

MINUTES



MEMORANDUM

**To:** Board Members

**From:** Goodwill—Triggering Event Assessment Alternative for Private Companies and Not-For-Profit Entities

**Subject:** Minutes of November 18, 2020 Board Meeting on Goodwill—Triggering Event Assessment Alternative for Private Companies and Not-For-Profit Entities

**Date:** December 1, 2020

**cc:** Tosches

*The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board’s deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.*

Topic: Goodwill—Triggering Event Assessment Alternative for Private Companies and Not-For-Profit Entities

Basis for Discussion:

FASB Memo No. 1, “Goodwill Triggering Event Alternative for Certain Entities”

Length of Discussion: 9:00 a.m. to 10:30 a.m. EST

Attendance:

Board Members present:	Jones, Kroeker, Botosan, Buesser, Cosper, Hunt, and Schroeder
Staff in charge of topic:	Yates
Other staff at Board table:	Salo, Warger, and Hitchcock
Outside Participants:	None

**Type of Document and Timing on the Technical Plan:**

The Board met to discuss whether to add this project to the technical agenda, to begin initial deliberations on this issue, and to discuss the development of an Exposure Draft.

**Tentative Board Decisions:**

The Board discussed an issue related to the cost and complexity of private companies performing an interim goodwill triggering event evaluation. The Board decided to:

1. Add a project to its technical agenda to address the cost and complexity associated with interim goodwill impairment testing for private companies and not-for-profit entities. **(Vote: 7-0)**
2. Introduce an accounting alternative that would allow entities within the scope of the guidance to perform a goodwill triggering event evaluation on the annual reporting date only. **(Vote: 7-0)**
3. Limit the scope of the alternative to entities that meet the definition of private companies and not-for-profit entities as those terms are defined in the Codification's Master Glossary. **(Vote: 7-0)**
4. Limit the scope of the alternative to entities that report GAAP-compliant financial statements on an annual basis only. **(Vote: 6-1)**
5. Not limit the scope of the alternative to those entities that also elect the accounting alternative for amortizing goodwill. **(Vote: 7-0)**
6. Limit the scope of the alternative to goodwill that is tested for impairment in accordance with Subtopic 350-20, Intangibles—Goodwill and Other—Goodwill. **(Vote: 7-0)**
7. Not limit the guidance to a specified time period but instead make it available on an ongoing basis. **(Vote: 6-1)**
8. Require no additional disclosures beyond the current requirements in Topic 235, Notes to Financial Statements, and Subtopic 350-20. **(Vote: 6-1)**

*Transition and Effective Date*

The Board decided that:

1. The amendments should be applied prospectively. **(Vote: 7-0)**
2. The amendments should be effective for annual reporting periods beginning after December 15, 2019. Early application would be permitted for financial statements that have not yet been issued or made available for issuance. **(Vote: 7-0)**

3. Entities should be allowed an unconditional one-time election to adopt the proposed alternative prospectively after its effective date without assessing preferability under Topic 250, Accounting Changes and Error Corrections. **(Vote: 7-0)**

*Comment Period of the Proposed Accounting Standards Update*

The Board decided to provide a 30-day comment period for the proposed Update. **(Vote: 6-0; one Board member abstained)**

*Next Steps*

The Board directed the staff to draft a proposed Accounting Standards Update for vote by written ballot.  
**(Vote: 6-1)**