October 7, 2019

Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856

Subject: Invitation to Comment, Identifiable Intangible Assets and Subsequent Accounting for Goodwill, File Reference No. 2019-720

Dear Sirs (Madams):

The undersigned individuals appreciate this opportunity to provide comments in response to the Financial Accounting Standards Board’s (“FASB”) Invitation to Comment, Identifiable Intangible Assets and Subsequent Accounting for Goodwill, File Reference No. 2019-720 (“ITC”).

The comments contained herein represent the individual views of the professionals who are submitting the comments. All are members of the Business Value Resource Panel of The Appraisal Foundation. We do not represent the views of TAF or its staff, its boards or board members, nor does it represent the views of the organizations, which employ the members of the BVRP.

This response letter is organized in the order of the questions appearing in the “Appendix: Questions for Respondents” as set forth in the ITC.

Thank you for the opportunity to provide comments on the ITC regarding this very important topic. We recognize and appreciates the time and effort expended by the FASB staff in preparing this ITC and is providing these comments to assist in the FASB and FASB staff’s deliberations.

Respectfully submitted,

Anthony V. Aaron, FASA, CFA, FRICS
BVRP Sub-committee chair
Adjunct Professor
Leventhal School of Accounting
University of Southern California
Los Angeles, CA

Michael Binz, ASA
Managing Director
St. Louis Area Practice Leader
Deloitte Financial Advisory Services LLP
St. Louis, MO

P.J. Patel, ASA, CFA
Co-CEO and Senior Managing Director
Valuation Research Corporation
New York, NY

Andrew Pike, CFA, ASA, RV
Managing Director
AN Valuations BV
Leiden, Netherlands
Section 1: Whether to Change the Subsequent Accounting for Goodwill

1. What is goodwill, or in your experience what does goodwill mainly represent?

Response: We believe that goodwill is a measure of a portion of a business entity’s intangible value. Business entity intangible value results from the aggregate investment returns of the business entity exceeding the required investment returns on underlying monetary and tangible assets. These so-called “excess” investment returns support additional (intangible) value above and beyond the entity’s investment in monetary and tangible assets. Such excess returns indicate the existence of non-tangible elements of the business entity (such as technology, brands, customer loyalty, etc.) which either might be viewed as specifically recognized intangible assets or lumped into an asset designated as “goodwill”. Goodwill arises as a recognized asset when applying the acquisition method under ASC topic 805 to a business combination. A portion of the acquired business entity’s intangible value is first recognized as individual intangible assets. Goodwill represents the remaining (or residual) intangible value of the acquired business entity which does not meet the recognition criteria for intangible assets.

“Economic goodwill” (as opposed to the accounting notion of goodwill arising from the application of ASC topic 805) can be observed in public securities markets when the market capitalization value of the securities of a publicly traded business entity exceeds the underlying financial accounting “tangible net worth” of the business entity. Investors in that business entity’s securities believe that the investment returns of the entity exceed the returns on the underlying tangible and monetary assets which have been invested in by management of the business entity, due to “value creation” exhibited by the successful operations of the business entity. Some of the intangible value may have been recognized as part of the “book value” of the business entity, arising from prior acquisitions. Even when that is the case, additional economic goodwill still may exist as market capitalization often exceeds book value as well as tangible net worth.

