December 18, 2006

Technical Director
Financial Accounting Standards Board
of the Financial Accounting Foundation
401 Merritt 7
PO Box 5117
Norwalk, CN 06856-5116

Via email – director@fasb.org

Re: Not-For-Profit Organizations: Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition. An amendment of FASB Statement No. 142

Dear Technical Director:

The Accounting and Auditing Standards Committee of the Maryland Association of Certified Public Accountants has reviewed and discussed the above mentioned exposure draft. Our committee contains a diverse range of academics, practitioners and industry members and we were able to discuss this matter from a variety of different perspectives.

General Comments:

The biggest issue will be determining which method to use. We believe that some organizations may “massage” certain financial statement elements in order to apply the qualitative method.

The terms “support by contributions and returns on investment” and “support not from contributions and returns on investment” are rather wordy. We suggest assigning acronyms or perhaps providing definitions using the terms “non-reciprocal” and “reciprocal” as an alternative.

Question #1
Yes, we feel the requirements are straightforward and clearly defined.

Questions #2 & #3
Yes, the departure from goodwill impairment evaluation in Statement 142 is appropriate. However, with regard to the criteria, there should be additional thresholds put in place to differentiate between small and large not-for-profit organizations. This should prevent adding undue pressure to small not-for-profits that are program service revenue based (example 501(c)(6) organizational entities). It should also prevent large not-for-profits...
from "puffing" their contribution numbers through overvaluing unrecognized contributed services in order to be able to apply the qualitative method. Alternatively, the committee feels it may be appropriate for all not-for-profit organizations to use the qualitative method.

**Question #4**
Guidance is needed on how to quantify the unrecognized contributed services for use with the qualitative method. See Example A-3 as an example of limited guidance.

**Question #5**
Yes, the guidance is sufficient.

**Question #6**
We agree that the measurement of impairment loss is acceptable. However, it is a judgment call. If a triggering event occurs, it is written off. Requiring the disclosure of the triggering event should prevent any premature or arbitrary write-off by the organization.

**Question #7**
Yes, the guidance is very good.

The committee appreciates the opportunity to comment on these proposed amendments to Statement No. 142.

Sincerely yours,

Shirley A. Appleby, CPA  
Chair, Accounting and Auditing Standards Committee  
Maryland Association of CPAs