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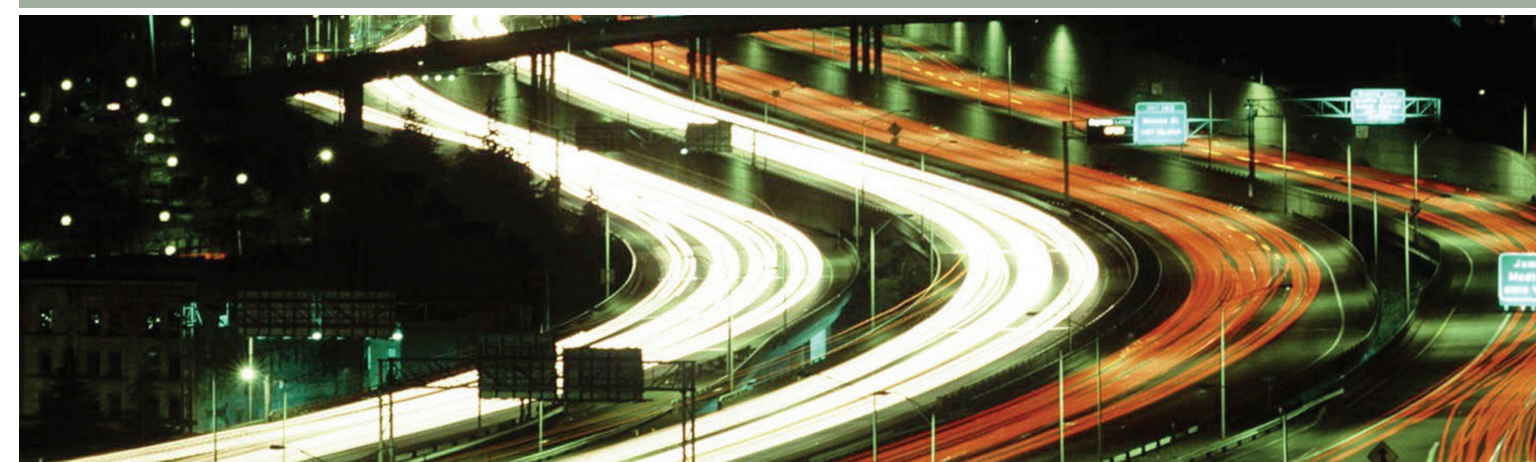
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CHECKLISTS & ILLUSTRATIVE FINANCIAL STATEMENTS

Life and Health Insurance Entities

SEPTEMBER 2010



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Life and Health Insurance Entities

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Checklists and Illustrative Financial Statements for Life and Health Insurance Entities has not been approved, disapproved, or otherwise acted upon by any senior technical committees of the American Institute of Certified Public Accountants or the Financial Accounting Standards Board and has no official or authoritative status.

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FSP Section 20,000

Checklists and Illustrative Financial Statements for Life and Health Insurance Entities

Letter to Customers

Dear Valued Customer,

The following checklists and illustrative materials have been developed by the AICPA Accounting and Auditing Publications Staff to serve as nonauthoritative practice aids for use by preparers of financial statements and by practitioners who audit, review, or compile financial statements. The auditor's and accountant's report checklists address those requirements most likely to be encountered when reporting on financial statements of a commercial corporation prepared in conformity with U.S. generally accepted accounting principles.

Relevant financial statement reporting and disclosure guidance issued through September 30, 2010, has been considered in the development of this edition of the checklist. The accounting guidance in this checklist has been conformed to reflect reference to FASB *Accounting Standards Codification*[™] as it existed on September 30, 2010.

Any guidance issued subsequent to September 30, 2010, has not been included in this checklist; therefore, if your entity has a fiscal year-end after September 30, 2010, you need to consider the applicability of such guidance. In determining the applicability of newly issued guidance, its effective date also should be considered.

Recognizing that many entities have December 31 year-ends and in an effort to assist those users, this checklist includes guidance issued through September 30, 2010, which may become effective by December 31, 2010. This guidance is discussed in each section of the checklist when applicable. Additional questions appear and are indicated with an "A" or "B" reference. As determined by the effective date or early implementation decision

- entities for which this guidance has not been implemented should consider all questions with an "A" reference (for example, question 1A, question 2A, and so on) and should place an "N/A" mark by questions with a "B" reference.
- entities for which this guidance has been implemented should consider all questions with a "B" reference (for example, question 1B, question 2B, and so on) and should place an "N/A" mark by questions with an "A" reference.

Therefore, based upon the year-end of the entities and the decision to early implement (if allowed), the appropriate additional questions should be answered when provided.

We hope you find this checklist helpful as you perform your audit and compilation and review engagements. We would greatly appreciate your feedback on this checklist. You may e-mail these comments to A&APublications@aicpa.org or write to

A&A Publications
AICPA
220 Leigh Farm Road
Durham, NC 27707-8110

Introduction

.01 The function of insurance is to pool the risks of many persons who are exposed to similar risks. For a payment known as a *premium*, insurance companies undertake to relieve the policyholder of all or part of a risk and to spread the total cost of similar risks among large groups of policyholders. One of the primary purposes of life insurance is to provide financial assistance to named beneficiaries at the time of the death of the insured. The long-term nature of the coverage involving the risk of death—a risk that increases with age—is the distinguishing characteristic that sets life insurance apart from other forms of insurance. Traditionally, life insurance entities provided life and health products to protect against the loss of financial stability resulting from premature death or illness and provided annuity products to protect against the risk of outliving one's financial resources. The primary emphasis was on meeting the customer's insurance needs. The provisions of AICPA Audit and Accounting Guide *Life and Health Insurance Entities* (2010) (product no. 0126310kk) apply to all life and health insurance entities including stock, mutual, fraternal, and assessment entities.

.02 The National Association of Insurance Commissioners (NAIC) codified statutory accounting practices for certain insurance enterprises, resulting in a revised *Accounting Practices and Procedures Manual*. The insurance laws and regulations of the states require insurance companies domiciled in the states to comply with the guidance provided in the NAIC *Accounting Practices and Procedures Manual* except as prescribed or permitted by state law.

.03 Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 944-505-50-3 requires insurance entities to disclose, at the date each balance sheet is presented, a description of the prescribed or permitted statutory accounting practice and the related monetary effect on statutory surplus of using an accounting practice that differs from either state prescribed statutory accounting practices or NAIC statutory accounting practices.

.04 As discussed in FASB ASC 944-505-50-2, those disclosures should be made if (a) state prescribed statutory accounting practices differ from NAIC statutory accounting practices or (b) permitted state statutory accounting practices differ from either state prescribed statutory accounting practices or NAIC statutory accounting practices, and the use of prescribed or permitted statutory accounting practices (individually or in the aggregate) results in reported statutory surplus or risk-based capital that is significantly different from the statutory surplus or risk-based capital that would have been reported had NAIC statutory accounting practices been followed.

.05 According to paragraphs 4–6 of FASB ASC 944-505-50, those disclosures should be applied by a U.S. insurance entity, a U.S. entity with a U.S. insurance subsidiary, or a foreign entity with a U.S. insurance subsidiary if the entity prepares U.S. generally accepted accounting principles (GAAP) financial statements. If a foreign insurance entity that does not have a U.S. insurance subsidiary prepares U.S. GAAP financial statements or is included in its parent's consolidated U.S. GAAP financial statements, the notes to the financial statements should disclose permitted regulatory accounting practices that significantly differ from the prescribed regulatory accounting practices of its respective regulatory authority and their monetary effects. If an insurance entity's risk-based capital would have triggered a regulatory event had it not used a permitted practice, that fact should be disclosed in the financial statements.

General

.06 This publication includes the following information:

- **Financial Statements and Notes Checklist (FSP section 20,100)**—For use by preparers of financial statements and by auditors as they evaluate the adequacy of disclosures.
- **Auditors' Reports Checklist (FSP section 20,200)**—For use by auditors in reporting on audited financial statements.

- **Supplemental Information for Life Insurance Entities That are Securities and Exchange Commission Registrants (FSP section 20,300)**—For use by auditors of Securities and Exchange Commission (SEC) registrants.
- **Illustrative Financial Statements (FSP section 20,400).**

.07 These checklists and illustrative materials are intended to be used in connection with engagements of nonpublic entities and is not intended to be used in connection with audits of public entities that are required to be audited under standards established by the Public Accounting Oversight Board (PCAOB).

.08 These checklists and illustrative materials have been developed by the AICPA Accounting and Auditing Publications Staff to serve as nonauthoritative practice aids for use by preparers of financial statements and by practitioners who audit them. The auditor's and accountant's report checklists address those requirements most likely to be encountered when reporting on financial statements of a life and health insurance entity prepared in conformity with U.S. GAAP. They do not include reporting requirements relating to other matters such as internal control or agreed-upon procedures. The financial statement and notes checklist includes disclosure considerations applicable to life and health insurance entities in preparing financial statements in conformity with U.S. GAAP. It does not include disclosures prescribed by guidance whose applicability to life and health insurance entities is considered to be remote.

