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Fair Value: Diversity in Measuring Investments at the Net Asset Value (NAV) per Share

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Abstract: This article analyzes a current financial reporting and accounting issue regarding diversity in financial reporting practice. Since the Financial Accounting Standards Board (FASB) first issued accounting statement 157 Fair Value Measurements, entities have been required to measure investments at fair market values. This included the requirement to categorize investments within a fair value hierarchy in preparation to report such in the financial statements. To do this, the FASB allows companies to either categorize the investment in the fair value hierarchy using three different input levels (Level 1, 2 and 3) or by estimating the net asset value as a practical expedient. If the entity uses the practical expedient, the investment would be placed within the fair value hierarchy based on whether the investment is redeemable with the investee at the measurement date, never redeemable, or redeemable in the future. Based on this information, the investment would be placed in either level 2 or 3 of the hierarchy. As a result, there is diversity in practice when estimating the length of time in the near term the investment would be redeemed. This article reports the results of evaluating how can the diversity in accounting practice related to how certain investments measured at net asset value are categorized within the fair value hierarchy be resolved. The results of the qualitative research conducted on the FASB proposal concluded that fourteen out of the eighteen public comment letters agreed with FASB proposal that eliminating the requirements to classify these investments in the fair value hierarchy would increase comparability in accounting practice among entities.

Keywords: Financial accounting; Fair value hierarchy; FASB; Investments; Share value; Net Asset Value.

1. Introduction

This article provides an understanding of the background and history of the current diversity in accounting practice for investments measured at Net Asset Value (NAV) and their placement within the Financial Accounting Standard Board (FASB) fair value hierarchy. First, this article introduces how reporting entities measured and recognized assets and liabilities in an orderly transaction. Second, this article describes fair value and its valuation techniques. In addition, this article describes the inputs used to categorize valuation techniques by levels. Third, this article evaluates the classification of these inputs in the fair value hierarchy.

Moreover, this article examines how the diversity in accounting practice was created and what the FASB has done to fix such issue. Additionally, this article analyses data collected from the FASB questions for respondents regarding the possible changes to the accounting standard. Finally, this article describes the additional issues that need to be taken under consideration by the FASB. These issues include the following: 1) whether the disclosure requirements should be limited to only the investments that use the practical expedient and whether additional disclosure requirements should be needed, 2) whether the changes should apply retrospectively and how much time would be needed to implement such changes, and 3) whether private sector and non-for-profit organizations should require additional time to implement the FASB proposal.

2. Fair Value

A business transaction generally occurs when two or more parties interact and enter into an agreement to exchange goods and services. These transactions range from simple to complex and from complex to ongoing business transactions. During a simple business transaction, simple goods or services are exchanged for cash or for other goods and services; for example, paying for lunch at a restaurant, or paying for getting any customer service such as a haircut. Usually, simple business transactions take place between a vendor and a customer. Meanwhile, during a more complex business transaction, goods and services are purchased or exchanged for a credit line. For

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example, when buying a house or a car, if payment is not received in full, the buyer would obtain a loan from a financial institution that would be paid in determine time depending on the lender terms and conditions. On the other hand, ongoing business transactions may involve multiple types of businesses and transactions. These include for example, transactions with banks; contracts between vendors and another business that involve the business' employees, customers, and market; loans from the government; selling or purchasing stocks or other equity securities; and other complex ongoing transactions.

Most of these business transactions initiate the accounting cycle for companies, however, the main concern here is how companies should recognize and measure these exchange transactions in their financial statements. To answer this concern, reporting entities in the United States (U.S.) are subject to and should comply with financial reporting and accounting standards established by the Financial Accounting Standards Board (FASB) (2015). In accordance with the FASB, reporting entities shall report and measure assets acquired and liabilities transferred in a business transaction at their fair values, which is the exit price. The FASB describes under the Accounting Standards Codification (ASC) (2015) Topic 820 Fair Value Measurement that "entities shall record these transactions at their fair values, or exit price, which is either the price that would be received to sell an asset or paid to transfer a liability at their measurement date" (Ernst and Young, 2014a). The reason why these transactions shall be recognized at their fair values is because "entities do not necessarily sell assets at the amount paid to acquire them and do not transfer liabilities at the prices received to assume them" (Ernst and Young, 2014a).

