

August 23, 2013

Ms. Susan M. Cospers  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

**File Reference No. PCC-13-01B**

Dear Ms. Cospers:

McGladrey LLP appreciates the opportunity to comment on the Proposed Accounting Standards Update, *Intangibles-Goodwill and Other (Topic 350), Accounting for Goodwill, a proposal of the Private Company Council* (the "proposed Update"). Overall, we support the FASB's efforts to provide an alternative for private companies for the subsequent measurement of goodwill. The current model to test goodwill annually for impairment by reporting unit is often costly to private companies both in terms of internal resources required to perform the testing as well as external valuation specialists that may be required to determine the fair value of reporting units in Step 1 and the fair value of all assets and liabilities in Step 2. However, for many private companies, goodwill impairment charges are often ignored by financial statement users (often predominantly lenders or engaged owners) as they utilize EBITDA or other metrics that exclude the effects of goodwill impairment when evaluating the company. We believe the proposed Update will reduce overall costs and complexity for private companies that adopt this alternative compared with existing guidance and still result in users of private company financial statements receiving information that is decision-useful. Our responses to certain of the "Questions for Respondents" on which specific comment is sought and comments and suggestions on other matters in the proposed Update are included below for your consideration.

**Comments on Certain Questions for Respondents**

**Question 1:** *Please describe the entity or individual responding to this request.*

McGladrey LLP is a national CPA firm that serves hundreds of public companies and thousands of private companies in a variety of industries. We focus primarily on serving middle market companies and public sector entities.

**Question 2:** *Should any types of entities in the proposed scope be excluded? Should any types of transactions or accounts be excluded, or are there any types of transactions or accounts that should be included in the scope?*

If an entity adopts this alternative accounting treatment and starts to amortize goodwill and test for impairment only upon the occurrence of a triggering event, then the only long-lived assets that will no longer be subject to amortization or depreciation and still be subject to an annual impairment test would be those intangible assets with indefinite useful lives. We believe consideration should be given to requiring companies that adopt this guidance to apply similar guidance to those intangible

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assets currently determined to have indefinite useful lives. This would result in consistency in the subsequent accounting for all assets that are not required to be amortized under existing guidance.

Refer to our response to Questions 3 and 18 for further discussion.

**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 consider expanding the scope of the accounting alternative to include not-for-profit entities. By their very nature, not-for-profit entities may have even greater cost burdens when testing goodwill for impairment than other private entities and goodwill is arguably less relevant to the users of their financial statements.

The question of whether the scope of all accounting alternatives proposed by the PCC should apply to entities other than private entities will be a threshold question for every PCC proposal. In making this determination, we believe the Board must consider the information needs of the users of non-private company financial statements and whether the proposed alternative will result in these users having the necessary decision-useful information. Further to this, the Board should consider that these users generally can't get further information from management (like private company users) and that these users will often be evaluating multiple companies. As a consequence of evaluating multiple companies, there may be difficulty from a comparability standpoint if one entity elects the alternative while another chooses not to elect the alternative.

As it relates to this particular issue, just by its very nature, there is a lack of comparability due to the fact that two otherwise identical companies would have different financial presentations if one had expanded organically and the other expanded through acquisitions. Ultimately, we believe that further research should be done by the Board with the users of non-private company financial statements to gather further information on their needs and how they evaluate the current lack of comparability in order to make this assessment. If it is determined that these users do not consider the goodwill that is reported on the balance sheet and adjust for goodwill impairment charges when analyzing the entities' financial statements, then we believe there would be support for expanding the scope of this accounting alternative to include public companies.

**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 will reduce overall costs and complexity. Some of the more complex and costly issues within the existing model for goodwill impairment include identifying reporting units and performing the hypothetical acquisition method in Step 2 and both of those concepts are removed by the proposed amendments. We do believe however that some unnecessary complexity (albeit less complexity than in the existing guidance) has been added by the proposed amendments relating to determining the useful life of the primary asset as well as allowing entities to utilize a qualitative assessment for the goodwill impairment test upon the occurrence of a triggering event. Refer to our responses to Questions 6 and 9 for further discussion.

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

Our experience is that goodwill impairment charges are often ignored by private company financial statement users (often predominantly lenders or engaged owners) as they utilize EBITDA or other metrics that exclude the effects of goodwill impairment when evaluating the company. Quite often financial ratios are computed based on tangible net worth and therefore exclude the impact of the goodwill reflected on the balance sheet. As a result, we agree that the accounting alternative for goodwill would provide relevant and decision-useful information to users of private company financial statements.