Most, if not all business entities, on an economic basis, comprise three major sources of asset value which are commonly described as the following categories of assets/business elements: 1) monetary or near monetary assets (i.e. current assets), 2) property, plant and equipment (i.e. tangible assets) and 3) intangible assets/business elements. While recognition and measurement of current and tangible assets, either on an ongoing basis or as a result of a business combination is relatively straightforward, the dividing line between recognized intangible assets and other valuable business elements (which, under the current accounting model would comprise goodwill) is “set” through the application of accounting principles. Conceivably, this dividing line could be set at either end of the spectrum of intangible value. On one end of the spectrum, for example, under current US tax regulations, most intangible value is classified as IRC section 197 goodwill, and the need to break out individually recognized intangible assets is unnecessary as effectively all intangible value is subsumed into goodwill and amortized and deducted over a 15-year statutory life. On the other end of the spectrum, one could imagine the notion that all intangible elements of value in a business entity are recognized as assets, and either amortized, if they are in the nature of a “wasting asset” or classified as being of “indefinite life” and not amortized, but tested periodically for any decline in value.
As an alternative, a comprehensive “fair value” based accounting model, would allow all assets/business elements to be re-measured at their fair value periodically (rather than depreciated or amortized), with any increase or decrease in value being recognized as a gain or loss through the income statement. While such a fair value based accounting model might allow investors in a business entity to fully understand the total increase or decrease in the economic benefits which their investment has experienced over a particular measurement period, the concept of a comprehensive fair value based accounting model has been viewed as being far too administratively burdensome and costly relative to any perceived added benefits to investors of such a model. Further, such an accounting model would represent a departure from the US GAAP tradition of “accounting conservatism”. As a result, our current accounting model can best be described as a “mixed model” of amortized/depreciated historical cost measurements and fair value measurements.

The current accounting model assumes goodwill is initially recognized at its fair value, but can only be re-measured downward if it is found to be impaired. Thus, the initially recognized amount of goodwill may be viewed as being representative of the fair value of all elements of a business entity that do not meet the recognition criteria for intangible assets at that initial measurement date. At a later measurement date, if subjected to an impairment charge, goodwill may again be viewed as being roughly representative of the fair value of all elements of that same business entity that do not meet the recognition criteria for intangible assets at that later measurement date. However, if the business entity appreciates in value (implying that its goodwill has also appreciated in value), its recognized goodwill is effectively “frozen” at its initial recognition amount.

To summarize, We believe that, depending on where the dividing line of intangible asset recognition is set, goodwill could represent all or some of the intangible value of a business entity as of a particular measurement date, or goodwill could, in the opposite extreme, not be recognized at all if the entire intangible (residual) value resulting from the application of the acquisition method under ASC topic 805 to a business combination were to be recognized as individual intangible assets on that same measurement date. We believe that investors benefit from information associated with the recognition of intangible assets and goodwill in a business combination.

2. Do the benefits of the information provided by the current goodwill impairment model justify the cost of providing that information? Please explain why or why not in the context of costs and benefits.

Response: We believe that the information provided to users of financial statements by the current goodwill impairment model justifies the cost of providing that information. Very little information is conveyed by amortizing goodwill, as business entities in aggregate have, over time appreciated, evidenced by the long-term increase in the US GDP and in the long-term increase in value of US securities markets. Since goodwill is most closely associated with rising business entity values (given that other assets that “waste” in value are separately identified under the current accounting model), amortization of goodwill simply invokes a “cost recovery” notion, which we believe is of little or no information content relative to a “fair value” notion.
We agree with stakeholders that believe that the current goodwill impairment model encourages management to be more accountable for its capital allocation decisions. Further, even if delayed, the recognition of an impairment charge is, at a minimum, confirmatory with regard to actual fair value declines, which may be masked entirely by an amortization model. Conversely, when no recognition of impairment occurs, information is also conveyed that fair values have either been maintained or have increased in value. That being said, we believe that the discipline associated with the annual testing of goodwill for impairment and the actual recognition of an impairment charge is of great informational value to users of financial statements as compared to a cost recovery model.

The existence of “economic goodwill” which can be observed in public securities markets when the market capitalization value of the securities of a publicly traded business entity exceeds the underlying financial accounting “tangible net worth” of the business entity, indicates that investors agree with the existence of goodwill from an economic perspective, and the value of such economic goodwill rises and falls in line with the changes in securities prices. We believe that the current goodwill impairment model, although asymmetric, is more closely allied with the variation in value of economic goodwill in the public securities markets, while the amortization of goodwill does not mirror the rise and fall of stock prices (and therefore the value of economic goodwill) in the public securities markets.

3. On a cost-benefit basis, relative to the current impairment-only model, do you support (or oppose) goodwill amortization with impairment testing? Please explain why in your response.

