



February 29, 2016

Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

Via e-mail – [director@fasb.org](mailto:director@fasb.org)

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

Plante & Moran PLLC is pleased to offer comments on the FASB's proposed ASU, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. We support the efforts of the Board to continue to improve the quality and transparency of fair value disclosures.

In general, we support the conclusions reached by the Board, and believe that the proposed amendments will result in improvements to disclosures about fair value measurements that will be operational for preparers, auditable by auditors, and understandable by users of financial statements. However, we believe that the proposed exemption provided to private companies to certain requirements in paragraph 820-10-50-2(bbb) through (d)) should be extended to all entities that are not public *business* entities (Questions 4A and 4B in the Questions for Respondents). We believe the exemption should extend to all employee benefit plans, including those plans that file Form 11-K with the Securities and Exchange Commission (SEC), and all not-for-profit organizations, including those that are conduit bond obligors.

In our experience, employee benefit plans and not-for-profit organizations operate more like private companies than public business entities, and the primary users of their financial statements often have access to management and additional financial information, as do the users of most private company financial statements. Following are our views as to why employee benefit plans and not-for-profit entities should be exempt from these disclosure requirements:

**820-10-50-2G (partial)** A private company is not required to disclose the information required by paragraph 820-10-50-2(d) unless required by another Topic.

Employee benefit plans do not report other comprehensive income, and therefore, this portion of the disclosure would not be applicable. In addition, ASU 2015-12 has simplified the disclosures for employee benefit plans. One of the changes introduced by the ASU was the elimination of the need to disclose net appreciation by type of investment. Adding a requirement to disaggregate earnings by Level 1, Level 2 and Level 3 would appear to be in conflict with the simplified disclosures of ASU 2015-12. Finally, because the timing of many benefit plan audits is several months after the fiscal year end, we don't believe

this information would be valuable to users of the financial statements, and accordingly, we believe the cost of this disclosure outweighs the benefit.

Similarly, not-for-profit entities do not report other comprehensive income, and the other required disclosures in paragraph 820-10-50-2(d) are generally not relevant to the primary users of not-for-profit financial statements. Accordingly, we do not believe the cost of providing these disclosures is justified based on the benefit provided to users.

**820-10-50-2G (partial)** A private company is not required to disclose the range, weighted average, and time period used to develop significant unobservable inputs for Level 3 fair value measurements required by paragraph 820-10-50-2(bbb) unless required by another Topic.

We believe the costs of providing this information outweigh the benefits to users of employee benefit plan and not-for-profit financial statements. Additionally the users of these statements typically do not seek the same level of detailed information as users of public company financial statements.

**820-10-50-2H** When complying with paragraph 820-10-50-2(c), a private company is only required to disclose separately changes during the period attributable to the following:

- a. Purchases and issues
- b. The amounts of any transfers into or out of Level 3 of the fair value hierarchy and the reasons for those transfers. A reporting entity shall consistently follow its policy for determining when transfers are deemed to have occurred (see paragraph 820-10-50-2C). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

We believe the costs of providing the full Level 3 rollforward outweigh the benefits to users of employee benefit plan and not-for-profit financial statements. Additionally the users of these statements typically do not seek the same level of detailed information as users of public company financial statements. Therefore, we support the same limited disclosures as private companies.

## Other Comments

We recommend the Board consider clarifying the guidance for when an employee benefit plan is considered to be a public entity. Based on the definition of 'nonpublic entity' included in 820-10-20, there is currently diversity in practice regarding the classification of employee benefit plans sponsored by public companies. Plans that file Form 11-K with the SEC are always treated as public entities. However, some believe that all plans sponsored by public companies are public entities (even if the plan does not file a Form 11-K), whereas others believe that plans sponsored by public companies that do not file a Form 11-K are nonpublic entities. The diversity in practice is created by differences in opinion as to whether a public company "controls" a benefit plan. In our view, plans that do not file a Form 11-K should be classified as nonpublic entities. This position is consistent with general practice prior to the effective date of the FASB Codification, when only those benefit plans that filed a Form 11-K were considered public entities, based on guidance in the AICPA Audit and Accounting Guide for Employee Benefit Plans.

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Thank you again for the opportunity to comment on this Exposure Draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to Theresa Banka at [theresa.banka@plante Moran.com](mailto:theresa.banka@plante Moran.com) or 248.223.3572, or David Grubb at [david.grubb@plante Moran.com](mailto:david.grubb@plante Moran.com) or 248.223.3745.

Very truly yours,

**PLANTE & MORAN, PLLC**