Dear Technical Director:

The Accounting Principles and Auditing Standards Committee "the Committee" of the Florida Institute of Certified Public Accountants (FICPA) has reviewed and discussed the Financial Accounting Standard Board’s (FASB) Exposure Draft titled Proposed Statement of Financial Accounting Standards: Going Concern.

The Committee has the following comments regarding the Time Horizon over Which an Entity Should Evaluate Its Ability to Continue as a Going Concern:

The Committee agrees with the Board’s conclusion that management of a reporting entity has the responsibility to assess the reporting entity’s ability to continue as a going concern. The Committee conceptually agrees with the removal of the “bright line” test used in practice to evaluate going concern situations. We believe that the “bright line” test represented an arbitrary deadline which could serve to limit management’s ability to consider all relevant and useful information necessary to determine appropriate accounting treatment and related financial statement disclosure. However, the Committee believes that use of the phrase “at least, but not limited to” effectively creates a flexible bright line test requiring significant judgment on the part of (1) management in carrying out its going concern assessment responsibilities and (2) the auditing profession in evaluating management’s going concern assessments and resultant conclusions. Accordingly, additional implementation guidance may be necessary.

The Committee believes that the requirement to “take into account all available information about the future” is considered to be all encompassing and should be modified to read “take into account all available information about the reasonably foreseeable future” or similar qualifying language.

The Committee appreciates this opportunity to share its views and concerns and to comment on this Exposure Draft. Members of the Committee are available to discuss any questions you may have regarding this communication.
Very truly yours,

John F. Young, CPA, Chair
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:
Richard G. Edsall, CPA
John F. Young, CPA