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LETTER OF COMMENT NO. 18

January 8, 2007

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 511C
Norwalk, Connecticut 06856-5116

Attention: Technical Director – File Reference 1500-200

Via e-mail: director@fasb.org

RE: Proposed Statement of Financial Accounting Standard – Not-for-Profit Organizations: Goodwill and Other Intangible Assets Acquired in a Merger or Acquisition (an Amendment of FASB Statement No. 142)

The Accounting Principles and Auditing Standards Committee of the Florida Institute of Certified Public Accountants (the Committee) has reviewed and discussed the above referenced proposed financial accounting standard. The Committee has the following comments, as well as responses to the questions within the proposed standard:

Question 1

The Committee feels that the proposed accounting requirements for intangible assets are appropriate, understandable and sufficient.

Questions 2 and 3

The Committee feels that the departure from the goodwill impairment evaluation of Statement 142 is a good change for those reporting units primarily supported by contributions and returns on investments. However, the Committee questioned those instances in which a significant portion of a not-for-profit organization's revenues are from grants. Certain grants have characteristics of contributions and fees for service and to place the burden of determining if these grants are contributions on the not-for-profit organizations may be costly to those organizations. Further clarification of grants to be classified as contributions might enhance the consistent application of the proposed standard.

Question 4

The proposed qualitative evaluation is operational and adequate due to the identification of the qualitative elements at the time of merger.

Question 5

The guidance for identifying the triggering events is appropriate, understandable and sufficient.

Question 6

The Committee questions a situation in which an identified triggering event changes. For example, what if an original identified triggering event becomes less important to the determination of the value of Goodwill as originally identified? Further clarification of the treatment in these circumstances might be helpful to the organizations applying the standard.

Question 7

The guidance for determining the method of impairment is appropriate, understandable and sufficient.

Question 8

To further reduce the costs of applying the standard (especially to small not-for-profit organizations) the Committee feels that more specific examples included in the proposed standard might facilitate the implementation and further reduce the cost burden on not-for-profit organizations applying the standard. In addition, more specific examples of disclosures to be included in the notes to the financial statements might assist these organizations in reducing the cost burden of applying the proposed standard. For example, the Committee feels that the illustrative disclosures on the detail of the triggering events appears ambiguous. Should the triggering events be a part of the significant accounting policies or included as part of a separate note on goodwill? If so, an example of the required disclosure might improve consistency of applying the standard. The benefits would be consistent accounting treatment (with clarification of the items questioned above).

The Committee appreciates this opportunity to share our views and concerns. Members of the Committee are available to discuss any questions you may have regarding this communication.

Sincerely,

Helen Painter, CPA, Chair
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:
Laura Prevratil
Randy Dillingham