

January 21, 2009

Technical Director
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

**Re: Proposed FASB Staff Position FAS 144-d – Amending the Criteria for
Reporting a Discontinued Operation
(File Reference: Proposed FSP FAS 144-d)**

The New York State Society of Certified Public Accountants, representing 30,000 CPAs in public practice, industry, government and education, submits the following comments to you regarding the above captioned release. The NYSSCPA thanks the FASB for the opportunity to comment.

The NYSSCPA's Financial Accounting Standards Committee deliberated the proposed staff position and drafted the attached comments. If you would like additional discussion with us, please contact Edward P. Ichart, Chair of the Financial Accounting Standards Committee, at (516) 488-1200, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



Sharon Sabba Fierstein
President

Attachment



Home of the Trusted Professional
3 park avenue, at 34th street, new york, ny 10016-5991
212.719.8300 • fax 212.719.3364
www.nysccpa.org

**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS**

**PROPOSED FASB STAFF POSITION FAS 144-D – *AMENDING THE CRITERIA
FOR REPORTING A DISCONTINUED OPERATION***

(File Reference: Proposed FSP FAS 144-d)

January 21, 2009

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Abraham E. Haspel

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New York State Society of Certified Public Accountants

Financial Accounting Standards Committee

Proposed FASB Staff Position FAS 144-d – *Amending the Criteria for Reporting a Discontinued Operation* (File Reference: Proposed FSP FAS 144-d)

We have reviewed the proposed FASB Staff Position amending FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* and have the following responses to the questions asked. Each question is reprinted below in italics, followed by our response.

Question 1:

The proposed FSP would amend the definition of a discontinued operation so that a discontinued operation is a component of an entity that is (a) an operating segment (as that term is defined in FASB Statement No. 131, Disclosures about Segments of an Enterprise and Related Information) and either has been disposed of or is classified as held for sale or (b) a business (as that term is defined in FASB Statement No. 141 [revised 2007], Business Combinations) or a nonprofit activity that meets the criteria to be classified as held for sale on acquisition. Do you agree with the proposed definition of a discontinued operation? Why or why not? If not, what definition would you propose and why?

Response:

We do not agree with the proposed FSP definition because the operating segment definition found in paragraphs 10-15 of SFAS 131, *Disclosures about Segments of an Enterprise and Related Information*, referenced by the FSP does not include the clarifying quantitative reporting thresholds found in paragraphs 18-24 of that statement. Consequently, this definition, as well as the SFAS 141(R) (*Business Combinations*) definition of a business, is so broad that it will include any business activity with income and expenses that has discrete financial information reviewed by a chief operating decision maker (*i.e.*, a single retail store in a chain of retail stores—a component), irrespective of its size and importance to the organization as a whole. As a result, the objective cited by the Staff of defining an operating segment in a way that would most likely indicate a strategic change in an entity's operations might not be fully addressed. We believe that this could further result in inconsistent application of the definition of an operating segment with respect to its disposal, without helpful guidance similar to that provided by EITF Issue No. 03-13, *Applying the Conditions in Paragraph 42 of FASB Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, in Determining Whether to Report Discontinued Operations*.

Question 2:

Based on the proposed definition of a discontinued operation, an operating segment is the general level of aggregation for determining whether a component of an entity would be reported in the discontinued operation section of the income statement (or statement of activities for not-for-profit entities). The definition would no longer include certain subsidiaries and asset groups that do not meet the definition of an operating segment. Is it feasible for an entity that is not required to apply Statement 131 (that is, a nonpublic business entity and a not-for-profit entity) to determine whether the component of an entity meets the definition of an operating segment? Why or why not? If not, what definition would you propose for an entity that is not required to apply Statement 131 and why?

Response:

As stated in our response to Question 1, the Staff's definition of an operating segment is too broad and can be interpreted to include discontinued operations that the Staff intends to exclude. The difficulties experienced by a publicly held company subject to Statement 131 will also be experienced by a nonpublic company because the quantitative thresholds described in Statement 131 have been excluded from the definition of an operating segment. Qualitative rather than quantitative thresholds could be used; however, such guidance would have to be sufficiently detailed to avoid wide variations in reporting practices.

Question 3:

Do you agree with the proposed disclosure requirements? Why or why not? If not, what changes would you propose and why?

Response:

We agree with the disclosure requirements. However, we believe that some examples should be included because the requirements are relatively difficult to understand without reading paragraphs A5 and A6.

Question 4:

Under the disclosure requirements, income tax expense or benefit does not have to be calculated and disclosed for components of an entity that are reported within continuing operations and that have been disposed of or are classified as held for sale. Do you agree or do you believe it would be beneficial to require income tax expense or benefit to be calculated and disclosed for discontinued components of an entity within continuing operations? If so, how would you calculate and disclose the income tax expense or benefit?

Response:

We agree with the Staff that mandatory disclosure of the income tax expense or benefit for discontinued components reported in continuing operations would increase the level of complexity of the disclosures and may not be meaningful to the user of the financial statements.

Question 5:

Do you agree with the disclosure exemptions for a business or a nonprofit activity that meets the criteria to be classified as held for sale on acquisition? Why or why not? If not, what changes would you propose and why?

Response:

We agree with the Staff's position.

Question 6:

Are the effective date and transition provisions sufficient for compiling the information needed? Why or why not? If not, what would you propose and why?

Response:

We agree with the Staff's position.