extend additional financing to MorAmerica Capital, as well as the right to declare a default on MorAmerica Capital's outstanding SBA-guaranteed debentures, to accelerate MorAmerica Capital's payment obligations thereunder and to seek appointment of the SBA as receiver for MorAmerica Capital. The exercise by the SBA of any of these rights could have a material adverse effect on the financial position, results of operations, cash flow and liquidity of MACC and MorAmerica Capital. If the SBA were to exercise its right to accelerate MorAmerica Capital's payment obligations under the outstanding SBA-guaranteed debentures, MorAmerica Capital may be required to liquidate some or all of its portfolio investments. Because most of its portfolio investments are not publicly traded, MorAmerica Capital may receive less than the carrying value for its portfolio investments in connection with such a forced sale. Therefore, the exercise by the SBA of any of these rights could have a material adverse effect on the financial position, results of operations, cash flow and liquidity of MACC and MorAmerica Capital and raises substantial doubt about the Company's ability to continue as a going concern. MorAmerica Capital is also currently limited by the SBA Regulations in the amount of distributions it may make to MACC. Because MACC historically has relied in large part on distributions from MorAmerica Capital to fund its operating expenses and other cash requirements, MACC is currently evaluating a number of alternatives to seek to provide sufficient liquidity at the parent-company level.

As of March 31, 2005, MACC's cash and cash equivalents totaled $3,111,445. MACC has commitments for an additional $3,500,000 and $6,500,000 in SBA guaranteed debentures, which expire on September 30, 2005 and September 30, 2007, respectively. In connection with the settlement of arbitration proceedings, the SBA, MorAmerica Capital and three other SBICs entered into an agreement which obligates MorAmerica Capital and each of the other SBICs jointly and severally, to pay up to $7,500,000 of the SBA's losses, if any, with respect to the outstanding SBA-guaranteed debentures of such SBICs. As a result of this agreement and MorAmerica Capital's capital impairment described above, MACC does not believe that MorAmerica Capital will have access to the SBIC capital program for the foreseeable future. Nevertheless, if SBA does not accelerate MorAmerica Capital's obligations under its outstanding SBA-guaranteed debentures and subject to the other risks and uncertainties described in this report on Form 10-Q, MACC believes that its existing cash and cash equivalents and other anticipated cash flows will provide adequate funds for MACC's anticipated cash requirements during the current fiscal year, including portfolio investment activities, interest payments on outstanding debentures, and administrative expenses. MACC's investment objective is to invest $885,000 in follow-on investments during the current fiscal year, subject to further adjustment based upon current economic and operating conditions.

Debentures payable are composed of $25,790,000 in principal amount of SBA-guaranteed debentures issued by MACC's subsidiary, MorAmerica Capital, which mature as follows: $1,000,000 in fiscal year 2007, $2,500,000 in fiscal year 2009, $9,000,000 in fiscal year 2010, $5,835,000 in fiscal year 2011, and $7,455,000 in fiscal year 2012. As noted above, due to MorAmerica Capital's capital impairment, SBA currently has the ability to accelerate MorAmerica Capital's obligations under the SBA-guaranteed debentures. MACC anticipates that MorAmerica Capital will not be able to refinance these debentures through the SBIC capital program when they mature. The following table shows our significant contractual obligations for the repayment of debt and other contractual obligations as of March 31, 2005:

		Payments due by period			
Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
SBA Debentures	$ 25,790,000	---	---	5,000,000	20,790,000
Loan Agreement[1]	$ 305,000	305,000	---	---	---

MACC currently anticipates that it will rely primarily on its current cash and cash equivalents and its cash flows from operations to fund its investment activities and other cash

----

[1] During the second quarter of fiscal year 2004, MACC entered into a loan agreement with one of its directors, Geoffrey T. Woolley, providing for advances of up to $400,000 on a revolving credit basis through Febrary 28, 2005. The outstanding principal amount of the loan as of March 1, 2005 will be due and payable in four equal installments on the first day of June, September, December, and March, commencing June 1, 2005 and concluding March 1, 2006. The payment obligations in the table set forth above are based on the amount outstanding under the loan agreement as of March 31, 2005. The entire unpaid amount of the loan is convertible into shares of MACC's common stock at the option of the lender.

requirements during fiscal year 2005. Although management believes these sources will provide sufficient funds for MACC to meet its fiscal 2005 investment level objective and other anticipated cash requirements, there can be no assurances that MACC's cash flows from operations will be as projected, or that MACC's cash requirements will be as projected.

