



A Division of O'Connor Davies Munns & Dobbins LLP

Monthly *Foot* Notes

February 17, 2010

Improving Disclosures about Fair Value Measurements

ASU 2010-06 (Fair Value Measurements and Disclosures, Improving Disclosures about Fair Value Measurements) was issued last month and requires more disclosure and increased transparency regarding fair value measurements. Most of the ASU is effective for interim and annual periods beginning after December 15, 2009, except for changes to the presentation of the roll forward activity in Level 3 assets, for which the effective date is for periods beginning after December 31, 2010.

Some of the highlights of the ASU are listed below:

- Required to disclose transfers in and out of Levels 1 and 2, the reasons for the transfers and the accounting policy for determining when transfers are recognized.
- Required to show gross Level 3 activity (i.e. cannot net purchases and settlements)—Calendar 2011 issue.
- Disclose valuation techniques used for level 2 and 3 assets and why they are used (i.e. market, income or cost approach).
- This change is a major change. For equity and debt securities, disclosure on a disaggregated basis, based upon the nature and risks is required (for example, the FASB is now looking for further breakdown of equity securities by concentration of risk—i.e. real estate, financial services, healthcare, energy, etc.)

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Hedge Funds Decline -0.50% For January 2010

The Hennessee Group reported last week that the average fund declined -0.50 percent in January 2010, while the S&P 500 declined -3.70 percent. The Dow Jones Industrial Average declined -3.46 percent and the NASDAQ Composite Index declined -5.37 percent in January 2010.

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