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From: Joseph Symarcsca

To: director@fasb.org
Sent: Saturday 12-16-06

Subject: Re: Accounting for Not for Profit, Goodwill and Other Intangible

Assets 1500-200

Rationale:

The statement seeks to provide evaluative criteria for goodwill impairment resulting in more representationally faithful information about events resulting in the goodwill impairment acquisition by the Not for Profit in place of amortization of goodwill on a straight line or arbitrary basis. Opinion 17 assumes that goodwill consists of assets which literally waste away; such that, a 40 year amortization yields a zero valuation after 40 years. Instead of amortizing, this statement seeks to provide guidance for an entity to evaluate impairment yearly or periodically.

Intangible assets lack a physical substance:

- (1) contributions from resource providers with no expectation of resource return
- (2) operating purpose other than providing goods and services for a profit
- (3) absence of an ownership interest except for a community or communal psychic, aesthetic, belief or eleemosynary collective ownership or common interest

Critical incidents or events may impair the continued assumptions underlying the goodwill valuation. Examples of these critical incidents or events are:

(1) lack of confidence by the entity strategic constituency or constituencies

A triggering event may be an adverse public opinion. Quantitatively, this event is measurable by a drastic reduction in donations or contributions. On the other hand, a positive impact may be felt when a government changes from repression to a more democratic mode. A repressive government may restrict operations in a

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particular country or region. Lifting the sanctions might encourage a long-term increase in donations resulting from a renewed donor confidence in the increased prospects of charitable work in a previously hostile host country.

Certain intangible assets may be amortized over a rational period of time. The Statement lists "donors" and "copyrights". Donor lists have a finite life due to the life expectancy of donors and copyrights are in force for a definable period. Patent rights have a finite life, particularly, chemically based inventions used in new medicines throughout the United States and the European Office. These patent rights attain based upon a showing of unobviousness and/or combinatorial inequivalency of the prior art to the newly claimed invention or process. Third World countries have tried consistently to obtain relief of the patent art claims for valuable medicinal purposes; such as AIDS combination drugs, cocktails and therapies. At times, support has been fairly constant despite a decrease in fee structure. For instance, neighborhood medical clinics have reduced fees in response to additional governmental support, outright grants or enhanced donor activity.

The theoretic justification for intangible assets is that they lack physical substance, per se. Contributions from resource providers with no expectation of resource return represent the classic definition. Another indicia for an intangible asset is that the operational purpose is other than the production of goods and services for a profit. A third indicator is the absence of ownership interest except for a definable strategic constituency with a significant goal congruency.

Evaluative criteria and disclosure for impairment involve:

- (1) the duration and amount of decline or increase in support from resources other than contributions or returns on investment
- (2) the underlying reasons for a major change
- (3) for each impairment loss recognized as related to intangible assets of a Not-for-Profit disclose
 - (a) a description of the impaired asset, relevant facts and circumstances

- (b) impairment loss and FV determination methods(c) caption in the Statement for the aggregated impairment loss

Dr. Joseph S. Maresca