.09 Users of the financial statements and notes checklist should remember that it is a disclosure checklist only and not a comprehensive U.S. GAAP application or measurement checklist. Accordingly, application and measurement issues related to preparing financial statements in conformity with U.S. GAAP are not included in the checklist.

.10 The AICPA Accounting and Auditing Publications staff has included guidance from FASB ASC as it existed at September 30, 2010. Questions are derived primarily from the content of the "Presentation" and "Disclosure" sections of FASB ASC. The AICPA Accounting and Auditing Publications staff has included presentation and disclosure items deemed most likely to be encountered when reporting on the financial statements of a property and liability insurance entity prepared in conformity with U.S. GAAP. Thus, not all paragraphs of the "Presentation" and "Disclosure" sections of FASB ASC have been included. Users should evaluate whether circumstances exist for which the relevant presentation and disclosure guidance is not provided in these checklists and illustrative materials and refer directly to FASB ASC as appropriate. These checklists and illustrative materials note significant areas where "Presentation" and "Disclosure" paragraphs were deemed too specific for this general publication and, where noted, users are urged to consult the FASB ASC as necessary.

.11 The checklists and illustrative financial statements should be used by, or under the supervision of, persons having adequate technical training and proficiency in the application of U.S. GAAP, generally accepted auditing standards, and other relevant technical guidance.

.12 In some cases, this checklist uses the terms *Additional Presentation Information* or *Additional Disclosure Information* to further illustrate an item. In such cases, the information contained under those headings continues to be authoritative guidance, and the heading is included to further clarify a presentation or disclosure requirement or to add useful information.

.13 Relevant financial statement reporting and disclosure guidance issued through September 30, 2010, has been considered in the development of this edition of the checklist. This includes relevant guidance issued up to and including the following:

- FASB Accounting Standards Updates issued through September 30, 2010
- Statement on Auditing Standards No. 120, *Required Supplementary Information* (AICPA, *Professional Standards*, vol. 1, AU sec. 558)
- Interpretation No. 4, "Appropriateness of Identifying No Significant Deficiencies or No Material Weaknesses in an Interim Communication," of AU section 325, *Communicating Internal Control Related Matters Identified in an Audit* (AICPA, *Professional Standards*, vol. 1, AU sec. 9325 par. .11–.13)

- Statement of Position 09-1, *Performing Agreed-Upon Procedures Engagements That Address the Completeness, Accuracy, or Consistency of XBRL-Tagged Data* (AICPA, *Technical Practice Aids*, AUD sec. 14,440)
- Statements on Standards for Attestation Engagements No. 16, *Reporting on Controls at a Service Organization* (AICPA, *Professional Standards*, vol. 1, AT sec. 801)
- Interpretation No. 8, "Including a Description of Tests of Controls or Other Procedures, and the Results Thereof, in an Examination Report," of AT section 101, *Attest Engagements* (AICPA, *Professional Standards*, vol. 1, AT sec. 9101 par. .70–.72)
- Statements on Standards for Accounting and Review Services No. 19, *Compilation and Review Engagements* (AICPA, *Professional Standards*, vol. 2)
- PCAOB Auditing Standard No. 7, *Engagement Quality Review* (AICPA, *PCAOB Standards and Related Rules*, Standards, AU-P sec. 162)

.14 Any guidance issued subsequent to September 30, 2010, has not been included in this checklist; therefore, if your entity has a fiscal year-end after September 30, 2010, you need to consider the applicability of such guidance. In determining the applicability of newly issued guidance, its effective date should also be considered.

.15 These checklists contain numerous references to accounting and auditing guidance. Abbreviations and acronyms used in such references include the following:

FASB ASC=	Reference to a topic, subtopic, section, or paragraph in Financial Accounting Standards Board <i>Accounting Standards Codification</i> [™]
AAG-LHI=	Reference to AICPA Audit and Accounting Guide <i>Life and Health Insurance Entities</i> (2010)
AU=	Reference to a section number in AICPA <i>Professional Standards</i> for U.S. Auditing Standards that are applicable to nonissuers
AU-P=	Reference to a section number in AICPA <i>PCAOB Standards and Related Rules</i> for standards of the PCAOB that are applicable to issuers
AUD=	Reference to a section number in AICPA <i>Technical Practice Aids</i> , Statements of Position—Auditing and Attestation
SOP=	AICPA Statement of Position

.16 The accounting guidance in this checklist has been conformed to reflect reference to FASB ASC as it existed on September 30, 2010.

.17 On June 30, 2009, FASB issued FASB Statement No. 168, *The FASB Accounting Standards Codification*[™] and the *Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162*, which is codified at FASB ASC 105, *Generally Accepted Accounting Principles*. On the effective date of this statement, FASB ASC is the authoritative source of U.S. accounting and reporting standards for nongovernmental entities, in addition to guidance issued by the SEC. At that time, FASB ASC supersedes all then-existing, non-SEC accounting and reporting standards for nongovernmental entities. Once effective, all other nongrandfathered, non-SEC accounting literature not included in FASB ASC is nonauthoritative. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. See the FASB website at www.fasb.org for further information.

Instructions

.18 Within these checklists are a number of questions or statements that are accompanied by references to applicable authoritative guidance. The financial statements and notes checklist is organized into seven discrete sections. Disclosures listed in the "Presentation," "Assets," "Liabilities," "Equity," "Revenue," and "Expenses" sections are common to most life and health insurance entities. Those listed in the "Broad Transactions" sections are required when circumstances dictate.

.19 The checklists provide spaces for checking off or initialing each question or point to indicate that it has been considered. Carefully review the topics listed and consider whether they represent potential disclosure items for the reporting entity for which you are preparing or auditing financial statements. Users should check or initial

- *Yes*—If the disclosure is required and has been made appropriately.
- *No*—If the disclosure is required but has not been made.
- *N/A (Not Applicable)*—If the disclosure is not applicable to the organization.

.20 It is important that the effect of any "No" response be considered on the auditor's or accountant's report. For audited financial statements, a "No" response that is material to the financial statements may warrant a departure from an unqualified opinion as discussed in paragraphs .20–.64 of AU section 508, *Reports on Audited Financial Statements* (AICPA, *Professional Standards*, vol. 1). If a "No" response is indicated, the Accounting and Auditing Publications staff recommend that a notation be made in the margin to explain why the disclosure was not made (for example, because the item was not considered to be material to the financial statements).

.21 Users may find it helpful to use the right margin for certain other remarks and comments as appropriate, including the following:

- a. For each disclosure for which a "Yes" is indicated, a notation as to where the disclosure is located in the financial statements and a cross-reference to applicable working papers where the support to a disclosure may be found
- b. For items marked as "N/A," the reasons for which they do not apply in the circumstances of the particular report
- c. For each disclosure for which a "No" response is indicated, a notation as to why the disclosure was not made (for example, because the item was not considered to be material to the financial statements)

.22 These checklists include guidance mandatorily effective for annual reporting periods ending on or before September 30, 2010. Recognizing that many entities have December 31 year-ends, these checklists also include guidance issued through September 30, 2010, that may become effective for annual reporting periods ending on or before December 31, 2010, either because of the effective date or an entity's decision to early adopt (where permitted). Any guidance included herein that is not yet mandatorily effective for annual reporting periods ending on or before September 30, 2010, is described in footnotes within each section of the checklists where applicable.

.23 Where this aforementioned type of dual guidance is provided, the checklist questions are segregated into those denoted with "A" references and those denoted with "B" references. Checklist questions pertaining to guidance mandatorily effective for annual reporting periods ending on or before September 30, 2010, absent an entity's decision to early adopt any superseding guidance (where applicable and permissible), are denoted with "A" references. Entities to which the "A" references apply should place an "N/A" mark by the related checklist questions denoted with a "B" reference. Checklist questions pertaining to guidance issued through September 30, 2010, that may become effective for entities with annual reporting periods ending on or before December 31, 2010, either because of the effective date or an entity's decision to early adopt (where permitted), are denoted with a "B" reference. Entities to which the "B" references apply should place an "N/A" mark by questions denoted with an "A" reference. Therefore, depending upon your entity's

(ies') year-end(s) and decision(s) to early adopt (where permitted), the appropriate alternative questions should be answered when provided.

.24 These checklists and illustrative materials have been prepared by the AICPA staff. They have not been reviewed, approved, disapproved, or otherwise acted on by any senior technical committee of the AICPA and do not represent official positions or pronouncements of the AICPA.

.25 The use of these or any other checklists requires the exercise of individual professional judgment. These checklists are not substitutes for the original authoritative guidance. Users of these checklists and illustrative materials should refer directly to applicable authoritative guidance when appropriate. The checklists and illustrative materials may not include all disclosures and presentation items promulgated, nor do they represent minimum standards or requirements. Additionally, users of the checklists and illustrative materials should tailor them as required to meet specific circumstances. As an additional resource, users may call the AICPA Technical Hotline at (877) 242-7212.

.26 We hope you find this checklist helpful as you perform your audit engagement. We would greatly appreciate your feedback on this checklist. You may e-mail these comments to A&APublications@aicpa.org.