Response: We oppose goodwill amortization with impairment testing on a cost benefit basis. While, costs may be reduced relative to the annual goodwill impairment test, we believe the information value of goodwill amortization is nearly, if not, zero. As the amount of goodwill will continue to be reduced as a result of its being amortized, the chances of any impairment charge being recognized in future periods is also concurrently reduced. Thus, the benefit of any information that might be communicated to investors resulting from the taking (or absence) of a goodwill impairment charge would also be reduced or eliminated under a goodwill amortization with impairment testing model. The main benefits of the current goodwill impairment model, lies in the discipline of its application on an annual basis, the information which is then conveyed to investors either due to the taking of an impairment change or the absence of an impairment charge, as well as the benefit arising from strengthening the accountability of management regarding their capital allocation decisions.

4. If the Board were to decide to amortize goodwill, which amortization period characteristics would you support? Please include all that apply in your response and explain why you did not select certain characteristics.

   a. A default period
   b. A cap (or maximum) on the amortization period
   c. A floor (or minimum) on the amortization period
   d. Justification of an alternative amortization period other than a default period
   e. Amortization based on the useful life of the primary identifiable asset acquired
   f. Amortization based on the weighted-average useful lives of identifiable asset(s) acquired
g. Management’s reasonable estimate (based on expected synergies or cash flows as a result of the business combination, the useful life of acquired processes, or other management judgments).

Response: If the Board were to decide to amortize goodwill, we would support a universal default period, as it would contribute to the comparability of financial statements. Valuation specialists are also users of financial statements. A universal default period would make the specialist’s analysis easier as he/she would not be required to make adjustments for differences in goodwill amortization lives between companies under analysis. Since we continue to be of the belief that there is little or no information content in goodwill amortization charges or the lives associated with those charges, variation in lives based on any of the choices in 4b-4g, as stated above, simply adds unnecessary cost and complexity to the preparation of financial statements by management with no corresponding benefit. Further, it increases the amount of unnecessary effort by users of financial statements due the potential for a lack of comparability between business entities and between multiple acquisitions by a single business entity arising from variation in goodwill amortization lives.

5. Do your views on amortization versus impairment of goodwill depend on the amortization method and/or period? Please indicate yes or no and explain.

Response: Our views on amortization versus impairment of goodwill do not change as a result of the choice of amortization method and/or period. We continue to be of the belief that there is little or no information content in goodwill amortization charges or the lives associated with those charges. At best, the choice would be absorbed by users as a “one-time” insight into management’s opinion regarding the period of time the acquired entity would benefit the merged enterprise. A short life or an accelerated amortization method might be viewed as an admission by management that the acquired entity may not provide long term benefits. On the other hand, it is our view, that management would be most often motivated to apply a straight line or even decelerated method over a very long period of time, as the perceived benefits associated with most acquisitions are viewed by management as having a very long or indefinite life. Acquisition models developed by management or their advisors almost universally calculate a “terminal value” of the target entity based upon perpetuity.

6. Regarding the goodwill amortization period, would equity investors receive decision-useful information when an entity justifies an amortization period other than a default period? If so, does the benefit of this information justify the cost (whether operational or other types of costs)? Please explain.

Response: We believe little or no decision-useful information would be conveyed to investors as a result of an entity justifying an amortization period other than a default period. We continue to be of the belief that there is little or no information content in goodwill amortization charges or the lives associated with those charges. As previously noted, at best, the choice would be absorbed by users as an “one-time” insight into management’s opinion regarding the period of time the acquired entity would benefit the merged enterprise. Thus, we do not believe the cost justifies the informational benefits in this case.
7. Do the amendments in Update 2017-04 (eliminating Step 2 of the goodwill impairment test) reduce the cost to perform the goodwill impairment test?