2.1. Fair Value Valuation Techniques

The fair value of an asset sold or a liability transferred is assessed using three different valuation techniques. Fair value can be measured using the market, income, or cost approach. These approaches are constant and aligned with the same valuation techniques used for other transactions outside of financial reporting. According to a fair value evaluation prepared by PricewaterhouseCoopers LLP (PWC), when evaluating the fair values of assets and liabilities, reporting entities shall take under consideration all of the valuation techniques applicable to each transaction, to the asset or the liability, and to which there is sufficient available data (PricewaterhouseCoopers LLP (PWC), 2013).

First, fair value can be evaluated using the market approach based on information from market transactions. These transactions involved identical or similar assets and liabilities such as those found in businesses. An example of valuation techniques that use market approach are those that use a set of comparable market multiples. According to PWC, "selecting the appropriate market multiple within a comparable range requires judgment that considers qualitative and quantitative factors specific to the measurement" (PricewaterhouseCoopers LLP (PWC), 2013). Second, fair value can be evaluated applying the income approach based on future income to a single discounted amount. The income approach shows the current market expectations about the future income. The valuation techniques used for the income approach include present value techniques, opinion-pricing models, and the multi-period excess earnings method (PricewaterhouseCoopers LLP (PWC), 2013). Third, fair value can be evaluated using the cost approach based on current replacement cost. The cost approach establishes that the fair value would not be higher than what it would have cost a market participant to replace an asset of comparable utility (PWC, 2013, p. 48). When applying the replacement cost approach, reporting entities shall take under consideration the possible impact of the product improvements and changes when evaluating its replacement cost.

2.2. Inputs Used To Categorize Valuation Techniques

In order to use the different valuation techniques, market participants shall categorize their investments based on the different observable and unobservable inputs. According to the guidance under ASC Topic 820 Fair Value Measurement, observable inputs are based on market data found in independent sources from the reporting entity; and, unobservable inputs are those used by the reporting entity as their own view of expectations other market participants would use (PricewaterhouseCoopers LLP (PWC), 2013). Because the classification and measurement of fair value for assets and liabilities require judgment, fair value standards state that reporting entities should empathize in maximizing observable inputs while minimizing unobservable inputs regardless which valuation technique is used. Inputs may include price date, volatility aspects, detail and extensive credit data, liquidity date, and other information that might be considered relevant for the effect on the fair value measurement. In order to create consistency and comparability among reporting entities for the determination and measurement of fair value, the FASB created a three level fair value hierarchy.

2.3. Fair Value Hierarchy

The FASB developed a fair value hierarchy to categorize the inputs used for the fair value valuation techniques. The fair value hierarchy categorizes these inputs by levels, Level 1, 2, and 3, and Level 1 being the highest priority, and creates consistency and comparability of fair value measurement among entities. Management shall apply when estimating the fair values of assets or liabilities these three input levels. According to the FASB ASC 820, Level 1 inputs are observable inputs that reflect unadjusted or quoted prices in active markets for identical assets or liabilities that can be accessed by the entity at the measurement date. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted prices e.g. interest rates and yield curves. Finally, Level 3 inputs are unobservable inputs for the asset or liability (ASC 820-10, par. 35-40, 35-47, and 35-52). Reporting entities use level 3 inputs

when relevant observable inputs are not available; thus, level 3 inputs create situations in which there is a minimum market activity for the asset or liability at the measurement date.

3. Net Asset Value per Share

As a different fair value measurement option, other than using the three level inputs, to categorize certain investments within the fair value hierarchy, the FASB allows certain reporting entities to measure or assess the fair value of investments using the net asset value (NAV) per share, or its equivalent, as a practical expedient to categorize them in the fair value hierarchy. According to the FASB ASC 820 , "net asset value per share is the amount of the total net asset value of a company or fund divided by each share of capital stock outstanding at the close of the period" (FASB, 2009). Nowadays, it is common among entities to measure the investment made in investment companies at net asset value applying the practical expedient because they can easily estimate when the investment would be redeemed. According to the Emerging Issues Task Force (EITF) Accounting Standard Update (ASU), in order to categorize these investments in the fair value hierarchy, companies require judgment considering when the investment would be redeemed or exchanged with the investee.