Recognition

Anne Munding, CPA
*Technical Manager,
Accounting and Auditing Publications*

FSP Section 20,100

Financial Statements and Notes Checklist

.01 Checklist Questionnaire. This financial statement disclosure checklist is organized into sections. Carefully review the topics listed and consider whether they represent potential disclosure items for the entity for which you are preparing, compiling, reviewing, or auditing financial statements. Place a check mark by the topics or sections that are applicable and complete those sections of the checklist. Other sections may be marked “N/A” or left blank. For example, if the entity had a change in accounting principle, place a check mark by the section “Accounting Changes” and complete that section of the checklist. On the other hand, if the entity did not have a change in accounting principle, do not place a check mark by “Accounting Changes” and skip that section when completing the checklist.

*Place ✓ by
Sections Applicable*

- | | | |
|-----|---|-------|
| I. | Presentation | |
| | A. Presentation of Financial Statements (Financial Accounting Standards Board [FASB] <i>Accounting Standards Codification</i> [ASC] 205-10) | _____ |
| | B. Presentation of Discontinued Operations in the Financial Statements (FASB ASC 205-20) | _____ |
| | C. Presentation of the Balance Sheet (FASB ASC 210-10) | _____ |
| | D. Presentation of Offsetting in the Balance Sheet (FASB ASC 210-20) | _____ |
| | E. Presentation of Comprehensive Income (FASB ASC 220-10) | _____ |
| | F. Presentation of the Income Statement (FASB ASC 225-10) | _____ |
| | G. Presentation of Extraordinary and Unusual Items in the Income Statement (FASB ASC 225-20) | _____ |
| | H. Presentation of the Statement of Cash Flows (FASB ASC 230-10) | _____ |
| | I. Presentation of the Notes to Financial Statements (FASB ASC 235-10) | _____ |
| | J. Presentation of Accounting Changes and Error Corrections (FASB ASC 250-10) | _____ |
| | K. Presentation of Changing Prices (FASB ASC 255-10) | _____ |
| | L. Presentation of Earnings Per Share (FASB ASC 260-10) | _____ |
| | M. Presentation Regarding Interim Reporting (FASB ASC 270-10) | _____ |
| | N. Presentation Regarding Income Taxes for Interim Reporting (FASB ASC 270-740) | _____ |
| | O. Presentation of Risks and Uncertainties (FASB ASC 275-10) | _____ |
| | P. Presentation Regarding Segment Reporting (FASB ASC 280-10) | _____ |
| II. | Assets | |
| | A. Receivables (FASB ASC 310-10) | _____ |
| | B. Nonrefundable Fees and Other Costs (FASB ASC 310-20) | _____ |
| | C. Loans and Debt Securities Acquired With Deteriorated Credit Quality (FASB ASC 310-30) | _____ |
| | D. Troubled Debt Restructurings by Creditors (FASB ASC 310-40) | _____ |
| | E. Investments—Debt and Equity Securities (FASB ASC 320-10) | _____ |
| | F. Investments—Equity Method and Joint Ventures (FASB ASC 323-10) | _____ |
| | G. Cost Method Investments (FASB ASC 325-20) | _____ |
| | H. Investments in Insurance Contracts (FASB ASC 325-30) | _____ |

*Place ✓ by
Sections Applicable*

	I.	Inventory (FASB ASC 330-10)	_____
	J.	Capitalized Advertising Costs (FASB ASC 340-20)	_____
	K.	Insurance Contracts That Do Not Transfer Insurance Risks (FASB ASC 340-30)	_____
	L.	Goodwill (FASB ASC 350-20)	_____
	M.	General Intangibles Other Than Goodwill (FASB ASC 350-30)	_____
	N.	Property, Plant, and Equipment (FASB ASC 360-10)	_____
III.		Liabilities	
	A.	Insurance-Related Assessment Liabilities (FASB ASC 405-30)	_____
	B.	Asset Retirement and Environmental Obligations (FASB ASC 410-20)	_____
	C.	Asset Retirement and Environmental Obligations—Environmental Obligations (FASB ASC 410-30)	_____
	D.	Exit or Disposal Cost Obligations (FASB ASC 420-10)	_____
	E.	Commitments (FASB ASC 440-10)	_____
	F.	Loss Contingencies (FASB ASC 450-20)	_____
	G.	Gain Contingencies (FASB ASC 450-30)	_____
	H.	Guarantees (FASB ASC 460-10)	_____
	I.	Debt—Overall (FASB ASC 470-10)	_____
	J.	Debt—Debt With Conversion and Other Options (FASB ASC 470-20)	_____
	K.	Participating Mortgage Loans (FASB ASC 470-30)	_____
	L.	Debt Modifications and Extinguishments (FASB ASC 470-50)	_____
	M.	Troubled Debt Restructuring by Debtors (FASB ASC 470-60)	_____
	N.	Distinguishing Liabilities From Equity (FASB ASC 480-10)	_____
IV.		Equity	
	A.	Equity (FASB ASC 505-10)	_____
	B.	Treasury Stock (FASB ASC 505-30)	_____
	C.	Equity-Based Payments to Nonemployees (FASB ASC 505-50)	_____
V.		Revenue	
	A.	Revenue Recognition—Products (FASB ASC 605-15)	_____
	B.	Revenue Recognition—Services (FASB ASC 605-20)	_____
	C.	Multiple Element Arrangements (FASB ASC 605-25)	_____
	D.	Milestone Method Revenue Recognition (FASB ASC 605-28)	_____
	E.	Gains and Losses—Revenue Recognition (FASB ASC 605-40)	_____
	F.	Principal Agent Considerations—Revenue Recognition (FASB ASC 605-45)	_____
	G.	Customer Payments and Incentives (FASB ASC 605-50)	_____
VI.		Expenses	
	A.	Compensation (FASB ASC 710-10)	_____
	B.	Nonretirement Postemployment Benefits (FASB ASC 712-10)	_____
	C.	Defined Benefit Plans—Compensation (FASB ASC 715-20)	_____
	D.	Defined Benefit Plans—Other Postretirement (FASB ASC 715-60)	_____
	E.	Defined Contribution Plans (FASB ASC 715-70)	_____
	F.	Multiemployer Plans (FASB ASC 715-80)	_____
	G.	Stock Compensation (FASB ASC 718-10)	_____
	H.	Employee Stock Ownership Plans (FASB ASC 718-40)	_____
	I.	Stock Compensation—Income Taxes (FASB ASC 718-740)	_____
	J.	Insurance Costs (FASB ASC 720-20)	_____
	K.	Advertising Costs (FASB ASC 720-35)	_____
	L.	Research and Development Expenses (FASB ASC 730-10)	_____

*Place ✓ by
Sections Applicable*

	M.	Research and Development Arrangements (FASB ASC 730-20)	_____
	N.	Income Taxes (FASB ASC 740-10)	_____
	O.	Intraperiod Tax Allocations (FASB ASC 740-20)	_____
	P.	Income Taxes—Other Considerations or Special Areas (FASB ASC 740-30)	_____
	Q.	Income Taxes—Interim Reporting (FASB ASC 740-270)	_____
VII.		Broad Transactions	
	A.	Business Combinations (FASB ASC 805-10)	_____
	B.	Identifiable Assets and Liabilities, and Any Noncontrolling Interest—Business Combinations (FASB ASC 805-20)	_____
	C.	Goodwill or Gain From Bargain Purchase, Including Consideration Transferred (FASB ASC 805-30)	_____
	D.	Business Combinations—Related Issues (FASB ASC 805-50)	_____
	E.	Collaborative Arrangements (FASB ASC 808-10)	_____
	F.	Consolidation (FASB ASC 810-10)	_____
	G.	Derivatives and Hedging (FASB ASC 815-10)	_____
	H.	Embedded Derivatives (FASB ASC 815-15)	_____
	I.	Fair Value Hedging (FASB ASC 815-25)	_____
	J.	Cash Flow Hedges (FASB ASC 815-30)	_____
	K.	Net Investment Hedges (FASB ASC 815-35)	_____
	L.	Contracts in Entity’s Own Equity (FASB ASC 815-40)	_____
	M.	Weather Derivatives (FASB ASC 815-45)	_____
	N.	Fair Value Measurements and Disclosures (FASB ASC 820-10)	_____
	O.	Financial Instruments (FASB ASC 825-10)	_____
	P.	Financial Instruments—Registration Payment Arrangements (FASB ASC 825-20)	_____
	Q.	Foreign Currency Transactions (FASB ASC 830-20)	_____
	R.	Foreign Currency Matters—Translation of Financial Statements (FASB ASC 830-30)	_____
	S.	Capitalization of Interest (FASB ASC 835-20)	_____
	T.	Imputation of Interest (FASB ASC 835-30)	_____
	U.	Leases—Overall (Lessees) (FASB ASC 840-10)	_____
	V.	Operating Leases (Lessees) (FASB ASC 840-20)	_____
	W.	Capital Leases (Lessees) (FASB ASC 840-30)	_____
	X.	Sale-Leaseback Transactions (Lessees) (FASB ASC 840-40)	_____
	Y.	Leases—Overall (Lessors) (FASB ASC 840-10)	_____
	Z.	Operating Leases (Lessors) (FASB ASC 840-20)	_____
	AA.	Capital Leases (Lessors) (FASB ASC 840-30)	_____
	BB.	Nonmonetary Transactions (FASB ASC 845-10)	_____
	CC.	Related Party Disclosures (FASB ASC 850-10)	_____
	DD.	Reorganizations (FASB ASC 852-10 and FASB ASC 852-20)	_____
	EE.	Subsequent Events (FASB ASC 855-10)	_____
	FF.	Transfers and Servicing (FASB ASC 860-10)	_____
	GG.	Sales of Financial Assets (FASB ASC 860-20)	_____
	HH.	Secured Borrowing and Collateral (FASB ASC 860-30)	_____
	II.	Servicing Assets and Liabilities (FASB ASC 860-50)	_____
	JJ.	Financial Services—Insurance Activities (FASB ASC 944-20)	_____
	KK.	Financial Services—Acquisition Costs (FASB ASC 944-30)	_____
	LL.	Financial Services—Claims Cost and Liabilities for Future Policy Benefits (FASB ASC 944-40)	_____
	MM.	Financial Services—Policyholder Dividends (FASB ASC 944-50)	_____

