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January 28, 2010

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

RE: File Reference No. 1760-100

Dear Mr. Golden:

We are pleased to comment on the proposed Accounting Standards Updated (ASU), *Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements.*

We support the efforts of the FASB to address questions that have arisen in practice about Accounting Standards Codification (ASC) Topic 855, *Subsequent Events*. We believe that the proposed ASU sufficiently addresses both the interaction of the requirements of Topic 855 with the SEC's registration requirements and the intended breadth of the reissuance disclosures provision related to subsequent events. We offer the following comments for consideration:

Issue 1: Do the amendments to paragraph 855-10-50-1 assist in clarifying which date, if any, an entity is required to disclose when evaluating subsequent events?

The proposed amendments clearly provide that an entity that files or furnishes financial statements with the SEC would not be required to disclose the date through which subsequent events have been evaluated, and that an entity that does not file or furnish financial statements with the SEC would be required to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. However, there are several issues we wish to bring to the Board's attention for further clarification:

Filing with Bank Regulators

Certain banks (and other entities) file forms with bank regulators that are either identical to or substantially equivalent to those filed with the SEC. Such authority is provided in Section 12i, *Securities Issued by Banks*, of the Securities Exchange Act of 1934. The same operational issues identified by the FASB that this proposed ASU is addressing apply to these entities that file directly with a bank regulator versus the SEC. We recommend the same changes proposed for entities that file with the SEC also apply to such entities that file with a bank regulator.

We suggest modifying the wording of 855-10-25-1A to address this situation as follows:

 An entity that files or furnished financial statements with the SEC (or a regulator if such filing satisfies the SEC requirements) shall evaluate subsequent events through the date the financial statements are issued.

Practical Challenges with Certain Non-Public Entities

Some non-public entities provide GAAP financial statements to some users and later make such financial statements widely available. This is often due to regulatory reporting requirements. In these circumstances, the date on which some non-public entities' financial statements are available to be issued to certain users may precede the date they are widely distributed by a significant time period. Current practice treats the financial statements that are available to be issued as in compliance with GAAP, and generally no further subsequent events are considered or disclosed when such statements are later made available for wider distribution. Two examples of when this situation often occurs are as follows:

- By law, audited employee benefit plan financial statements must be made available to plan participants upon request as soon as they are available to be issued at the completion of the audit; however, such financial statements would not be accessible by the general public until posted by the Department of Labor after the electronic filing of the Form 5500. The preparation of Form 5500 requires the use of audited financial statements and the preparation of numerous schedules, which could be finished and submitted weeks or months after the audit completion and issuance of the financial statements date due to the amount of data required to be obtained and the time involved. It may also take additional time for Form 5500 to be available on the DOL website. Finally, there are practical problems presented for audit firms trying to complete audits in a very compressed time frame. The final due date for filing calendar year end audited financial statements with a Form 5500 is October 15. A substantial majority of all such filings of December year end Form 5500s occurs in the first half of October each year, creating a practical capacity issue.
- The financial statements of a not-for-profit organization may be provided to a limited number of users when they are available to be issued, generally at the completion of an audit.
 - Such financial statements may be later posted on the entity's website. There may be business reasons to not post the financial statements immediately to an entity's website such as waiting to release the statements in connection with an annual meeting. There are also practical reasons such as the technical resources available to the not-for-profit organization may be volunteers that only provide services monthly. If subsequent events needed to be considered again to coincide with the later posting of the financial statements, the operational aspects would be very burdensome and costly, including revising the date disclosed for subsequent events, and if the financial statements were audited, engaging the auditor to perform additional procedures to update the audit opinion including obtain updated letters from attorneys and perform more audit tests on the subsequent period. The benefit provided to the financial statement users would be marginal. The updated financial statements would not include a current financial statement. Users may not understand the difference between recognized and nonrecognized subsequent events and may place more reliance on the date disclosed than is warranted. In addition, while the user that obtains the financial statements the day they are posted to the website may have statements that considered subsequent events through that date, a user that obtains them a week or month later will have to satisfy themselves in other ways about subsequent events. Overall, we highly doubt that the benefits of complying with this requirement will justify the costs.
 - Such financial statement may be included later in a single audit reporting package submitted to the Federal Audit Clearinghouse (FAC). The auditor and auditee are both responsible for completion of respective sections of the single audit reporting package, which is due within the earlier of thirty days after receipt of the auditor's reports or nine months after the end of the audit period. There is often a delay between the time the single audit reporting package is submitted and when the financial statements are ultimately distributed by the FAC, which is not under the control of the auditee. Evaluating subsequent events through such distribution date would be impractical, if not impossible.

As demonstrated by the above examples, these types of non-public entities are unlike SEC registrants in that their financial statements may be available to be issued and provided to certain users prior to being accessible by the

general public or widely distributed. It is operationally impractical and may involve significant incremental costs for many non-public entities to coordinate the initial issuance of the audited financial statements to certain users and then later update that subsequent events evaluation with the filing of forms and reporting packages months later.

To address these operational issues, we suggest one or more of the following changes:

- Specify that entities that do not file or furnish financial statements to the SEC evaluate subsequent events through the date the financial statement are available to be issued and disclose such date.
- Clarifying the definition of "widely distributed" to exclude requirements that are imposed by law such as the examples cited above for employee benefit plans and not-for-profit organizations.

Issue 2: Do the amendments to paragraph 855-10-50-4 better clarify when, if ever, an entity is required to disclose the date through which subsequent events were evaluated when issuing restated financial statements?

We agree that the proposed amendments to paragraph 855-10-50-4 better clarify when an entity is required to disclose the date through which subsequent events were evaluated when issuing restated financial statements. In particular, we believe the amendments to refine the scope of the reissuance disclosure requirements to include restated financial statements only will make the guidance easier to follow.

Issue 3: Is the proposed effective date operational and are the transition provisions appropriate?

We believe the proposed effective date is operational and that the transition provisions are appropriate.

We would be pleased to respond to any questions the Board or its staff may have about any of the preceding comments. Please direct any questions to Jay D. Hanson (952-921-7785).

Sincerely,

McGladrey & Pullen, LLP

McGladrey of Pullen, LCP