



December 19, 2008

Mr. Russell G. Golden Technical Director Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

File Reference No. 1640-100

Dear Mr. Golden:

We appreciate the opportunity to comment on the Financial Accounting Standards Board's (the "FASB" or "Board") Exposure Draft of a Proposed Statement of Financial Accounting Standards, Subsequent Events (the "Exposure Draft"). Huron Consulting Group helps clients address accounting issues arising from complex business transactions, as well as issues that arise in litigation, disputes and investigations. Huron provides services to a wide variety of organizations, including Fortune 500 companies, medium-sized businesses, leading academic institutions, healthcare organizations, and the law firms that represent these various organizations.

We agree with the Board's objective of incorporating the guidance on subsequent events within the authoritative accounting literature, and we agree with the Board's conclusion that companies should disclose the date through which management has evaluated subsequent events. However, we believe the Board should use this opportunity to require consistent treatment of all subsequent events. In addition, we believe the Board should adopt the guidance in International Accounting Standard 10, Events After the Reporting Period ("IAS 10"), that preparers evaluate subsequent events through the date when the financial statements are authorized for issuance. Unless the Board believes IAS 10 is not a high quality standard, we believe it should use this opportunity to promote convergence. We address these comments in further detail below.

Consistent Treatment of Subsequent Events

The Exposure Draft would not change the accounting for subsequent events contained in other authoritative guidance, even when that guidance is inconsistent with the provisions in the Exposure Draft. We believe the Board should use this opportunity to eliminate those inconsistencies. We do not believe the fact that other Board's failed to address the inconsistencies in how other standards treat subsequent events is a sufficient reason to not address them now. While we understand the desire to issue guidance quickly, we believe preserving the status quo on this issue does not improve financial reporting and would prefer the Board issue nothing than issue a standard that preserves glaring inconsistencies.

We would prefer that the Board amend standards that include inconsistent guidance on subsequent events. We note that IAS 10 applies to all events that occur after the end of the reporting period but before the company issues its financial statements.



If the Board decides to issue a final standard that includes the scope exceptions listed in the Exposure Draft, we suggest it reconsider the discussion of income tax uncertainties and changes in costs associated with exit activities in paragraph A5. With respect to the first item, paragraph 13 of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, addresses circumstances where a reporting entity's judgment has changed. Changes in judgment usually result from new facts or changes in facts or circumstances. To the extent facts or circumstances change or new facts arise after the balance sheet date, we do not believe a requirement to treat the effects of the change as a "non-recognized subsequent event" is inconsistent with the guidance in the Exposure Draft. If a company had information at the balance sheet that indicated it should recognize, derecognize, or change the measurement of a tax position it recognized in a prior period, it would recognize, derecognize, or change the measurement at that time. Similarly, if a company had information at the balance sheet date suggesting that the timing or amount of future estimated cash flows associated with an exit activity had changed it would adjust the liability. In both instances, if a company ignored information it had at the balance sheet date, it would be required to determine if the resulting error was material to the financial statements and, if so, correct that error in accordance with FASB Statement No. 154, [insert title].

Consideration of Subsequent Events through the Date That Financial Statements Are Issued or Available to Be Issued

We believe the Board should converge with the definition of "issued" and "authorized for issuance" in paragraphs 4 through 6 of IAS 10. While the Board is concerned that companies would have to develop a process for authorizing the issuance of financial statements, we note that IAS 10 does not mandate such a process. Presumably, if a company did not have a process for authorizing the issuance of financial statements, it would have to perform its subsequent events review through the date it issues the financial statements. Further, contrary to the Board's concerns, we suspect that most companies do have a process for authorizing the issuance of financial statements. Therefore, even if the guidance required companies to develop a process, we do not believe it would be a significant undertaking.

Other Comments

We noted the Exposure Draft omitted certain examples of recognized and non-recognized subsequent events from IAS 10. We recommend the Board include those examples in the final standard. Paragraph 9 of IAS 10 provides the following additional examples of recognized subsequent events:

- The sale of inventories after the reporting period may give evidence about their net realizable value at the end of the reporting period.
- The determination after the reporting period of the cost of assets purchased, or the proceeds from assets sold, before the end of the reporting period.
- The determination after the reporting period of the amount of profit-sharing or bonus payments, if the entity had a present legal or constructive obligation at the end of the reporting period to make such payments as a result of events before the date.
- The discovery of fraud or errors that show that the financial statements are incorrect.

Paragraph 12 of IAS 10 provides the following additional example of a non-recognized subsequent event:



 If an entity declares dividends to holders of equity instruments after the reporting period, the entity shall not recognize those dividends as a liability at the end of the reporting period.

We also recommend the Board consider including the examples of non-adjusting events after the reporting period that would generally result in disclosure from paragraph 22 of IAS 10.

Existing GAAP Subsequent Event Conflicts

As noted above, we believe the Board should converge with IFRS, thereby eliminating scope exceptions, unless it believes that the IFRS treatment is not preferable.

We would be pleased to discuss any of our comments with the Board or the FASB staff. Please direct any questions or comments to Jeff Ellis at 312-880-3019.

Sincerely,

/s/ Jeffrey H. Ellis

Jeffrey H. Ellis Managing Director