

National Aeronautics and Space Administration  
Headquarters  
Washington, DC 20546-0001



May 22, 2012

Reply to Attn of: Office of the Chief Financial Officer

Ms. Wendy M. Payne  
Executive Director  
Federal Accounting Standards Advisory Board  
441 G Street NW, Suite 6814  
Washington, DC 20548

Dear Ms. Payne:

The National Aeronautics and Space Administration (NASA) appreciate the opportunity to provide comments to the exposure draft "Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use." Enclosed you will find NASA's response to the questions for the respondents.

If you have any questions regarding NASA's response, please contact Kevin Buford, Director for Policy, at (202) 358-0405 or by e-mail at [kevin.buford@nasa.gov](mailto:kevin.buford@nasa.gov).

Sincerely,

A handwritten signature in black ink that reads "Nadine Tremper". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nadine Tremper  
Acting Deputy Chief Financial Officer

Enclosure

**NASA RESPONSE TO QUESTIONS FOR RESPONDENTS REGARDING  
EXPOSURE DRAFT (ED) ON "ACCOUNTING FOR IMPAIRMENT OF GENERAL  
PROPERTY, PLANT, AND EQUIPMENT (PP&E) IN USE**

- Q1. Do you agree or disagree with the Board's proposal to recognize impairment losses when there is a significant and permanent decline, whether gradual or sudden, in the service utility of G-PP&E? Please provide the rationale for your answer.**

We agree with recognizing impairment losses when there is a significant and permanent decline in the service utility of the asset. We believe that this would help consistent and comparable financial reporting of impairment losses by Federal agencies.

- Q2. Do you agree or disagree with the Board's proposal that this statement should not require entities to review their G-PP&E portfolios solely for potential impairments? Please provide the rationale for your answer.**

Agree. As stated in paragraph 14 of this ED, potential impairment could be identified from entity's existing asset management reviews. Also, this ED is in general consistent with GASB Statement No. 42 and FASB Statement No. 144.

- Q3. Do you agree or disagree with each of the indicators of G-PP&E impairment? Please provide the rationale for your answer.**

We agree with the Indicators of G-PP&E impairment: evidence of physical damage; enactment or approval of laws or regulations which limit or restrict G-PP&E usage; changes in environmental or economic factors; technological changes or evidence of obsolescence; changes in the manner or duration of use of G-PP&E; construction stoppage or contract termination; and G-PP&E scheduled or awaiting disposal (i.e., idled or unserviceable), retirement, or removal for excessively long periods. All of these indicators could cause diminished service.

- Q4. Do you agree or disagree that the measurement method selected should reasonably reflect the diminished service utility of the G-PP&E? Do you agree or disagree with the use of the measurement methods identified? Please provide the rationale for your answer.**

We agree with the measurement methods outlined: replacement approach; restoration approach; service units approach; deflated depreciated current cost approach; cash flow approach; and for construction stoppages/contract terminations the lower of (1) net book value or (2) the higher of its net realizable value or value in-use estimate approach. Multiple methods provide an organization the flexibility needed to determine the amount of diminished service.

Enclosure

- Q5. (a) Are there other costs or benefits in addition to those identified by the Board that should be considered in determining whether benefits outweigh costs? Please provide the rationale for your answer.**

The reporting requirement, as a possible line item in the statement of net cost (for significant impairment) and information in the notes to the financial statements, will provide transparency into the impairment.

- (b) Are there G-PP&E categories, classes, or base units to which provisions of this proposed Statement should not apply? Please provide the rationale for your answer.**

The Board should consider proposing that any G-PP&E category, class or base unit that is not material to the financial statements should be exempt from the impairment review, even if the impairment might be material to the individual item.

- (c) Do you agree or disagree that the benefits of implementing this Statement outweigh its costs? Please provide the rationale for your answer.**

We concur that the benefits of implementing this proposed statement will outweigh its costs as long as it is implemented from a materiality standpoint. We recommend that a risk assessment be performed to determine and identify the categories, classes, or base units within the organization that will require implementation of this statement.