Pennsylvania Institute of Certified Public Accountants

Feb. 29, 2016

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
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director@fasb.org

Re: File Reference No. 2015-350: Proposed Accounting Standards Update (ASU) – *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*

The Accounting and Auditing Procedures Committee (the committee) of the Pennsylvania Institute of Certified Public Accountants (PICPA) appreciates the opportunity to comment on the proposed ASU — *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.* The PICPA is a professional CPA association of more than 22,000 members working to improve the profession and better serve the public interest. Founded in 1897, the PICPA is the second-oldest CPA organization in the United States. Membership includes practitioners in public accounting, education, government, and industry. The committee is composed of practitioners from both regional and small public accounting firms, members serving in financial reporting positions, and accounting educators.

While the committee agrees generally with the objectives of FASB's disclosure framework project "to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by generally accepted accounting principles that is most important to users of each entity's financial statements," the committee does not agree with the proposed scope out for private entities from disclosing key information about the "unobservable inputs for level three valuations." Specifically, as noted below, the committee found the objective of the exposure draft to be in conflict with this proposed scope out.

Page 8 of the exposure draft states: "The objective of the disclosure requirements in this subtopic is to provide users of financial statements with information about all of the following:

a. The valuation techniques and inputs that a reporting entity uses to arrive at its measures of fair value, including judgments and assumptions that the entity makes."

This is further discussed on pages 10 and 13. Then on page 15 at 820-10-50-2G it states: "A private company is not required to disclose the information…"

If disclosing valuation techniques is an objective of the exposure draft, it is unclear why private companies would be scoped out of the disclosure requirements for "unobservable inputs" when these are the most subjective valuations performed by private companies. Therefore their techniques used to develop the fair values should be disclosed to permit a user to evaluate the reasonableness of the amounts. This proposed scope out is inconsistent with the objectives noted above.

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We appreciate your consideration of our comments. We are available to discuss any of these comments with you at your convenience.

Sincerely,

Lisa A. Ritter, CPA
Chair, PICPA Accounting and Auditing Procedures Committee

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