From: Ron DiMattia
To: Director - FASB
Subject: File Reference No. 2011-180 Goodwill Impairment Testing
Date: Friday, May 13, 2011 9:56:05 AM

Thank you for the opportunity to comment on the Goodwill Impairment Testing Exposure Draft. I believe that the proposed amendments will improve financial accounting.

Q.1 – I am a valuation analyst, and am focused on all aspects of a business' value-creation performance.
Q.2 – I believe that the proposed amendments will reduce the cost and complexity of impairment testing.
Q.5 – I believe that the proposed amendments will not delay recognition of a goodwill impairment loss (see below).
Q.6 – The proposed examples are useful.

In analyzing a management team's performance, it is very useful to see where they've spent money in the business. Are they managing accounts receivable and inventory well? Are they over-spending on machinery and equipment? Are they acquisition happy and paying big premiums? The only way we know this is if the balance sheet captures management's activities. With respect to goodwill impairment, our predisposition should be to retain goodwill on the balance sheet. Only then can we better analyze management's performance and their ability to generate an adequate return on the acquisitions they've made. In fact, the relative amount of goodwill on a balance sheet is an important marker indicating management's strategy and capabilities in light of their profitability. Additionally, goodwill impairment testing can prod poor management teams into "big bath" accounting – "Well, it's a bad year anyway, so let's take the hit on goodwill too. Maybe investors will be less likely to notice our sub-par acquisition record."

We are making a giant mistake if we believe that financial statements should reflect the current value of a firm; in essence reflecting the stock market's opinions. Financial statements are a record of management's investments and their ability to generate a return on those investments. It is up to the stock market, not management teams and accountants, to determine the relative value that management teams have added to the investments they've made with investors' and lenders' money.

Thank you again for the opportunity to offer my comments.

Sincerely,

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