*Place ✓ by
Sections Applicable*

- NN. Financial Services—Premium Deficiency and Loss Recognition (FASB ASC 944-60) _____
- OO. Financial Services—Separate Accounts (FASB ASC 944-80) _____

I. Presentation

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Presentation of Financial Statements (FASB ASC 205-10)			
<i>Presentation</i>			
Comparative Financial Statements			
1. Has the entity properly presented the statement of financial position, the income statement, and the statement of changes in equity for one or more preceding years, as well as for the current year? [FASB ASC 205-10-45-2]	_____	_____	_____
2. Has the entity properly presented appropriate explanations of changes related to any differences in the manner of or basis for presenting corresponding items for two or more periods? [FASB ASC 205-10-45-3]	_____	_____	_____
3. Has the entity properly presented, or at least referred to, if issuing comparative statements, notes and other disclosures in the financial statements of the preceding year(s) in the current year, to the extent that they continue to be of significance? [FASB ASC 205-10-45-4]	_____	_____	_____
<i>Disclosure</i>			
Changes Affecting Comparability			
4. Has the entity properly disclosed information that will explain a change in the manner of or basis for presenting corresponding items for two or more periods (for example, any change in practice that affects comparability of financial statements must be disclosed), if changes have occurred? [FASB ASC 205-10-50-1]	_____	_____	_____
<i>Other Guidance</i>			
5. Has the entity properly presented, for a full presentation in conformity with accounting principles generally accepted in the United States (U.S. GAAP), the following financial statements:			
a. Balance sheet?	_____	_____	_____
b. Statement of income (operations)?	_____	_____	_____
c. Statement of retained earnings or changes in shareholders' equity?	_____	_____	_____
d. Statement of cash flows?	_____	_____	_____
e. Description of accounting policies?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
f. Notes to the financial statements? [Common Practice]	_____	_____	_____
6. Has the entity properly presented each financial statement with a suitable title? [Common Practice]	_____	_____	_____
7. Has the entity properly presented a reference to the notes, which are an integral part of the financial statements? [Common Practice]	_____	_____	_____

The following table summarizes the titles used to describe the statement of assets, liabilities, and equity in the financial statements a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

	BALANCE SHEET TITLE			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Balance sheet	476	478	577	578
Statement of financial position	24	22	23	21
Statement of financial condition	—	—	—	1
Total entities	500	500	600	600

2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.

