

LETTER OF COMMENT NO. 15

January 22, 2007

Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CN 06856-5116

File Reference No. 1500-200

The Not-for-Profit Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide our perspective on the Exposure Draft of a Proposed Statement, Not-for-Profit Organizations: Goodwill and Other Intangible Assets Acquired in a Merger and Acquisition. These recommendations and comments represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which the members are associated.

Our comments in response to the Questions raised in the document are as follows:

Accounting for Identifiable Assets

Question 1 – In general we agree with the accounting requirements included in the proposed standard for intangible assets; however, we believe there may be significant difficulty in valuing some of the donor related intangible assets of not-for-profit organizations. We also believe the methods not-for-profits would use to determine the fair value of donor related intangibles would be akin to recording contributions prior to meeting the recognition criteria included in FAS No. 116, Accounting for Contributions Received and Contributions Made.

Accounting for Goodwill

Question 2 – We agree with the departure from the goodwill impairment evaluation included in Statement 142 for reporting units that are primarily supported by contributions and returns on investments.

Question 3 — We believe the criteria for determining which impairment evaluation to apply was clear in the proposed standard.

ILLINOIS CPA SOCIETY
550 W. JACKSON, SUITE 900
CHICAGO, ILLINOIS 60561-5716
FAX: 312-993-9854 TEL: 312-993-0407
or 800-993-0407 (in filinois only)

Qualitative Evaluation

Question 4 – We found the proposed qualitative evaluation to be impractical and difficult to apply in practice. We do not believe the financial information to be provided will be meaningful or useful to users of the financial statements. We would suggest the proposed standard should be revised to write-off goodwill associated with business units supported by contributions and investment returns immediately.

Question 5 – We found the guidance for identifying triggering events to be impractical and difficult to apply in practice. We do not believe the financial information to be provided will be meaningful or useful to users of the financial statements. We would suggest the proposed standard should be revised to write-off goodwill associated with business units supported by contributions and investment returns immediately.

Question 6 – As discussed in our responses to questions 4 and 5, we found the guidance in this section to be impractical and difficult to apply in practice. We do not believe the financial information to be provided will be meaningful or useful to users of the financial statements. We would suggest the proposed standard should be revised to write-off goodwill associated with business units supported by contributions and investment returns immediately.

Changes in the Nature of a Reporting Unit's Primary Support

Question 7 – We agree the guidance for determining what method of impairment should be applied when there is a change in the nature of the reporting unit's primary support is appropriate.

Benefits and Costs of the Proposed Requirements

Question 8 – We believe the main cost of applying this standard will be incurred in relation to the valuation requirements of this proposed statement. We agree with the benefits included in the proposed standard.

We appreciate the opportunity to offer our comments.

Sincerely,

Thomas E. Brean, CPA

Chair, Not-for-Profit Committee