**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 understand the 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, was made primarily to reduce costs and complexity. While we believe the 10 year life is somewhat arbitrary, we agree that it would accomplish those objectives. However, we believe that costs and complexity could be further reduced while still providing decision-useful information with modifications to this approach or an alternative approach that the PCC initially rejected:

#### **Suggested modifications**

- **Remove the requirement to consider the life of the primary asset when determining the goodwill amortization period** – We believe this requirement adds complexity to the model and it is unclear to us why the period of goodwill amortization should necessarily be linked to the life of the primary asset. The concept of a primary asset is utilized in existing guidance for the testing of impairment of long-lived assets that are held-and-used in which the estimated undiscounted cash flows utilized in the impairment test are based on the remaining useful life of the primary asset of an asset group and compared to the carrying value of the asset group. The purpose of using the primary asset in this situation is to determine the cash flow period for which an asset group is expected to provide service potential to an entity. We are not sure why this concept is necessarily relevant in estimating the period of goodwill amortization as the amortization period is somewhat arbitrary when applying this alternative in any case (as goodwill is otherwise considered a non-wasting asset subject to impairment testing).

Further, even if it was directly relevant, we don't believe it would improve the subsequent measurement of goodwill and we believe it increases complexity in a number of ways. The determination of a primary asset is not always straightforward under existing guidance. When considered in the context of this alternative, we believe it is even less straightforward as the proposed Update does not address: 1) whether the primary asset must be a separately recognized asset or could be an asset no longer separately recognized as a result of applying the alternative guidance proposed by the PCC on Accounting for Identifiable Intangible Assets in a Business Combination; or 2) whether the useful life of a primary asset with an accelerated amortization method may be used and if so how that would be consistent with the requirement to record goodwill amortization on a straight-line basis.

If the requirement to consider the life of the primary asset when determining the goodwill amortization period remains in the final Update, we believe the guidance on primary assets included at ASC 360-20-35 par. 31 and 32 should be incorporated into the final Update or a

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cross-reference to this guidance should be included in the final Update as it is more extensive than that included in the proposed Update.

- **Amortize goodwill over a 15 year life rather than a 10 year life** – Although the Basis for Conclusions notes the PCC limited the useful life of goodwill to 10 years on the basis that generally most of the assets and liabilities acquired and assumed in a business combination to which goodwill can be attributed would be fully used up or satisfied by the tenth year, we believe that timeframe is somewhat arbitrary as noted previously as many entities currently have goodwill recorded for acquisitions more than 10 years ago. Therefore, we believe it may be beneficial to change the life to 15 years as we believe many private entities would avail themselves of the opportunity to align their amortization periods for book goodwill with that of their tax reporting for simplification in recordkeeping.

#### **Alternative optional approach**

We believe that complexity can be further reduced by giving entities an option of immediately charging goodwill to equity or earnings at the acquisition date (with a separate line item within equity for such charge) rather than amortizing goodwill. We understand that the PCC considered this method but rejected it due to concerns about companies recording a potentially large charge in earnings or equity as a result of an acquisition which may cause equity to become negative and cause some users to react negatively to this type of charge. While we acknowledge this concern, we also note that if this were allowed as an option for private companies rather than a requirement, private company preparers would be able to discuss this with their users to determine if it was a particular concern of theirs. For example, a private company user that is an investor may prefer that goodwill be amortized to better align the relief of the amount assigned to goodwill with their year-over-year return evaluation. While a private company user that is a lender may prefer a direct charge of goodwill to equity or earnings to eliminate what they perceive to be unnecessary clutter in the financial statements. If those particular users were comfortable with a direct charge to equity or earnings because it would not impact their analysis of the entity's performance, we believe it should be allowed.

**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, arise from amortizing goodwill at the individual acquired goodwill level while testing for goodwill impairment at the entity-wide level?*

We agree the goodwill accounted for under this alternative should be tested for impairment at the entity-wide level as it decreases costs and complexity. Many private entities are challenged by the current reporting unit guidance as well as the operating segment guidance which must be applied to determine reporting units. Moving to an entity-wide level of testing would remove these complexities and provide significant relief for private entities, especially those with multiple reporting units under existing guidance. However, there are a number of issues that may arise as a result of this alternative which we believe should be addressed:

- **Impairment testing of long-lived assets classified as held-and-used** – Guidance on whether goodwill should be included in an asset group being tested for impairment is included at ASC 360-10-35-26. This guidance notes that ...“Goodwill shall be included in an asset group to be tested for impairment...only if the asset group is or includes a reporting unit.” As entities that adopt this alternative will no longer be required to identify reporting units and assign goodwill to reporting units, we believe that consequential amendments are necessary to this guidance to address how to determine whether goodwill should be included in an asset group.

