1-1-2010

Comparison of SFAS 159 : Fair Value Option Financial Assets and Financial Liabilities Adopters and Non-adopters

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Comparison of SFAS 159:
Fair Value Option for Financial Assets and Financial Liabilities
Adopters and Non-adopters

A Thesis Submitted to the

University Honors Program

In Partial Fulfillment of the

Requirements of the Baccalaureate Degree

With Upper Division Honors

Department Of

Accountancy

By

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DeKalb, Illinois

May 8, 2010

University Honors Program

Capstone Approval Page

Capstone Title

Comparison of SFAS 159: Fair Value Option for Financial Assets and Financial Liabilities Adopters and Non-Adopters

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Date of Approval

November 23, 2009

HONORS THESIS ABSTRACT
THESIS SUBMISSION FORM

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THESIS TITLE:

ADVISOR: Natalie Churyk, CPA, Ph.D.

ADVISOR'S DEPARTMENT: Accountancy

DISCIPLINE: Accountancy YEAR: 2010

PAGE LENGTH: 25

BIBLIOGRAPHY:

ILLUSTRATED: Yes

PUBLISHED (YES OR NO): No

LIST PUBLICATION: N/A

COPIES AVAILABLE (HARD COPY, MICROFILM, DISKETTE): Hard Copy

ABSTRACT (100-200 WORDS): See following page

HONORS THESIS ABSTRACT

Comparison of SFAS 159:
Fair Value Option for Financial Assets and Financial Liabilities
Adopters and Non-adopters

This study compared and contrasted financial metrics of entities that adopted SFAS No. 159 and those that did not over the first quarters of 2007 and 2008. The option to apply fair value to select securities came under much scrutiny during the deep recession of 2008 which prompted more study of SFAS No. 159 application. To better understand the financial characteristics of adopters and non-adopters, commercial banks were identified and their financial statements examined. Financial data was gathered for the first quarter filings of 2007 and 2008 using COMPUSTAT, and was then analyzed by statistically comparing groups. Results showed that there were marginally significant differences between the groups.

INTRODUCTION

This study examined financial metrics of companies adopting the Statement of Financial Accounting Standards (SFAS) No. 159, *The Fair Value Option (FVO) for Financial Assets and Financial Liabilities*. Three groups were examined, 1) all spring 2007 and 2008 adopters versus all spring 2007 and 2008 non-adopters, 2) spring 2007 adopters versus spring 2007 non-adopters, and 3) spring 2008 adopters versus spring 2008 non-adopters. The Financial Accounting Standards Board (FASB) released SFAS No. 159 in February 2007, effective for fiscal years after November 2007. Early adoption was permitted if the entity also elected to apply SFAS No. 157, *Fair Value Measurements*.

The main objective of SFAS No. 159 was to improve financial reporting representation by allowing entities to lessen fluctuations in earnings when similar assets and liabilities are measured differently (FASB ASC 825-10-10-1). The FASB also hoped to increase the use of SFAS No. 157, which must be simultaneously adopted with SFAS No. 159. In conjunction with SFAS No. 159 there is an increased disclosure requirement intended to help comparison of similar assets and liabilities between different entities with different acceptable reporting methods.

Previous to SFAS No. 159, available-for-sale (AFS) security adjustments for gains and losses were made to other comprehensive income (OCI), the equity section of the balance sheet. With the adoption of SFAS No. 159, the security would be treated as a trading security and those gain and loss adjustments would affect net income directly. When initially adopting SFAS No. 159, the cumulative unrealized gains and losses were transferred to retained earnings. Further adjustments to the selected securities after initial adoption affected net income. Based on an entity's financial position for select securities, SFAS No. 159, once adopted may affect the integrity of the financial statements. Therefore, it was important to examine financial metric differences between those entities that chose adoption and those that did not.

