

August 23, 2013

Technical Director – File Reference No. PCC-13-01B  
Financial Accounting Standards Board  
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Technical Director:

We appreciate the opportunity to comment on the Financial Accounting Standards Board (FASB) Proposed Accounting Standards Update (ASU), *Intangibles – Goodwill and Other (Topic 350) - Accounting for Goodwill*. BerryDunn is a regional firm that audits approximately 500 private companies and not-for-profit organizations within a variety of industries. We also audit a small number of SEC registrants.

Overall, we are in support of this proposed ASU. Generally, we find the users of private company financial statements disregard goodwill in their analysis of a company's financial condition and operating performance. In addition, they have difficulty understanding the implications of goodwill impairment losses, particularly in situations in which they result from changes in discount and capitalization rates or changes in the fair values of other assets of a reporting unit, rather than from changes in expectations regarding reporting unit cash flows. The proposed accounting alternative reduces the costs and complexities associated with the recognition and ongoing accounting for goodwill.

In addition to our overall view on the proposed ASU, we have selected specific questions posed in the Exposure Draft to address as follows:

*Question 3: Should the Board consider expanding the scope of the accounting alternative to other entities, such as publicly traded companies or not-for-profit entities? If the scope is expanded to other entities, what changes, if any, should the Board consider to the accounting alternative for the subsequent measurement of goodwill? If the scope is expanded to public companies or not-for-profit entities, should the accounting alternative continue to be elective?*

We believe the Board should expand the scope of the accounting alternative to both publicly traded companies and not-for-profit entities. The provisions of the amendments will benefit both publicly traded companies and not-for-profit entities by reducing the costs and complexity of recognizing and measuring goodwill while still providing decision-useful information. As such, in order to provide consistency and comparability among companies the amendments should not be elective for any entities.

*Question 4: Would the proposed amendments reduce overall costs and complexity compared with existing guidance? If not, please explain why.*

We believe the proposed amendments would reduce overall costs and complexity compared with existing guidance. We believe fewer goodwill impairment calculations would result for private companies because goodwill will be amortized, it will only be tested for impairment upon the occurrence of a triggering event, and the assessment for impairment will occur at the entity level rather than the reporting-unit level.

*Question 5: Do you agree that the accounting alternative for goodwill would provide relevant and decision-useful information of users of private company financial statements? If not, what accounting alternative, if any, would provide relevant information to users?*

We believe the accounting alternative provides relevant and decision-useful information, as users are accustomed to the notion that costs paid that will benefit multiple future periods are recognized in expense over those periods (similar to property and equipment, software, intangible assets with determinable useful lives, and prepaid expenses).

*Question 6: Do you agree with the PCC's decision to amortize goodwill on a straight-line basis over the life of the primary asset acquired in a business combination, not to exceed 10 years? If not, please tell us what alternative approach or useful life you would prefer?*

We believe the amortization period for goodwill should be based on the useful life of the primary asset acquired. However, we do not agree the amortization period should be limited to 10 years. We believe goodwill acquired in a business acquisition does not have an indefinite life but is expected to diminish in value over time and the number of years should be determined and disclosed in the financial statements.

*Question 7: Do you agree that goodwill accounted for under this alternative should be tested for impairment at the entity-wide level? If not, should an entity be either required or given an option to test goodwill at the reporting unit level? What issues, if any, rise from amortizing goodwill at the individual acquired goodwill level while testing for goodwill impairment at the entity-wide level?*

Generally, in our client base of non-public companies, there are no separate reporting units. Management typically believes acquisitions are more successful if the acquired business is integrated into the existing company, to promote economies of scale, cross-selling opportunities, and a “one-team” culture. Consistent with the alternative one-step method of calculating goodwill impairment loss as the excess of the carrying amount of the entity over its fair value, we agree that goodwill should be tested for impairment at the entity-wide level for this reason.

*Question 8: Do you agree that goodwill accounted for under this alternative should be tested for impairment only upon the occurrence of a triggering event that would indicate that the fair value of the entity may be below its carrying amount? If not, when should goodwill be tested for impairment? Should there be an annual requirement to test goodwill?*

The requirement under this alternative to test for impairment only upon the occurrence of a triggering event requires a company to be alert for the occurrence of triggering events. It appears this approach is similar to the qualitative assessments performed under the current standards for recognition and measurement of an impairment loss. See Question 9 below for further comment on the assessment of triggering events.

