

McGladrey & Pullen

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Mr. Russell G. Golden
FASB Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1710-100

Dear Mr. Golden:

We are pleased to comment on the Exposure Draft of the Proposed Accounting Standards Update to Fair Value Measurements and Disclosures (Topic 820), *Improving Disclosures about Fair Value Measurements*.

We support the FASB's goal of providing more transparent disclosure about fair value measurements to users of financial statements. However, we are concerned about whether the requirements of the Exposure Draft are operational, cost beneficial or useful and the short time preparers and auditors will have to implement the requirements.

We question whether the requirement to disclose increases or decreases in fair value measurements from changes in reasonably possible alternative unobservable inputs is operational, practical or will provide financial statement users with useful information. Assumptions are often interrelated and, in practice, if one assumption were changed, other assumptions would likely also change. As a result, the number of reasonably possible alternative unobservable inputs and the resultant alternative fair value measurements necessary to comply with the disclosure requirements may be excessive and ultimately not useful. We also believe a better definition of reasonably possible alternative unobservable inputs is necessary.

Certain fair value measurement models are prepared by outside service providers and are proprietary. In such cases, determining the effects of alternative measurements may not be possible without undue effort or expense. As an example, some employee benefit plan investments have significant alternative investments. Even though the financial statements may be subject to audit, most benefit plans utilize an approach referred to as a "limited scope audit" that does not require the auditor to test the investments, so the details of the assumptions are not known to the auditors, nor in some cases, management. Employee benefit plans are also an example where the financial statement users (primarily plan participants and regulators) may not find the incremental disclosures required by the ED useful. We also believe that venture capital entities, hedge funds and private equity funds will find the proposed requirements

exceptionally burdensome, with limited benefit. We recommend the FASB conduct further research into the disclosures financial statement users will find the most meaningful, with an open mind toward whether all users may find the same information useful.

The proposed effective date will not allow preparers and auditors sufficient time to prepare or audit the disclosures. With the significant number of new standards effective in 2009 and 2010, most are struggling to determine the impact of the new standards and apply them. In addition, the systems to track Level 3 inputs are often manual and would require significant cost and effort to come up with the disclosures in such a short time frame. We recommend a one-year delay of the effective date.

We would be pleased to respond to any questions the Board or its staff may have about any of the preceding comments. Please direct any questions to Jay D. Hanson (952-921-7785).

Sincerely,

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