The American Association's Financial Accounting Standards Committee (Committee) commented on SFAS No. 159's Exposure Draft (ED). EDs are released prior to the pronouncement so that professionals could comment on possible changes prior to standard enactment. The Committee found that there was a potential for differences of interpretation. These differences were increased by limited guidance regarding the application of SFAS No. 159. The Committee, with these reservations, agreed with the FASB's intentions and direction of the pronouncement.

Professionals believe that SFAS No. 159 does not improve financial reporting nor does it beneficially help financial statement users. There was not enough direct guidance from the FASB to ensure intended implementation of SFAS No. 159 by adopting entities' management. Cataldo and McInnes (2007) go so far as to say that SFAS No. 159 dismantles historical cost accounting principles, replacing those principles with the asset-liability approach, which measures difference between estimated assets and liabilities.

In order to estimate assets and liabilities, the FASB issued SFAS No. 157, which provides methods to measure the amount of unrealized gain or loss, realized in the income statement upon adoption of SFAS No. 159. Fair value is defined as "the price that would be received by selling an asset or the amount paid to transfer a liability in an orderly transaction between market participants on a specific date" (FASB ASC 820-10-

20). Nergus and Boyles (2009) examined how securities were valued under SFAS No. 157. In a perfect world, securities would be readily traded at easily determinable fair values, but in an economic crisis, that was not always the case. Adoptions of SFAS No. 159 for securities in illiquid or non-existent markets posed complex problems exacerbated by the lack of direct guidance.

SFAS No. 157 and 159 criticisms were analyzed by the Securities and Exchange Commission (SEC) when the U.S. Government requested the *Report and Recommendations from the SEC pursuant to section 133 of the Emergency Economic Stabilization Act of 2008: A Study on Mark-to-Market Accounting*. The SEC found that fair value accounting did not play a role in bank failures nor hindered transparency of the entities. The SEC found that fair value standards significantly impacted reported income on financial statements. The SEC provided direct guidance on fair value measurements and adoption of the FVO.

Using a sample of commercial banks, I compared the key financial metrics between three groups, 1) all spring 2007 and 2008 adopters versus all spring 2007 and 2008 non-adopters, 2) spring 2007 adopters versus spring 2007 non-adopters, and 3) spring 2008 adopters versus spring 2008 non-adopters of SFAS No. 159. Based on others' research, the commercial bank's management, with compensation tied to financial performance, were potentially incentivized to manipulate financial positions of large losses in accumulated other comprehensive income (AOCI). The entities were required to maintain certain capital ratios required by bank regulators, which contributed to the adopter's election.

The next section describes Henry's (2009) research, explaining her sample and conclusions of her data. Afterwards, SFAS No. 159 and SFAS No. 157 are discussed in detail to provide an understanding of the pronouncements released by the FASB. The literature review of non-empirical research references these two statements and establishes the basis for my research question. Following the review of standards and literature, the sample is analyzed, and applicable conclusions are drawn.

LITERATURE REVIEW

This section has information on SFAS No. 159 and SFAS No. 157, non-empirical literature, and empirical studies related to the joint pronouncements. SFAS No. 159 is deeply entwined with SFAS No. 157 leading to simultaneous research. While support for the standards was questionable, a number of firms elected early adoption and applied SFAS No. 159 to specific securities within their portfolios. Of those that chose early adoption, 12 rescinded their early adoption, citing that the adoption of the standard was deemed to be inconsistent with the standard's objective. Some of the rescinding firms adopted SFAS No. 159 so they could subsequently sell the securities, right after adoption. The standard is forced a restatement of the effects of adoption for some of the rescinding firms. These rescissions were a result of informal guidance being issued by the SEC after the initial quarterly reporting period. Additional guidance was released simultaneously by the Committee, whose findings are discussed later in the literature review.

Henry (2009) examined 12 rescinding and 24 non-rescinding firms' disclosures for the election of SFAS No. 159. Based on the information gathered through note disclosures, Henry (2009) illustrates (through the use of a hypothetical case) how SFAS No. 159 can be adopted to manipulate financial statement data.

