## Patricia Lapolla

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LETTER OF COMMENT NO. 4 M

From:

Dick Butcher [dbutcher@uway.org]

Sent:

Saturday, January 27, 2007 4:42 PM

To:

Director - FASB

Cc:

Euwema.Ken; THarrell@Elliottdavis.com; antonio\_boyd@hopeww.org; David.berezin@GT.com;

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Subject: FASB Exposure Drafts on Mergers & Acquisitons

To whom it may concern. Our United Way and our member organizations have grave concerns about your exposure drafts regarding mergers and acquisitions for the non-profit sector. Specifically:

Mergers and Acquisitions: I do not agree with the proposed requirement to treat all mergers of not-for-profits as acquisitions. I believe very strongly that many such mergers are, in fact, true mergers of equals, with neither organization being an acquirer of the other. In fact, I believe that many such mergers are very deliberately and carefully structured by the parties to be mergers of equals, and the merger would not occur at all if either party felt that it was being acquired by the other.

Goodwill: I do not agree with the proposed requirement to treat donor lists as Identifiable Intangible Assets separate from Goodwill and record them at "fair market value" during a merger or acquisition. Donor lists are not marketable commodities that can be reasonably valued. More often than not, not-for-profits are bound by confidentiality covenants with our donor so selling a donor list is not possible. These factors will make valuation virtually impossible. I also find the proposed process of testing for impairment to be unduly cumbersome.

Accordingly I support the position of the United Way of America Financial Issues Committee in its formal response to FASB dated 1/25/07.

Regards,

Richard R. Butcher Chief Financial Officer United Way of the Midlands 803-758-6995 (phone) 803-779-7803 (fax) www.uway.org dbutcher@uway.org

what matters.

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