If the entity is able to redeem the investment at the net asset value with the investee on the measurement date, the reporting entity shall categorize the fair value of the investment in the Level 2 of the hierarchy. If the reporting entity will never be able to redeem the investment at the net asset value, the entity would categorize the fair value of the investment within the Level 3. However, when investments are not redeemable at the net asset value at the measurement date but have the possibility to be redeemed at a future date instead, the reporting entity shall consider the length of time until the investment will become redeemable. This consideration of time would determine the classification of the investment within the fair value hierarchy in either Level 2 or Level 3. Level 3 would be used if the future date is unknown or not in the near term (Emerging Issues Task Force (EITF), 2014).

4. Development of the Issue

As of February 2015, the FASB's requirement for the categorization of certain investments in the fair value hierarchy table using the NAV practical expedient has created diversity in accounting practice. The issue with this practical expedient is that there are different views on how to determine if the investment would be redeemable in the near future and thus be placed in either Level 2 or 3 of the fair value hierarchy. While, other investments with fair values estimated based on the observability of the inputs used to value the investment are categorized in the hierarchy at Level 1, 2, or 3. Thus, the criteria used to categorize certain investments measured at NAV practical expedient differ from the criteria used for other fair value measurements in the fair value hierarchy.

Since these categorizations differ, the FASB requires for entities that use the practical expedient to fully disclose information regarding the nature and risks of the investments, including the probability of the investment being sold at a different amount from the NAV per share (Emerging Issues Task Force (EITF), 2014). In addition, reporting entities shall disclose all the investments measured at fair value that meet the requirements for the use of the practical expedient, even if such is not used. The FASB believed that this information would be useful for users of financial statement to understand the nature and risks of the entity's investments since their fair values were not measured and estimated in a similar manner.

According to Ernst & Young (E&Y), the diversity arises because the interpretation of near term in the classification of the investment as level 2 or 3 is different in practice. Ernst and Young (2014b) states that "many companies interpret the near term as a period of 90 days or less, while others use longer periods, such as 180 days or more" (p. 2). As explained by the New York State Society of Certified Public Accountants (NYSSCPA) (2015) "if the investment is said to be redeemed within 90 days or less, the investment would be categorized as level 2; while, level 3 would be considered if the investment is to be redeemed in a term beyond 90 days" (p. 1). In order to eliminate these inconsistencies, and bring uniformity among accounting practice, the FASB "proposed to eliminate the requirement for companies that measure investments at net asset value using the practical expedient to categorize them in the fair value hierarchy" (Ernst and Young, 2014b). Additionally, the FASB proposed to make the disclosure requirements differently. The FASB provisions state that instead of making certain disclosures for all investments that qualify for the use of the practical expedient method, reporting entities shall disclose only the ones elected to estimate the fair value using that practical expedient.

The FASB Emerging Issues Task Force (EITF) identified that the main provision of the fair value hierarchy is to help users of the financial statements evaluate the relative subjectivity of the different fair value measurements by classifying them on the basis of whether the inputs are observable or unobservable in the fair value hierarchy. However, current accounting standards do not only consider the observability of inputs; thus, the categorization in the fair value hierarchy is both confusing and diverse. By making changes to the accounting standard, the FASB would be able to provide standards that help users of financial statements understand and better evaluate the company's financial performance when making investment decisions. The possible changes to the accounting standard would beneficiate some parties while others would be adversely affected. In addition, the FASB would consider further concerns that might arise from the adoption of the Accounting Standard Update (ASU).

