

Letter of Comment No: 26
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From: Rick Hausman [mailto:rick@cleanyield.com]
Sent: Wednesday, September 19, 2001 1:57 PM
To: director@fasb.org
Subject: Comment re Proposal on Disclosure of Intangible Assets

September 19, 2001

Mr. Timothy S. Lucas
Director of Research
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Re: FASB New Agenda Project: Proposal on Disclosure of Intangible Assets

Dear Mr. Lucas:

Clean Yield Asset Management has been managing portfolios for individual investors since 1986. During the period 1984 through 1999, Clean Yield published a leading financial newsletter for socially responsible investors.

We strongly support the development of improved methods for evaluating and reporting intangible assets and the promulgation of mandatory standards. We commend the FASB for putting a spotlight on this gap and we urge you to undertake the project.

While we appreciate FASB's desire to limit the scope of its proposal to recognizing those intangible assets that would otherwise only be recognized in the course of a business acquisition or separate purchase, (as well as R & D values that are immediately written off to expense), our experience tells us that business entities must begin to incorporate certain additional intangible factors in their reporting that may not reach the balance sheet even at the time of an acquisition.

We urge mandatory, publicly accessible disclosure in such areas as non-renewable fuel consumption, rare mineral depletion, global-warming and ozone-destruction-related emissions, and production of toxic wastes. The widely accepted CERES Principles may be a good starting point. Also, reporting about intangibles affecting human rights, employee morale and turnover, and community acceptance should be explored. While intangibles such as these may not be reflected in the purchase-value computations of an acquiring entity because the purchaser may reasonably expect to be able to externalize associated expenses for the foreseeable future, the current costs borne by taxpayers, ratepayers and health insurance premium payers, and future costs to succeeding generations is likely to be substantial.

Some within FASB may resist requiring disclosure of intangibles when they reach beyond normal frameworks of financial relevance. However, we urge a broad purview, because establishing FASB reporting standards may be the only practical means by which investors and other citizens will gain a window on this information. Once disclosed in a context of company-to-company comparability, we believe such seemingly remote information will become highly salient to consumers and, ipso facto, quite pertinent for investors as well.

Again, whatever its eventual scope, we ardently support the Proposal on

Intangible Assets and commend the FASB for advancing it.

Sincerely,

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