

July 16, 2013

Technical Director  
File Reference No. 2013-300  
Financial Accounting Standards Board  
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Electronically submitted: [director@fasb.org](mailto:director@fasb.org)

Re: Presentation of Financial Statements (Topic 205)  
Disclosures of Uncertainties about an Entity's Going Concern Presumption

Dear Sirs:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants ("FICPA") respectively submits its comments on the referenced proposal. The Committee is a technical committee of the FICPA. The FICPA has approximately 18,500 members. The Committee is comprised of 20 members, of whom 50% are from local or regional firms, 20% are from large multi-office firms, 10% are sole practitioners, 10% are in academia or private industry, and 10% are in international firms. The Committee's response is the representation of this committee and may or may not be representative of the membership as a whole.

The Committee has reviewed and discussed the subject Exposure Draft, including the questions posed in the "Questions for Respondents", and has the following comments related to the questions numbered below:

1. The Committee is in agreement with the definition of going concern presumption. The committee believes the phrase "ordinary course of business" should be emphasized since there is the potential for financial statement preparers and auditors to place reliance on a balance sheet approach in determining that an entity is a going concern. The mere ability to convert assets to cash and pay obligations for a period of time does not make an entity a going concern.
2. The Committee is in agreement that management should be responsible for assessing and providing footnote disclosures about going concern uncertainties. The Committee is in agreement that guidance should be provided in U.S. GAAP about the timing, nature, and extent of footnote disclosures about going concern uncertainties for SEC registrants and other entities since guidance will reduce diversity in the quality of disclosures made by reporting entities.
3. The Committee agrees that the proposed amendments will reduce diversity in disclosures and provide relevant information to financial statement users. The Committee believes the proposed disclosures for SEC registrants will provide incremental benefits to users

since the disclosures will be more structured and concise and contained in a footnote that will call attention to the disclosures.

4. The Committee notes that although management may be inherently biased to some degree, management is nonetheless in the best position to understand all of the factors that should be considered in evaluating going concern uncertainties. The external auditors would still need to assess management's disclosures for reasonableness and determine if management bias has impacted the disclosures to the point where they are misleading or inadequate.
5. The Committee agrees that management should evaluate an entity's going concern uncertainties each time financial statements and disclosures are prepared for release to any entity that may rely on them for any purpose.
6. The Committee agrees that for SEC registrants the proposed footnote disclosures would provide some information that is redundant but that the additional information provided and its narrower focus on going concern uncertainties would be valuable to readers of the financial statements, footnote and other disclosures.
7. The Committee believes that the described requirements concerning footnote disclosures of going concern uncertainties would most likely expand on the content of MD&A and may require more frequent interim filings with the SEC since it is relevant information about the future of the company and its operations.
8. The Committee believes that proprietary information should be limited and management should focus on the issues leading to going concern uncertainties and its general plans for resolving them. Some disclosures will be management's plans for the future and will not be auditable. The requirements do not appear to be overreaching and some disclosures will have to be general in nature.
9. The Committee believes that auditors may be subjected to more adversarial situations concerning the content of management's disclosures and management's determination of whether substantial doubt exists. Additional time may be required to assess management's disclosures and events that occur subsequent to the financial statement date.
10. The Committee believes the incremental costs, if any, would not be significant and that the expected benefits would outweigh them.
11.
  - a.) The Committee agrees that the disclosure threshold is appropriate. The challenges involved include predicting future events and their impact on the reporting entity. The Committee does not believe the challenges presented by the proposed accounting standards are significantly different from challenges under the current guidance in auditing standards.
  - b.) The Committee has no response to this question.
  - c.) The Committee agrees the proposed amendments adequately contemplate qualitative considerations and that assessing going concern uncertainties inherently involves qualitative items.
  - d.) The Committee agrees the guidance for assessing the likelihood of the potential inability to meet obligations and implementation of the proposed standard are helpful and appropriate. The guidance is clearly written and the examples provided would be beneficial to users who are implementing the amendment.
  - e.) The Committee views are identical for both SEC and non-SEC registrants.

12. The Committee agrees that it is appropriate to distinguish between the first twelve months and the second twelve months in the consideration period and that having a higher threshold for the second twelve month period is reasonable. The Committee is concerned that twenty-four months may be too long of a period to make reasonable assessments concerning the impact of future events and an entity's ability to operate as a going concern.
13. The Committee agrees that management should have to distinguish between the effects of plans in and outside of the ordinary course of business to determine if and when disclosures should be made. Since the definition of the going concern presumption includes "the ordinary course of business", it would be misleading to allow plans outside of the ordinary course of business to be included without indentifying them as such.
14. The Committee agrees with the definition of management's plans that are outside the ordinary course of business.
15. The Committee agrees with the nature and extent of disclosures and was unable to identify any other disclosure principles that should be included.
16. The Committee agrees with the definition for substantial doubt and with the 24-month consideration period except for the concern expressed in item 12 above.
17. The Committee agrees with the additional requirement for SEC filers to evaluate and determine if there is substantial doubt and if substantial doubt is found to exist, disclose the substantial doubt in the footnotes.
18. The Committee does not believe there should be a distinction between SEC filers and non-SEC filers concerning the requirement to evaluate and disclose when there is a substantial doubt about their going concern presumption. The Committee believes that users of non-SEC filers' financial statements would receive the same benefits as users of SEC filers' financial statements from this disclosure.
19. The Committee agrees the definition of substantial doubt most closely approximates the upper end of the range. The Committee was unable to quantify any potential changes but believes auditors will still tend towards emphasis of matter paragraphs when there is elevated doubt concerning an entity's ability to operate as a going concern.

The Committee appreciates this opportunity to respond to this Exposure Draft. Members of the Committee are available to discuss any questions or concerns raised by this response.

Respectfully submitted,

Steven Morrison CPA, Chair  
FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Donald K. Hulslander CPA  
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