



January 31, 2012

Sherry Hazel  
Audit and Attest Standards  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

Dear Ms. Hazel:

The Audit and Assurance Services Committee of the Illinois CPA Society (“Committee”) is pleased to comment on the Proposed Statement on Auditing Standards, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern* (Redrafted). The organization and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These comments and recommendations represent the position of the Illinois CPA Society rather than any members of the Committee or of the organizations with which such members are associated.

The following responses reflect the Committee’s consideration of the questions contained in the “Guide for Respondents” section of the Explanatory Memorandum accompanying the Exposure Draft:

1. The Committee believes that the objectives of the auditor as stated in the proposed SAS are appropriate.
2. The Committee believes that the differences between the proposed SAS and SAS No. 59 and other language changes are appropriate.
3. While the proposed SAS does not specify any considerations for audits of smaller, less complex entities and governmental entities, the Committee believes that this omission is appropriate considering the objectives of the auditor specified in the proposed SAS.

In addition to the responses above, the Committee respectfully submits the following additional comments related to the exposure draft:

1. Paragraph 15 notes that an auditor may consider it necessary to disclaim an opinion, rather than express an opinion and include a going-concern emphasis-of-matter paragraph in the auditor’s report. The Committee believes that it is unclear from this paragraph and the explanatory material whether the AICPA Auditing Standards Board (“ASB”) is indicating that a going concern uncertainty could warrant a disclaimer of opinion, or whether it is simply clarifying that a disclaimer of opinion does not obviate the need for disclosure in the auditor’s report of the going concern uncertainty. If it is the ASB’s intent to indicate that, in some circumstances, a disclaimer of opinion would be appropriate, the Committee believes that the ASB should incorporate application or other explanatory material regarding an auditor’s consideration for the need to disclaim an opinion in such situations.



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2. Paragraph 17 – The Committee believes that these communications should also be made with those charged with governance when the substantial doubt is alleviated.
3. Paragraph 20 – The Committee believes that the first sentence in the paragraph implies that the paragraph is *only* applicable when an auditor has been requested to reissue a report to eliminate a going concern emphasis. The ASB should clarify whether these requirements apply to situations where an auditor is reissuing an auditor’s report for reasons other than to specifically eliminate a going concern emphasis paragraph.
4. Paragraph A3 – The Committee believes that the ASB should provide additional explanatory material with regard to the term “commitment” as used in the paragraph. Specifically, this explanatory material should clarify whether such a “commitment” indicates a non-revocable commitment or simply a non-binding promise. This is particularly important if the ASB believes that a non-revocable commitment is not required in some circumstances.
5. Paragraph A3 – The Committee believes the ASB should consider adding “Plans to improve profitability to provide adequate cash flow” as a factor under management’s plans.

The Illinois CPA Society appreciates the opportunity to express its opinion on this matter. We would be pleased to discuss our comments in greater detail if requested.

Sincerely,

**Kevin V. Wydra, CPA**  
Chair, Audit and Assurance Services Committee

**James J. Gerace, CPA**  
Vice Chair, Audit and Assurance Services Committee



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APPENDIX A

AUDIT AND ASSURANCE SERVICES COMMITTEE  
ORGANIZATION AND OPERATING PROCEDURES  
2011 – 2012

The Audit and Assurance Services Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members. The Committee seeks representation from members within industry, education and public practice. These members have Committee service ranging from newly appointed to more than 20 years. The Committee is an appointed senior technical committee of the Society and has been delegated the authority to issue written positions representing the Society on matters regarding the setting of audit and attestation standards. The Committee’s comments reflect solely the views of the Committee, and do not purport to represent the views of their business affiliations.

The Committee usually operates by assigning Subcommittees of its members to study and discuss fully exposure documents proposing additions to or revisions of audit and attestation standards. The Subcommittee develops a proposed response that is considered, discussed and voted on by the full Committee. Support by the full Committee then results in the issuance of a formal response, which at times includes a minority viewpoint. Current members of the Committee and their business affiliations are as follows:

**Public Accounting Firms:**

**Large:** (national & regional)

- |                         |                           |
|-------------------------|---------------------------|
| James J. Gerace, CPA    | BDO USA, LLP              |
| William P. Graf, CPA    | Deloitte & Touche LLP     |
| Howard L. Gold, CPA     | CliftonLarsonAllen LLP    |
| Jeremy L. Hadley, CPA   | Pricewaterhouse Coopers   |
| Jon R. Hoffmeister, CPA | CliftonLarsonAllen LLP    |
| James R. Javorcic, CPA  | Mayer Hoffman McCann P.C. |
| Michael J. Pierce, CPA  | McGladrey & Pullen LLP    |
| Elizabeth J. Sloan, CPA | Grant Thornton LLP        |
| Kevin V. Wydra, CPA     | Crowe Horwath LLP         |

**Medium:** (more than 40 professionals)

- |                         |                                     |
|-------------------------|-------------------------------------|
| Jennifer E. Deloy, CPA  | Frost, Rittenberg & Rothblatt, P.C. |
| Sharon J. Gregor, CPA   | Selden Fox, Ltd.                    |
| Timothy M. Hughes, CPA  | Wolf & Company LLP                  |
| Andrea L. Krueger, CPA  | Corbett, Duncan & Hubly, P.C.       |
| Matthew G. Mitzen, CPA  | Blackman Kallick LLP                |
| Stephen R. Panfil, CPA  | Bansley & Kiener LLP                |
| Richard D. Spiegel, CPA | Steinberg Advisors, Ltd.            |

**Small:** (less than 40 professionals)

- |                             |                                       |
|-----------------------------|---------------------------------------|
| Scott P. Bailey, CPA        | Bronner Group LLC                     |
| Julian G. Coleman, Jr., CPA | Horwich Coleman Levin LLC             |
| Patrick J. Dolan, CPA       | CJBS LLC                              |
| Robert D. Fulton, CPA       | Mulcahy, Pauritsch, Salvador & Co Ltd |
| Loren B. Kramer, CPA        | Kramer Consulting Services, Inc.      |
| Ludella Lewis               | Ludella Lewis & Company               |
| Carmen F. Mugnolo, CPA      | Philip + Rae Associates, CPA’s        |
| Jodi Seelye, CPA            | Jodi Seelye, CPA                      |

**Staff Representative:**

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| Ryan S. Murnick, CPA | Illinois CPA Society |
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