First, the users of financial statements and the comparability of financial standards among entities can strongly beneficiate from the FASB accounting proposal. Financial statements users would evaluate the consistency in the measurement of all the investments since they all would be categorized in the fair value hierarchy based in the observability of their input. In addition, FASB standards for fair value measurement would be more comparable to

those established by the International Financial Reporting Standards (IFRS). The IFRS 13 Fair Value Measurement uses the same level of inputs (Level 1, 2, and 3) to categorize fair value measurements in the fair value hierarchy. The same priorities are given to both quoted inputs prices in active markets (highest) and unobservable inputs (lowest) under the IFRS 13 (Deloitte, 2013).

Furthermore, the IFRS does not consider the NAV practical expedient as a measurement technique for investment (PWC, p. 16). Thus, by making changes to Topic 820, the FASB standards would also be more compatible to the IFRS permitting investors to compare U.S. companies with other companies across the world. Users can see the consistency in the measurement of all the investments since they all would be categorized in the fair value hierarchy based in their input levels.

Second, the parties that could possibly be affected by the changes are those entities that would no longer include investments measured with the NAV practical expedient in the fair value hierarchy. These companies would be affected because removing these investments from the table would cause differences in the balance sheet. Due to these possible differences, the FASB suggested that these entities would disclose these amounts as "reconciling items between the balance sheet amounts and the totals they report in their fair value hierarchy disclosures" (Ernst and Young, 2014b). By doing so, the FASB believes that these disclosures would provide financial statements users with a full understating of the nature and risks of the investments that were once measured at net asset value using the practical expedient.

5. Hypotheses

The FASB proposed a new Accounting Standard Update (ASU) in October 2014 to bring uniformity and consistency in accounting practice in categorizing fair value measurements within the fair value hierarchy. This issue leads to the following testable hypotheses:

1. If the inconsistency in practice can be reduced by removing this requirement, should investments for which fair values are estimated at net asset value (NAV) using the practical expedient be excluded from categorization in the fair value hierarchy?
2. Since certain disclosure is required for all investments eligible to be measured at the NAV using the practical expedient, should disclosure requirements be limited to only the investments chosen to be measured with the practical expedient?
3. If investments measured at NAV using the practical expedient are removed from the categorization within the fair value hierarchy, should there be additional disclosure requirements for this type of investments?
4. If the FASB moves forward with the proposed amendments to Topic 820, Fair Value Measurement, should they be applied retrospectively?
5. How much time would be needed to implement the proposed changes to Topic 820? Should the FASB allow early adoption?
6. Would these new provisions need additional time to be implemented in private sector and non-for-profit organizations?

5.1. Hypotheses Data Analysis

Based on the responses to the questions issued by the FASB for public comment, the above hypotheses can be tested for a reachable conclusion. Comments were requested from both prepares and users of financial statements, and issuers of investment instruments who either agreed or disagreed with the proposed standard. In addition, the FASB requested description on suggested alternatives for those who were not in agreement with the ASU. The EITF received comments on the questions to the issuance of the ASU in October 30, 2015 until February 6, 2015. During this period, the Task Force team collected eighteen (18) comment letters from different industry participants. FASB (n.d) Table 1, *Analysis of the Comment Letters*, includes the names and industry sectors of each of the responders. Even though not all the questions asked by EITF were answered by the responders, the EITF gathered valuable information regarding the current accounting issue as discussed below. The categories of respondents are presented next, followed by each of the six hypotheses and related research results with analysis.

6. Research Respondents

The FASB collected during the comment period eighteen comment letters regarding the EITF-14B Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share. The comment letters were received from different public sectors and organizations, Table 3, "*Research Respondent*", summarizes the respondents by category. These included CPA firms, Consulting organizations, Corporations, Accounting Organization, and others. From these respondents, four letters came from CPA firms; McGladrey LLP, BDO USA LLP, Plante & Moran PLLC, and Weiser Mazars LLP. Five respondents were consulting entities; Morgan Stanley, Duff & Phelps, National Association of College and University Business Officers (NACUBO), The Blackstone Group, and the Edison Electric Institute (EEI) and the American Gas Association (AGA). Five respondents were miscellaneous corporations that include Nextera Energy Inc., World Bank, American International Group Inc., Ford Motor Company, and Emerson. Three of the respondents were accounting organizations; the Florida Institute of Certified Public Accountants (FICPA), the New York State Society of Certified Public Accountants (NYSSCPA), and the American Institute of Certified Public Accountants (AICPA)

(2015). Finally, the last respondent was categorized as other and it was a preparer from the Dallas Theological Seminary.