B. Presentation of Discontinued Operations in the Financial Statements (FASB ASC 205-20)

Presentation

1. Has the entity properly presented, as discontinued operations, the results of operations of a <i>component of an entity</i> (as that phrase is defined in FASB ASC glossary) that either has been disposed of or is classified as held for sale under the requirements of FASB ASC 360-10-45-9, in accordance with FASB ASC 205-20-45-3 if both of the following conditions are met:			
a. The operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction?	_____	_____	_____
b. The entity will not have any significant continuing involvement in the operations of the component after the disposal transaction? [FASB ASC 205-20-45-1]	_____	_____	_____
2. Has the entity properly presented, in a period in which a component of an entity either has been disposed of or is classified as held for sale, in the income statement for current and prior periods, the results of operations of the component (including any gain or loss recognized in accordance with FASB ASC 360-10-35-40 and 360-10-40-5), in discontinued operations? [FASB ASC 205-20-45-3]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Has the entity properly presented the results of operations of a component of an entity classified as held for sale in discontinued operations in the period(s) in which they occur? [FASB ASC 205-20-45-3]	_____	_____	_____
4. Has the entity properly presented the results of discontinued operations, less applicable income taxes (benefit), as a separate component of income before extraordinary items? [FASB ASC 205-20-45-3]	_____	_____	_____
5. Has the entity properly presented the gain or loss recognized on the disposal either on the face of the income statement or in the notes to the financial statements? [FASB ASC 205-20-45-3]	_____	_____	_____
6. Has the entity properly presented adjustments to amounts previously reported in discontinued operations that are directly related to the disposal of a component of an entity in a prior period and classified them separately in the current period in discontinued operations? [FASB ASC 205-20-45-4]	_____	_____	_____
<i>Allocation of Interest to Discontinued Operations</i>			
7. Has the entity properly presented, as allocated to discontinued operations, interest on debt that is to be assumed by the buyer and interest on debt that is required to be repaid as a result of a disposal transaction? [FASB ASC 205-20-45-6]	_____	_____	_____
<i>Disposal Group Classified as Held for Sale</i>			
8. Has the entity properly presented the assets and liabilities of a disposal group that is classified as held for sale separately in the asset and liability sections, respectively, of the statement of financial position? (<i>Note:</i> These assets and liabilities should not be offset and presented as a single amount. Further, major classes of assets and liabilities classified as held for sale should be separately disclosed either on the face of the statement of financial position or in the notes to the financial statements.) [FASB ASC 205-20-45-10]	_____	_____	_____
<i>Disclosure</i>			
9. Has the entity properly disclosed the following information in the notes to the financial statement that cover the period in which a long-lived asset (disposal group) either has been sold or is classified as held for sale under the requirements of FASB ASC 360-10-45-9:			
a. A description of the facts and circumstances leading to the expected disposal, the expected manner and timing of that disposal, and, if not separately presented on the face of the statement, the carrying amount(s) of the major classes of assets and liabilities included as part of a disposal group?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> The gain or loss recognized in accordance with FASB ASC 360-10-35-40 and FASB ASC 360-10-40-5 and if not separately presented on the face of the income statement, the caption in the income statement that includes that gain or loss?</p>	_____	_____	_____
<p><i>c.</i> If applicable, amounts of revenue and pretax profit or loss reported in discontinued operations?</p>	_____	_____	_____
<p><i>d.</i> If applicable, the segment in which the long-lived asset (disposal group) is reported under FASB ASC 280? [FASB ASC 205-20-50-1]</p>	_____	_____	_____
<p>10. Has the entity properly disclosed the major classes of assets and liabilities classified as held for sale either on the face of the statement of financial position or in the notes to the financial statements? [FASB ASC 205-20-50-2]</p>	_____	_____	_____
<p>Change to a Plan of Sale</p>			
<p>11. Has the entity properly disclosed, if the entity decides not to sell a long-lived asset previously classified as held for sale, and either FASB ASC 360-10-35-44 or FASB ASC 360-10-35-45 applies, is a description of the facts and circumstances leading to the decision to change the plan to sell the long-lived asset (disposal group) and its effect on the results of operations for the period and any prior periods in the notes to the financial statements that include the period of that decision? [FASB ASC 205-20-50-3]</p>	_____	_____	_____
<p>Continuing Cash Flows</p>			
<p>12. Has the entity properly disclosed the following, for each discontinued operation that generates continuing cash flows:</p>			
<p><i>a.</i> The nature of the activities that give rise to continuing cash flows?</p>	_____	_____	_____
<p><i>b.</i> The period of time continuing cash flows are expected to be generated?</p>	_____	_____	_____
<p><i>c.</i> The principal factors used to conclude that the expected continuing cash flows are not direct cash flows of the disposed component?</p>	_____	_____	_____
<p><i>d.</i> Additionally, for each discontinued operation in which the ongoing entity will engage in a “continuation of activities” with the disposed component after its disposal and for which the amounts presented in continuing operations after the disposal transaction include a continuation of revenues and expenses that were intra-entity transactions before the disposal transaction, are those intra-entity amounts before the disposal transaction disclosed for all periods for comparability purposes?</p>	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>e.</i> Are the types of continuing involvement, if any, that the entity will have after the disposal transaction disclosed in the period in which the operations are initially classified as discontinued? [FASB ASC 205-20-50-4 and FASB ASC 205-20-55 par. 9–12]</p>	_____	_____	_____
<p>13. If the occurrence of a significant event or circumstance at any time during the assessment period results in an expectation that the criteria for reporting discontinued operations in FASB ASC 205-20-45-1 will be met by the end of the assessment period, is the component's operations presented as discontinued operations? [FASB ASC 205-20-55-22]</p>	_____	_____	_____
<i>Adjustments to Previously Reported Amounts</i>			
<p>14. Has the entity properly disclosed the nature and amount of adjustments to amounts previously reported in discontinued operations that are directly related to the disposal of a component of an entity in a prior period? [FASB ASC 205-20-50-5]</p>	_____	_____	_____
<i>Continuing Involvement by Ongoing Entity</i>			
<p>15. Has the entity properly disclosed, for each discontinued operation in which the ongoing entity will engage in a continuation of activities with the disposed component after its disposal, and for which the amounts presented in continuing operations after the disposal transaction include a continuation of revenues and expenses that were intraentity transactions (eliminated in consolidated financial statements) before the disposal transaction, intraentity amounts before the disposal transaction for all periods presented? Further, has the entity properly disclosed the types of continuing involvement, if any, that the entity will have after the disposal transaction? (That information should be disclosed in the period in which operations are initially classified as discontinued.) [FASB ASC 205-20-50-6]</p>	_____	_____	_____
C. Presentation of the Balance Sheet (FASB ASC 210-10)			
<i>Presentation</i>			
<p>1. For classified balance sheets, are assets and liabilities segregated into current and noncurrent classifications with totals presented for current assets and current liabilities? [FASB ASC 210-10-45-1]</p>	_____	_____	_____
<p>2. Are significant categories of current liabilities, such as accounts payable, accrued expenses, deferred revenue, interest payable, and amounts due to officers and employees, segregated and presented separately? [Common Practice]</p>	_____	_____	_____
<p>3. Are assets not expected to be realized during the current operating cycle classified as noncurrent? [FASB ASC 210-10-45 par. 3–4]</p>	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
4.	Has the entity made disclosures related to any restrictions on cash (common practice) and is any cash restricted regarding withdrawal or use for other than current operations excluded from current assets? [FASB ASC 210-10-45-4]	_____	_____	_____
5.	If a classified balance sheet is presented, is a total for current liabilities shown? [FASB ASC 210-10-45-5]	_____	_____	_____
6.	Are bank overdrafts reclassified to and presented separately in current liabilities? [Common Practice]	_____	_____	_____
7.	Are held checks (those written before but not released until after the balance sheet date) reclassified to accounts payable? [Common Practice]	_____	_____	_____
8.	Are current portions of debt obligations presented as current liabilities? [FASB ASC 210-10-45-9]	_____	_____	_____
<i>Disclosure</i>				
9.	Has the entity properly disclosed the amounts at which current assets are stated, supplemented by information that reveals, for the various classifications of inventory items, the basis upon which their amounts are stated, and where practicable, an indication of the method of determining the cost? [FASB ASC 210-10-50-1]	_____	_____	_____
D. Presentation of Offsetting in the Balance Sheet (FASB ASC 210-10)				
<i>Presentation</i>				
Right of Setoff				
1.	Has the entity properly presented and exercised its option, if it has a valid right of setoff, to offset the related asset and liability and present the net amount? [FASB ASC 210-20-45-2]	_____	_____	_____
E. Presentation of Comprehensive Income (FASB ASC 220-10)				
<i>Presentation</i>				
Reporting Comprehensive Income				
1.	Has the entity properly presented a full set of financial statements for the period which include (a) financial position at the end of the period, (b) earnings (net income) for the period, (c) comprehensive income (total nonowner changes in equity) for the period, (d) cash flows during the period, and (e) investments by and distributions to owners during the period? [FASB ASC 220-10-45-3]	_____	_____	_____
2.	Has the entity properly presented all components of comprehensive income in the financial statements in the period in which they are recognized and presented them with the components of other comprehensive income (OCI)? [FASB ASC 220-10-45-5]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Classifications Within Comprehensive Income			
3. Has the entity properly presented an amount for net income, even if the entity has no items of OCI and does not present that fact? [FASB ASC 220-10-45-6]	_____	_____	_____
Alternative Formats for Reporting Comprehensive Income			
4. Has the entity properly presented comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements that constitute a full set of financial statements? [FASB ASC 220-10-45-8]	_____	_____	_____
5. Has the entity properly presented the components of OCI and total comprehensive income below the total for net income in a statement that reports results of operations or in a separate statement of comprehensive income that begins with net income? (<i>Note:</i> This subtopic does not require a specific format, but the above presentation is encouraged.) [FASB ASC 220-10-45-9]	_____	_____	_____
6. Has the entity properly presented the components of OCI either net of related tax effects, or before related tax effects with one amount shown for the aggregate tax effect related to the total of OCI items? [FASB ASC 220-10-45-11]	_____	_____	_____
7. Has the entity properly presented the amount of income tax expense or benefit allocated to each component of OCI (including reclassification adjustments) on the face of the statement in which those components are displayed or presented in the notes to the financial statements? [FASB ASC 220-10-45-12]	_____	_____	_____
Reporting OCI in the Equity Section of a Statement of Financial Position			
8. Has the entity properly presented the total of OCI for a period, transferred to a component of equity, separately from retained earnings and additional paid-in-capital in the balance sheet with a descriptive title such as "accumulated other comprehensive income?" [FASB ASC 220-10-45-14]	_____	_____	_____
9. Has the entity properly presented accumulated balances for each classification within accumulated OCI on the face of the balance sheet, in the statement of changes in shareholders' equity, or in the notes? [FASB ASC 220-10-45-14]	_____	_____	_____
10. Are items included in OCI classified separately based on their nature, including the following:			
a. Foreign currency translation adjustments?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Gains and losses on foreign currency transactions that are designated as, and are effective as, economic hedges of a net investment in a foreign entity, commencing as of the designation date (see FASB ASC 830-20-35-3[a])?	_____	_____	_____
c. Gains and losses on intraentity foreign currency transactions that are of a long term investment nature (that is, settlement is not planned or anticipated in the foreseeable future), when the entities to the transaction are consolidated, combined, or accounted for by the equity method in the reporting entity's financial statements (see FASB ASC 830-20-35-3[b])?	_____	_____	_____
d. Gains and losses (effective portion) on derivative instruments that are designated as, and qualify as, cash flow hedges (see FASB ASC 815-20-35-1[c])?	_____	_____	_____
e. Unrealized holding gains and losses that result from a debt security being transferred into the available-for-sale category from the held-to-maturity category (see FASB ASC 320-10-35-10[c])?	_____	_____	_____
f. Subsequent decreases (if not an other-than-temporary impairment) or increases in the fair value of available-for-sale securities previously written down as impaired (see FASB ASC 320-10-35-18)?	_____	_____	_____
g. Gains or losses associated with pension or other postretirement benefits (that are not recognized immediately as a component of net periodic benefit cost) (see FASB ASC 715-20-50-1[j])?	_____	_____	_____
h. Prior service costs or credits associated with pension or other postretirement benefits (see FASB ASC 715-20-50-1[j])?	_____	_____	_____
i. Transition assets or obligations associated with pension or other postretirement benefits (that are not recognized immediately as a component of net periodic benefit cost) (see FASB ASC 715-20-50-1[j])? [FASB ASC 220-10-45-13 and FASB ASC 220-10-55-2]	_____	_____	_____
11. Are reclassification adjustments made to avoid double counting in comprehensive income of items that are displayed as part of net income for a period that also had been displayed as part of OCI in that period or other periods presented on the face of the financial statement in which comprehensive income is reported or disclosed in the notes? [FASB ASC 220-10-45-15]	_____	_____	_____
Interim-Period Reporting			
12. Has the entity properly presented a total for comprehensive income in condensed financial statements of interim periods? [FASB ASC 220-10-45-18]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
F. Presentation of the Income Statement (FASB ASC 225-10)			
<i>Presentation</i>			
1. Has the entity properly presented all items of profit and loss recognized during the period, with the sole exception of error corrections as addressed in FASB ASC 250, <i>Accounting Changes and Error Corrections</i> , in order to present net income? [FASB ASC 225-10-45-1]	_____	_____	_____
<i>Disclosure</i>			
2. Has the entity disclosed the following information in the notes to the financial statements in the period(s) in which business interruption insurance recoveries are recognized:			
a. The nature of the event resulting in business interruption losses?	_____	_____	_____
b. The aggregate amount of business interruption insurance recoveries recognized during the period and the line item(s) in the statement of operations in which those recoveries are classified (including amounts reported as an extraordinary item pursuant to FASB ASC 225-20)? [FASB ASC 225-30-50-1]	_____	_____	_____
G. Presentation of Extraordinary and Unusual Items in the Income Statement (FASB ASC 225-20)			
<i>Presentation</i>			
Presentation of Extraordinary Items			
1. Has the entity properly presented extraordinary items segregated from the results of ordinary operations and shown separately in the income statement, with disclosure of the nature and amounts thereof? [FASB ASC 225-20-45-9]	_____	_____	_____
2. Has the entity properly presented extraordinary items (including applicable income taxes) segregated and following income before extraordinary items and before net income? [FASB ASC 225-20-45-10]	_____	_____	_____
3. Has the entity properly presented the caption "extraordinary items" to identify and present separately the effects of events and transactions, other than disposals of components of an entity, that meet the criteria for classification as extraordinary as discussed in paragraphs 1–6 of FASB ASC 225-20-45? (<i>Note:</i> The nature of an extraordinary event or transaction and the principal items entering into the determination of an extraordinary gain or loss should be described.) [FASB ASC 225-20-45-11]	_____	_____	_____
4. Has the entity properly presented earnings per share (EPS) data for extraordinary items either on the face of the income statement or in the related notes, as prescribed by FASB ASC 260-10-45? [FASB ASC 225-20-45-12]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Adjustment of Amounts Reported in Prior Periods</i>			
5. Has the entity properly presented any extraordinary items that were reported in prior periods and that have been adjusted during the current period, including separate presentation concerning year of origin, nature, and amount, and have those items been classified separately in the current period as an extraordinary item? [FASB ASC 225-20-45-13]	_____	_____	_____
<i>Presentation of Unusual or Infrequently Occurring Items</i>			
6. Has the entity properly presented material events or transactions that are either unusual in nature or of infrequent occurrence, but not both (and therefore not meeting the criteria for extraordinary items), (a) as a separate component of income from continuing operations and (b) accompanied by disclosure of the nature and financial effects of each event? [FASB ASC 225-20-45-16]	_____	_____	_____
<i>Disclosure</i>			
<i>Unusual or Infrequently Occurring Items</i>			
7. Has the entity properly disclosed the nature and financial effects of each event or transaction that is unusual in nature or occurs infrequently, but not both, on the face of the income statement, or alternatively, in notes to the financial statements? [FASB ASC 225-20-50-3]	_____	_____	_____
<i>Interim Reporting</i>			
8. Has the entity properly disclosed extraordinary items separately and included in the determination of net income for the interim period or periods in which they occurred? [FASB ASC 225-20-50-4]	_____	_____	_____
H. Presentation of the Statement of Cash Flows (FASB ASC 230-10)			
<i>Presentation</i>			
<i>Cash and Cash Equivalents</i>			
1. Has the entity properly presented the change during the period in cash and cash equivalents and presented an explanation for the change? [FASB ASC 230-10-45-4]	_____	_____	_____
<i>Cash Flows From Investing Activities</i>			
2. Has the entity properly presented cash flows from purchases, sales, and maturities of available-for-sale securities as cash flows from investing activities and presented these amounts as gross amounts in the statement of cash flows? [FASB ASC 230-10-45-11]	_____	_____	_____
<i>Cash Flows From Operating Activities</i>			
3. Has the entity properly presented cash payments made to settle an asset retirement obligation in the statement of cash flows as an operating activity? [FASB ASC 230-10-45-17(e)]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Acquisitions and Sales of Certain Securities and Loans			
4.			
Has the entity properly presented cash receipts and cash payments resulting from purchase and sales of securities classified as trading securities, as prescribed in FASB ASC 320, <i>Investments—Debt and Equity Securities</i> , based on the nature and purpose for which the securities were acquired? [FASB ASC 230-10-45-19]			
	_____	_____	_____
5.			
Has the entity properly presented cash receipts and cash payments resulting from the purchase or sale of securities and other assets that were acquired for resale and that are being carried at market value in a trading account as operating cash flows? [FASB ASC 230-10-45-20]			
	_____	_____	_____
6.			
Has the entity properly presented cash receipts and cash payments resulting from the purchase or sale of loans that were acquired for resale and that are being carried at market value or at the lower of cost or market values as operating cash flows? [FASB ASC 230-10-45-21]			
	_____	_____	_____
Reporting Operating, Investing, and Financing Activities			
7.			
Has the entity properly presented, in the statement of cash flows, net cash provided or used by the operating, investing, and financing activities and the effect of those flows on cash and cash equivalents during the period in a manner that reconciles beginning and ending cash and cash equivalents? (<i>Note:</i> Although not required, the entity may present separate presentation of cash flows pertaining to extraordinary items or discontinued operations in those categories provided that the presentation is consistent for all periods effective.) [FASB ASC 230-10-45-24]			
	_____	_____	_____
8.			
Has the entity properly presented the following, if the direct method of reporting net cash flow from operating activities, as encouraged by FASB ASC 230-10-45-25, is used:			
a.			
Cash received from customers?			
	_____	_____	_____
b.			
Interest and dividends received?			
	_____	_____	_____
c.			
Other operating cash receipts?			
	_____	_____	_____
d.			
Cash paid to employees and suppliers?			
	_____	_____	_____
e.			
Interest paid?			
	_____	_____	_____
f.			
Income taxes paid and, separately, the cash that would have been paid for income taxes if increases in the value of equity instruments issued under share-based payment arrangements that are not recognizable as a cost of goods or services for accounting purposes also had not been deductible in determining taxable income (FASB ASC 230-10-45-14[e])?			
	_____	_____	_____
g.			
Other operating cash payments (if any)? [FASB ASC 230-10-45-25]			
	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
9. If an other-than-insignificant financing element is present at inception, other than a financing element inherently included in an at-the-market derivative instrument with no prepayments (that is, the forward points in an at-the-money forward contract), does the borrower report all cash inflows and outflows associated with that derivative instrument as financing activities? [FASB ASC 230-10-45-27]	_____	_____	_____
Reconciliation of Net Income and Net Cash Flow From Operating Activities			
10. Has the entity properly presented, if the direct method of reporting net cash flow from operating activities is not used, the net cash flow from operating activities indirectly, by adjusting net income to reconcile it to net cash flow from operating activities? [FASB ASC 230-10-45-28]	_____	_____	_____
11. Has the entity properly presented a reconciliation of net income to net cash flow from operating activities, including separate reporting of all major classes of reconciling items? [FASB ASC 230-10-45-29]	_____	_____	_____
12. Has the entity properly presented, if the direct method is used, a separate reconciling schedule to reconcile net income to net cash flow from operating activities? [FASB ASC 230-10-45-30]	_____	_____	_____
13. Has the entity properly presented, if the indirect method is used, a separate reconciling schedule to reconcile net income to net cash flow from operating activities either within the statement of cash flows or in a separate schedule, with the statement of cash flows presenting only the net cash flow from operating activities? [FASB ASC 230-10-45-31]	_____	_____	_____

