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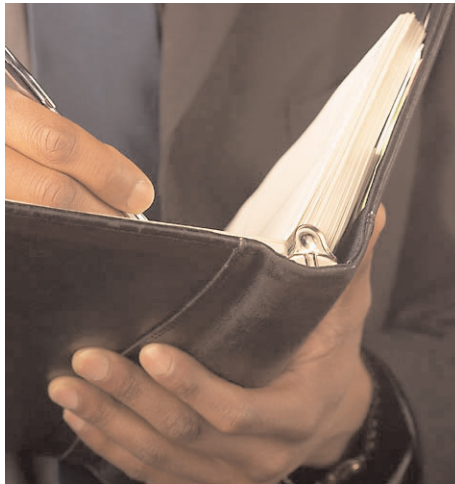
Subsequent Events

In May 2009, the Financial Accounting Standard Board (FASB) released authoritative guidance for Subsequent Events, which requires management to determine the appropriate accounting for, and disclosure of, events or transactions subsequent to year end that may affect the financial statements. In essence, the requirements for subsequent events accounting and disclosure under this statement are not significantly different from auditing standard AU Section 560, *Subsequent Events* and IAS 10, *Events after the Reporting Period*. However, this statement does not address all differences between previous issued guidance.

Scope

The statement applies to the accounting and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles (GAAP). If an event or transaction is within the scope of other applicable GAAP, then the guidance in that applicable GAAP should be followed, not FASB guidance. Examples include, but are not limited to the following:

- A change in judgment that results in subsequent recognition, derecognition, or change in measurement of a tax position should be accounted for under Accounting Standards Codification (ASC), *Accounting for Uncertainty in Income Taxes*.
- Effect on earnings per share for any transaction that occurs after the end of the most recent period but before issuance of the financial statements that would have changed materially the number of common shares or potential common shares outstanding should follow the guidance of ASC, *Earnings per Share*.



- Gain contingencies should be accounted for under ASC, *Accounting for Contingencies*.

Note: For more information on the above, visit the Financial Accounting Standard Board website at www.fasb.org.

Subsequent Events

Under the statement, management should evaluate the effects of events or transactions that occur after the balance sheet date, but before financial statements are issued or are available to be issued. The statement does not significantly change the type of events or transactions to be evaluated; rather what time period management should take into consideration.

Furthermore, the FASB changed the names of subsequent events: Type 1 subsequent events are now "recognized events" and Type 2 subsequent events are now "non-recognized subsequent events," which make it easy to distinguish.

- Financial statements are issued when they are widely distributed to shareholders and other financial statement users for general use and reliance in a format that complies with GAAP

- Financial statements are available to be issued when they are complete in a format that complies with GAAP and all approvals necessary for issuance have been obtained, for example, from management, the board of directors, and/or significant shareholders.

For publicly-traded companies, the only relevant change is to make sure that disclosure of subsequent event evaluation is through the file date. This could be a bit tricky for companies filing both in the U.S. and abroad, where management need to coordinate the file date in multiple countries.

For privately-held companies, the significant change is in the definition of "available to be issued." This is the date that needs to be disclosed in the financial statements that are approved to be given to third parties, such as bank or investor.

Reissuance of Financial Statements

When a company needs to reissue their financial statements (for example, in reports filed with regulatory agencies), it should not recognize events occurring between the time the financial statements were issued or available to be issued and the time the financial statements were reissued unless the adjustment is required by GAAP or regulatory requirements. The same logic applies to financial statements that are later issued in comparative form with subsequent period financial statements. The company should still continue to disclose the date through which subsequent events have been evaluated in the reissued financial statements.

Effective Date and Transition

This statement is effective for interim or annual financial periods ending after June 15, 2009, and should be applied prospectively. **h**

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