

MINUTES



To: Board Members
From: Fair Value Measurement Team
(Montgomery, x445)
Subject: Minutes of the December 21, 2010,
Board Meeting **Date:** December 30, 2010
cc: Sutay

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic: Fair Value Measurement—December Deliberations

Basis for Discussion: Board Memorandum No. 25

Length of Discussion: 8:30 a.m.to 9:20 a.m. EST

Attendance:

Board members present: Golden, Seidman, Smith, Siegel, and
Linsmeier
Board members absent: None
Staff in charge of topic: Couch and Eastman
Other staff at Board table: Proestakes, Montgomery, Mohrhauser, Bossio,
Glotzer (by phone), and Mechanick
Outside participants: None

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss issues relating to the development of a final Accounting Standards Update addressing fair value measurement.

The Board's technical plan calls for that document to be issued in the first quarter of 2011.

Summary of Decisions Reached:

Application of Proposed Amendments to Topic 820 by Nonpublic Entities

The Board tentatively decided not to permit exceptions for nonpublic entities to the fair value principles and concepts applicable to the measurement of fair value in the amendments to Topic 820, Fair Value Measurements and Disclosures.

The Board tentatively decided that the amendments to Topic 820 will require nonpublic entities to disclose the following:

1. The current use when a nonfinancial asset is measured subsequently at fair value and the highest and best use of the asset differs from its current use as well as the reasons why the asset is being used in a manner that differs from its highest and best use. The Boards also tentatively decided to require that disclosure only when the asset is recognized at fair value in the statement of financial position, not when the fair value is disclosed.
2. For assets and liabilities categorized within Level 3 of the fair value hierarchy that are measured at fair value in the statement of financial position on a recurring basis after initial recognition:
 - a. A quantitative disclosure of the unobservable inputs and assumptions used in the measurement
 - b. A description of the valuation processes in place.

The Board also tentatively decided that, as a result of the amendments to Topic 820, nonpublic entities will not be required to disclose the following:

1. The level in which a fair value measurement would be categorized within the fair value hierarchy for assets and liabilities not recognized at fair value but for which disclosure of fair value is required
2. Transfers between Levels 1 and 2 of the fair value hierarchy
3. A qualitative discussion about the sensitivity of a Level 3 fair value measurement to changes in unobservable inputs and any inter-relationships between those inputs that magnify or mitigate the effect on the measurement.

General Announcements: None.