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July 11, 2016

Ms. Susan Cosper
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. 2016-230

Dear Ms. Cosper:

We are pleased to comment on the Financial Accounting Standards Board's (FASB or Board) Proposed Accounting Standards Update, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment* (Proposal).

We appreciate the Board's efforts to reduce the complexity of areas of U.S. generally accepted accounting principles (GAAP) where such changes may be of benefit to preparers and users of financial statements. With respect to the accounting for goodwill impairment, we support the Board's proposal to simplify the accounting for subsequent measurement of goodwill by removing Step 2 from the current goodwill impairment test.

We also support the Board's efforts to consider a future phase of the project for additional changes to the subsequent accounting for goodwill, including amortization of goodwill and further changes to the impairment methodology.

Our responses to specific questions in the Proposal are included in Attachment 1.

Please contact Scott G. Lehman at (630) 574-1605 or scott.lehman@crowehorwath.com should you have any questions.

Sincerely,

Crowe Horwath LLP

Crowe Horwath LLP

Attachment 1

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 Step 2 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 an option to perform Step 2 of the current goodwill impairment test should be retained. We acknowledge that the two-step goodwill impairment test is a more precise and conceptually accurate calculation of goodwill impairment. However, this Update is being issued to address the cost and complexity of subsequent accounting for goodwill and the retention of Step 2 would not achieve that goal. Further we note that in our experience, the circumstances that lead to a less significant goodwill impairment when applying Step 2 tend to be limited. In addition, we believe that a significant factor in the application of accounting standards, especially to Public Business Entities (PBEs), is consistency in the application of GAAP. Maintaining an option for Step 2 would reduce comparability for the users of PBE financial statements. If the Board decides to retain Step 2 as an option, we suggest that the option to apply Step 2 should be applied for all of an entity's reporting units.

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 that the Board's simplification objective is best achieved by applying the same one-step impairment test to all reporting units. We also believe that more consistent application of the guidance would be achieved if the board provided guidance on the way carrying amount is to be determined. For example, guidance could be clarified to indicate when debt and other invested capital concepts should be included in the carrying value. Invested capital is a measure of the funds raised by issuing securities to shareholders, and debt holders and represents a measure of investment in the business. We also note that if the Board decides in Phase 2 of this project that goodwill should be amortized, the difficulty in evaluating goodwill impairment for entities with zero or negative carrying value will be alleviated to a certain extent.

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 believe that PBEs with reporting units with zero or negative carrying amounts should be required to disclose the existence of those reporting units and the amount of goodwill allocated to them. Furthermore, we believe that the transparency of the disclosure requirement for entities with zero or negative carrying value has limited value to private company financial statement users and suggest the requirement not be applicable for private company financial statements.

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 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 the guidance on deferred income taxes contained in paragraphs 350-20-35-25 through 35-27 to be integral to determining the fair value of a reporting unit. The removal of this guidance would result in inconsistent determinations of fair value as preparers would be left without guidance needed to determine whether a taxable or nontaxable transaction should be used in the fair value determination. Furthermore, in practice, we tend to see preparers look to the guidance in paragraphs 350-20-35-25 through 35-27 as a supplement to the determination of fair value in accordance with provisions of Topic 820 as opposed to stand-alone guidance.

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 that the proposed guidance should be applied prospectively. We believe there should be specific transition guidance for companies that previously adopted the goodwill accounting alternative for private companies and decide to adopt this proposed guidance. The transition guidance should provide direction on the application of the accounting change as it is not specifically addressed in existing guidance. Specifically, we believe that the prospective application should be clarified to indicate that it applies irrespective of which accounting alternative was being applied for private companies. Finally, we also suggest that the guidance include clarification to indicate if an impairment assessment is required upon transition and how any resulting impairment is to be reflected in the financial statements.