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February 18, 2019

Via email to director@fasb.org

Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities (File Reference No. 2018-320)

Dear Ms. Cosper:

We are pleased to provide our comments on the Board's proposed changes to Topics 350, 805, and 958. We support the Board's objective to make certain existing accounting alternatives available to not-for-profit entities that simplify the accounting for goodwill and identifiable intangible assets.

Our responses to the Board's specific questions are provided in Appendix A to this letter.

We would be pleased to discuss our comments with the FASB staff. Please direct questions to Lee Klumpp at (703) 336-1497 or Adam Brown at (214) 665-0673.

Very truly yours,

BDO USA, LLP

BDO USA, LLP

Appendix A

Question 1: Would the amendments in this proposed Update reduce overall costs and complexity compared with existing guidance? If not, please explain why.

We believe that the proposed amendments would primarily result in a reduction of overall costs compared with existing guidance while still providing decision-useful information to users of the financial statements. We also agree the alternative accounting will be simpler to apply.

Question 2: What effect would the proposed amendments have as it relates to the decision usefulness of financial reporting? For example, would the proposed amendments decrease, increase, or not affect decision usefulness? Please explain.

We believe the proposed amendments would generally increase the decision usefulness of financial statements, consistent with paragraph 14 of the Basis for Conclusions. Our experience is similar, in that users and other non-profit stakeholders are primarily interested in a not-for-profit's mission, efficiency, sustainability, liquidity and ability to repay debt.

Question 3: Should the accounting alternatives in Topics 350 and 805 be extended to not-for-profit entities? If not, which aspects of the accounting alternatives do you disagree with and why?

We believe that the accounting alternatives in Topics 350 and 805 should be extended to not-for-profit entities.

Question 4: What reasons would prevent a not-for-profit entity from adopting the alternatives on these Topics?

We believe that many not-for-profit entities would elect these accounting alternatives. However, there might be instances where certain not-for-profit entities such as HealthCare entities may face the same concerns as private companies related to the benefits of the alternative accounting treatment in light of forward-looking exit or expansion strategy scenarios. Based on these concerns, these entities may not choose to adopt these alternatives.

Question 5: Do you agree with the optionality of the accounting alternatives? If not, why should the accounting alternatives be required?

We agree with the Board's decision to make adoption of the accounting alternatives optional.

Question 6: Accounting Standards Update No. 2016-03, *Intangibles—Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance*, removes the effective date of these accounting alternatives for private companies. This was done to accommodate those companies that initially chose not to elect those alternatives because of public company exit strategies and may wish to later adopt the alternatives without having to establish preferability if their strategies subsequently change. Do not-for-profit entities experience changes in circumstances that would similarly warrant an indefinite effective date? If so, please describe those circumstances in detail.

We will defer to not-for-profit entities on the frequency and likelihood of such changing circumstances. However, we are not opposed to an indefinite effective date, which among other things would maintain consistency in the guidance for these accounting alternatives.

Question 7: The Board recently added to its technical agenda another project on these Topics that, among other issues, will examine the amortization period for goodwill if the Board decides to pursue amortization as an alternative for public business entities or as a requirement for the system overall. The Board could decide that amendments developed as part of that project also should apply to not-for-profit entities within the scope of this proposed Update. Thus, it is possible that entities electing these alternatives could be subject to future changes on the same Topics. Are there any reasons why the Board should exclude not-for-profit entities as part of that other project? If so, please explain why.

We are not aware of any reasons why the Board should exclude not-for-profit entities from the other project on these topics. NFP board members are one of the main user groups for NFP entities; those same individuals are also often affiliated with for profit enterprises. As such, a consistent approach in this area may benefit such users.