Henry (2009) identified an opportunity for entities to avoid recognizing losses on failing securities because at the time of adoption, unrecognized and unrealized losses would be applied to retained earnings with subsequent changes in fair value to be reported within income. This allows manipulation of the financial statements through SFAS No. 159 adoption by applying the FVO to select securities.

Henry (2009) examined financial metrics of four groups, early adoption rescinders versus early adoption nonrescinders and early adopters versus later adopters,. The results of the data showed nominal differences between rescinders and non-rescinders of the adoption, however there were significant differences between early and later adopters. Total assets of the companies analyzed were similar across groups. However, the early adopters had much larger portfolios of investment securities than non-adopters and later adopters. She concluded that decisions on early adoption arose from different influences, including a lack of formal guidance for SFAS No. 159 application. This research possibly serves as a blueprint for financial statement users to identify the impact of the opportunistic use of the standard.

SFAS No. 159 was issued February 2007, effective for fiscal years starting after November 15, 2007. In issuing a standard regarding adoption of the FVO for previously acquired securities, the FASB identified the objective of SFAS No. 159 (FASB ASC 825-10-10-1) as "improving financial reporting representation by allowing entities to reduce volatility in reported earnings from measuring related assets and liabilities differently without the hedge accounting provisions". The statement (FASB ASC 825-10-50) also sets forth presentation and disclosure requirements designed to make it easier for comparing different entities that choose different types of measurements for similar assets and liabilities.

SFAS No. 159 allows entities' management to choose eligible securities, value them at fair value and realize gains and losses in earnings. SFAS No. 159 can be applied to the following types of financial instruments:

- "Loans receivable and payable
- Investments in equity securities, including investments accounted for using the equity method
- Rights and obligations under insurance contracts
- Rights and obligations related to warranty agreements
- Host financial instruments that are separated from embedded derivative instruments
- Firm commitments involving financial instruments
- Written loan commitments" (FASB ASC 825-10-15-4)

According to SFAS No. 159 there are special provisions for which SFAS No. 159 cannot be elected; these are as follows:

- "An investment in a subsidiary that the entity is required to consolidate
- An interest in a variable interest entity that the entity is required to consolidate
- Employers' and plans' obligations for pension benefits, other postretirement benefits, postemployment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation arrangements
- Financial assets and financial liabilities recognized under leases
- Deposit liabilities, withdraw able on demand, of banks, savings and loan associations, credit unions, and other similar depository institutions
- Financial instruments that are, in whole or in part, classified by the issuer as component of shareholder's equity" (FASB ASC 825-10-15-5)

The FASB requires a large amount of disclosures upon adoption of SFAS No. 159. The disclosures are expected to provide information to financial statement users regarding (1) management's reasons for electing the FVO, (2) how the changes in fair values affect earnings for that period, (3) information for the elected items that would have been disclosed if the FVO was not adopted, and (4) the differences between fair values and contractual cash flows for certain selected securities (FASB ASC 825-10-50).

Prior to SFAS No. 159, AFS securities' unrealized gains and losses were reported in other comprehensive income on the Statement of Stockholders' Equity. Held-to-maturity (HTM) securities' were not marked-to-market on financial statements; however entities did track unrecognized changes in value. Once an entity's management chose the FVO for a particular AFS or HTM security, the previously unrealized gains and losses would be treated as an adjustment to retained earnings at the time of the adoption. Subsequent to the election by management on a particular security, that security would be treated as a trading security, and its gains and losses would flow through the income statement.

There was much debate and criticism about SFAS No. 159, which led to numerous investigations into financial statements of those electing it for adoption. Ratcliffe (2007) examined how early adopters rescinded the early adoption due to not following the spirit of the pronouncement. The spirit of the pronouncement refers to the objectives outlined by the FASB, and elaborated on by SEC discussion panels and the Committee. Ratcliffe (2007) points out that because of the option to adopt SFAS No. 159 on a security by security basis, those securities chosen by management, with unrealized losses, may be used to manipulate the financial data in the financial statements. The selective use of SFAS No. 159 creates the possibility of companies not utilizing SFAS No. 159 for its intended purpose, better financial statement representation.