The following table summarizes the methods used to report cash flows from operating activities in the financial statements of a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

METHOD OF REPORTING CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Indirect method	495	495	594	594
Direct method	5	5	6	6
Total entities	500	500	600	600

2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
Cash Equivalents Policy			
14. Has the entity properly disclosed the accounting policy for determining which items are treated as cash equivalents? [FASB ASC 230-10-50-1]	_____	_____	_____
Interest and Income Taxes Paid			
15. Has the entity properly disclosed, if the indirect method of reporting net cash flow from operating activities is used, the amounts of interest paid (net of amounts capitalized) and income taxes paid during the period in related disclosures? [FASB ASC 230-10-50-2]	_____	_____	_____
Noncash Investing and Financing Activities			
16. Has the entity properly disclosed investing and financing activities that affect recognized assets or liabilities, but that do not result in cash receipts or cash payments in the period? [FASB ASC 230-10-50-3]	_____	_____	_____
17. Has the entity properly disclosed only the cash portion of any transactions that are part cash and part noncash in the statement of cash flows, or if there are a significant amount of transactions, elsewhere in the financial statements with clear reference to the statement of cash flows? [FASB ASC 230-10-50 par. 5-6]	_____	_____	_____
I. Presentation of the Notes to Financial Statements (FASB ASC 235-10)			

The following table lists accounting policies that were most frequently included in the summary of accounting policies of a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

DISCLOSURE OF ACCOUNTING POLICIES

	Number of Companies			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenue recognition	485	486	587	590
Consolidation policy	477	481	561	570
Use of estimates	476	469	582	567
Property	475	453	570	572
Cash equivalents	474	475	551	546
Depreciation methods	456	469	513	514
Amortization of intangibles	456	451	548	540
Interperiod tax allocation	449	438	534	508
Impairment	436	415	517	546
Financial instruments	435	440	502	506
Inventory pricing	429	416	506	514
Stock-based compensation	414	408	493	507
Translation of foreign currency	383	376	445	428
				<i>(continued)</i>

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
	Number of Companies		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<u>2006</u>		
Nature of operations	365	363	376
Earnings per share calculation	297	300	351
Accounts receivable	349	333	381
Advertising costs	244	250	293
Employee benefits	229	195	217
Research and development costs	185	172	228
Credit risk concentrations	181	190	213
Fiscal years	150	145	165
Environmental costs	129	131	145
Capitalization of interest	98	86	102
2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.			