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- **Potential for immediate impairment** – This alternative provides a one-step method of calculating a goodwill impairment loss as the excess of the carrying amount of the entity over its fair value. We believe that impairment testing at the entity-wide level could result in an immediate impairment in certain scenarios and the Board should consider whether this is an outcome that would be acceptable or whether further guidance should be included to address these scenarios. As an example, assume that an entity with no pre-existing goodwill has an overall fair value that is less than the carrying amount of its net assets. If this entity acquired another entity and recorded goodwill as a result, unless the synergies with the acquired entity resulted in an increase in the fair value of the combined entity greater than the fair value of the acquired entity alone, a goodwill impairment test performed at the time of the acquisition would yield an immediate impairment.

**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?*

We agree that goodwill accounted for under this alternative should not be tested for impairment annually and should only be tested for impairment upon the occurrence of a triggering event. This would align this impairment test with all other long-lived asset impairment tests besides the indefinite-lived intangible asset impairment test (as noted in our response to Question 2). However, we believe that when evaluating the triggering event, the requirement to test for impairment should be based on whether the event “would more likely than not reduce the fair value of the entity below its carrying amount” rather than whether the event “would indicate that the fair value of the entity may be below its carrying amount”. This would be more consistent with existing guidance regarding when to test goodwill for impairment between annual testing dates based on triggering events at ASC 350-20-35-30 and also be less complex to apply. Refer to our response to Question 9 for further discussion.

**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 agree the nature and extent of the evaluation of triggering events differs under existing guidance for purposes of determining whether a goodwill impairment test is required between annual testing dates and performing an annual qualitative assessment, even though the triggering events are the same. However, existing guidance on when to test goodwill for impairment between annual testing dates based on triggering events at ASC 350-20-35-30 states that...“Goodwill of a reporting unit shall be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount”. We believe that making the threshold in this alternative for performing an impairment test an evaluation of whether fair value of the entity may be below its carrying amount rather than using a “more-likely-than-not” threshold could cause confusion and increase complexity as it would not be consistent with

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existing guidance on interim impairment tests. Further to this, while it may be theoretically possible under existing guidance that an entity could have a triggering event and then perform a qualitative assessment to evaluate whether a reporting unit's fair value is more likely than not below its carrying amount, we don't see this scenario in practice. In our experience, entities that determine there is a triggering event that requires an interim impairment evaluation perform the goodwill impairment test using a quantitative Step 1 test. We believe this is the case because it would be very difficult to argue that an interim test was triggered because it was more likely than not that the fair value of the reporting unit was reduced below its carrying amount (ASC 350-20-35-30 requirement) but a further qualitative assessment of whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount (ASC 350-20-35-3A) resulted in a conclusion that goodwill was not impaired.

We believe the threshold for whether an impairment test should be required under this alternative should be based on whether a triggering event would indicate that it is more likely than not that the fair value of an entity was reduced below its carrying amount. If the test was based on this determination, we believe an entity should then be required to perform a quantitative Step 1 impairment test. We believe this reduces complexity and also will not result in additional costs as we believe in many cases it would be quicker and more efficient for an entity to determine its overall fair value on a quantitative basis rather than performing this evaluation qualitatively given the documentation requirements of the latter.

**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?*

If goodwill is recorded in the balance sheet rather than immediately charged to equity or earnings at the acquisition date (as suggested in the Alternative optional approach portion of our response to Question 6), we agree the alternative one-step method of calculating goodwill impairment losses is appropriate. This will result in significant reductions in cost and complexity as performing Step 2 of the goodwill impairment test under existing guidance is often the most difficult area of goodwill impairment testing today. However, please refer to our response to Question 7 regarding certain issues that may arise as a result of this one-step method that we believe should be addressed.

**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 rollforward schedule of the aggregate goodwill amount between periods? If not, what disclosures should be required or not required, and please explain why.*

We agree with the disclosure requirements included in the proposed Update including the proposed rollforward schedule.