Ratcliffe (2007) examines Seacoast Banking Corp. of Florida as an example of inappropriate use of SFAS No. 159. Seacoast Banking Corp. opted to report approximately $251 million of investment securities at fair value by applying SFAS No. 159. At initial adoption, the $3.7 million loss in other comprehensive income (OCI) pertaining to the security transferred to retained earnings and future fair value adjustments were to be reported in net income. Soon after, Seacoast rescinded the adoption and restated net income by the $3.7 million loss because application of SFAS No. 159 did not uphold the intentions of the FASB pronouncement.

Cataldo and McInnes (2007) gave another perspective on the FASB's release of SFAS No. 159 when they examined key weaknesses and overlooked opportunities provided by the pronouncement. They also analyzed the FASB's agenda and how FVO affects Certified Public Accountants (CPA). Cataldo and McInnes (2007) found that the ability to select securities under SFAS No. 159 posed a challenge in the comparability and consistency of financial statements representation. Management's decision to elect SFAS No. 159 can be determined by reporting incentives; it is not a movement toward providing a clearer financial picture.

According to Cataldo and McInnes (2007), generally accepted accounting principles (GAAP) were never meant to measure fair market value. Financial analysts use individual knowledge and expertise as a matter of their livelihood, by adjusting GAAP financial statements to fair value. The same expertise that is needed to interpret the financial statements will continue to be needed even with fair value enhanced financial statements.

The Committee responded to the SFAS No. 159 ED. They examined academic research done pertaining to SFAS No. 159 and provided responses about the fair value estimates for financial investments (Skaife et al., 2007).

After identifying SFAS No. 159 research, the Committee commented on topics proposed by the FASB in the ED (Skaife et al., 2007). In response to the ability for fair value to provide more relevant and understandable information than cost-based measures, the Committee fully agreed that the option to implement SFAS No. 159 on specific instruments may fragment and degrade financial statement representation. The

Committee also found that disclosure rules for SFAS No. 159 are not congruent with SFAS 154, *Accounting Changes and Error Corrections*, which requires consistent application of accounting principles for similar events and transactions. Without particular disclosure and the limited research examining nonfinancial institutions regarding SFAS No. 159, the Committee (2007) feels there may be a reliability concern regarding the use of FVO.

The Committee concluded that SFAS No. 159 ED gave too little guidance with respect to the application and presentation of the standard, even in comparison to the conceptual nature of the standard (Skaife et al., 2007). The fact that application will be subjective and not applied evenly to all instruments also results in the ability to manipulate and opportunistically apply SFAS No. 159. While fair value accounting is still favored as a more transparent from of valuation, the limited guidance may prove to complicate the ability to selectively apply the standard.

In conjunction with the adoption of SFAS No. 159 for previously recorded AFS and HTM securities, entities were required to adopt SFAS No. 157, Fair Value Measurements. It is difficult to differentiate the effects of the two standards individually; therefore, SFAS No. 157 is explained here to better understand SFAS No. 159.

The FASB issued SFAS No. 157 slightly earlier than SFAS No. 159 but made it effective starting in the same time period, November 2007. It defines fair value decision criteria for evaluating fair value in GAAP, and disclosure requirements for measuring any asset or liability at fair value. Before this standard, fair value guidance was found throughout GAAP in procedures that utilized or involved fair value measurements, such as accounting for trading securities. SFAS No. 157 therefore defines a hierarchy of fair value measurements based on the market, income and cost approaches.

The market approach uses relevant data from market transactions to determine market prices. The income approach formulates fair value by converting future expected cash flows to a present value amount. The cost approach uses values that would be required to replace the service capacity of an asset at that given point in time (FASB ASC 10-35). The hierarch arises from the different approaches, organized into three levels. The three levels are:

> **Level 1:** "Observable inputs that are unadjusted, quoted prices in active markets for identical assets or liabilities that are assessable at the measurement date."
>
> **Level 2:** "Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly at the measurement date."
>
> **Level 3:** "Inputs that are unobservable for the asset or liability, only an eligible measurement when observable inputs are not available at the measurement date" (FASB ASC 10-35).