*Question 9: In the proposed amendments, an entity would consider the same examples of events and circumstances for the assessment of triggering events as those considered for the qualitative assessment. However, the PCC intends the nature and extent of those two assessments to be different. The assessment of triggering events would be similar to the current practice of how an entity evaluates goodwill impairment between annual tests. In contrast, the optional qualitative assessment would be part of an entity's goodwill impairment test, requiring a positive assertion, consistent with current practice, about its conclusion reached and the events and circumstances taken into consideration. Should the assessment of triggering events be performed consistently with how entities currently assess for goodwill impairment between annual tests? If not, how should an entity assess for triggering events? Do you agree that there should be a difference in how an entity would perform its assessment of triggering events and how it would perform the qualitative assessment?*

We believe the assessment of triggering events should be similar to the assessment of impairment for property, plant and equipment per ASC 360-10-35. Accordingly, goodwill would only be tested for impairment when events or changes in circumstances indicate goodwill may be impaired. The lack of events and circumstances would therefore not require a company to assess and document a positive assertion, consistent with the treatment of other depreciable long-lived assets.

*Question 10: Do you agree with the alternative one - step method of calculating goodwill impairment loss as the excess of the carrying amount of the entity over its fair value? Why or why not?*

We believe the method of calculating goodwill impairment loss as the excess of the carrying amount of the entity over its fair value is consistent with management's typical process of integrating acquisitions into the existing business to the extent practical, and thus will reduce the complexity and cost of impairment calculations with minimal, if any, reduction in financial statement user relevance.

*Question 11: Do you agree with the disclosure requirements of the proposed Update, which largely are consistent with the current disclosure requirements in Topic 350? Do you agree that an entity within the scope of the proposed amendments should provide a roll forward schedule of the aggregate goodwill amount between periods? If not, what disclosures should be required or not required, and please explain why.*

The current disclosure requirements provide meaningful information to the users of the financial statements. We do not believe a roll forward schedule of the aggregate goodwill amount between periods should be required, as it is not currently required for other long-lived amortizable/depreciable assets and we are not aware of circumstances in which users have been requesting that information.

*Question 12: Do you agree that the proposed Update should be applied on a prospective basis for all existing goodwill and for all new goodwill generated in business combinations after the effective date? Should retrospective application be permitted?*

We agree that the proposed Update should be applied on a prospective basis for all existing goodwill and for all new goodwill generated in business combinations after the effective date. Retrospective application should be permitted but not required; an entity could make a cost-benefit decision as to whether its financial statement users would sufficiently benefit from the enhanced comparability retrospective application would provide to justify the incremental costs.

Technical Director – File Reference No. PCC-13-01B  
Financial Accounting Standards Board  
Page 4

*Question 14: When should the alternative accounting method be effective? Should early application be permitted?*

We believe the amendments in the proposal should be effective for fiscal years beginning after December 31, 2013 with early application permitted.

*Question 15: For preparers and auditors, how much effort would be needed to implement and audit the proposed amendments?*

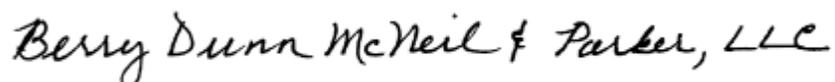
We believe little marginal effort would be needed to implement and audit the proposed amendments, and any such effort would be more than compensated for by the reduction in effort associated with the current annual impairment assessment requirements.

*Question 17: If an entity elects the accounting alternative in the amendments in this proposed Update, do you think that entity also should be required to apply the PCC's proposed accounting alternative for recognition, measurement, and disclosure of identifiable intangible assets acquired in a business combination (in Topic 805)? Alternatively, if an entity elects the accounting alternative in Topic 805, should that entity also be required to adopt the proposed accounting alternative? (No decisions have been reached by the Board and the PCC about this question.)*

As noted in our response to question 3, we do not believe the amendments in this proposed ASU should be elective. In order to provide consistency and comparability to the users of financial statements, the amendments in this proposed update should supersede current guidance. Concurrently with adoption of the accounting described in this proposed ASU, we believe the PCC's proposed accounting for recognition, measurement, and disclosure of identifiable intangible assets acquired in a business combination (in Topic 805) should be required.

We appreciate the opportunity to submit these comments for your consideration, and look forward to FASB's consideration of feedback on the proposed ASU and decisions regarding the next steps.

Sincerely,

A handwritten signature in black ink that reads "Berry Dunn McNeil & Parker, LLC". The signature is written in a cursive, flowing style.

BerryDunn