

Financial Accounting Standards Board
Statement of Financial Accounting Standard Number 144
Accounting for the Impairment or Disposal of Long-Lived Assets

Summary

The Financial Accounting Standards Board (FASB) published Standard Number 144 in August, 2001, for the purpose of *Accounting for the Impairment or Disposal of Long-Lived Assets*. For purposes of this summary, only impairment-related items will be discussed.

Recognition and Measurement of an Impairment Loss

For purposes of FASB 144, impairment is the condition that exists when the net book value (the net amount recorded in NOAA's financial system) of a long-lived asset (asset group) exceeds its fair value (the amount the asset could be sold for). An impairment loss shall be recognized only if the net book value of a long-lived asset is not recoverable and exceeds its fair value. That assessment shall be based on the net book value of the asset (asset group) at the date it is tested for recoverability, whether in use or under development. An impairment loss shall be measured as the amount by which the net book value of a long-lived asset (asset group) exceeds its fair value.

If an impairment loss is recognized, the adjusted net book value of a long-lived asset shall be its new cost basis. For a depreciable long-lived asset, the new cost basis shall be depreciated (amortized) over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

Reporting and Disclosure

An impairment loss recognized for a long-lived asset (asset group) to be held and used shall be included in income from continuing operations in the statement of activities.

The following information shall be disclosed in the notes to the financial statements that include the period in which an impairment loss is recognized:

1. A description of the impaired long-lived asset (asset group) and the facts and circumstances leading to the impairment;
2. If not separately presented on the face of the statement, the amount of the impairment loss and the caption in the statement of activities that includes the loss;
3. The method or methods for determining fair value (whether based on a quoted market price, prices for similar assets, or another valuation technique);
4. If applicable, the segment in which the impaired long-lived asset (asset group) is reported under FASB Statement Number 131, *Disclosures about Segments of an Enterprise and Related Information*.