This hierarchy was instituted by the FASB for increasing consistency and comparability in fair value measurements. Because SFAS No. 157 was a requirement for those adopting SFAS No. 159, it played a large role in determining how AFS and HTM securities were valued at the time of adoption. This also brought about even more criticism regarding the adoption of SFAS No. 159.

The Committee (2007) points out that fair value archival research focuses on issues relating to risk assessment, relevance versus reliability and disclosure versus recognition, while theoretical research in accounting emphasizes the macroeconomic implications of a switch to fair value accounting (Skaife et al., 2007). Highly liquid markets function well with fair value accounting procedures. However, when those markets seize up during economic turmoil, it becomes burdensome for companies because mark-to-market procedures need to be mark-to-model procedures. The mark-to-model, is the lowest level of fair value assessment of SFAS No. 157, and should only be used in the absence of a market for the instrument. It is also the least trusted method of fair value determination. The Committee suggests that FASB should look at the broader economic consequences of a move to complete fair value accounting. The Committee further addresses that accounting implementation is correlated to managers making opportunistic accounting choices (Skaife et al., 2007).

Cataldo and McInnes (2007) discuss the release of SFAS No. 157; an essential part of SFAS No. 159. They examined the backlash from non-adopting companies who did not feel the election timing was appropriate nor that there was ample justification for the switch to fair valuation. The choice to adopt is management's and when the FVO is adopted, it potentially reduces the ability of accounting standards to serve as an offset to corporate management's, all-too-frequent, accounting deception and misrepresentation of the financial statements. Fair value accounting may result in a tipping of the scales in favor of management, rather than shareholders. They conclude that accounting is at a crossroad with respect to fair-value accounting and that entities do not want authoritative bodies to discard GAAP's foundations.

SFAS No. 157 provides structure as to how to value assets and liabilities when electing the FVO. In a relatively active market, identifying fair values is arguably as easy as identifying similar assets or liabilities that are currently selling to obtain the fair value.

However when markets slow and readily available pricing sources are not found, it becomes extremely difficult to obtain valuation (Negus and Boyles, 2009).

In a market-based approach to finding fair value, banks collect bid/ask prices from third party sources as required by SFAS No. 157. However, in the absence of the ability to find information or bid/ask prices of similar financial instruments, SFAS No. 157 allows the income approach where banks generate market-indicative prices using assumptions and internal and third-party models (Negus and Boyles, 2009).

Negus and Boyles (2009) point out that using the income approach increases the scrutiny from regulatory agencies, so documentation becomes more important. For example, to use the income approach, banks have to be able to establish that the market is illiquid, disorderly or inactive. They then have to identify what approach and inputs are best to determine prices. After the bank collects the information, management assumptions and models are used to determine these prices.

Volatile and illiquid markets create risks. Banks that elect the FVO using the income approach must diligently gather information and weigh the benefits against the large costs of analytics and documentation. Interestingly, when the FVO was issued in 2007, markets were still liquid and it was relatively easy to obtain market prices for securities. When banks elect the FVO, SFAS No. 157's co-adoption requires great thought as to whether the banks securities are better off at fair value (Negus and Boyles, 2009).

Allon's (2009) research examined the double edged sword of SFAS No. 157, which provides better financial statement representation, through disclosures, for those securities that were elected for the FVO. The argument is that fair value management might not provide a true measure of that securities' performance in an illiquid market. Allon (2009) believes that mark-to-market pricing reduces fraud and promotes a well-balanced market due to disclosure requirements, but a distinction needs to be made between credit impaired and liquidity impaired securities. Fair value is acceptable for credit impaired securities, but not for liquidity impaired securities because the assets are performing well in an underperforming market.