**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 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. We don't believe retrospective application should be permitted due to concerns about the treatment of any goodwill that was impaired prior to the effective date and the complications that could result from considering those impairments in relation to any amortization that would have been recorded under the proposed Update.

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**Question 13:** *Do you agree that goodwill existing as of the effective date should be amortized on a straight-line basis prospectively over its remaining useful life not to exceed 10 years (as determined on the basis of the useful life of the primary asset of the reporting unit to which goodwill is assigned) or 10 years if the remaining useful life cannot be reliably estimated? Why or why not?*

As discussed in our response to Question 6, we believe the requirement to consider the life of the primary asset when determining the goodwill amortization period should be removed. If that requirement remains in the final Update, we believe the guidance should not include an exception based on not being able to reliably estimate a primary asset's remaining useful life. This type of exception is often difficult to apply in practice, and we would expect entities should be able to reliably estimate the remaining useful life of the primary asset acquired.

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

We believe the alternative accounting method should be effective immediately and entities should be allowed to adopt the guidance for all financial statements that have not yet been made available for issuance. This would be similar to the transition guidance on goodwill impairment testing in ASU 2011-08 which was in part as follows... "Earlier application also is permitted for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if the entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance."

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

From an audit standpoint, we don't expect that significant effort would be needed to audit the proposed amendments. However, the level of effort will vary depending on an entity's specific facts and circumstances and whether further guidance is included in the final Update to address certain of the issues mentioned throughout our responses.

**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.)*

We believe that if an entity wants to apply either accounting alternative they should be required to apply both accounting alternatives. There would be a number of complexities added to the model if entities were just allowed to adopt one of the accounting alternatives and we believe those complexities would add unnecessary costs. For example, if an entity was allowed to only adopt the accounting alternative in Topic 805, this would result in a larger amount of goodwill being recorded which would be subject to the existing guidance on goodwill impairment. Several issues would arise that we believe would need to be addressed in the guidance including: 1. As part of Step 2 of the goodwill impairment test, should an entity be required to value the identifiable intangible assets that were not separately recognized as part of the acquisition method accounting due to election of the accounting alternative in Topic 805?; and 2. Why is it appropriate for no amortization to be recorded for those identifiable intangible assets that otherwise would be amortized but are not because they were not separately recognized as a result of adopting the accounting alternative in Topic 805?

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**Question 18:** *The scope of this proposed Update uses the term **publicly traded company** from an existing definition in the Master Glossary. In a separate project about the definition of a nonpublic entity, the Board is deliberating which types of business entities would be considered public and would not be included within the scope of the Private Company Decision-Making Framework. The Board and PCC expect that the final definition of a **public business entity** resulting from that project would be added to the Master Glossary and would amend the scope of this proposed Update. The Board has tentatively decided that a public business entity would be defined as a business entity meeting any one of the following criteria:*

- a. It is required to file or furnish financial statements with the Securities and Exchange Commission.*
- b. It is required to file or furnish financial statements with a regulatory agency in preparation for the sale of securities or for purposes of issuing securities.*
- c. It has issued (or is a conduit bond obligor) for unrestricted securities that can be traded on an exchange or an over-the-counter market.*
- d. Its securities are unrestricted, and it is required to provide U.S. GAAP financial statements to be made publicly available on a periodic basis pursuant to a legal or regulatory requirement.*

*Do you agree with the Board's tentative decisions reached about the definition of a public business entity? If not, please explain why.*

The question regarding the definition of a public business entity is a key question from a scoping standpoint that will be relevant for all PCC proposals. As the Board subsequently issued the proposed guidance referred to in this question as currently being deliberated, Proposed Accounting Standards Update, *Definition of a Public Business Entity, An amendment to the Master Glossary*, on August 7, 2013 with comments due by September 20, 2013, we will address this issue as part of our comment letter on that proposed Update.

## **Other Comments and Suggestions**

### Revision of useful life of goodwill (proposed ASC 350-20-35-64)

This proposed guidance requires an entity to evaluate the remaining useful life of goodwill upon the occurrence of events or changes in circumstances that warrant a revision to the remaining period of amortization. We believe this reference is to those events or circumstances referenced in the subsequent paragraph but believe that should be clarified. We believe one way to clarify this guidance would be to simply state that when goodwill is tested for impairment as a result of proposed ASC 350-20-35-65, it may also be necessary to review the amortization period.

