Private Company Financial Reporting Committee
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Judith H. O'Dell CPA CVA
Chair

April 20, 2012

Ms. Leslie Seidman
Chairman
Financial Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856

Re: Proposed Accounting Standards Update, Intangibles – Testing Indefinite-Lived Intangible Assets for Impairment *("Proposed ASU")*

Dear Ms. Seidman:

The Private Company Financial Reporting Committee ("PCFRC") has reviewed the Proposed ASU and supports its provisions. PCFRC members believe the qualitative approach outlined in the Proposed ASU will reduce costs at private companies while at the same time provide financial statement users with the relevant information they need. Further, the Proposed ASU would bring more consistency to impairment testing by permitting a qualitative impairment assessment for indefinite-lived intangible assets, similar to goodwill and other long-lived assets. The Committee's answers to specific respondent questions follow.

Respondent Question 2: For preparers, do you believe that the proposed amendments will reduce overall costs and complexity compared with existing guidance? If not, please explain why.

PCFRC Response: Simplifying impairment testing of indefinite-lived intangible assets by permitting a qualitative assessment should reduce costs and accounting complexity at private companies.

Respondent Question 3: For preparers, do you expect that your entity will choose to perform the qualitative assessment proposed in the amendments, or will your entity choose to proceed directly to performing the quantitative impairment test? Please explain.

PCFRC Response: The preparer members of the PCFRC expect that their respective entities would choose to perform the qualitative assessment proposed in the amendments.

Respondent Question 4: For auditors, do you believe that the proposed amendments will reduce overall costs and complexity compared with existing guidance? If not, please explain why. Does your response differ based on whether the entity is public or nonpublic?

PCFRC Response: The Committee believes that auditing costs and complexity should be reduced by allowing a qualitative approach for testing indefinite-lived intangible assets for impairment.

Respondent Question 5: For users, how do you believe that the optional qualitative approach for evaluating indefinite-lived intangible assets for impairment will affect the timing of the recognition of impairment losses? Additionally, will the optional qualitative approach affect how you evaluate indefinite-lived intangible assets reported in the financial statements? If yes, please explain.

PCFRC Response: Private company financial statement users are generally focused on cash flows and tangible assets and less so on intangible assets. From that perspective, the use of qualitative factors for the determination of impairment for one of the least relevant balance sheet assets for private company users- intangible assets- is entirely appropriate.

Respondent Question 6: Do you agree that the examples of events and circumstances in paragraph 350-20-35-3(a) through (e) are helpful in assessing whether significant inputs to the fair value measurement have changed significantly to indicate that it is more likely than not that an indefinite-lived intangible asset is impaired? If not, what additional examples of events and circumstances do you suggest?

PCFRC Response: Generally, examples and illustrative guidance are very useful to private company constituents. As such, the examples provided in paragraph 350-20-35-3(a) of the Proposed ASU will be helpful to private company constituents when assessing impairment of indefinite-lived intangible assets.

Respondent Question 7: Do you agree that nonpublic entities should be exempt from disclosing quantitative information about significant unobservable inputs used in measuring the fair value of an indefinite-lived intangible asset as required in paragraph 820-10-50-2(bbb), as amended by Accounting Standards Update No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value*

Measurement and Disclosure Requirements in U.S. GAAP and IFRSs? If not, please explain why.

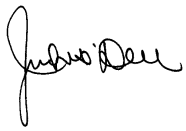
PCFRC Response: The PCFRC agrees that nonpublic entities should be exempt from disclosing quantitative information about significant unobservable inputs used in measuring the fair value of an indefinite-lived intangible asset.

Respondent Question 8: Do you agree with the proposed effective date provisions? If not, please explain why.

PCFRC Response: The PCFRC agrees with the proposed effective date provisions.

The PCFRC appreciates the FASB's consideration of this letter. Please feel free to contact me if you have any questions or comments.

Sincerely,



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