Allon's (2009) research examined particular companies' bonds and securities performance data to determine how in some cases, market behavior drives valuation into a downward spiral. Market behavior is described as the "bane" to mark-to-market accounting because it does not always correlate to actual performance of the securities. The consequences of a credit-impaired bond compared to a liquidity-impaired bond showed a difference when the underlying assets are above or below a 10% default rate. Those that are above a 10% default rate are deemed credit-impaired and those under 10% are liquidity-impaired. Both credit-impaired and liquidity-impaired cases show dramatic decreases in book value, and Allon (2009) concludes that the liquidity-impaired assets are being harmed from an adverse market, and that fair value is not indicative of the actual securities' performance. When an institution's balance sheet is degraded by falling security values, as a result of market behavior, it forces a downward spiral for the entity, created by the dissolving of a company's assets. If companies were able to maintain illiquid securities at book value, there would have been less of a chance for those companies to be forced into liquidation (Allon, 2009).

Allon (2009) pointed out that fair value is dictated by market behavior, creating a viable concern about the reliability of the FVO. Impairment due to fair value poses an important issue with regulated financial institutions who need to maintain certain financial ratios to continue conducting business. Next this study will explain how a sample similar to Henry's (2009) was gathered and the results of a comparison between adopters and non-adopters during two different quarters.

DATA ANALYSIS

SAMPLE

The sample consisted of commercial banks with the Standard Industrial Classification (SIC) codes 6021, 6022, and 6029. SIC code 6021 refers to National Commercial Banks, 6022 refers to State Commercial Banks and 6029 refer to Commercial Banks, NEC. The bank sample was found through the SEC website and Edgar's and Morning Star's 10-K Wizard financial statement databases by searching for the respective SIC codes and the phrase "SFAS No. 159". Once the banks were identified, 10-Q financial reports from the first quarters of 2007 and 2008 were searched for disclosures regarding the entity's position on SFAS No. 159. Those entities that adopted SFAS No. 159 specifically stated this election and pointed to respective note disclosures for more information. The entities that did not elect SFAS No. 159 either commented on continued evaluation of the standard, or the entities plans for future election based on the evaluation's result.

Respective to filing year, those that elected adoption form the group adopters; while those that did not elect, or commented on continued review of adoption effects, form the group of non-adopters. After the samples were organized by year and adoption, COMPUSTAT provided means to acquire financial metrics within the 10-Q filings of each bank.

RESULTS

Table 1 breaks down all adopters and all non-adopters collected over the two first quarters of 2007 and 2008. The quarterly financial metrics identified are accumulated other comprehensive income (AOCI) total, comprehensive income gains and losses for securities, company market value, total assets, net income, retained earnings, and total fair valued assets and liabilities. Not all information was available for each company on a quarterly basis. Therefore, the metrics have varying sample sizes (n).

There are no significant differences between the adopters and non-adopter groups. However, a few metrics are marginally significant. When all adopters and all non-adopters are compared, market value, total assets and total fair valued assets are all marginally significant, according to their P values. Adopters are much larger with respect to the means of these financial metrics.

Table 2 further groups the samples between the first quarter 2007 adopters and non-adopters. Results were similar to Table 1. There are no significant differences within any of the analyzed account balances. While specific conclusions cannot be drawn from this data of means between adopters and non-adopters, it reflects previous research done regarding SFAS No. 159 adoption.

Table 3 shows first quarter 2008 adopters versus non-adopters, and again it is similar in nature to the previous two tables, with one exception. That exception is that the market value for adopters and non-adopters showed a significant difference ($t = 2.313$, $p >= .025$). The mean of adopters is over seven times that of non-adopters. There are marginally significant metrics, in addition to the significant market value. Those metrics are retained earnings, total fair valued assets and total fair valued liabilities, the same metrics that are marginally significant between all adopters and all non-adopters, Table 1.

CONCLUSIONS

Adopters and non-adopters have similar metrics. That could be a result from the size of the entity, which dictated its ability to apply adoption with different results or the limit in sample size. This study identifies the entities that adopted SFAS No. 159 and the data showed that adopters are marginally larger in size both by market value and total assets.