Response: We believe that eliminating Step 2 of the goodwill impairment test does tend to reduce the cost incurred to perform the goodwill impairment test including the reduction of both indirect costs associated with the time required by senior level management and staff for their involvement in the Step 2 process and the of direct costs associated with utilizing external specialists. Additionally, the elimination of Step 2 facilitates completion of the goodwill impairment test in a shorter amount of time.

Do the amendments in Update 2017-04 reduce the usefulness of financial reporting information for users? Please explain.

Response: We believe that the amendments in Update 2017-04 do not reduce the usefulness of financial reporting information for users. The amount of goodwill impairment becomes known much faster thus enabling Companies to share this information with Investors on a timely basis.

8. Do the amendments in Update 2011-08 (qualitative screen) reduce the cost to perform the goodwill impairment test? Do the amendments in Update 2011-08 reduce the usefulness of financial reporting information for users? Please explain and describe any improvements you would recommend to the qualitative screen.

Response: While the amendments in Update 2011-08 (qualitative screen) may on the surface appear to reduce the cost to perform the goodwill impairment test, we believe that, in practice the documentation required to support the qualitative screen by Audit Firms still requires significant time and effort. The amendments in Update 2011-08 may reduce the usefulness of financial reporting information for users as this test seems to primarily be viewed as “checking the box” at a relatively high level by reviewing macro trends (negative, neutral, positive) and may create some confusion for investors by differences between reviewing macro trends as opposed to more detailed entity specific metrics used in the quantitative test. The qualitative screen would benefit from the addition of the calculation of entity specific metrics such as changes in cash flow, market capitalization, or Carry Value/EBITDA over time at the reporting unit level.

9. Relative to the current impairment model, how much do you support (or oppose) removing the requirement to assess goodwill (qualitatively or quantitatively) for impairment at least annually? Please explain why in your response.

Response: We strongly opposes removing the requirements to assess goodwill for impairment at least annually. The current goodwill impairment framework provides Investors with valuable insight into a Company and Management’s ability to enhance shareholder value through accretive acquisitions. Investors need a way to measure the impact of acquisitions which may not eventually meet management and investor return expectations. We believe the current goodwill impairment testing framework provides investors with the ability to evaluate the allocation of resources and make more informed investment decisions.
10. Relative to the current impairment model, how much do you support (or oppose) providing an option to test goodwill at the entity level (or at a level other than the reporting unit)? Please explain why in your response.

**Response:** While we support the current goodwill impairment model, we do believe that an alternative impairment model at the entity level or at a segment level could be operational, in order to reduce some of the complexity and time requirements to perform and complete the test as long as the impairment test provides investors with timely information and data regarding impairment.

11. What other changes to the impairment test could the Board consider? Please be as specific as possible.

**Response:** We believes that the Board should consider changes to enhance comparability across the globe. As financial reporting continues to converge, we hope the Board recognizes the need for even greater transparency and comparability to benefit preparers and investors.

12. The possible approaches to subsequent accounting for goodwill include (a) an impairment-only model, (b) an amortization model combined with an impairment test, or (c) an amortization-only model. In addition, the impairment test employed in alternative (a) or (b) could be simplified or retained as is. Please indicate whether you support the following alternatives by answering “yes” or “no” to the questions in the table below. Please explain your response.

<table>
<thead>
<tr>
<th></th>
<th>Do You Support the Indicated Model? Yes/No</th>
<th>Do You Support Requiring an Impairment Assessment Only upon a Triggering Event? Yes/No</th>
<th>Do You Support Allowing Testing at the Entity Level or a Level Other Than the Reporting Unit? Yes/No</th>
</tr>
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<tbody>
<tr>
<td>Impairment only</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Amortization with impairment</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
Response: We believe the rationale for the conclusions presented on the table above are supported by our answers to questions 1 through 11.

Section 2: Whether to Modify the Recognition of Intangible Assets in a Business Combination

13. Please describe what, if any, *cost savings* would be achieved if certain recognized intangible assets (for example, noncompete agreements or certain customer-related intangible assets) were subsumed into goodwill and amortized. Please be as specific as possible. For example, include specific purchase price allocation or subsequent accounting cost savings. Please list any additional intangible items the Board should consider subsuming into goodwill.

