

MINUTES



MEMORANDUM

**To:** Board Members

**From:** Identifiable Intangible Assets and Subsequent Accounting for Goodwill Team

**Subject:** Minutes of December 16, 2020 Board Meeting on Identifiable Intangible Assets and Subsequent Accounting for Goodwill

**Date:** December 22, 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: Identifiable Intangible Assets and Subsequent Accounting for Goodwill

Basis for Discussion:

FASB Memo 9, “Cover Memo”  
FASB Memo 10, “Goodwill Amortization: Period and Method”  
FASB Memo 11, “Evolving Models”

Length of Discussion: 9:00 a.m. to 10:00 a.m. EDT

Attendance:

Board members present: Jones, Kroeker, Botosan, Buesser, Cospers, Hunt, and Schroeder

Staff in charge of topic: Sy

Other staff at Board table: Anwer, Blair, Garavaglia, Mechanick, Smith, Um, and Yates

Outside participants: None

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

The Board met to discuss issues relating to the development of a proposed Accounting Standards Update addressing identifiable intangible assets and subsequent accounting for goodwill. The Board has not yet determined the timing of the release of that proposed Update.

**Tentative Board Decisions:**

The Board discussed the staff's research and analysis on goodwill amortization periods and methods for an impairment-with-amortization model, as well as evolving amortization models in which the subsequent accounting for goodwill changes over time. The Board decided that:

1. An entity should amortize goodwill on a straight-line basis **(Vote 5-2)**; an evolving amortization model would not be permitted. **(Vote 7-0)**
2. An entity should amortize goodwill over a 10-year default period, unless an entity elects and justifies another amortization period based on the facts and circumstances of the acquisition. **(Vote 6-1)**
3. An entity that elects another amortization period would be subject to a cap. **(Vote 4-3)**
4. An entity would not be required to reassess the amortization period. **(Vote 7-0)**

The Board directed staff to perform additional research and outreach relating to:

1. Factors and criteria that would justify deviation from the default amortization period
2. How the factors to consider for the amortization period and the criteria to justify a deviation would interact with the specifics of a cap.

**General Announcements:** None.