

**Financial Accounting Standards Board**  
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**FOR IMMEDIATE RELEASE**

**FASB Issues Exposure Drafts on *Going Concern* and *Subsequent Events***

**Norwalk, CT, October 9, 2008**—The Financial Accounting Standards Board (FASB) today issued two separate but related Exposure Drafts (EDs) for public comment. The documents contain two proposed FASB Statements, *Going Concern* and *Subsequent Events*, intended to improve financial reporting by incorporating accounting guidance that originated as auditing standards into the body of authoritative literature issued by the FASB while converging U.S. generally accepted accounting principles and International Financial Reporting Standards. Including this guidance in authoritative accounting literature as well as in auditing standards emphasizes that accounting and reporting are the primary responsibility of an entity and its management, not its auditor.

The proposed Statement on going concern would require that management of a reporting entity consider all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period, when assessing whether a going concern assumption is appropriate. Prior to the issuance of this proposed Statement, the time horizon for the going concern assessment was limited to one year beyond the date of the financial statements. The proposed Statement also would require disclosures when either the financial statements are not prepared on a going concern basis or there is substantial doubt as to an entity's ability to continue as a going concern. The FASB believes this guidance belongs in the accounting literature because it is management's responsibility to assess the ongoing viability of the reporting entity.

The proposed Statement on subsequent events establishes general standards of accounting for and disclosure of events that occur subsequent to the balance sheet due date but before financial statements are issued or available to be issued. The Board added the notion of *available to be issued* to consider situations in which financial statements may not be widely distributed after the financial statements are prepared—as may be the case with some nonpublic entities. The proposed Statement also would require disclosure of the date through which management has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or the date the financial statements were available to be issued. That disclosure would alert all users of financial statements that management has not evaluated subsequent events after that date.

Constituents who wish to provide feedback on one or both of the EDs should do so in writing by December 8, 2008. The EDs, including information about how to submit comments on the proposed guidance, are available at [www.fasb.org](http://www.fasb.org).

## **About the Financial Accounting Standards Board**

Since 1973, the Financial Accounting Standards Board has been the designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports and are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors, and others rely on credible, transparent, and comparable financial information. For more information about the FASB, visit our website at [www.fasb.org](http://www.fasb.org).