Portfolio Activity

MACC's primary business is investing in and lending to businesses through investments in subordinated debt (generally with detachable equity warrants), preferred stock and common stock. The total portfolio value of investments in publicly and non-publicly traded securities was $33,681,817 at March 31, 2005 and $33,218,084 at September 30, 2004. During the three months ended March 31, 2005, MACC invested $31,883 in a follow-on investment in one existing portfolio company. Management views investment objectives for any given year as secondary in importance to MACC's overriding concern of investing in only those portfolio companies which satisfy MACC's investment criteria. MACC's investment objective for fiscal year 2005 is that it may invest $885,000 in follow-on investments, subject to further adjustment based on current economic and operating conditions.

MACC frequently co-invests with other funds managed by MACC's investment advisor. When it makes any co-investment with these related funds, MACC follows certain procedures consistent with orders of the Securities and Exchange Commission for related party co-investments to reduce or eliminate conflict of interest issues. Of the $31,883 invested during the current year second quarter, no funds represented co-investments with funds managed by MACC's investment advisor.

Critical Accounting Policy

Investments in securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the average of the bid price on the three final trading days of the valuation period which is not materially different from the bid price on the final day of the period. Restricted and other securities for which quotations are not readily available are valued at fair value as determined by the Board of Directors. Among the factors considered in determining the fair value of investments are the cost of the investment; developments, including recent financing transactions, since the acquisition of the investment; the financial condition and operating results of the investee; the long-term potential of the business of the investee; market interest rates on similar debt securities; and other factors generally pertinent to the valuation of investments. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

In the valuation process, MorAmerica Capital uses financial information received monthly, quarterly, and annually from its portfolio companies which includes both audited and unaudited financial statements. This information is used to determine financial condition, performance, and valuation of the portfolio investments.

Realization of the carrying value of investments is subject to future developments. Investment transactions are recorded on the trade date and identified cost is used to determine

realized gains and losses. Under the provisions of SOP 90-7, the fair value of loans and investments in portfolio securities on February 15, 1995, the fresh-start date, is considered the cost basis for financial statement purposes.

Determination of Net Asset Value

The net asset value per share of MACC's outstanding common stock is determined quarterly, as soon as practicable after and as of the end of each calendar quarter, by dividing the value of total assets minus total liabilities by the total number of shares outstanding at the date as of which the determination is made.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

MACC is exposed to market risk from changes in market interest rates that affect the fair value of MorAmerica Capital's debentures payable determined in accordance with Statement of Financial Accounting Standards No. 107, Disclosures About Fair Value of Financial Instruments. The estimated fair value of MorAmerica Capital's outstanding debentures payable at March 31, 2005, was $27,782,000, with a cost of $25,790,000. Fair value of MorAmerica Capital's outstanding debentures payable is calculated by discounting cash flows through estimated maturity using a SBA borrowing rate currently available (5.89% at March 31, 2005) for debt of similar original maturity. None of MorAmerica Capital's outstanding debentures payable are publicly traded. Market risk is estimated as the potential increase in fair value resulting from a hypothetical 0.5% decrease in interest rates. Actual results may differ.

March 31, 2005

Fair Value of Debentures Payable	$ 27,782,000
Amount Above Cost	$ 1,992,000
Additional Market Risk	$ 632,000

Item 4. Controls and Procedures

As of the end of the period covered by this report, in accordance with Item 307 of Regulation S-K promulgated under the Securities Act of 1933, as amended, the Chief Executive Officer and Chief Financial Officer of MACC (the "Certifying Officers") have conducted evaluations of MACC's disclosure controls and procedures. As defined under Sections 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the term "disclosure controls and procedures" means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and

forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Certifying Officers have reviewed MACC's disclosure controls and procedures and have concluded that those disclosure controls and procedures are effective as of the date of this Quarterly Report on Form 10-Q. In compliance with Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the Certifying Officers executed an Officer's Certification included in this Quarterly Report on Form 10-Q.

As of the date of this Quarterly Report on Form 10-Q, there have not been any significant changes in MACC's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

As previously disclosed, MorAmerica Capital is a defendant in litigation filed by BFS Diversified Products, LLC in the Iowa District Court of Polk County, Iowa. There have been no material developments in this litigation since MACC filed its Quarterly Report on Form 10-Q for the three months ended December 31, 2004.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There are no items to report.

Item 3. Defaults Upon Senior Securities

There are no items to report.

Item 4. Submission of Matters to a Vote of Security Holders

There are no items to report.

Item 5. Other Information

As most recently disclosed by MACC in its Current Report on Form 8-K filed with the Commission on May 3, 2005, on April 29, 2005, the boards of directors (the "Boards") of MACC and of MorAmerica Capital (together, the "Companies") implemented several changes respecting the investment advisers to the Companies, all of which were the result of recent directives of the U.S. Small Business Administration (the "SBA"). Those changes included accepting the resignation of Atlas Management Partners, LLC ("Atlas") as the investment adviser to the Companies, approving new interim investment advisory agreements between the Companies and InvestAmerica Investment Advisors, Inc. ("InvestAmerica"), and appointing new officers for the Companies.

