

From: [Gary Lavender](#)
To: [Director - FASB](#)
Cc: [Jeannine Birmingham](#)
Subject: Proposed Accounting Standards Update - Fair Value Measurements and Disclosures
Date: Sunday, October 11, 2009 5:27:10 PM

To the Director:

I am writing regarding the proposed amendment to 820-10, specifically 820-10-50-1F, which considers Level 3 inputs in fair market value disclosures.

Level 3 inputs by classification are based on significant unobservable inputs, which result in the use of valuation models and techniques to develop a value. Regardless of the model or methodology used, estimates are an integral part of the process. Inherent in the valuation process is the possibility that inputs may change and that change may in fact be significant. To disclose a change in an input which has occurred or becomes observable is reasonable since the underlying evidence supporting the change exists. It improves the quality of one aspect of a calculation which is largely unobservable. This would add value to the financial statements.

While I do agree that this change would move this standard closer to IFRS 7, I do not see the additional value in disclosing other alternative inputs and valuations which may be reasonably possible and result in an increase or decrease in the fair market value presented. While the discussions related to the proposal in the document note that this should not be a best case worst case scenario, it is still a range. This does give the analyst or financial statement user more information about methods used and the manner in which the range was calculated, but in the end it is still a range of estimates. It does not resolve the question of fair market value; it merely provides more data points, which hopefully includes the original estimated value. Furthermore, it pushes us further away from the concept of an exit price, by providing more options for determining value. Instead of clarifying the matter, it provides the users of financials enough information to raise the question about which alternative is the "valid" or "best" alternative.

I respectfully request the FASB to consider a disclosure similar to the disclosure for estimates

Fair Value – Level 3 Inputs

For fair value measurements using significant unobservable inputs it is reasonably possible that changes in underlying inputs may significantly increase or decrease the fair value reported in the financial statements. The amount of increase or decrease is dependent on various factors, including, but not limited to, the economic environment.

Sincerely,

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Manager

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