

April 16, 2007

Technical Director
Financial Accounting Standards Board
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By email: director@fasb.org

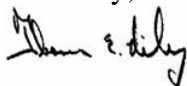
**Re: Invitation to Comment – Valuation Guidance for Financial Reporting
(File Reference No. 1520-100)**

To Whom It May Concern:

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 exposure draft. The NYSSCPA thanks the FASB for the opportunity to comment on this release.

The NYSSCPA Financial Accounting Standards Committee deliberated the exposure draft and prepared the attached comments. If you would like additional discussion with the committee, please contact Margaret Wood, Chair of the Financial Accounting Standards Committee, at (212) 542-9528, or Ernest J. Markezin, NYSSCPA staff, at (212) 719-8303.

Sincerely,



Thomas E. Riley
President

Attachment

**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
COMMENTS ON FASB EXPOSURE DRAFT**

Valuation Guidance for Financial Reporting

April 16, 2007

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

FINANCIAL ACCOUNTING STANDARDS COMMITTEE

COMMENTS ON FASB INVITATION TO COMMENT

Valuation Guidance for Financial Reporting

File Reference No. 1520-100

General Comment

The Financial Accounting Standards Committee of the New York State Society of Certified Public Accountants has reviewed the Invitation to Comment and is pleased to present the following comments.

We believe the FASB should issue all standards and that the FASB's normal due process should be applied to developing the conceptual framework and implementation guidance for valuation guidance. The FASB has the ability to, and should draw on the expertise of, the valuation and appraisal community to advise the Board. However, the ultimate responsibility belongs with the FASB, as the standard setting authority.

Comments on Enumerated Issues

Question 1 - *Is there a need for valuation guidance specifically for financial reporting?*

Response: We believe there should not be a need for separate valuation guidance for financial reporting, however, there should be a separate conceptual framework for valuation guidance which would synthesize the guidance that already exists and address financial reporting considerations where there are unique aspects of valuation that impact financial reporting. Having the guidance located in one place would make it easier for practitioners.

Question 1(a) – *Should valuation guidance include conceptual valuation guidance, detailed implementation guidance or a combination of both?*

Response: We believe there should be a combination of both conceptual valuation guidance and detailed implementation guidance similar to what was issued for SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*. Although SFAS 133 provided the concepts, it was necessary to provide detailed guidance on how to account for derivatives, which was provided in the implementation guidance. Although specific facts and circumstances may impact an individual valuation, conceptual guidance that

applies irrespective of specific facts and circumstances is still needed. Detailed implementation guidance would clarify how the conceptual guidance impacts valuations for specific types of assets and liabilities.

Question 2 - *What level of participation should existing appraisal organizations have in establishing valuation guidance for financial reporting?*

Response: Existing valuation and appraisal organizations should not have a unique role in establishing valuation guidance for financial reporting. In certain cases, having a unique role would result in an independence problem or an appearance of lack of independence. The FASB has the authority to set standards and it should continue to set the standards. The FASB and the SEC have set standards governing procedures on other fair value calculations. For example, in a December 2005 speech before the AICPA SEC conference, an SEC staff member indicated that the sole use of the average of the daily highs and lows of stock prices to determine historical volatility in determining fair value of stock options was not acceptable. The FASB should make the final decision on the acceptability of inputs and techniques. For example, the FASB could provide guidance on whether a reporting entity should use market value, liquidation value or replacement cost in accounting for a business either being acquired or disposed. The FASB should reach out to the valuation and appraisal specialists as it has reached out in the past to other specialists to assist the Board in understanding the issues.

Question 3 – *What process should be used for issuing valuation guidance for financial reporting?*

Response: Establishing a separate standard-setter to issue valuation guidance would only add to the proliferation of standards. The FASB should issue valuation guidance since it already issues guidance as part of its standard setting activities. The Board reaches out to constituents and specialists when it has questions on technical issues. We believe the FASB should continue to reach out to specialists including valuation and appraisal specialists when working on this issue. Since the FASB understands what it wants to be measured and why, it can then develop the “how,” including whether independent valuations and appraisals are required for specific measurements and identifying methods and measures that are not appropriate for financial statement purposes.

Question 4 – *Should the process of valuation guidance be on an international or national level?*

Response: The discussion of the valuation guidance should be on a national basis with possible convergence once the framework is in place. The FASB is currently working on convergence of its standards with IASB standards when it is feasible. We believe this process should continue. However, as some current measurement requirements are different, we believe that valuation guidance and appraisal requirements might also be different. In addition, there may be different groups in various countries performing valuations and appraisals with different methods or standards, which could impact the process. As a result, we believe the FASB should continue to develop national-specific

valuation guidance, while also being cognizant of the potential conflicting international valuation issues.