1710-100
Comment Letter No. 82

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To: Financial Accounting Standards Board
Technical Director
File Reference No. 1710-100

From: Washington Society of Certified Public Accountants,
Accounting, Auditing and Review Standards Committee

RE: Improving Disclosures about Fair Value Measurements

Per your request, we have considered the following issues:

Issue 1, Q1. We think that the cost to smaller companies to provide alternative Level 3 fair value measurements would be burdensome. Many smaller companies are challenged to identify an appropriate input for Level 3 fair value measurement.

Issue 1, Q2. Many smaller companies have not adopted IFRS, and based on the users of their financial statements, do not anticipate adopting IFRS in the near future. For financial statement preparers that have adopted IFRS, they have the resources to identify alternative inputs for Level 3 fair value measurements and information for disclosure required by IFRS 7. We have no comment regarding their approach to comply with IFRS 7.

Issue 1, Q3. For smaller companies that we work with, the users of the financial statements have limited usefulness for the current disclosure of Level 3 fair value measurements. We do not anticipate this usefulness increasing with the proposed additional disclosure regarding alternative (and unused) inputs for Level 3 fair value measurements.

Issue 1. We submit that the disclosure requirement of alternative inputs for Level 3 fair value measurements is inconsistent with the underlying concept of historical financial statements. To provide information on what could have been is more in the nature of forecasted or projected financial statements. When there are choices among measurement options that management can apply, financial statement preparers are required to identify which measurement option they have applied. In no other area are they required to disclose the effects if they had chosen a different measurement option (e.g. inventory method, depreciation method). To require this increased disclosure for Level 3 fair value measurements is inconsistent with current GAAP requirements.

Issue 2. The proposed requirement regarding the reconciliation would be information that is available in the accounting records of companies so information for the disclosure of the purchases, sales, issuances, and settlements would be available.

Issue 3, Q1. Many smaller companies will not be able to provide information about the effect of reasonably possible alternative inputs for Level 3 measurements in such a short time frame.

Issue 3, Q2. The identification of alternative Level 3 fair value measurements will be burdensome to many smaller companies. Because some smaller companies have quarterly compilations, the proposed effective date could cause many of them to have a GAAP exception. There is no reason for the immediate effective date of this amendment to GAAP for nonpublic companies. Consequently, the Board should extend the effective date for nonpublic companies to no sooner than December 15, 2010.

Respectfully,

Laura Lindal CPA, Chairperson
Accounting, Auditing and Review Standards Committee
Washington Society of Certified Public Accountants

On behalf of
Accounting, Auditing and Review Standards Committee
Washington Society of Certified Public Accountants