Hypothesis 1: Should investments for which fair values are estimated at net asset value (NAV) using the practical expedient be excluded from categorization in the fair value hierarchy?

From the eighteen comment letters received, all the responders (100 percent) answered to the first testable hypothesis, whether investments for which fair values are estimated at NAV using the practical expedient should be excluded from categorization in the fair value hierarchy; however, there were some disagreements with the accounting update. From the responses, 78 percent agreed with the proposed accounting update while 22 percent did not (Table 1). The majority of the responders agreed that these investments measured using the NAV should be excluded from the fair value hierarchy since current standards result in inconsistencies with the leveling of the investment (NYSSCPA) and in higher costs for organizations who have to collect all the important information for performing the leveling of such within the fair value hierarchy (World Bank). Moreover, McGladrey LLP stated that current standards regarding this approach are "confusing to users" of financial statements as they are different from the categorization of investments based on the observability of inputs; thus, removing these requirements would base the categorization in the hierarchy "entirely on the observability of the input(s) used in the fair value measurement" (McGladrey LLP, 2015). Finally, the approach suggested by the Task Force would be an "improvement" (BDO USA LLP, 2015) in bringing uniformity to accounting practice.

On the other hand, from the group who disagreed with the Task Force proposal, the National Association of College and University Business Officers (NACUBO) suggested that these investments should not be removed because users would not be able to understand that "the basis for valuation of these NAV investments is the fund's application of fair value regarding the underlying assets" (National Association of College and University Business Officers (NACUBO), 2015). Additionally to the NACUBO, the Florida Institute of Certified Public Accountants (FICPA) stated that these investments should not be removed from the categorization within the fair value hierarchy. The reason behind their conclusion was that "even though this approach was inconsistent with the categorization of investments based solely on the observability of their inputs, this approach warrants at least a level 3 placement" (Florida Institute of Certified Public Accountants (FICPA), 2014). Thus, both organizations suggested that additional guidance would be helpful in decreasing the diversity in practice related to these investments.

For instance, instead of having investments measured at NAV using the practical expedient included in the fair value hierarchy as level 2 or 3, reporting entities should include these in the table as a separate column. By doing this, users of the financial statements would be able to agree with totals presented in the fair value hierarchy table with those shown in the investments account (NACUBO, p. 2). Finally, from those against the FASB proposal, EMERSON stated that "removing all investments measured at NAV from the fair value hierarchy is considered an overreaction" (EMERSON, 2015). EMERSON suggests that since the majority of these investments are highly liquid assets in retirement plans, removing them from the fair value hierarchy is an overreaction to an issue that is not significant to the comparability of disclosures.

Hypothesis 2: Should disclosure requirements be limited to only the investments chosen to be measured with the practical expedient?

Second, the second question asked whether the disclosure requirements should be limited to only investments measured at NAV using the practical expedient instead to all investments that are eligible to be measured using the practical expedient. From the 18 comment letters collected, 94 percent (17 letters) answered to the proposed requirement but only 71 percent (12 letters) of these responders agreed to the FASB disclosure proposal. Thus, based on these answers, these requirements shall apply only the investments chosen to be measured with the practical expedient.

Hypothesis 3: Should there be additional disclosure requirements for these types of investments?

Furthermore, the data collected for question 3, whether additional disclosure requirements for investments measured at NAV using the practical expedient are needed, 67 percent (12 letters) of the 18 responders answered the question, but none of these agreed that additional disclosure requirements were needed for these investments. Therefore, the information collected for questions 1, 2, and 3, it leads us to test the first three hypotheses and conclude the following. The majority of users agreed that removing these investments from the fair value hierarchy and limiting the disclosure requirements to only such investments, the financial accounting and reporting standards would generate consistency and similarities in reporting among different industries.

Hypothesis 4: Should the FASB proposed changes be applied retrospectively?