As previously disclosed, the SBA informed MorAmerica Capital that it would not approve Atlas as MorAmerica Capital's investment adviser. Accordingly, MorAmerica Capital's board of directors, on April 29, 2005, approved a new interim investment advisory agreement between MorAmerica Capital and InvestAmerica, which contains terms consistent with the SBA's directives, and approved the termination of MorAmerica Capital's investment advisory agreement with Atlas. While the SBA did not formally approve such interim investment advisory agreement in time for the April 29, 2005 board meeting, the interim agreement does address the issues raised by the SBA to date. Additionally, as substantially all of the Companies' consolidated assets are in MorAmerica Capital, MACC's board of directors also agreed to terminate MACC's investment advisory agreement with Atlas and approved an interim investment advisory agreement between MACC and InvestAmerica, which has terms similar to the MorAmerica Capital interim investment advisory agreement. InvestAmerica had served as sole investment advisor to the Companies from 1995 through February 28, 2004, and has been subadvisor to the Companies since March 1,

2004. Also in connection with the SBA's decision not to approve Atlas as an investment advisor for MorAmerica Capital, Atlas agreed to waive any management fees payable by MorAmerica Capital for the months of March and April 2005.

The Boards have approved the interim investment advisory agreements between the Companies and InvestAmerica pursuant to applicable rules under the Investment Company Act of 1940 permitting interim agreements following termination of an investment advisor. The interim agreements automatically expire and will be replaced with new investment advisory agreements upon shareholder approval at the 2005 Annual Shareholders Meeting, scheduled to be held on July 19, 2005.

Both the interim investment advisory agreements and their intended replacements upon shareholder approval contain terms which reduce the advisory fees payable to InvestAmerica, as compared to the fees paid to Atlas under the prior agreements. MACC paid Atlas a management fee of 2.5% of assets under management and an incentive fee of 20% of net capital gains; MACC will pay InvestAmerica 1.5% of assets under management and an incentive fee of 13.4% of net capital gains under the new agreements with InvestAmerica. MorAmerica Capital paid Atlas a management fee of 2.5% of assets under management and an incentive fee of 20% of net capital gains; MorAmerica Capital will pay InvestAmerica a management fee of the lesser of 1.5% of combined capital or of assets under management, and an incentive fee of 13.4% of net capital gains under the new agreements. Further, the payment by MorAmerica Capital to InvestAmerica of any incentive fees will be subordinated to MorAmerica Capital's repayment of all of its obligations to the SBA. Finally, all such agreements were approved subject to further comment by both the SBA or the Securities and Exchange Commission.

Also at the April 29, 2005 meeting of the Boards, the Boards appointed the following persons to serve as officers of the Companies, all of whom are affiliated with InvestAmerica: David R. Schroder was appointed President and Secretary, Robert A. Comey was appointed Executive Vice President, Chief Financial Officer, Chief Compliance Officer, Treasurer and Assistant Secretary, Kevin F. Mullane was appointed Senior Vice President, Michael H. Reynoldson was appointed Vice President, and Marilyn M. Benge was appointed Assistant Secretary.

Item 6. Exhibits

(a) Exhibits

The following exhibits are filed with this quarterly report on Form 1O-Q:

31.1 Section 302 Certification of David R. Schroder (CEO)

31.2 Section 302 Certification of Robert A. Comey (CFO)

32.1 Section 1350 Certification of David R. Schroder (CEO)

32.2 Section 1350 Certification of Robert A. Comey (CFO)

(b) Reports on Form 8-K

MACC filed the following Current Reports on Form 8-K during the quarter ended March 31, 2005:

MACC filed a Current Report on Form 8-K on January 7, 2005, with regard to items 8.01 and 9.01 thereof.

MACC filed a Current Report on Form 8-K on January 24, 2005, with regard to items 8.01 and 9.01 thereof.

MACC filed a Current Report on Form 8-K on February 22, 2005, with regard to items 8.01 and 9.01 thereof.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MACC PRIVATE EQUITIES INC.

Date: 5/12/05
By: /s/ David R. Schroder
David R. Schroder, President

Date: 5/12/05
By: /s/ Robert A. Comey
Robert A. Comey, Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description	Page
31.1	Section 302 Certification of David R. Schroder (CEO)	27
31.2	Section 302 Certification of Robert A. Comey (CFO)	29
32.1	Section 1350 Certification of David R. Schroder (CEO)	31
32.2	Section 1350 Certification of Robert A. Comey (CFO)	33