July 23, 2013

Technical Director
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Via e-mail: director@fasb.org

File Reference No. PCC-13-01B

Re: Proposed Accounting Standards Update – Intangibles – Goodwill and Other (Topic 350)

Accounting for Goodwill

Dear Board Members:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA and has reviewed and discussed the above referenced Accounting Standards Update, including the eighteen questions posed in the “Questions for Respondents”. We believe this exposure draft is interdependent with the Proposed Accounting Standards Update – Business Combinations (Topic 805) Accounting for Identifiable Intangible Assets in a Business Combination and therefore our responses should be taken in consideration with our responses to that exposure draft. The Committee has the following comments related to the questions numbered below:

1. The FICPA has approximately 18,500 members, with its membership comprised primarily of CPAs in Public Practice and Industry. The Committee is comprised of 20 members, of whom 50% are from local or regional firms, 20% are from large multi-office firms, 10% are sole practitioners, 10% are in academia or private industry, and 10% are in international firms. Therefore we are addressing this exposure draft both from the viewpoint of preparers of financial statements as well as those performing attest services on them.

2. The Committee believes no other types of entities should be excluded from the scope of this proposed Update other than those already provided for within it. No other types of transactions or accounts should be either included in or excluded from the scope of this proposed Update.

3. As the primary intent of this Update is to provide relief to smaller entities from the complexities and cost associated with complying with the current standard, we believe the scope of the accounting alternative should be expanded to not-for-profit entities, as well as small-cap public companies, many of which could benefit from this Update. However, in the interest of consistency across all entities applying US GAAP, the
Committee feels the changes in this proposed Update should be considered for all entities. No other changes would need to be considered. The accounting alternative should continue to be elective.

4. The Committee believes the overall costs and complexities for some entities electing the proposed alternative would be reduced; how much, would be dependent upon each entity’s activities/transactions as well as the nature of the assets involved. In some instances, e.g. where the transaction or assets giving value are less complex or easily identifiable/measurable, there could be minimal to no savings.

5. We agree that the accounting alternative would still provide relevant and decision-useful information users of these entities financial statements. Similar to what the Private Company Council stated in paragraph BC8, members of the Committee are aware of financial statement users who essentially disregard goodwill and goodwill impairment losses in their analyses of private company financial condition and performance.

6. The Committee agrees with the PCC’s decision to amortize goodwill on a straight-line basis over the life of the primary asset acquired in a business combination, not to exceed ten years.

7. We agree that goodwill should be tested for impairment at the entity-wide level. The Committee sees no material issues arising from the amortization of goodwill at the individual-acquired level while testing for impairment at the entity-wide level.

8. Goodwill should be tested for impairment only upon the occurrence of a triggering event, like that which would be required under the current standards. There should be an annual testing only if a triggering event occurred. This is consistent with the apparent intent of the Private Company Council to reduce complexity.

9. Assessment of triggering events should be performed consistently with how entities currently assess for goodwill impairment. There should be a difference in how an entity performs its assessment of triggering events and how it performs the qualitative assessment.

10. We agree with the one-step method of calculating goodwill impairment loss as the excess of the carrying amount of the entity over its fair value as this method is consistent with the principle of keeping the proposed alternative less complex and/or costly.

11. The Committee agrees with the disclosure requirements of the proposed updates as well as that the entity should provide a rollforward schedule of the aggregate goodwill amount between periods.
12. The proposed update should be applied on a prospective basis and should be an entity-wide accounting election, not a transaction-specific election. However, we believe that retrospective application should be permitted as an alternative.

13. To keep accounting for similar assets consistent and thereby comparative, goodwill existing as of the effective date should be subject to the same treatment as noted in our answer to question 12.

14. In the view of the Committee, the alternative accounting method should be effective as soon as is practical; i.e., for fiscal years ending after December 15, 2014, with early application permitted.

15. As to preparers and auditors, little additional effort would be needed to implement and audit the proposed amendments.

16. No response.

17. Should an entity elect to implement this accounting alternative, it should also be required to implement the proposed alternative for Identifiable Intangible Assets. The reverse would apply as well. The Committee believes such alternatives relate to interdependent transactions and therefore should not be accounted for differently.

18. While the Committee agrees with the definition of a public business entity, we believe the measure used to determine the scope of this proposed standard should not be dependent on whether an entity is public or not (or not-for-profit or not), but rather should be dependent on size or market cap. See our response to question 3 above.

The Committee appreciates this opportunity to respond to this Proposed Accounting Standards Update. Members of the Committee are available to discuss any questions you may have regarding this communication.

Respectfully submitted,

Steven Morrison, CPA
Chair, FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:
Julian D. Dozier, CPA
Steven Wm. Bierbrunner, CPA