FASB Fair Value Measurement - Deferral

Date of Entry: 5/31/2013

Respondent information

Type of entity or individual:

Accounting Firm/Auditor

Contact information:

Organization: Rea & Associates, Inc.

Name: Darlene Finzer

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Phone number:

Questions and responses

1. Do you agree with the indefinite deferral, as well as the Board's decision to defer for investments held by nonpublic employee benefit plans, only the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement of its plan sponsor's own nonpublic entity equity securities, and not the qualitative information, required by paragraph 820-10-50-2(bbb)? Why or why not?

Yes, I agree with the indefinite deferral, as well as the Board's decision to defer for investments held by nonpublic employee benefit plans, only the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement of its plan sponsor's own nonpublic entity equity securities required by Paragraph 820-10-50-2(bbb.) The reason I agree with this decision is the concern raised by the stakeholders whose nonpublic employee benefit plans hold investments in its plan sponsor's own nonpublic entity equity securities regarding the divulgence of proprietary information that would be required under the standard and the potential negative impact the release of this information could have on the viability of the plan sponsor's business.

Do you agree with the limited scope of plan sponsor's own nonpublic entity equity securities covered by the proposed Update? If not, what other investments should be included or excluded from the guidance in the proposed Update and why?

While I understand and appreciate the limited scope of plan sponsor's own nonpublic entity equity securities covered by the proposed Update and also understand and appreciate the logic of requiring such disclosures otherwise, I have fielded many sponsor questions about the value the extra disclosures provide versus the cost (time involved) in obtaining and reporting the appropriate information. In my experience, plan sponsors sometimes find it difficult to obtain the necessary information for proper disclosures from service providers, while not finding added value by including such information in the disclosures. While there may be some individuals who may review the information disclosed and utilize the information in the manner it was intended, consensus indicates that the majority of the intended users are not accessing or considering this information in the context for which it is provided. The lack of use by the intended users is what causes plan sponsors to call into question the value of adding such information to the disclosures.

3. Do you agree with the scope of the employee benefit plans in this proposed Update? If not, which other employee benefit plans should be included or excluded from the guidance in the proposed Update and why?

Yes, I agree with the scope of the employee benefit plans in this proposed Update.

4. Do you agree with the definition of nonpublic employee benefit plan? Is it understandable and operable?

Yes, I agree with the definition of nonpublic employee benefit plans. Based on the uncertainty earlier this year as to what constituted a nonpublic plan, I believe the definition is understandable, operable and appropriate.

Additional comments-updt.

Please provide any additional comments on the proposed Update:

I appreciate the Board's action to respond to concerns voiced by the entities which would potentially be affected by this standard.

Additional Please provide any comments on the electronic feedback process: comments - process.

I believe having this electronic process in place should allow the opportunity to more easily provide needed input in guiding the financial reporting process.