



The Association of  
Accountants and  
Financial Professionals  
in Business

December 18, 2020

Ms. Marsha Hunt  
Financial Accounting Standards Board  
401 Merritt 7, P.O. Box 5116  
Norwalk, CT 06856-5116

Re: Agenda item: Goodwill triggering event evaluation alternative for certain private companies and not-for-profit entities

Dear Ms. Hunt:

The Small Business Committee (SBC) of the Institute of Management Accountants (IMA) is writing to share its views on the Financial Accounting Standards Board's (Board or FASB) Goodwill triggering event evaluation alternative for certain private companies and not-for-profit entities.

The IMA is a global association representing over 140,000 accountants and finance team professionals. Our members work inside organizations of various sizes, industries and types, including manufacturing and services, public and private enterprises, not-for-profit organizations, academic institutions, government entities, and multinational corporations.

The SBC addresses issues that impact small and medium-sized organizations. On behalf of IMA's members, the SBC engages and suggests solutions to standard-setters and regulatory agencies such as the FASB, Securities and Exchange Commission, International Accounting Standards Board, Small Business Administration, American Bankers Association, Internal Revenue Service. Additional information on the SBC can be found at [www.imanet.org](http://www.imanet.org) (About IMA, Advocacy, Small Business Committee).

The SBC agrees with the Board's decision to 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, since the costs versus the savings are unknown. The proposed accounting alternative may offer cost savings. Alternatively, however, an entity will likely incur significant costs to determine the occurrence of a triggering event and to evaluate the effects of the triggering event on the annual reporting date.

The limitation of the scope to entities that meet the definition of private companies and not-for-profit entities and that report GAAP-compliant financial statements on an annual basis only creates a difference in comparability between the entities that elect the alternative and all other entities, both private and public. In the case that a triggering event is widespread in nature such as an economic or industry specific event and not specific to an entity itself, the disparity in reporting may be broader between entities with different reporting periods. For example, an entity with a reporting date of June 30 that tests a goodwill triggering event that occurs in March will have less time to recover from the triggering event than the entity that tests the same event at a reporting date of December 30.

Since the guidance is not limited to a specified time-period, the reporting per entity will remain consistent from the date of adoption of the proposed alternative. The SBC agrees that the amendments should be applied prospectively after its effective date without assessing preferability under Topic 250, Accounting Changes and Error Corrections.

The existing disclosures required in Topic 235, Notes to Financial Statements, and Subtopic 350-20, Intangibles—Goodwill and Other—Goodwill, are generally sufficient to notify the users of financial statements of the accounting methodology presented. Commonly, the results of goodwill impairment testing are presented to the entity's audit committee and board, whether or not an actual impairment exists.

The SBC supports the proposed alternative and its scope limitations. Additional guidance on recommended practices associated with the proposed alternative will assist the entities with confirming compliance.

We would be pleased to discuss our comments with the FASB or its staff at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Bain", is written over the typed name.

Heather Bain, CPA, MBA, CMA Chair,  
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Institute of Management Accountants  
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