



October 9, 2009

Financial Accounting Standards Board
Attn: "Technical Director— File Reference NO. 1710-100"
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

RE: File Reference No. 1710-100
Invitation to Comment on *Proposed Accounting Standard Change on Fair Value Measurements and Disclosures (Topic 820)*

Dear Technical Director, Board Members and Staff,

The Accounting and Auditing Committee of The Ohio Society of CPAs is pleased to respond to the FASB's invitation to comment on the *Proposed Accounting Standard Change on Fair Value Measurements and Disclosures (Topic 820)*.

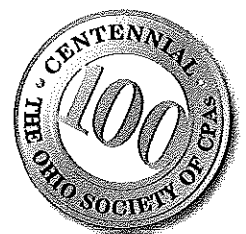
Following are our responses to Issues 1, 2 and 3 as requested:

Issue 1: With respect to the disclosure of the effect of changes in reasonably possible, significant, alternative inputs for Level 3 fair value measurements for each class of assets and liabilities (sometimes also referred to as sensitivity disclosure), the Board is seeking input from:

1. Financial statement preparers about their operationality and costs.
2. IFRS statement preparers about the approach they plan to use to comply with a similar disclosure requirement in IFRS 7.
3. Financial statement users about their usefulness—more specifically, a discussion of how they would benefit from, and use, such disclosures.

RESPONSE:

FASB is issuing the Proposed Accounting Standards Update as part of its effort to provide users with improved disclosures and increased transparency in financial reporting. The proposed standard would require companies to disclose reasonably possible alternatives to Level 3 inputs used, if they significantly increase or decrease the resulting fair values of assets or liabilities.



In order to comply with these disclosure requirements, an entity would have to:

- Identify which Level 3 inputs have “reasonably possible” alternatives. In identifying those alternatives, the current economic environment it operates in would have to be considered. **Is that economic environment as of the ending date of the financial statements or does it extend through the actual issuance of the report?**
- Determine which, if any of the reasonably possible alternatives might have significant different impacts on fair value measurements.
- Derive a range of possible outcomes that might have been used for financial reporting purposes, based on the differences seen from various alternatives.
- Disclose the fair value for each class of Level 3 assets and liabilities recorded in the financial statements and the range as determined from using the various reasonably alternative possible inputs. While no method is proposed to make these determinations as to the effect of alternative inputs, it does require a description of the method be disclosed.

Fair value measurements can be highly subjective in nature. Preparers use unobservable inputs (Level 3) based on the best information available in the circumstances to determine the best representation of fair value. The proposed disclosures would require companies to provide highly subjective and incomparable information, potentially impeding the objectives of transparency and decision usefulness. For example, disclosing other “reasonably possible” alternative inputs may result in users second guessing the relevance and reliability of financial information. Additionally, preparers and auditors would be burdened by additional time and costs to determine the best representation of fair value measurement in light of “reasonably possible” alternative inputs.

We recommend the FASB eliminate this disclosure requirement, centered on the concept of reasonably possible alternatives. While perhaps having conceptual merit, this approach cannot be practically implemented in a cost effective and comparable/consistent manner across all entities.

If this disclosure requirement is not completely eliminated, we recommend that, at a minimum, non-public entities be excluded from its provisions. Many financial statement users in these organizations would not benefit from this information, given that most of these entities have less complex asset and liability structures than might be the case for many large publicly owned entities.

Issue 2—With respect to the reconciliation (sometimes referred to as a roll forward) of fair values using significant unobservable inputs (Level 3), the amendments to this proposed Update would require separate disclosure of purchases, sales, issuances, and settlements during the reporting period. Is this proposed requirement operational? If not, why?

RESPONSE:

We believe such reconciliations would be operational for most financial statement preparers with some additional costs incurred to both prepare and to audit such disclosures. The key question is whether this reconciliation provides adequate benefit to justify the additional cost incurred.

Issue 3— Is the proposed effective date operational? In particular:

1. Will entities be able to provide information about the effect of reasonably possible alternative inputs for Level 3 fair value measurements for interim reporting periods ending after March 15, 2010?
2. Are there any reasons why the Board should provide a different effective date for nonpublic entities?

RESPONSE:

The effective date of interim reporting periods ending March 15, 2010 would impose additional burden on preparers and auditors because of time and costs required to determine the best representation of fair value measurement and effects of “reasonably possible” alternative inputs. Since the issuance of SFAS 157 [Topic 820], FASB has issued multiple FASB Staff Positions (FSPs) to revise, clarify, or provide additional guidance. We encourage the FASB to take its time and address fair value criticisms as a whole, instead of issuing updates to “plug holes” on fair value accounting.

We suggest the FASB defer any implementation of this proposed standard and its disclosure requirements, and instead engage in extended field testing to validate and modify this proposed approach in order to achieve a practical standard that meets significant disclosure needs in a cost effective and consistent manner. We do not believe incorporating reasonably possible alternative proforma disclosures into a fair value accounting standard would realistically achieve this objective.

As cited in our Issue 1 response above, we believe non-public entities should be excluded from any and all incremental disclosure requirements associated with reasonably possible alternatives to Level 3 inputs. The relative costs for the vast majority of these entities would certainly outweigh the additional benefits obtained by their financial statement users.

We appreciate the opportunity to comment on this proposed standard, and welcome any additional opportunity to further discuss or otherwise support the efforts of the FASB in this area.

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