Disclosure

What to Disclose

1. Do the disclosures for the entity properly identify and describe all significant accounting principles followed by the reporting entity and the methods of applying those principles that materially affect the determination of financial position, cash flows, and results of operations?
[FASB ASC 235-10-50-3] _____

2. Has the entity properly disclosed the following information, when those principles and methods identified in FASB ASC 235-10-50-3 include all instances in which there
 - a. is a selection from existing acceptable alternatives? _____
 - b. are principles and methods peculiar to the industry in which the reporting entity operates, even if such principles and methods are predominantly followed in that industry? _____
 - c. are unusual or innovative applications of U.S. GAAP?
[FASB ASC 235-10-50-3] _____

3. Do the notes to the accompanying insurance entity’s statutory financial statements contain a summary of significant accounting policies that discuss the following:
 - a. Statutory accounting practices? _____
 - b. Describe how this basis differs from GAAP?
[AAG-LHI 3.21] _____

4. For general-use statutory financial statements, are the effects of the differences between statutory accounting practices and GAAP, if quantified, disclosed?
[AAG-LHI 15.32–.33] _____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Avoid Duplicate Details of Disclosures			
5. Has the entity properly <i>not</i> disclosed duplicating details (for example, composition of inventories or of plant assets) presented elsewhere as a part of the financial statements? [FASB ASC 235-10-50-5]	_____	_____	_____
Format			
6. Has the entity properly disclosed a description of all significant accounting policies of the reporting entity, presented as either a separate summary preceding the notes to the financial statements or as the initial note under the same or similar title? [FASB ASC 235-10-50-6]	_____	_____	_____
J. Presentation of Accounting Changes and Error Corrections (FASB ASC 250-10)			

The following table lists accounting changes that were most frequently reported in the financial statements of a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

ACCOUNTING CHANGES

	Number of Companies			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Noncontrolling interests	96	*	*	*
Fair value measurements	51	175	2	—
Business combinations	46	*	*	*
Defined benefit pension and postretirement plans	44	59	138	303
Financial instruments with debt and equity characteristics	20	*	*	*
Derivatives and hedging activities	18	5	—	—
Earnings per share	17	*	*	*
Income tax uncertainties	5	161	369	1
Inventories	4	4	3	8
Prior period financial statement misstatement	3	6	10	18
Consolidation of variable interest entities	3	—	—	—
Impairment or disposal of long-lived assets	2	1	—	2
Asset retirement obligation	2	—	—	29
Servicing of financial assets	2	—	—	4
Stock based compensation	—	—	42	437

* N/C = Not compiled. Line item was not included in table for year shown.

2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.

Presentation

Change in Reporting Entity

1. If a change in reporting entity results in financial statements that are, in effect, the statements of a different reporting entity, has the change been applied retrospectively to all periods presented?
[FASB ASC 250-10-45-21]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
Changes in Accounting Principle			
2.			
Has the entity properly disclosed the following in the fiscal, and interim, if applicable, period in which a change in accounting principle is made (not required for subsequent periods): (<i>Note:</i> If a change accounting principle has no material effect in the period of change but is reasonably certain to have a material effect in later periods, the disclosures in item [a] should be provided whenever the financial statements of the period of change are presented)?			
a.			
The nature of and reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable?			
b.			
The method of applying the change, including all of the following:			
i.			
A description of the prior-period information that has been retrospectively adjusted, if any?			
ii.			
The effect of the change on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), any other affected financial statement line item, and any affected per-share amounts for the current period and any prior periods retrospectively adjusted? Presentation of the effect on financial statement subtotals and totals other than income from continuing operations and net income (or other appropriate captions of changes in the applicable net assets or performance indicator) is not required.			
iii.			
The cumulative effect of the change on retained earnings or other components of equity or net assets in the statement of financial position as of the beginning of the earliest period presented?			
iv.			
If retrospective application to all prior periods is impracticable, disclosure of the reasons therefore, and a description of the alternative method used to report the change (see paragraphs 5–7 of FASB ASC 250-10-45)?			
c.			
If indirect effects of a change in accounting principle are recognized,			
i.			
a description of the indirect effects of a change in accounting principle, including the amounts that have been recognized in the current period, and the related per-share amounts, if applicable?			

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>ii. unless impracticable, the amount of the total recognized indirect effects of the accounting change and the related per-share amounts, if applicable, that are attributable to each prior period presented? [FASB ASC 250-10-50 par. 1–2]</p>	_____	_____	_____
<p>3. Has the entity properly disclosed in the fiscal year in which a new accounting principle is adopted, financial information reported for interim periods after the date of adoption, which includes disclosure of the effect of the change on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), and related per-share amounts, if applicable, for those postchange interim periods? [FASB ASC 250-10-50-3]</p>	_____	_____	_____
<p>4. If a public company that regularly reports interim information makes an accounting change during the fourth quarter of its fiscal year and does not report the data specified by FASB ASC 270-10-50-1, in a separate fourth-quarter report or in its annual report, does the entity include disclosure of the effects of the accounting change on interim-period results, as required by FASB ASC 250-10-50-1, in a note to the annual financial statements for the fiscal year in which the change is made? (<i>Note:</i> A change in accounting principle made in an interim period should be reported by retrospective application in accordance with FASB ASC 250-10-45-5. However, the impracticability exception in FASB ASC 250-10-45-9 may not be applied to prechange interim periods of the fiscal year in which the change is made. When retrospective application to prechange interim periods is impracticable, the desired change may only be made as of the beginning of a subsequent fiscal year. [FASB ASC 250-10-45-14]) [FASB ASC 250-10-45-15]</p>	_____	_____	_____
Change in Accounting Estimate ¹			
<p>5. Has the entity properly disclosed the effect on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), and any related per-share amounts of the current period for a change in estimate that affects several future periods, such as a change in service lives of depreciable assets? (<i>Note:</i> Disclosure of those effects is not necessary for estimates made each period in the ordinary course of accounting for items such as uncollectible accounts or inventory obsolescence unless the effect of a change in the estimate is material.) [FASB ASC 250-10-50-4]</p>	_____	_____	_____

¹ Per Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 250-10-50-5*, the disclosure provisions for a change in accounting estimate are not required for revisions resulting from a change in a valuation technique or its application.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. When the entity effects a change in estimate by changing an accounting principle, are the disclosures required by questions 2-3 made? [FASB ASC 250-10-50-4]	_____	_____	_____
7. When the entity has a change in estimate that does not have a material effect in the period of change but is reasonably certain to have a material effect in later periods, is a description of that change in estimate disclosed whenever the financial statements of the period of change are presented? [FASB ASC 250-10-50-4]	_____	_____	_____
Change in Reporting Entity			
8. When there has been a change in the reporting entity, do the financial statements of the period of the change, provide a description of the nature of the change, and the reason for it? [FASB ASC 250-10-50-6]	_____	_____	_____
9. Is the effect of the change on income before extraordinary items, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), OCI, and any related per-share amounts disclosed for all periods presented? [FASB ASC 250-10-50-6]	_____	_____	_____
10. If a change in reporting entity does not have a material effect in the period of change but is reasonably certain to have a material effect in later periods, the nature of and reason for the change disclosed whenever the financial statements of the period of change are presented? [FASB ASC 250-10-50-6]	_____	_____	_____
Correction of an Error in Previously Issued Financial Statements			
11. When financial statements are restated to correct an error, has the entity disclosed that its previously issued financial statements have been restated, along with a description of the nature of the error? Does the entity also properly disclose the following:			
a. The effect of the correction on each financial statement line item and any per-share amounts affected for each prior period presented?	_____	_____	_____
b. The cumulative effect of the change on retained earnings or other appropriate components of equity or net assets in the statement of financial position, as of the beginning of the earliest period presented? [FASB ASC 250-10-50-7]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
12. Has the entity properly disclosed, if prior period adjustments have been recorded, the resulting effects (both gross and net of applicable income tax) on the net income of prior periods in the annual report for the year in which the adjustments are made and in interim reports, if applicable, issued during that year subsequent to the date of recording the adjustments? (<i>Note:</i> The entity should not repeat the disclosures in subsequent periods.) [FASB ASC 250-10-50 par. 8 and 10]	_____	_____	_____
13. Has the entity properly disclosed the following prior-period adjustments and restatements (see also FASB ASC 205-10-45 and FASB ASC 205-10-50-1):			
<i>a.</i> For single period financial statements, the effects (including applicable income taxes) of such restatement on the balance of retained earnings at the beginning of the period and on the net income of the immediately preceding period?	_____	_____	_____
<i>b.</i> For multiple-period financial statements, the effects (including applicable income taxes) for each of the periods included in the statements, in total and by class, of the correction on change in net assets for each of the periods presented? [FASB ASC 250-10-50-9]	_____	_____	_____
Error Correction Related to Prior Interim Periods of the Current Fiscal Year			
14. If the entity prepares interim reporting and an adjustment related to a prior period of the current fiscal year has been made, has the entity properly disclosed both of the following:			
<i>a.</i> The effect on income from continuing operations, net income, and related per-share amounts for each prior interim period of the current fiscal year?	_____	_____	_____
<i>b.</i> Income from continuing operations, net income, and related per-share amounts for each prior interim period restated in accordance with FASB ASC 250-10-45-26? [FASB ASC 250-10-50-11]	_____	_____	_____
K. Presentation of Changing Prices (FASB ASC 255-10)			
<i>Disclosure</i>			
1. Although not required, has the entity properly disclosed, as encouraged, supplementary information on the effects of changing prices? [FASB ASC 255-10-50-1]	_____	_____	_____

Yes No N/A

L. Presentation of Earnings Per Share (FASB ASC 260-10)²

Presentation

Additional Presentation Information

For entities that have issued common stock or potential common stock, if those securities trade in a public market either on a stock exchange or in the over-the-counter market, including securities quoted only locally or regionally, as discussed in FASB ASC 260-10-15-2, see FASB ASC 260-10-45 for information on proper presentation.

