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&
Fair Value
Measurement

FASB's Accounting Standards Update, ASU 2015-07, *Fair Value Measurement*

Highlight
The amendments in this Update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

Why?
Under the amendments in this Update, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. Removing those investments from the fair value hierarchy not only eliminates the diversity in practice resulting from the way in which investments measured at net asset value per share (or its equivalent) with future redemption dates are classified, but also ensures that all investments categorized in the fair value hierarchy are classified using a consistent approach.

How?
1. Remove the investment for which fair value is measured using net asset value per share (or its equivalent, for example member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed) from the fair value hierarchy table.
2. Disclose the amount measured using the net asset value per share (or its equivalent) practical expedient to permit reconciliation of the fair value of investments included in the fair value hierarchy to the line items presented in the statement of financial position.
3. Disclosure requirement did not change, which still includes:
    a. The fair value measurement of the investments in the class at the reporting date and a description of the significant investment strategies of the investee(s) in the class.
    b. For each class of investment that includes investments that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees.
    c. The amount of the reporting entity's unfunded commitments related to investments in the class.
    d. A general description of the terms and conditions upon which the investor may redeem investments in the class (for example, quarterly redemption with 60 days' notice).
    e. The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable (for example, investments subject to a lockup or gate). Also, for those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity shall disclose its estimate of when the restriction from redemption might lapse. If an estimate cannot be made, the reporting entity shall disclose that fact and how long the restriction has been in effect.
    f. Any other significant restriction on the ability to sell investments in the class at the measurement date.

When?
For non-public entities, the standard is effective for annual periods beginning after December 15, 2016.

Your Year End	Effective for Fiscal Year Ended
December 31	December 31, 2017
June 30	June 30, 2018

Early adoption is permitted.

Action Now
- Consider early adoption!