new york state society of
NYSSCPA
certified public accountants

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

September 26, 2012

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

By e-mail: director@fasb.org

Re: Proposed Accounting Standards Update – Presentation of Financial Statements (Topic 205): ***The Liquidation Basis of Accounting***

(File Reference No. 2012-210)

The New York State Society of Certified Public Accountants (NYSSCPA), representing more than 28,000 CPAs in public practice, industry, government and education, welcomes the opportunity to comment on the above captioned exposure draft.

The NYSSCPA's Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with us, please contact J. Roger Donohue, Chair of the Financial Accounting Standards Committee at (917) 887-7809, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,

Gail M. Kinsella
President

Attachment

new york state society of
NYSSCPA
certified public accountants

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

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

COMMENTS ON

PROPOSED ACCOUNTING STANDARDS UPDATE – PRESENTATION OF FINANCIAL STATEMENTS (TOPIC 205): ***THE LIQUIDATION BASIS OF ACCOUNTING***

(FILE REFERENCE NO. 2012-210)

September 26, 2012

Principal Drafters

Robert A. Dyson
Joseph Maffia
Robert M. Rollmann
Margaret A. Wood

New York State Society of Certified Public Accountants

Comments on

Proposed Accounting Standards Update – Presentation of Financial Statements (Topic 205): *The Liquidation Basis of Accounting* (File Reference No. 2012-210)

General Comments

We agree with the Proposed Accounting Standards Update, Presentation of Financial Statements (Topic 205): *The Liquidation Basis of Accounting* (the "Proposed Update"), except for two issues noted below in our response to Question 1. We have limited our responses to Questions 1 and 5.

We agree with the application of the Proposed Update to not-for-profit entities, public companies and private companies. We believe that information and disclosures required by this Proposed Update include information that would be useful to the users of the financial statements of not-for-profit entities, public companies and private companies. We also believe that complying with this Proposed Update would not create an unreasonable burden on the private company or not-for-profit entities.

Responses to Questions for Respondents

Question 1: The proposed guidance would require an entity to prepare its financial statements using the liquidation basis of accounting when liquidation is imminent, as defined in the proposed guidance. Is the proposed guidance about when an entity should apply the liquidation basis of accounting appropriate and operational? If not, why?

Response:
The definition of imminent is very effective in eliminating confusion and is consistent with existing standards. However, the definition of liquidation is limited to owners and does not address not-for-profit entities which do not have owners. If not-for-profit entities were to be included in the Proposed Update, the Board should consider modifying the definition of liquidation to include distributions made by not-for-profit entities in accordance with legal requirements and a plan of liquidation or, in dissolution (as typically occurs when a not-for-profit entity is liquidated and its net assets are transferred to another not-for-profit entity).

In addition, we discussed whether all of the assets of the entity were required to be distributed to qualify for a liquidation or if an entity that ceases operations and liquidates all of its assets (except for a minimum amount of cash required to maintain the legal entity shell and entity name, or perhaps even a large amount of cash) would be included within the scope (Section 205-30-15) of this Proposed Update. Clarification on this could be provided in an example to the Proposed Update or in the definition of liquidation.

Question 5: The proposed guidance would apply to public and nonpublic entities (that is, private companies and not-for-profit organizations). Should any of the proposed amendments be different for nonpublic entities? If so, please identify those proposed amendments and describe how and why you think they should be different.

Response:
See response to Question 1.