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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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