From: Ron DiMattia [mailto:ron@corporatevaluepartners.com]

Sent: Friday, August 02, 2013 2:11 PM

To: Director - FASB

Subject: File Reference 2013-300 Going Concern

Thank you for the opportunity to comment on the exposure draft, "Presentation of Financial Statements (Topic 205): Disclosure of Uncertainties about an Entity's Going Concern Presumption." I have included some general comments below, and I hope that you would consider them to be responsive to your request for comments.

- 1. I think it is useful to include going concern disclosure requirements in US GAAP. The definition included in the exposure draft would seem to be workable.
- 2. Only management can provide useful information about a company's ability to continue as a going concern. It wouldn't be credible to ask anyone else to do that. Management lives with it day-to-day and develops plans to respond to situations as they change. Management has the best information to address it. The auditors have to judge whether or not management is being objective.
- 3. 24 months seems to be too lengthy of a prospective time frame to me. Events and circumstances that exist today can change significantly over a 24 month period, and we can't expect management to be able to foresee how things may (or may not) develop. It would seem to me that 12 months is the most we could reasonably expect from a management team. Additionally, since the going concern disclosures would apply at every reporting period, entities that prepare interim financial statements would be providing a rolling 12-month outlook on their ability to continue as a going concern.
- 4. I think it might be helpful to include some more information about what we can reasonably expect from a management team in terms of foresight. I don't know if the FASB would have to go through a number of examples, or just provide some commentary that what is known or knowable on a prospective basis today looks a lot different on a retrospective basis 12 or 24 months from today. I think we need to acknowledge that the process is imprecise, and that our view of things can reasonably be expected to change over time because markets change over time and sometimes those changes are sharp and sudden.
- 5. The exposure draft has a number of references to management's plans, which brings up important questions about the exit price premise of value used in fair value reporting disclosures. If it is appropriate to consider management's plans in a disclosure as important as going concern, then why shouldn't we be able to utilize management's plans (instead of market participants') in fair value measurements? Why should we be using assumptions about hypothetical market participants instead of relying on the actual transaction in which management acquired the asset in a business combination?
- 6. The exposure draft also brings up important questions about the re-valuation of liabilities due to changes in the company's credit rating. I can't remember if the FASB got rid of that for good or not. But if it's still around, it would seem to me it would have to trigger a going concern disclosure if we're consistently applying the principles.

Thanks again. I hope that these comments are useful in your deliberations.

Take care, Ron

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