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July 22, 2013

Technical Director
File Reference No. 2013-300
FASB
401 Merritt 7
PO Box 5116
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Re: Disclosure of Uncertainties about on Entity's Going Concern Presumption

Improving disclosure of going concern uncertainties is needed however I have a concern that extending the period of evaluation to two years will have a profound effect upon auditor's reporting, especially for non-public companies. If management discloses an uncertainty that is "known or probable that the entity will be unable to meet its obligations within two years after the financial statement date without taking action outside the ordinary course of business" outside auditors will be under pressure to also include a going concern uncertainty disclosure in their audit reports. Auditors will be exposed to additional litigation in this situation if they do not mention the going concern uncertainty in their audit reports when the uncertainty is disclosed by management in the financial statement. The effect of this is the push out the current one year period to evaluate going concern uncertainty to two years. As an example, in current practice, most outside auditors insist on management providing firm refinancing commitments for significant debt for coming due in the next year to avoid a going concern uncertainty mention in their audit reports. Having to provide firm commitments for debt coming due for two years is not practical or a good business practice. The alternative of having a going concern qualification from the outside auditors is also problematic since many bank agreements prohibit such reports from outside auditors.

Reconsideration of the two year evaluation period is needed to avoid unintended impact on outside auditors' reports.

Sincerely,

Theodore R. Mitchel
Secretary/Treasurer