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January 13, 2021

Ms. Hillary Salo
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 2020-1100

Dear Ms. Salo:

We appreciate the opportunity to comment on the Proposed Accounting Standard Update (ASU), *Intangibles – Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*.

We support the Board's effort to provide alternatives to private companies where there can be cost savings and provide the most useful information to stakeholders. We believe this proposed alternative provides significant relief to these entities by slightly simplifying a very complex area of reporting for private entities. We believe these benefits will provide significant relief particularly during the coronavirus pandemic.

The Appendix to this letter includes our responses to the questions raised in the Exposure Draft. We are available to discuss our comments with the Board or staff at their convenience.

Sincerely,

Simon Lever LLC

Simon Lever LLC

Appendix – Responses to Questions for Respondents Included in the FASB's proposal

Question 1 *– Do you support introducing an accounting alternative to allow certain entities to evaluate goodwill impairment triggering events only as of the annual reporting date? Why or why not?*

Comment

Yes, we support introducing this accounting alternative to allow these entities to only evaluate goodwill impairment triggering events as of the annual reporting date. Evaluating impairment throughout the year at each triggering event can be an administrative burden for many private companies with smaller accounting staff and for many of these companies it typically does not provide useful information until the reporting date. Making this evaluation occur at the annual reporting date will ensure that the necessary information is in the financial statements while providing a better cost benefit to the Company. Since many private company financial statement users are concerned with the most current facts and circumstances, providing information about a triggering event at an interim date would usually only concern users if the facts still existed at year end. Therefore, we believe this alternative provides needed information in the most costs effective way.

Question 2 *– Should the scope of the amendments in this proposed Update include private companies and not-for-profit entities that only report goodwill that subsequently is accounted for in accordance with Subtopic 350-20 (or any line item that would be affected by a goodwill impairment) on an annual basis? Is the scope of the proposed guidance clear? If not, why?*

Comment

The scope of the proposed guidance is clear and appears to be appropriate.

Question 3 *– As part of its broader recognition and measurement project on the accounting for goodwill, should the Board consider permitting an entity that reports goodwill that subsequently is accounted for in accordance with Subtopic 350-20 on an interim basis to evaluate goodwill impairment triggering events as of the interim reporting date rather than monitoring for triggering events throughout the interim period? Alternatively, should an entity that reports goodwill that subsequently is accounted for in accordance with Subtopic 350-20 on an interim basis be permitted to evaluate goodwill impairment triggering events as of their annual reporting date only? If yes, would you support this guidance for public and nonpublic entities? Why or why not?*

Comment

We suggest that an entity reporting goodwill on an interim basis be permitted to evaluate impairment triggering events only as of the annual reporting date. Typically, entities that fall under this category primarily use interim financial statements for internal purposes or the users of the statements have direct access to management which can mitigate risks associated with only evaluating for impairment on an annual basis. We do not recommend this guidance be included for public entities due to more outside stakeholders using interim financial statements and not having access to management.

Question 4 *– Should the proposed amendments be limited to goodwill accounted for under Subtopic 350-20? Would you support expanding the proposed amendments to other assets that are subject to triggering event evaluations, for example, long-lived assets and other intangibles? Please explain your answer.*

Comment
We support expanding the proposed amendments to all assets that are subject to triggering event evaluations. As discussed in response to Question 1, the burden of providing an impairment analysis at each triggering event provides little benefit for most private companies for long-lived assets and other intangibles in addition to goodwill. Expanding the scope to include these other assets would provide additional benefit and cost savings while still included necessary impairment detail in the annual financial report.

Question 5 *– Would the proposed amendments be operable? Why or why not?*

Comment
Yes, the proposed amendments are operable. The proposed alternative provides complete financial information to stakeholders on an annual basis while also allowing private companies to save time, especially in cases where the impairment appears to be temporary and facts and circumstances change by year end. This alternative appears to match the needs of private company financial statement users more closely with information given to them while still providing relief to the accounting staff of these companies.

Question 6 *– Would the existing disclosure requirements in Topic 235 and Subtopic 350-20 be sufficient to provide financial statement users with decision-useful information? If not, what other disclosures would be necessary?*

Comment
Yes, we believe the existing disclosure requirements provide sufficient detail to financial statement users.

Question 7 *– Should the proposed amendments be effective for annual reporting periods beginning after December 15, 2019, on a prospective basis? Should an entity be permitted to early adopt the proposed amendments as of the beginning of any reporting period for which the entity has not yet issued financial statements or made financial statements available for issuance? If not, why?*

Comment
Yes, the proposed amendments should be effective for annual reporting periods beginning after December 15, 2019 on a prospective basis and early adoption should be allowed for any financial statements not yet issued before that date.

Question 8 *– Should the proposed amendments include an unconditional one-time transition election allowing an entity within the scope of the guidance to prospectively adopt the proposed amendments after the effective date without applying the guidance on preferability in Topic 250? If not, why?*

Comment
Yes, a one-time transition election should be included within the scope of this guidance.

Question 9 *– Should the proposed amendments be available on an ongoing basis, or, conversely, should they be applicable for a limited time period (for example, available for reporting periods ending before December 31, 2023)? Please explain your answer.*

Comment
These proposed amendments should be available on an ongoing basis. While the issue of interim evaluation of goodwill impairment has been brought to light as a widespread issue due to the coronavirus pandemic, it is still an administrative burden on private companies at any time and relief in this area for private company reporting would bring great benefits as discussed above.

Question 10 *– If a change in an entity's reporting requirements causes it to no longer meet the scope of the proposed amendments, should the entity discontinue application of the alternative on a prospective basis? If that entity meets the scope in a future period, should it be permitted to re-adopt the alternative? If so, should the transition upon re-adoption be on a prospective basis? Should the entity be required to apply the guidance on preferability in Topic 250 once it has determined it is re-eligible? Please explain your answer*

Comment
An entity should be required to follow the reporting requirements of other companies in similar situations; therefore, we believe if an entity no longer meets the requirements it should discontinue application of the alternative on a prospective basis to provide comparability to other entities. Accordingly, if the entity once again meets the scope in a future period it should be permitted to re-adopt the alternative on a prospective basis. The entity should not be required to apply the guidance on preferability if the alternative is re-adopted immediately upon becoming eligible.