99 High Street
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Boston, MA 02110

July 11, 2016

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

File Reference No. 2016-230

Dear Ms. Cosper,

We appreciate the opportunity to provide comment on the Financial Accounting Standards Board (the FASB or the Board)'s Proposed Accounting Standards Update, *Intangibles - Goodwill and Other (Topic 350) - Simplifying the Accounting for Goodwill Impairment*. Our response represents collaboration from our team members at CFGI, a unique and highly specialized financial consulting firm that has strategically worked with companies, both public and private, through a range of routine and complex business matters over the past 15 years. CFGI supports companies working alongside a client's internal staff to serve a variety of roles from technical accounting advisor and M&A support, to interim Controller and CFO, in addition to delivering valuation and other support services. CFGI provides these services to a wide array of companies from minimally staffed early-stage entities to Fortune 500 companies.

We support the Board's initiative to simplify the current test for goodwill impairment by removing Step 2 from the analysis as we believe this will reduce cost and complexities for financial statement preparers. We are providing the following comments on the proposal and implementation considerations within the following Appendix which includes our responses to the Proposed Accounting Standards Update's questions for respondents.

We appreciate the opportunity to provide comment on this Exposure Draft. If you have any questions, please contact James Quinlan, Partner, at 617-531-8270.

Sincerely,

CFGI, LLC

CFGI, LLC

CFGI

Reference No. 2016-30

Appendix
CFGI's Responses to Questions for Respondents

Question 1: Do you agree with the proposed amendments to eliminate Step 2 from the goodwill impairment test? Why or why not?

We agree with the Board's proposal to eliminate Step 2 from the goodwill impairment test. The proposal would reduce cost and complexity for companies in applying the test for impairment. Elimination of Step 2 within the current guidance and moving to a one-step quantitative test is more in-line with guidance under IFRS.

Question 2: Should the requirement to perform Step 2 of the current goodwill impairment test be retained as an option? Why or why not? If the use of Step2 is optional, should an entity be allowed to apply that option by reporting unit or should it be a policy election at the entity level applicable to all reporting units?

We do not believe the option should be provided for an entity to apply Step 2 as this would create diversity in application. In order to maintain consistency and comparability in financial statement reporting across companies a common process of performing goodwill impairment testing should be applied.

If Step 2 is retained as an option, we believe it should be applied consistently by an entity across all reporting units and across all periods.

Question 3: Do you agree with the proposed amendments to require all entities to apply the same one-step impairment test to all reporting units, including those with zero or negative carrying amounts? Why or why not? If not, what would be the suggested goodwill impairment test for reporting units with zero or negative carrying amounts?

We agree with the Board's proposal to require all entities to apply the same one-step impairment test to all reporting units, including those with zero or negative carrying amounts. While we acknowledge this would likely not result in an impairment for these reporting units as the fair value likely is zero or greater, this would maintain consistency in application across all reporting units. Further, we believe these scenarios to be in the minority of those impacted.

Question 4: Should entities with reporting units with zero or negative carrying amounts be required to disclose the existence of those reporting units and the amount of goodwill allocated to them? Why or why not? Are there additional disclosures that would provide useful information to users of financial statements?

We agree with the proposal for required disclosure of reporting units with zero or negative carrying amounts and the amount of goodwill applicable. We believe it would also provide useful information to users of financial statements for entities to disclosure the reasons why the carrying value is zero or negative. This would allow users of financial statement to have a better understanding of factors that lead to the entity's determination there was no impairment. We believe the disclosure should only be required for reporting units which have goodwill rather than any reporting unit with a zero or negative carrying value.

Question 5: Should the guidance on deferred income tax considerations when determining the fair value of a reporting unit outlined in paragraphs 350-20-35-25 through 35-27 and illustrated in Example 1 and Example 2 be retained, or should this Subtopic rely on the fair value guidance in Topic 820, Fair Value Measurement? If the guidance on the tax structure is retained, what, if any, amendments are necessary

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to address the potential difference in the impairment charge calculated under the proposed amendments, depending on which tax structure is used in calculating the fair value of the reporting unit?

We believe that the current guidance on deferred income tax considerations when determining the fair value of a reporting unit outlined in paragraphs 350-20-35-25 through 35-27 should be retained to provide clarity on the application of the guidance. This guidance emphasized the application of judgement based on the facts and circumstances that we believe is helpful to preparers of financial information.

Question 6: Do you agree that the proposed guidance to remove Step 2 from the goodwill impairment test should be applied prospectively? Should there be specific transition guidance for companies that previously adopted the goodwill accounting alternative for private companies in current GAAP but decide to adopt this proposed guidance after it becomes effective?

We agree with the Board's proposal to apply the goodwill impairment test prospectively as the level of effort to re-assess the prior periods goodwill analysis would contradict the intention of simplification of impairment testing. We also believe there should be transition guidance for companies that adopted the goodwill accounting alternative for private companies in current GAAP who decide to adopt the proposed guidance. Specifically, we believe entities that previously adopted the goodwill accounting alternative for private companies should not be required to retrospectively apply the two-step impairment test in periods prior to the effective date and adoption of the proposal. Instead, we believe, these entities should be allowed to retrospectively apply this proposal.

Question 7: How much time would be necessary to adopt the amendments in this proposed Update? Should early adoption be permitted? Would the amount of time needed to apply the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities?

Assuming the proposed Update is adopted on a prospective basis, we do not believe a significant amount of time would be required for adoption as the proposal is a simplification of the current guidance. We believe that early adoption should be permitted for any financial statements that are not yet issued or available to be issued. We also do not believe that entities other than public businesses would require additional time.

Question 8: Would the proposed amendments meet the Board's objective of reducing the cost of the subsequent accounting for goodwill while maintaining the usefulness of the information provided to users of financial statements? Why or why not?

We believe that the proposal would meet the objective of reducing cost while maintain usefulness of the information within the financial statements.

Question 9: Are there additional changes that should be made to the subsequent accounting for goodwill to meet this objective, including changes that might be considered in Phase 2 of the Board's project?

We believe further consideration should be given to amortization of goodwill for both public and non-public entities with an impairment test upon triggering events. This would further simplify the accounting for goodwill and only require the quantitative impairment test when a triggering event occurs.

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Question 10: Are there any unintended consequences resulting from the improvements to the Overview and Background Sections of the Subtopics (discussed in Part II of the proposed amendments)?

We have not noted any potential unintended consequences as a result of the improvements discussed in Part II of the proposed Update.