Virginia Society of Certified Public Accountants

February 29, 2016

Technical Director
File Reference No. 2015-350
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Submitted via email to director@fasb.org

Re: ***Proposed Accounting Standards Update: Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement***

Dear Technical Director:

The Virginia Society of CPAs (VSCPA) Accounting and Auditing Advisory Committee has reviewed the proposed Exposure Draft (the ED), *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement,* issued by the Financial Accounting Standards Board (the Board). The VSCPA is a leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members' interests. The VSCPA membership consists of 12,000 individual members who actively work in public accounting, private industry, government and education. We acknowledge that the Board has issued the ED in an effort to improve the effectiveness of disclosures in the notes to financial statements. The VSCPA appreciates the work the Board has undertaken on this effort and the opportunity to respond to the ED.

The VSCPA offers the following comments related to the "Questions for Respondents" section of the ED:

Question 1: Would the proposed amendments result in more effective, decision-useful information about fair value measurements? If not, please explain why. Would the proposed amendments result in the elimination of decision-useful information about fair value measurements? If yes, please explain why.

We believe that, in general, the proposed amendments (including both proposed new and removed disclosure requirements) would result in more effective, decision-useful information about fair value measurements, provided the Board also adopts the amendments in the proposed Accounting Standards Update: *Notes to Financial Statements (Topic 235): Assessing Whether Disclosures Are Material*, which allows entities the general ability to evaluate disclosures for materiality and relevance to the financial statements. See Question 6 for our specific feedback on the proposed amendments regarding the time period used to develop significant unobservable inputs for Level 3 fair value measurements.

Question 2: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?

We believe that the proposed disclosure requirements are operable and auditable.

Question 3: Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

We do not believe that any of the proposed disclosures would impose significant incremental costs when considered in combination with the disclosure requirements proposed for removal.

Question 4A: The proposed amendments would apply to all entities, except for certain requirements in paragraph 820-10-50-2(bbb) through (d), for which private companies would be exempt. Do you agree with the exemption for private companies? If not, please describe why and which disclosures should be required for private companies.

We agree with the exemptions for private companies provided in the proposed amendments.

Question 4B: Should entities other than public business entities (for example, employee benefit plans and not-for-profit organizations) also be exempt from the proposed amendments mentioned in Question 4A? If yes, please describe why and which disclosures they should be exempt from.

The information and disclosures relevant to, or that provide a notable benefit relative to their cost of preparation, the financial statements of entities other than public business entities (including employee benefit plans and not-for-profit organizations) are often different from those relevant to the financial statements of public business entities. Therefore, we believe that entities other than public business entities should also be exempt from the proposed amendments referenced in Question 4A (the proposed requirements in paragraphs 820-10-50-2(bbb) through (d)). Alternatively, if the Board does not provide an exemption for entities other than public business entities, we recommend that the Board provide supplemental guidance on the perceived relevance of these disclosures for such entities.

Question 5: The proposed amendments to paragraph 820-10-50-2(bbb) require that a reporting entity disclose the weighted average of significant unobservable inputs used in Level 3 fair value measurements. Are there classes of financial instruments for which this disclosure is inoperable or does not provide meaningful information? If yes, please describe those classes of financial instruments and explain why.

We are not aware of a class of financial instruments for which the disclosure of the weighted average of significant unobservable inputs used in Level 3 fair value measurements is inoperable or does not provide meaningful information. Provided the Board adopt the amendments in the proposed Accounting Standards Update: *Notes to Financial Statements (Topic 235): Assessing Whether Disclosures Are Material*, entities would have the ability to evaluate this disclosure for materiality and relevance to the financial statements should they identify such a type of financial instrument.

Question 6: The proposed amendments to paragraph 820-10-50-2(bbb) require that a reporting entity disclose the time period used to develop significant unobservable inputs. What would be the costs associated with including this disclosure? Would this disclosure provide more effective, decision-useful information?

We agree with the proposal to require entities to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements, as we believe these generally to be relevant quantitative attributes when evaluating such measurements and comparing entities. However, we do not agree with the proposal to require disclosure of the time period used to develop significant unobservable inputs for Level 3 fair value measurements as it is unclear how such disclosure would provide more effective, decision useful-information (incremental to the information provided by disclosure of the range and weighted average). We are not aware of any similar disclosure requirement for accounting estimates prepared under the Codification. Therefore, if the Board believes such requirements are necessary, we recommend that supplemental guidance and examples be provided on the perceived benefit of this disclosure.

Question 7: Are there any other disclosures that should be required by Topic 820 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

We have not identified any other disclosures that should be required by Topic 820.

Question 8: Are there any other disclosure requirements retained following the review of Topic 820 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

We have not identified any other disclosure requirements in Topic 820 that currently should be considered for removal, provided the Board adopts the amendments in the proposed Accounting Standards Update: *Notes to Financial Statements (Topic 235): Assessing Whether Disclosures Are Material*, which allows entities the general ability to evaluate disclosures for materiality and relevance to the financial statements.

Question 9: How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by nonpublic business entities be different from the

amount of time needed by public business entities? Should early adoption be permitted? If yes to either question, please explain why.

We do not believe entities would require a long transition period for implementing the proposed amendments, and the time needed to implement the proposed amendments should not be substantially dissimilar for public business entities and entities other than public business entities. Entities should be permitted to early adopt the proposed amendments at their election.

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Again, the VSCPA appreciates the opportunity to respond to the ED. Please direct any questions or concerns to VSCPA Vice President, Advocacy Emily Walker, CAE, at ewalker@vscpa.com or (804) 612-9428.

Sincerely,

Charles M. Valadez, CPA, CGMA
Chair

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