Response: We believe that the cost savings of subsuming certain assets such as non-compete agreements and customer relationships into goodwill can in many cases be minimal when an external consultant is doing the work as the incremental cost for an experienced external consultant to value an extra asset or two is minimal. In some cases, the valuations of these noncompete agreements or certain customer-related intangible assets are necessary inputs into the valuations of other classes of intangible assets.

14. Please describe what, if any, *decision-useful information* would be lost if certain recognized intangible assets (for example, noncompete agreements or certain customer-related intangible assets, or other items) were subsumed into goodwill and amortized. Please be as specific as possible. For example, include specific analyses you perform that no longer would be possible.

Response: We believe that knowing the values of non-compete agreements and customer relationship assets is useful in understanding the nature of a transaction, risk, growth and other attributes. These contractual arrangements are forward indicators of what is present and what their relative magnitude is to the value of the business entity. It would be more helpful to users to have this level of information for all of the company’s assets both acquired and internally developed.

If these intangible assets were not separately recognized, it would be similar to not recognizing other long-term assets, whether tangible, intangible or financial. When trying to understand the drivers of a company’s value, it is helpful to users to understand the identity and magnitude of the values of such intangible assets.
15. How reliable is the measurement of certain recognized intangible assets (for example, noncompete agreements or certain customer-related intangible assets)?

**Response:** We note that the valuation profession has undertaken a lot of effort to develop best practices guidance supporting the valuation of these kinds of assets and to reduce diversity in practice. See, for example, the valuation advisories prepared by the Appraisal Foundation and the accounting and valuation guides prepared by the AICPA. We believe that the development of this guidance over the past 15 to 20 years has significantly enhanced the reliability of the measurement of certain recognized intangible assets, including noncompete agreements and certain customer-related intangible assets.

16. To gauge the market activity, are you aware of instances in which any recognized intangible assets are sold outside a business acquisition? If so, how often does this occur? Please explain.

**Response:** We observe that there are active markets for patents, tradenames and unpatented technologies via licensing transactions and direct sales. Distribution rights are sometimes embedded within these transactions as well. In some circumstances, and in some countries, client lists can be, and are sold. Customer portfolios, in particular with banks, have also been transacted. Customer contracts are frequently exchanged separately from other assets in certain industries (for example, among government contractors). Thus, while many recognized intangible assets are transacted within the context of a business combination, We believe there are also many instances of intangible assets being sold outside of a business combination.

17. Of the possible approaches presented, which would you support on a cost-benefit basis? Please rank the approaches (1 representing your most preferable approach) and explain why you may not have selected certain approaches.

- a. Approach 1: Extend the Private Company Alternative to Subsume Certain CRIs and all NCAs into Goodwill
- b. Approach 2: Apply a Principles-Based Criterion for Intangible Assets
- c. Approach 3: Subsume All Intangible Assets into Goodwill
- d. Approach 4: Do Not Amend the Existing Guidance.

**Response:** Our preference is “Approach 4: Do not Amend the Existing Guidance.” We have observed a reduction in audit processes applied to the financial statements of some companies, particularly overseas, where auditors sometimes take a more principles (rather than rules) based approach, as a result of the application of Update 2011-08 (Step 0). We also believe that the application of Update 2017-04 (removing step 2) better aligns US GAAP with IFRS and thereby increasing comparability, and reduced reliance on external experts for impairment testing. As mentioned above, we believe that the value of customer-related assets and non-compete agreements are forward indicators of what is present and what their relative magnitude is to the value of the business entity.

We do acknowledge that “Approach 2: Apply a Principles-Based Criterion for Intangible Assets”, which is in the nature of incorporating Concepts Statement No. 6 *Elements of Financial Statements* into the recognition of intangible assets in a business combination may improve the consistency of asset recognition in the financial statements of a business entity.
Thus, Approach 2 is our second alternative, however we believe that some external consultants already embed these principles into their analyses. For this reason, it is not certain that this would result in a substantial difference from Approach 4. Some argue that there is a fine line between contractual and non-contractual customer relationships from a legal perspective. Others argue that all client transactions are contractual and that customer loyalty has more to do with brand name and associated reputation or with location, though such a characterization may result in a different economic useful life than that which we currently label as a customer relationship.

