Patricia Lapolla

From: Caroline Dorcey [cdorcey@BergenUnitedWay.org]

Sent: Friday, January 26, 2007 12:03 PM

To: Director - FASB

Subject: File Reference 1500-100 & 1500-200

Importance: High



I am writing to offer comments on the FASB's October 9, 2006 Exposure Drafts of proposed Statements of Financial Accounting Standards, Not-for-Profit Organizations: Mergers and Acquisitions, and Not-for-Profit Organizations: Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition.

Mergers and Acquisitions:

I do not agree with the proposed requirement to treat all mergers of not-for-profits as acquisitions, and I believe that requiring all to be treated as such will act as a deterrent to future mergers and adversely effect the health and stability of the not-for-profit sector which is "screaming for consolidation" louder and louder with each passing year.

Many such mergers are, in fact, true mergers of equals, with neither organization being an acquirer of the other. These mergers are very deliberately and carefully structured by the parties to be mergers of equals, and very likely would not occur at all if either party felt that it was being acquired by the other. Having attempted several of these mergers in the past 4 years, I know this to be true. Each party to the transaction needs to be comfortable that they will have an equal say in the operations of the new organization, or they back away from the table very quickly.

Goodwill:

I do not agree with the proposed requirement to treat donor lists as Identifiable Intangible Assets separate from Goodwill and record them at "fair market value" during a merger or acquisition. Donor lists are not marketable commodities that can be reasonably valued. Bergen County's United Way is bound by an agreement with our donors, so selling a donor list is not possible. These factors will make valuation virtually impossible. I also find the proposed process of testing for impairment to be unduly cumbersome.

Accordingly I support the position of the United Way of America Financial Issues Committee in its formal response to FASB dated January 25, 2007.

Thank you for your time and consideration.

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LETTER OF COMMENT NO. 5H