If the requirement to consider the life of the primary asset when determining the goodwill amortization period remains in the final Update, we believe that guidance should be added to address those items an entity should consider when evaluating whether the useful life of goodwill should be reduced. The reason we think this is necessary is that the initial useful life is not based on the period that goodwill is expected to contribute to cash flows, but the lesser of the primary asset's useful life or 10 years. Therefore, we would expect that an entity would only need to re-evaluate the remaining useful life of goodwill if it was required to re-evaluate the remaining useful life of the primary asset, but believe that should be explicitly stated.

### Allocation of goodwill impairment to individual amortizable units of goodwill (proposed ASC 350-20-35-73)

This proposed guidance requires allocating any impairment loss to individual amortizable units of goodwill on a reasonable and rational basis if determinable. We believe this would have the potential to cause some confusion and complexity in practice. Given that the premise for the accounting alternative is that most users of private company financial statements disregard goodwill, we'd

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suggest removing this guidance and just requiring goodwill impairment losses to be allocated to individual amortizable units of goodwill on a pro rata basis based on relative carrying amounts. We believe this would be simpler to apply and result in no loss of decision-useful information.

Interaction of the Impairment Tests for Goodwill and Other Assets (or Asset Groups) (proposed ASC 350-20-35 par. 75 and 76)

This proposed guidance appears to be included to address the same concept as the guidance currently included at ASC 350-20-35 par. 31 and 32, with the exception of applying to the entity as a whole rather than a reporting unit. However, there are other differences between these sections besides changing "reporting unit" to "entity". We suggest that, unless the intention is for there to be a difference in application between this proposed guidance and the existing guidance other than the difference between a "reporting unit" and "entity", the rest of the wording in the proposed Update should be exactly the same as ASC 350-20-35 par. 31 and 32.

Disposal of All or a Portion of an Entity (proposed ASC 350-20-40 par. 9 and 11)

This proposed guidance appears to be included to address the same concept as the guidance currently included at ASC 350-20-40 par. 1 and 3, with the exception of applying to the entity as a whole rather than a reporting unit. However, in this case we do not believe that simply changing "reporting unit" to "entity" in the proposed guidance results in guidance that can be applied in practice. In particular, proposed ASC 350-20-40-9 states that... "When an entity is to be disposed of in its entirety, goodwill of that entity shall be included in the carrying amount of the entity in determining the gain or loss on disposal." This guidance is confusing as if the entity were to be disposed of in its entirety, no further accounting would be required at the entity-level. We believe this proposed paragraph should be removed.

Further to this, we believe that proposed ASC 350-20-40-11 should be modified to remove the end of the sentence as follows:

"The amount of goodwill to be included in that carrying amount shall be based on the relative fair value of the business to be disposed of and the fair value of the portions of the entity that will be retained ~~for which goodwill previously has been recognized.~~"

We believe that this modification would result in consistency in the determination of the amount of goodwill allocated to a business to be disposed of and the goodwill impairment test, as both would be based on an entity-wide assessment. Furthermore, the determination of the retained portion of an entity for which goodwill has been previously recognized will likely be very complex in cases in which previous acquisition have been integrated into the entity as a whole.

Transition from a private entity to a public entity

A key question for all PCC proposals that exclude public companies from their scope will be how private entities should make the transition from an accounting standpoint to being a public entity if they adopted an alternative accounting treatment. We believe that the answer to this question could vary depending on the particular proposal. For example, if adoption of an accounting alternative would result in a significant difference in accounting treatment that would affect comparability to other public entities, we believe it may be appropriate to require the private entity transitioning to a public entity to recast its financial statements for prior periods to conform to other public entities. However, if adoption of an accounting alternative would not affect comparability to other public entities, we believe the private entity transitioning to a public entity should not be required to recast its financial statements for prior periods to conform to other public entities. We believe these entities should just be required to follow the accounting guidance applicable to public entities on a prospective basis as

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the costs of retrospectively applying the public company accounting guidance would not seem to exceed the benefits.

We believe this particular proposed Update would be an example of one in which prospective application is appropriate. As previously indicated, under existing guidance there is already a lack of comparability between entities that grow organically and those that grow through acquisition (since the former don't record goodwill and intangible assets as they are internally generated). We believe the Board should address this issue as part of any final Updates that are issued on accounting alternatives.

We would be pleased to respond to any questions the FASB or its staff may have concerning our comments. Please direct any questions to Rick Day (563.888.4017) or Brian H. Marshall (203.312.9329).

Sincerely,

A handwritten signature in cursive script that reads "McGladrey LLP".

McGladrey LLP