Unfortunately, there may not be a way to definitively describe an adopter of SFAS No. 159. Companies may adopt the FVO for newly purchased securities and continue to adopt SFAS No. 159 for older securities when the net effect is beneficial to the entity's financial representations.

It is important to take into consideration the findings of this study when acting as a financial statement user. Those users who view financial statements and look to compare similar entities will benefit from knowing different application effects of SFAS No. 159 and SFAS No. 157. Just as important is the determination that guidance provides more insight into proper application of GAAP than just the standard itself. Those who make comments to the FASB and other authoritative bodies should be aware of the importance direct guidance provides in the building of financial statements.

Table 1

Statistical Analysis of Adopters vs. Non-Adopters

		Adopters	Non-Adopters
AOCI Total ($mm)	n	74	402
	Mean	-161.930811	61.247565
	t value	-1.633	
	P value	0.105	
Securities Comprehensive Income Gain/Loss ($mm)	n	69	388
	Mean	-2.335855	7.728771
	t value	-0.774	
	P value	0.44	
Market Value ($mm)	n	73	400
	Mean	9948.223775	983.924836
	t value	1.886	
	P value	0.063	
Total Assets ($mm)	n	74	404
	Mean	7.80E+04	1.52E+04
	t value	1.752	
	P value	0.084	
Net Income ($mm)	n	74	405
	Mean	171.402324	25.00041
	t value	1.477	
	P value	0.144	
Retained Earnings ($mm)	n	74	402
	Mean	3839.087257	591.272072
	t value	1.64	
	P value	0.105	
Total Fair Value Assets ($mm)	n	38	109
	Mean	51.667816	-0.105239
	t value	1.724	
	P value	0.09	
Total Fair Value Liabilities ($mm)	n	56	141
	Mean	9952.792125	41.27517
	t value	1.331	
	P value	0.189	

Table 2

Statistical Analysis of 2007 Adopters vs. Non-Adopters

		Adopters	Non-Adopters
AOCI Total ($mm)	n	26	217
	Mean	-399.164885	80.572871
	t value	-1.397	
	P value	.173	
Securities Comprehensive Income Gain/Loss ($mm)	n	24	210
	Mean	2.376583	14.837343
	t value	-.833	
	P value	.406	
Market Value ($mm)	n	25	217
	Mean	2.07E+04	1333.694858
	t value	1.459	
	P value	.158	
Total Assets ($mm)	n	26	218
	Mean	1.44E+05	1.43E+04
	t value	1.369	
	P value	.183	
Net Income ($mm)	n	26	218
	Mean	419.717423	17.085954
	t value	1.475	
	P value	.153	
Retained Earnings ($mm)	n	26	217
	Mean	8132.808538	601.790438
	t value	1.364	
	P value	.185	

Table 3

Statistical Analysis of 2008 Adopters vs. Non-Adopters

		Adopters	Non-Adopters
AOCI Total ($mm)	n	48	185
	Mean	-33.429021	38.579503
	t value	-.862	
	P value	.391	
Securities Comprehensive Income Gain/Loss ($mm)	n	45	178
	Mean	-4.849156	-.657747
	t value	-.253	
	P value	.801	
Market Value ($mm)	n	48	183
	Mean	4185.929719	569.170220
	t value	2.313	
	P value	.025	
Total Assets ($mm)	n	48	186
	Mean	4.20E+04	1.61E+04
	t value	1.245	
	P value	.217	
Net Income ($mm)	n	48	187
	Mean	36.898312	34.226888
	t value	.079	
	P value	.937	
Retained Earnings ($mm)	n	48	185
	Mean	1513.321562	578.934314
	t value	1.677	
	P value	.097	
Total Fair Value Assets ($mm)	n	45	168
	Mean	9133.218844	718.491560
	t value	1.876	
	P value	.067	
Total Fair Value Liabilities ($mm)	n	45	141
	Mean	1154.630978	41.275170
	t value	1.777	
	P value	.083	

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