February 18, 2019

Technical Director
File Reference No. 2018-230
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Submitted via email to director@fasb.org

Re: Intangibles — Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958)

Dear Technical Director:

The Virginia Society of CPAs (VSCPA) Accounting and Auditing Advisory Committee has reviewed the proposed Exposure Draft (ED), Intangibles — Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958), issued by the Financial Accounting Standards Board (the Board). The VSCPA is a leading professional association dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members’ interests. The VSCPA membership consists of more than 13,000 individual members who actively work in public accounting, private industry, government and education. We acknowledge that the Board has issued the ED in an effort to simplify the accounting for goodwill and for certain identifiable intangible assets in a business combination. The VSCPA appreciates the work the Board has undertaken on this effort and the opportunity to respond to the ED.

The VSCPA offers the following comments related to the “Questions for Respondents” section of the ED:

Question 1: Would the amendments in this proposed Update reduce overall costs and complexity compared with existing guidance? If not, please explain why.

Yes. We agree that the amendments in the proposed update would reduce overall costs and complexity compared with existing guidance.

Question 2: What effect would the proposed amendments have as it relates to the decision usefulness of financial reporting? For example, would the proposed amendments decrease, increase, or not affect decision usefulness?

We believe that the proposed amendments would likely do very little in terms of decision usefulness of financial reporting. Goodwill and the amortization thereof are usually disregarded when analyzing not-for-profit entities.

Question 3: Should the accounting alternatives in Topics 350 and 805 be extended to not-for-profit entities? If not, which aspects of the accounting alternatives to you disagree with and why?

We feel that the alternatives in Topics 350 and 805 should be extended to not-for-profit entities.

Question 4: What reasons would prevent a not-for-profit entity from adopting the alternatives on these Topics?

We believe that not-for-profit entities should not run into issues adopting the alternatives.
Question 5: Do you agree with the optionality of the accounting alternatives? If not, why should the accounting alternatives be required?

We agree with optionality of the accounting alternatives, giving not-for-profit entities the ability to determine individually what applies based on their individual circumstances.

Question 6: Accounting Standards Update No. 2016-03, Intangibles — Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance, removes the effective date of these accounting alternatives for private companies. This was done to accommodate those companies that initially chose not to elect those alternatives because of public company exit strategies and may wish to later adopt the alternatives without having to establish preferability if their strategies subsequently change. Do not-for-profit entities experience changes in circumstances that would similarly warrant an indefinite effective date? If so, please describe those circumstances in detail.

We believe there is no need to provide an indefinite effective date for not-for-profit entities.

Question 7: The Board recently added to its technical agenda another project on these Topics that, among other issues, will examine the amortization period for goodwill if the Board decides to pursue amortization as an alternative for public business entities or as a requirement for the system overall. The Board could decide that amendments developed as part of that project should also apply to not-for-profit entities within the scope of this proposed Update. Thus, it is possible that entities electing these alternatives could be subject to future changes on the same Topics. Are there any reasons why the Board should exclude not-for-profit entities as part of that other project? If so, please explain why.

We feel that there is an immediate benefit to extending the availability of these alternatives to not-for-profit entities. The prospect of additional changes should not keep FASB from moving forward with this Update.

Again, the VSCPA appreciates the opportunity to respond to this Exposure Draft. Please direct any questions or concerns to VSCPA Senior Director, Learning, Linda Newsom-McCurdy, CAE, CMP, at lnewsom-mccurdy@vscpa.com or (804) 612-9421.

Sincerely,

Charles M. Valadez, CPA, CGMA, CITP
Chair

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