WASHINGTON SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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To: FASB
Technical Director
File Reference 1650-100

RE: Proposed Statement of Financial Accounting Standards, Going Concern

While we appreciate the FASB’s move to more principles based accounting standards, and their
desire to converge with IAS, those of us who audit management’s implementation of these
accounting standards are concerned about how to audit management’s consideration of all
available information about the future. We have the following two suggestions.

1. We recommend that the language of the first sentence of paragraph 4 be changed to “In
   assessing whether the going concern assumption is appropriate, management shall take into
   account all available information about the future, which is at least five years from the end of the
   reporting period.” The five year period is consistent with the forward looking disclosures of
   repayment of long-term debt, commitments, etc. This still leaves a bright line, but addresses the
   FASB’s concern of events occurring just outside the 12 months from the end of the reporting
   period.

2. The ASB should address required audit procedures regarding going concern, specifically
   requiring the auditor to consider all information made available to the auditor at the time of the
   audit that is significant and material regarding the entity’s ability to continue as a going concern.
   Although audit procedures/requirements are not the purview of the FASB, please recognize that
   auditors have to be able to audit the standards the FASB promulgates.

Respectfully,

Laura Lindal CPA
Chair, WSCPA AARS Committee

On behalf of
Accounting, Auditing and Review Standards Committee
Washington Society of CPA’S

c: Chairman, Auditing Standards Board