DIXON HUGHES GOODMAN LLP

4350 Congress Street
Suite 900
Charlotte, NC 28209
P 704.367.7020
F 704.367.7760
dhg.com

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Hillary H. Salo
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116
Via email to director@fasb.org

Re: File Reference No. 2020-1100

Dear Ms. Salo:

Dixon Hughes Goodman LLP (DHG) welcomes the opportunity to comment on the Financial Accounting Standards Board (FASB) proposed Accounting Standards Update (ASU), *Intangibles – Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*. DHG ranks among the top 20 professional services firms in the nation, providing assurance, tax, and advisory services. With more than 2,000 professionals across the United States, the DHG team serves clients in 50 states and internationally.

Overall, DHG is supportive of the FASB's effort to provide an accounting alternative for private companies and not-for-profit entities to address the cost, complexity, and relevance of measuring a goodwill impairment as of the date on which a triggering event occurs. In many instances, the needs of private company and not-for-profit entity financial statement users are different than those of public companies. Public company financial statements are often used by investors in making investment decisions whereas private company and not-for-profit entity financial statements are generally used by lenders, donors, or others to assess liquidity, tangible net worth, solvency, or whether an organization is achieving its mission. Users of private company and not-for-profit entity financial statements generally place less importance on noncash charges such as goodwill impairment and, therefore, the cost and complexity of measuring any goodwill impairment as of the date a triggering event occurs may not be justified. Further, the users of private company and not-for-profit entity financial statements generally have a greater level of direct access to management throughout the reporting period than users of public company financial statements.

While we are supportive of the FASB's efforts to provide the proposed accounting alternative, we believe the scope as currently written would significantly restrict the number of private companies and not-for-profit entities that are able to take advantage of this alternative and not meaningfully address the cost and complexity of compliance or the relevance to financial statement users. As currently written, the alternative would be limited to those private companies and not-for-profit entities that only report in-scope financial information on an annual basis. In-scope financial information is defined by the proposed update as being goodwill subsequently accounted for under Subtopic 350-20 or any line item that would be affected by goodwill impairment.

Many private companies prepare in-scope financial information as a result of requirements in lending arrangements. This information may include the provision of covenant compliance certifications, one or more basic financial statements such as a balance sheet, income statement, or statement of cash flows, or other in-scope financial information which may be in a format prescribed by the user. For some private companies, the financial information submitted to users throughout the reporting period may not be subject to a full and complete close process due to limited resources whereas annual reporting is subject to such a close process.

We generally do not believe the frequency of financial reporting should drive which generally accepted accounting principles are available for election. The Private Company Decision-Making Framework focuses on prioritizing the user-relevance of information. In BC10 of the proposed update, the Board noted that it does not anticipate a loss of decision-useful information for users because feedback has indicated that users of private company and not-for-profit entity financial statements do not place a significant value on noncash charges like goodwill impairment. Accordingly, we recommend that the scope of the proposed update include private companies and not-for-profit entities without linking the scope to the frequency of reporting in-scope financial information. Under such an alternative, those entities would be allowed to elect, based on their understanding of user needs, to evaluate goodwill impairment triggering events as of the annual reporting date.

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DHG appreciates the opportunity provided by the FASB to comment on this proposed accounting standards update and is supportive of the FASB's effort to provide relief to private companies and not-for-profit entities as it relates to the timing of goodwill impairment triggering event evaluations. We would be pleased to discuss any questions the Board and its Staff may have concerning our comments. Please direct any questions to Dave Hinshaw, (dave.hinshaw@dhg.com), Daniel Sanders, (daniel.sanders@dhg.com), or Robert Cherry, (robert.cherry@dhg.com), of DHG's Professional Standards Group.

Sincerely,

Dixon Hughes Goodman LLP

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