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Technical Director
File Reference No. EITF-11A
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PROPOSED ACCOUNTING STANDARDS UPDATE: Parent's Accounting for the Cumulative Translation Adjustment upon the Sale or Transfer of a Group of Assets That Is a Nonprofit Activity or a Business within a Consolidated Foreign Entity

A consensus of the FASB Emerging Issues Task - File Reference No. EITF-11A

The Accounting Principles and Auditing Standards Committee ("the Committee" or "We") of the California Society of Certified Public Accountants ("CalCPA") is grateful for the opportunity to comment on the proposed auditing standard referenced above. The Committee is the senior technical committee of CalCPA. CalCPA has approximately 35,000 members. The Committee is comprised of 43 members, of whom 56 percent are from local or regional firms, 21 percent are from large multi-office firms, 12 percent are sole practitioners in public practice, 9 percent are in academia and 2 percent are in an international firm.

We recognize that our comments are submitted after the comment deadline; however, at our most recent meeting held in Los Angeles on February 9 the Committee discussed the proposed ASU and decided to forward our comments to you despite the late submission.

Below are our responses to the questions posed to commentators:

Question 1: Do you agree that the scope of this proposed Update should be limited to situations involving the loss of a controlling financial interest over a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity? If not, please explain why and indicate what other situations, if any, should be addressed by this proposed Update.

The Committee agrees with the scope of the proposed ASU.

Question 2: Do you agree that an entity should apply the guidance in Subtopic 810-10, as clarified by the amendments in this proposed Update, for the release of the cumulative translation adjustment into earnings upon the loss of a controlling financial interest over a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity? If not, please explain why.

The Committee agrees that the guidance in Subtopic 810-10 should be applied in this situation.

Question 3: Do you agree that upon the loss of a controlling financial interest over a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity, if a parent has hedged part (or all) of its net investment in the related foreign entity, the parent should release into earnings the related amount of accumulated gain or loss on the hedge attributable to the nonprofit activity or business, along with the appropriate portion of the cumulative translation adjustment? If not, please explain why.

The Committee agrees that the related amount of gain or loss on the hedge should be released.

Question 4: Do you agree that the amount of the cumulative translation adjustment to release into earnings upon a sale or transfer of a group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a consolidated foreign entity should be measured in a systematic and rational manner that reflects an asset group's relative portion of the cumulative translation adjustment associated with the related foreign entity? If not, please explain a preferred measurement method.

The Committee agrees with the conclusions in the proposed ASU and the flexibility in determining the relative portion to be released.

Question 5: Do you agree that the amendments in this proposed Update should be applied prospectively? If not, please explain why.

The Committee agrees with prospective application.

Question 6: Do you agree that an entity should be permitted to early adopt the amendments in this proposed Update? If not, please explain why.

The Committee agrees with permitting early adoption.

Question 7: How much time would be necessary to implement the provisions of this proposed Update?

The Committee has insufficient information to answer this question.

The Committee would be glad to discuss our comments further should you have any questions or require additional information.

Very truly yours,

A handwritten signature in black ink that reads "Howard Sibel". The signature is written in a cursive style with a large, prominent 'H' and 'S'.

Howard Sibelman, Chair
Accounting Principles and auditing Standards Committee
California Society of Certified Public Accountants