The Task Force asked the public in question four whether the proposed changes to Topic 820 Fair Value Measurements should be applied retrospectively. From the 18 responses, 72 percent (13 letters) answered the question and the majority, 77 percent (10 letters), agreed that the changes should be applied retrospectively. One of the comments regarding this question suggested that the changes should be retrospectively because the "disclosures in the fair value hierarchy would be in a similar manner in prior periods for comparison purposes" (Plante and Moran, 2015).

Hypothesis 5: How much time would be needed to implement the proposed changes to Topic 820? Should the FASB allow early adoption?

In addition to retrospective application, the Task Force asked in question 5 how much time would be needed to implement the suggested amendments to the standard and if whether early adoption should be permitted. This question actually asked two different questions, thus, the answers to the first part are evaluated in the next section and summarized in Table 2, *Answers to Question 5.a*; and the answers to the second part of question 5 were coded

on the Table 1. From the 18 answers collected, 67 percent (12 letters) gave responses to the first part of question 5, how much would be needed to implement the suggested amendments to the standard.

These answers vary from insignificant amount of time, to several months up to one year, to up to when the Board considers necessary. For instance, Morgan Stanley believes that the changes are not difficult to implement, thus minimal time should be needed. On the other hand, the American International Group, Inc. (AIG) believes that a period from three to six months would be needed to implement the guidance as proposed (AIG, p. 4). While, the Technical Issues Committee (TIC) of the Council of the American Institute of Certified Public Accountants (AICPA) estimates that a one-year transition period would be necessary since the standard requirements are being reduced and not increased (AICPA, p.2). Finally, regarding the second part of question 5, from the 18 responses, 56 percent (10 letters) answered and agreed to early adoption of the proposed amendments.

Hypothesis 6: Would these new provisions need additional time to be implemented in private sector and non-for-profit organizations?

Lastly, the Task Force asked whether companies other than public business entities would need additional time to apply the proposed amendments. From the 18 letters, 50 percent (9 letters) of the responders answered the question but only 11 percent (1 letter) agreed to the FASB proposal. Thus, it can be concluded that the majority of users who responded do not believe that other entities such as private and non-for-profit need additional time to adopt the changes and such should apply to all entities at the same time. The information collected from questions 4, 5a and 5b, and 6 provides answers and conclusions to hypothesis 4, 5 and 6. For these hypotheses, the majority of users are in agreement with the FASB's time frames and requirements for the application of the proposed accounting update.

7. Further Concerns from the Comment Letters

The FASB and the Task Force ask for the responders to additionally provide their views on other issues or concerns that could arise from the proposed ASU. In response to the FASB request, selected comment letters stated that additional information should be taken under consideration. First, 4 of the 18 letters suggested that FASB should also consider the similarity in disclosure requirements between Topic 820, Fair Value Measurement, and Topic 715 Compensation—Retirement Benefits. If the FASB moves forwards with the proposed accounting standard, the FASB shall also make similar amendments to the disclosure requirements of the Defined Benefit Plans. This further consideration would apply to ASC 715-20-50-1(d)(5)(iv)(01) (The Edison Electric Institute (EEI), 2015) and the American Gas Association (AGA)).

According to the FASB ASC (2015)(FASB ASC 715-20-50-1) an employer shall disclose all the information that allows users to understand the inputs and valuation techniques used to develop fair value measurements of plan assets at the reporting date. This information shall include the level (Level 1, Level 2, and Level 3) used to categorized such within the fair value hierarchy based on observability of their inputs. Thus, this requirement should be adjusted to provide that use the practical expedient would be not required for the categorization within a fair value hierarchy. In addition, to the EEI and the AGA, Ford Company, Plante and Morgan, and World Bank suggest similar consideration for these two topics.

Second, another issue that was brought to further consideration was the FASB harmonization the Governmental Accounting Standards Board (GASB). Duff & Phelps suggested that if the FASB agrees to move forward with the proposed standard, then the information should be consistent with the "soon-to-be issued GASB fair value standard so that investors, public pension plan and a corporate pension plan, would report consistently under GASB and FASB standards" (Duff & Phelps, p. 3). Finally, World Bank expressed concerns about harmonizing with IFRS. World Bank suggests that the FASB should further their considerations regarding the classification of certain investments using the NAV as a practical expedient; since, the International Accounting Standard Board (IASB) does not provide a practical expedient. By doing so, World Bank believes that "bringing these considerations into an agreement would increase comparability of financial information available to users around the world" (World Bank Group, 2015).