Approach 1 is our third choice. Some have the opinion that all customer-related assets are contractual and a company can enforce its sales agreement so that the customer does not cancel the order in lieu of a competitor until the sale is complete, thereby meeting the control criterion. Employment non-compete agreements are sometimes not enforceable depending on the jurisdiction while in other jurisdictions they are enforceable. Sales and Purchase Agreement non-compete clauses where the seller cannot compete with the buyer are often enforceable and can contain significant value.

Approach 3 is in our opinion the least effective solution because acquired intangibles may be valuable to the acquiror and it creates a precedent for discussions about other assets such as tangible assets and whether those should be subsumed into goodwill as well. The major difference between tangible assets and intangible assets is that one asset class represents physical assets and the other does not. Beyond that, they appear to be mostly similar in terms of can be classified as an asset. The existence and recognition of intangible assets provide valuable information concerning what drives a business entity’s value.

18. As it relates to Approach 2 (a principles-based criterion), please comment on the operability of recognizing intangible assets based, in part, on assessing whether they meet the asset definition.

Response: We believe that the acquiror should have legal right to the asset or be able to separate it from the business, an intangible asset should be more probable than not to produce economic benefit to the acquiror, and the acquiror should be able to control the asset (prevent others from achieving economic benefits from the asset). Assessing whether a company controls an asset appears to be the more problematic of the three aforementioned criteria when it comes to the question of customer-relating intangibles. More guidance and examples on this control criteria could be helpful in enhancing the operability of recognizing intangible assets.

We believe that management typically knows what the key intangible assets/business elements are in a business combination and what is significant to the value of an acquired entity. In some cases, intangible assets/business elements such as workforce (particularly with government contractors) could be valued. In other circumstances, transactional customer-related intangibles might not be as significant. Thus, in such circumstances, we believe that a principle based approach could be operational. We observe that there are a number of resources available including external databases that indicate the value of various assets in different industries.

19. Approaches 1–3 assume that subsuming additional items into goodwill would necessitate the amortization of goodwill. Do you agree or disagree? Please explain why.
Response: We do not agree that subsuming additional items into goodwill would necessitate the amortization of goodwill because the combination of assets in Approach 3 is essentially the entire intangible value of a business entity, which can potentially have a very long or indefinite life. Approach 1 does not diminish the long-lived character of the elements of goodwill aside from such subsumed items (such as the value of the development of future assets and the value of synergies resulting from the business combination). Approach 2 simply requires a preparer or consultant to consider the definition of assets, which may not substantially change existing practice.

We believe that the selection of Approach 1 could make the determination of a default amortization period for goodwill more difficult because customer-related assets and non-compete agreements typically have relatively short economic useful lives, while goodwill would have a very long or indefinite useful life. Perhaps the most reliable method to estimating useful life would be valuing these items separately and calculating a weighted-average useful life. This method would be complicated, however, if goodwill continues to be viewed as an indefinite lived asset. Applying such a method would also reduce or remove the perceived cost benefit of Approach 1.

We continue to believe that aggregating balance sheet items would result in less decision-useful information to financial statement users.

Section 3: Whether to Add or Change Disclosures about Goodwill and Intangible Assets

20. What is your assessment of the incremental costs and benefits of disclosing the facts and circumstances that led to impairment testing that have not led to a goodwill impairment loss?

Response: We have no response to this question.

21. What other, operable ideas about new or enhanced disclosures would you suggest the Board consider related to goodwill?

