November 9, 2015

Ms. Susan M. Cosper  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116  

File Reference No. PCC-15-01

Dear Ms. Cosper:

RSM US LLP (formerly McGladrey LLP) appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Intangibles-Goodwill and Other* (Topic 350), *Business Combinations* (Topic 805), *Consolidation* (Topic 810), *Derivatives and Hedging* (Topic 815): Effective Date and Transition Guidance, a proposal of the Private Company Council (PCC) (the “proposed Update”). Overall, the private company accounting alternatives resulting from the PCC’s activities have been of significant benefit to many private companies and the users of their financial statements. We believe that the proposed Update will reduce the potential confusion and complexity, which may have resulted from adopting an accounting alternative after its effective date, and will continue to allow entities to benefit from the transition provisions and still result in users of private company financial statements receiving information that is decision-useful. Our responses to the “Questions for Respondents” on which specific comment is sought and comments on other matters in the proposed Update are included below for your consideration.

Comments on Questions for Respondents

**Question 1:** Please describe the entity or individual responding to this request.

RSM US LLP is a national CPA firm that serves hundreds of public companies and thousands of private companies in a variety of industries. We focus primarily on serving middle market companies.

**Question 2:** Would the proposed amendments adequately address private company stakeholder concerns, if any, about the assessment of preferability when a private company accounting alternative within the scope of the proposed Update is elected for the first time after its effective date? If not, please explain why.

We believe that adding the explicit statements indicating that a private company that makes an accounting policy election to apply an alternative for the first time does not need to justify the use of the alternative as being preferable should eliminate any confusion and address potential stakeholder concerns.
Question 3: Would the proposed amendments adequately address private company stakeholder concerns, if any, about the transition guidance in Update 2014-02? If not, please explain why.

We believe that the guidance provided in paragraph 350-20-65-2 would adequately address most of the private company stakeholder concerns about the transition provisions. Since subparagraphs (a) and (b) provide for prospective application, we believe the Board intended that adoption could not occur in a period prior to the issuance of the ASU. However, with the removal of subparagraph (c), some might believe that there is no longer a prohibition on adoption in periods prior to the issuance of the ASU, even if the financial statements for such periods have previously been made available for issuance. Adoption in prior periods could result in situations in which a previously reported goodwill impairment charge would be reversed and amortized over future periods. It could also allow an entity to elect an adoption date more than 10 years prior to the periods being presented with the result that existing goodwill would be removed from the balance sheet without any amortization or impairment charge being reflected in the periods being presented. To eliminate any confusion, we recommend the Board make it clear that the accounting alternative cannot be adopted in periods prior to the issuance of the ASU.

Furthermore, with the removal of the effective dates in paragraph 350-20-65-2(a), the term "new goodwill" is no longer defined. To eliminate potential confusion, consideration should be given to defining "new goodwill" in this paragraph as goodwill recognized subsequent to the beginning of the period of adoption.

In addition, questions have arisen as to whether the adoption of the alternative could be as of the beginning of an interim period or whether it should be effective as of the beginning of the annual period. Based on the dates that were previously in paragraph 350-20-65-2(a), some have concluded that the guidance needs to be effective as of the beginning of the annual period. Therefore, in the year of adoption there would be a full year of amortization of existing goodwill. The removal of the effective dates may add to the confusion and diversity in practice on this issue. Consideration should be given to expanding the guidance in paragraph 350-20-65-2(b) to address this issue and help reduce the potential confusion.

Question 4: Would the proposed amendments adequately address private company stakeholder concerns, if any, about the transition guidance in Update 2014-03? If not, please explain why.

We believe that the guidance provided in paragraph 815-10-65-6 adequately addresses any potential concerns that the private company stakeholders might have related to the transition provisions.

Question 5: Do you agree that no additional disclosures should be required as a result of the proposed amendments? If not, please explain why.

We agree that no additional disclosures should be required as a result of the proposed amendments.
Additional Comments for Consideration

Similar to our response to question 3, since subparagraphs 805-20-65-2 (a) and (b) provide for prospective application, we believe the Board intended that adoption could not occur in a period prior to the issuance of the ASU. However, with the removal of subparagraph (c), some might believe that there is no longer such a prohibition, even if the financial statements for such periods have previously been made available for issuance. Adoption in prior periods could result in subsuming certain previously identified and recognized intangible assets with lives shorter than 10 years into goodwill and amortizing them over a 10 year period. To eliminate any confusion, we recommend the Board make it clear that the accounting alternative cannot be adopted in periods prior to the issuance of the ASU.

The removal of the effective dates in paragraph 805-20-65-2(a) could also result in some confusion as to whether the alternative could be elected as of the beginning of an interim period as compared to the beginning of an annual period. This could cause diversity in practice if an entity has multiple transactions within a fiscal year. Consideration should be given to providing guidance related to the period of adoption to reduce confusion and potential diversity in practice.

We would be pleased to respond to any questions the FASB or its staff may have concerning our comments. Please direct any questions to Rick Day at 563.888.4017 or Brian H. Marshall at 203.312.9329.

Sincerely,

RSM US LLP

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