8. Conclusion and Summary

In conclusion, the FASB issued the proposed accounting standard update on Topic 820 Fair Value Measurement so that the public could express their opinions (agree or disagree) on the possible changes. Based on the information collected by the Task Force, the majority of the responders generally agreed to exclude from the fair value hierarchy investments for which fair values are measured at NAV using the practical expedient and limit the corresponding disclosure requirements to only these investments. They believed that by doing this, the soon to be accounting standard would eliminate inconsistencies in accounting practice and provide valuable information useful for users of financial statements in making investment decisions.

In addition, most of the responders agreed that no further disclosure requirements were needed and that the changes shall apply retrospectively to all; private, public, and non-for-profit organizations in a similar manner. Finally, some responders brought the FASB attention to further considerations that arise from the possible accounting change. These include the connection between Topic 820 and 715 and the harmonization of the FASB with the GASB and, most importantly, the IFRS.

Tables

Table-1. Analysis of the Comment Letters

Letter	Submitter's Affiliation	CPA Firm	Consulting	Corp.	Other	Accounting Organization	1	2	3	4	5	6
1	McGladrey LLP	1					X	0	0	X	X	X
2	FICPA/APAS Committee					1	0	X	0	X	X	0
3	Nextera Energy Inc.			1			X	X				
4	BDO USA LLP	1					X	X		X	X	
5	Plante & Moran PLLC	1					X	X	0	X		0
6	World Bank			1			X	X				
7	Morgan Stanley		1				X	X	0	X	X	
8	NYSSCPA					1	X	0	0	0	X	0
9	Duff & Phelps		1				0	0	0	0		
10	NACUBO		1				0	X	0	0		0
11	The Blackstone Group		1				X	0				
12	American International Group Inc.			1			X	X	0	X	X	0
13	EEI/AGA		1				X	X	0	X	X	
14	Weiser Mazars LLP	1					X	X	0	X	X	0
15	Dallas Theological Seminary				1		X	X	0	X	X	0
16	AICPA/PCPS/TIC					1	X	X	0	X	X	0
17	Ford Motor Company			1			X					
18	Emerson			1			0	0				
Subtotal		4	5	3	1	3						
Total of Answered Questions							18	17	12	13	10	9
Total of Agreed Questions							14	12	0	10	10	1
Percentage of question answered							100%	94%	67%	72%	56%	50%
Percentage of question agreement							78%	71%	0%	77%	100%	11%

X = agree or yes
0 = disagree or no
Column 5 is only a tabulation regarding early adoption
URL to the 18 comment letters above: http://www.fasb.org/jsp/FASB/CommentLetter_C/CommentLetterPage&cid=1218220137090&project_id=EITF-14B

Table-2. Answers to Question 5.a

Letter	Submitter's Affiliation	CPA Firm	Consulting	Corp.	Other	Accounting Organization	5a	5b
1	McGladrey LLP	1					several months to a year	X
2	FICPA/APAS Committee					1	Insignificant time	X
4	BDO USA LLP	1					Immediately	X
5	Plante & Moran PLLC	1					Insignificant time	

Continue

7	Morgan Stanley		1				Insignificant time	X
8	NYSSCPA					1	Insignificant time	X
10	NACUBO		1				Little time	
12	American International Group Inc.			1			Three-to-six months	X
13	EEI/AGA		1				Insignificant time	X
14	Weiser Mazars LLP	1					Minimal time	X
15	Dallas Theological Seminary				1		One year	X
16	AICPA/PCPS/TIC					1	One year	X

Table-3. Research Respondents

Responder Category	Number	Percent
CPA Firm	4	22%
Consulting	5	28%
Corp.	5	28%
Other	1	6%
Accounting Organization	3	17%
Total	18	100%

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