Response: We believe that goodwill essentially is a current measure (or partial measure) of the value of future expectations regarding a business entity’s intangible value. Since management of a business entity may be reticent to include significant discussion in footnote disclosures regarding forward looking information, perhaps additional material regarding intangible assets and goodwill could be included in Management’s Discussion and Analysis” “(M,D&A”) subject to the safe harbor. We are aware that IFRS Practice Statement #1: Management Commentary, is currently being considered for revision, and may include added guidance on discussion regarding intangibles, including goodwill. For example, Hans Hoogervorst, Chair of the IASB, in his June 19, 2019 speech, indicated that “The Management Commentary section of the annual report is an appropriate vehicle for providing information on intangibles.” In sum, we believe that both financial statement disclosures and discussion in Management’s M,D&A regarding goodwill and intangible assets provide useful information to users of financial statements.
22. What is your assessment of the *incremental costs and benefits* of disclosing quantitative and qualitative information about the agreements underpinning material intangible items in (a) the period of the acquisition and (b) any changes to those agreements for several years post-acquisition? Please explain.

**Response:** We have no response to this question.

23. Are there other changes (deletions and/or additions) to the current disclosure requirements for goodwill or intangible items that the Board should consider? Please be as specific as possible and explain why.

**Response:** We have no response to this question.

**Section 4: Comparability and Scope**

24. Under current GAAP, to what extent does noncomparability in the accounting for goodwill and certain recognized intangible assets between PBEs and private business entities and not-for-profit entities reduce the usefulness of financial reporting information? Please explain your response.

**Response:** We do not believe that non-comparability in the accounting for goodwill and certain recognized intangible assets between PBEs and private business entities and not-for-profit entities reduce the usefulness of financial reporting information. Financial statements for private business entities and not-for-profit entities are primarily viewed by private shareholders, lenders and other stakeholders, who are likely to have a greater ability to ask questions of management and be provided with additional information beyond that which exists in the financial statements. Conversely, public shareholders and bondholders are usually limited to the information existing in financial statement disclosures and in filings with the SEC. Thus, since PBEs and private business entities differ in such respects, we do not believe that non-comparability is a factor.

25. Please describe the implications on costs and benefits of providing PBEs with an option on how to account for goodwill and intangible assets and the option for the method and frequency of impairment testing (described previously in Sections 1 and 2).

**Response:** We believe that an option on how to account for goodwill and intangible assets and the option for the method and frequency of impairment testing for PBEs might serve to reduce costs somewhat, but would reduce comparability between PBEs and would significantly reduce the informational value of financial statements to users in excess of any reduction in cost.

26. To what extent does noncomparability in the accounting for goodwill and certain recognized intangible assets between PBEs reporting under GAAP and PBEs reporting under IFRS reduce the usefulness of financial reporting information? Please explain your response.

**Response:** We believes that non-comparability in the accounting for goodwill and certain recognized intangible assets between PBEs reporting under GAAP and PBEs reporting under
IFRS does reduce the usefulness of financial reporting information when making comparisons between such PBEs. When analyzing a business entity, users often develop a “peer group” of similar business entities. The greater the difference between the accounting models used under GAAP vs. IFRS, the greater the difficulty in making such comparisons.

27. Please indicate the sources of comparability that are most important to you regarding goodwill and intangible assets. Please select all that apply and explain why comparability is not important to you in certain cases.
   a. Comparability among all entities reporting under GAAP (one requirement for PBEs, private business entities, and not-for-profit entities)
   b. Comparability among all PBEs reporting under GAAP
   c. Comparability among all private business entities and all not-for-profit entities reporting under GAAP
   d. Comparability among all PBEs reporting under GAAP and PBEs reporting under IFRS.

Response: We believe that letter (b) is most important, followed by letter (d). Users such as financial analysts and valuation specialists are most often comparing PBEs to one another, including those that report under GAAP and those that report under IFRS. The financial statements of private business entity and not-for-profit entity financial statements are simply not publicly available to external users for comparative purposes.

Other Topics for Consideration

28. Do you have any comments related to the Other Topics for Consideration Section or other general comments?

Response: We have no response to this question

Next Steps

29. Would you be interested and able to participate in the roundtable?

Response: Yes. We would be interested and able to send a representative to participate in a roundtable.