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| **E16-10** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **At December 31, 2010, the trading securities for Natoli, Inc. are as follows:** |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Security** | **Cost** |  | **Fair Value** |  |  |  |
|  |  |  |  |  | A |  | $17,500 |  | $16,000 |  |  |  |
|  |  |  |  |  | B |  | 12,500 |  | 14,000 |  |  |  |
|  |  |  |  |  | C |  | 23,000 |  | 19,000 |  |  |  |
|  |  |  |  |  |  |  | $53,000 |  | $49,000 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1). | Prepare the adjusting entry at December 31, 2010, to report the securities at fair value. |
| 2). | Show the balance sheet and income statement presentation at December 31, 2010, after |
|  | an adjustment to fair value. |  |  |  |  |  |  |  |

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