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Technical Director
File Reference No. 2018-320
Financial Accounting Standards Board
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Proposed Accounting Standards Update, Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities (File Reference No. 2018-320)

We appreciate the opportunity to comment on the Financial Accounting Standards Board’s Proposed Accounting Standards Update, Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities.

Questions for Respondents

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

We believe that the amendments in this 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? Please explain.

We believe that the proposed amendments would not affect decision usefulness of financial reporting. The users of a not-for-profit entity’s financial statements are primarily focused on the entity’s success in carrying out its overall mission and programs, maintaining sufficient liquidity, sustaining fundraising activities, and covering its outstanding debt obligations. Such users would be less interested in the reporting of Goodwill and related amortization expense which would be omitted by such users when evaluating the overall health of 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 do you disagree with and why?

We believe that the accounting 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 do not believe there are any impediments to a not-for-profit entity from adopting the alternatives on these Topics, other than a business-oriented not-for-profit entity that is primarily focused on its key performance indicator, such as Excess of Revenues Over Expenses, which would be impacted by the increase in reported Goodwill amortization expense in the short-term. However, we do not believe such impact will be material to the overall financial statements.

**Question 5:** Do you agree with the optionality of the accounting alternatives? If not, why should the accounting alternatives be required?

We agree with the optionality of the accounting alternatives.

**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 that not-for-profit entities could experience changes in circumstances that would similarly warrant an indefinite effective date, especially considering transactions &/or acquisitions involving for-profit entities. Therefore, aligning the effective dates of accounting alternatives for both private companies and not-for-profit entities would be consistent and appropriate.

**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 also should 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 believe that there no reasons why the Board should exclude not-for-profit entities as part of that other project.

We would be pleased to discuss our comments with the Board members or the FASB staff at your convenience.

Very truly yours,

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