



ILLINOIS CPA SOCIETY.



LETTER OF COMMENT NO. 9

December 8, 2008

Russell G. Golden
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 1640-100

The Accounting Principles Committee of the Illinois CPA Society (Committee) appreciates the opportunity to provide its perspective on the Exposure Draft of the Proposed Statement of Financial Accounting Standards, *Subsequent Events*. The organization and operating procedures of the Committee are reflected in the attached Appendix A to this letter. These recommendations and comments 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.

Our comments in response to the questions raised in the document are as follows:

Issue 1: Under AU Section 560, subsequent events were events or transactions that occurred after the balance sheet date but before the issuance of the financial statements. Under this proposed Statement, subsequent events would be events or transactions that occur after the balance sheet date but before the date that financial statements are issued or are available to be issued. The Board added the notion of available to be issued to consider situations in which financial statements may not be audited or may not be widely distributed after the financial statements are prepared—as may be the case with some nonpublic entities. The Board reasoned that an entity should not be required to evaluate subsequent events for an extended period of time for recognition in the financial statements solely because it does not have a practice of widely distributing its financial statements upon completion. A reasonable accommodation in this situation would be to require entities to determine the date upon which the financial statements are available to be issued.

Do you believe that this accommodation is helpful and operational? If not, why?

We agree with the Board's conclusion that the standards concerning the accounting for and disclosures regarding subsequent events should be resident within GAAP. In particular, we believe it important that all financial statements, whether or not they are audited, disclose the "cut-off" date for subsequent events consideration.

We do note, however, that auditing standards continue to focus on the date financial statements are issued as the cut-off date for consideration of subsequent events. Accordingly, unless the Board coordinates this standard with those of the Auditing Standards Board, the accommodations that the Board is attempting may not be entirely achieved.

Issue 2: In conjunction with defining subsequent events as events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued, the Board decided that entities should disclose the date through which subsequent events were considered and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. IAS 10, Events after the Reporting Period, also requires disclosure of the date through which the entity evaluated subsequent events, and the Board reasoned that this disclosure was important information for users of financial statements in light of the accommodation provided to entities that may not have a consistent practice of widely distributing their financial statements upon completion.

Do you believe that this disclosure is needed and would be useful? If not, why? Do you believe that providing this disclosure will result in a significant change in an entity's process of preparing and issuing financial statements?



ILLINOIS CPA SOCIETY.

As noted above, we agree with the Board's conclusion that this disclosure is both needed and useful. We believe it will reinforce the notion that company management is responsible for the fair presentation of the company's financial statements including consideration of events occurring subsequent to the balance sheet date.

We do not anticipate this will result in any change in an entity's process of preparing and issuing audited financial statements, but may lead to heightened awareness by management of the need to consider events occurring in the period subsequent to the balance sheet date in the preparation of unaudited financial statements.

Finally, as also noted above, in the absence of a change to AU Section 560, we do not believe there will be any change with respect to events occurring between the date financial statements are deemed "ready to be issued" and the date on which they are actually issued. To the extent there is an intervening time period auditing standards still require the auditor to address with the reporting entity subsequent events occurring prior to issuance, to require adjustment of or disclosure in the statements, as applicable, and to dual-date the auditor's report as a result.

Issue 3: Other applicable generally accepted accounting principles (GAAP) may address the accounting for subsequent events in a manner that is inconsistent with the principles in this proposed Statement. This proposed Statement is not intended to change the accounting required by such other applicable GAAP and, therefore, includes a scope exception for that GAAP. For example, this proposed Statement does not change the accounting for curing violations of borrowing covenants after the balance sheet date but before the financial statements are issued or are available to be issued. The Board reasoned that previous Boards were aware of the departures in those standards from AU Section 560 and decided against amending existing authoritative literature as a part of this project.

Do you agree? If not, why?

We agree with the Board's decision as these are long-standing practices and well understood by users. We recognize this continues the existing difference between US GAAP and IFRS. We also agree that such difference should not be addressed as part of this project, but should remain a matter to be dealt with in the on-going standards convergence process.

We appreciate the opportunity to offer our comments.

Sincerely,

John A. Hepp, CPA
Chair, Accounting Principles Committee



ILLINOIS CPA SOCIETY

APPENDIX A
ILLINOIS CPA SOCIETY
ACCOUNTING PRINCIPLES COMMITTEE
ORGANIZATION AND OPERATING PROCEDURES
2008-2009

The Accounting Principles Committee of the Illinois CPA Society (Committee) is composed of the following technically qualified, experienced members appointed from industry, education and public accounting. 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 accounting 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 accounting standards. The Subcommittee ordinarily 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)

John A. Hepp, CPA	Grant Thornton LLP
Alvin W. Herbert, Jr., CPA	Retired/Clifton Gunderson LLP
Matthew G. Mitzen, CPA	Blackman Kallick LLP
Reva B. Steinberg, CPA	BDO Seidman LLP
Jeffery P. Watson, CPA	Blackman Kallick LLP

Medium: (more than 40 employees)

Barbara Dennison, CPA	Selden Fox, Ltd.
Marvin A. Gordon, CPA	Frost, Ruttenberg & Rothblatt, P.C.
Ronald R. Knakmuhs, CPA	Miller, Cooper & Co. Ltd.

Small: (less than 40 employees)

Walter J. Jagiello, CPA	Walter J. Jagiello, CPA
Kathleen A. Musial, CPA	BIK & Co, LLP

Industry:

John M. Becerril, CPA	Cabot Microelectronics
Gloria M. Evans-Melton, CPA	National Council of State Boards of Nursing
Melinda S. Henbest, CPA	The Boeing Co.
James B. Lindsey, CPA	TTX Company
Michael J. Maffei, CPA	GATX Corp.
Laura T. Naddy, CPA	Gaming Capital Group
Anthony Peters, CPA	McDonald's Corporation

Educators:

James L. Fuehrmeyer, Jr. CPA	University of Notre Dame
David L. Senteney, CPA	Ohio University
Leonard C. Soffer, CPA	University of Chicago

Staff Representative:

Paul E. Pierson, CPA	Illinois CPA Society
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