Disclosure

1. Has the entity properly disclosed the following for each period for which an income statement is presented:
 - a. A reconciliation of the numerators and denominators of the basic and diluted per share computations for income from continuing operations? _____
 - b. The effect that has been given to preferred dividends in arriving at income available to common shareholders' in computing basic EPS? _____
 - c. Securities (including those issuable pursuant to contingent stock agreements) that could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS because to do so would have been antidilutive for the period(s) presented? _____
[FASB ASC 260-10-50-1]

2. Has the entity properly disclosed, for the latest period for which an income statement is presented, a description of any transaction that occurred after the end of the most recent period but before the financial statements were issued or are available to be issued (as discussed in FASB ASC 855-10-25) that would have changed materially the number of common shares or potential common shares outstanding at the end of the period if the transaction had occurred before the end of the period? _____
[FASB ASC 260-10-50-2]

² Per FASB ASC 260-10-15-2, the guidance in FASB ASC 260, *Earnings Per Share*, requires presentation of earnings per share (EPS) by all entities that have issued common stock or potential common stock (that is, securities such as options, warrants, convertible securities, or contingent stock agreements) if those securities trade in a public market either on a stock exchange (domestic or foreign) or in the over-the-counter market, including securities quoted only locally or regionally. FASB ASC 260 also requires presentation of EPS by an entity that has made a filing or is in the process of filing with a regulatory agency in preparation for the sale of those securities in a public market.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
M. Presentation Regarding Interim Reporting (FASB ASC 270-10)³			
<i>Disclosure</i>			
1. Has the public entity properly disclosed the following, at a minimum, if the publicly traded entity reports summarized financial information at interim dates (including reports on the fourth quarter):			
a. Sales or gross revenues, provision for income taxes, extraordinary items (including related income tax effects), net income, and comprehensive income?	_____	_____	_____
b. Basic and diluted EPS data for each period presented, determined in accordance with the provisions of FASB ASC 260?	_____	_____	_____
c. Seasonal revenue, costs, or expenses?	_____	_____	_____
d. Significant changes in estimates or provisions for income taxes?	_____	_____	_____
e. Disposal of a component of an entity and extraordinary, unusual or infrequently occurring items?	_____	_____	_____
f. Contingent items?	_____	_____	_____
g. Changes in accounting principles or estimates?	_____	_____	_____
h. Significant changes in financial position?	_____	_____	_____
i. All of the following information about reportable operating segments determined according to the provisions of FASB ASC 280, including provisions related to restatement of segment information in previously issued financial statements:			
i. Revenues from external customers?	_____	_____	_____
ii. Intersegment revenues?	_____	_____	_____
iii. A measure of segment profit or loss?	_____	_____	_____
iv. Total assets for which there has been a material change from the amount disclosed in the last annual report?	_____	_____	_____

³ In July 2010, FASB issued Accounting Standards Update (ASU) No. 2010-20, *Receivables (Topic 310): Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. The effective dates are as follows:

- a. For publicly traded companies:
 - i. The "Pending Content" for disclosures as of the end of a reporting period are effective for the first interim or annual reporting period ending on or after December 15, 2010 (that is, December 31, 2010, for public entities with calendar year-ends).
 - ii. The "Pending Content" for disclosures about activity that occurs during a reporting period is effective for the first interim or annual reporting period beginning on or after December 15, 2010 (that is, January 1, 2011, for public entities with calendar year-ends).
- b. For nonpublic entities, the "Pending Content" is effective for the first annual reporting period ending on or after December 15, 2011 (that is, December 31, 2011, for entities with calendar year-ends).

This checklist has not been updated to include the presentation and disclosure requirements of ASU No. 2010-20.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 310-10-65-2.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
v. A description of differences from the last annual report in the basis of segmentation or in the measurement of segment profit or loss?	_____	_____	_____
vi. A reconciliation of the total of the reportable segments' measures of profit or loss to the entity's consolidated income before income taxes, extraordinary items, and discontinued operations?	_____	_____	_____
j. All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of FASB ASC 715-20:			
i. The amount of net periodic benefit cost recognized, for each period for which a statement of income is presented, showing separately the service cost component, the interest cost component, the expected return on plan assets for the period, the gain or loss component, the prior service cost or credit component, the transition asset or obligation component, and the gain or loss recognized due to a settlement or curtailment?	_____	_____	_____
ii. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to FASB ASC 715-20-50-1. Estimated contributions may be presented in the aggregate combining all of the following: (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions?	_____	_____	_____
k. The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to paragraphs 1-6 of FASB ASC 820-10-50?	_____	_____	_____
l. The information about derivative instruments as required by FASB ASC 815-10-50, 815-20-50, 815-25-50, 815-30-50, and 815-35-50?	_____	_____	_____
m. The information about fair value of financial instruments as required by FASB ASC 825-10-50?	_____	_____	_____
n. The information about certain investments in debt and equity securities as required by FASB ASC 320-10-50 and 942-320-50?	_____	_____	_____
o. The information about other-than-temporary impairments as required by FASB ASC 320-10-50, 325-20-50, and 958-320-50? [FASB ASC 270-10-50-1]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Has the entity properly disclosed, if the reporting entity is a publicly traded company and if interim financial data and disclosures are not separately reported for the fourth quarter, accounting changes made during the fourth quarter, disposals of segments of a business, extraordinary, unusual, or infrequently occurring items recognized in the fourth quarter, and the aggregate effect of year-end adjustments that are material to the results of that quarter in a note to the financial statements? [FASB ASC 270-10-50-2]	_____	_____	_____
3. Has the entity properly disclosed the impact of the financial results for interim periods of the matters discussed in paragraphs 12–16 of FASB ASC 270-10-45 and paragraphs 5–6 of FASB ASC 270-10-50? [FASB ASC 270-10-50-3]	_____	_____	_____
4. Has the entity properly disclosed, as encouraged but not required, balance sheet and cash flow data been for the interim periods? [FASB ASC 270-10-50-4]	_____	_____	_____
5. Has the entity properly disclosed extraordinary items separately and included them in the determination of net income for the period in which they occurred? [FASB ASC 270-10-50-5]	_____	_____	_____
6. Has the entity properly disclosed, in the same manner required for annual reports, contingencies and other uncertainties that could be expected to affect the fairness of presentation of financial data at an interim date been? [FASB ASC 270-10-50-6]	_____	_____	_____
N. Presentation Regarding Income Taxes for Interim Reporting (FASB ASC 270-740)			

Additional Presentation and Disclosure Information

See the "Income Taxes" section of this checklist for information on the presentation and disclosure requirements under FASB ASC 270-740.

O. Presentation of Risks and Uncertainties (FASB ASC 275-10)*Disclosure*

Nature of Operations

- | | | | |
|---|-------|-------|-------|
| 1. Has the entity properly disclosed a description of the major products or services the entity sells or provides and its principal markets, including the locations of those markets?
[FASB ASC 275-10-50-2] | _____ | _____ | _____ |
| 2. If the entity operates in more than one business, has the entity properly disclosed information indicating the relative importance of its operations in each business and the basis for this determination (assets, revenues, and earnings)?
[FASB ASC 275-10-50-2] | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Use of Estimates in the Preparation of Financial Statements			
3. Has the entity properly disclosed in the financial statements an explanation that the preparation of financial statements in conformity with U.S. GAAP requires the use of managements' estimates? [FASB ASC 275-10-50-4]	_____	_____	_____
Certain Significant Estimates			
4. Has the entity properly disclosed if, based on known information available to the entity before the issuance of the financial statements, it is reasonably possibly that estimates in the financial statements will change in the <i>near term</i> (as defined by the FASB ASC glossary as a period of time not to exceed one year from the date of the financial statements) and the effects will be material, discussion (including an estimate of the effect of the change in condition, situation, or set of circumstances that existed at the date of the financial statements) in the financial statements of these facts and circumstances? [FASB ASC 275-10-50-6]	_____	_____	_____
5. Has the entity properly disclosed, if the criteria in FASB ASC 275-10-50-8 are met, that it is at least reasonably possible that a change in an entity's estimate of its liability could occur in the near term? (<i>Note:</i> If the estimate involves a loss contingency under FASB ASC 450-20, the disclosure should also include an estimate of the possible loss or range of loss, or state that such estimate cannot be made.) [FASB ASC 275-10-50-9]	_____	_____	_____
Current Vulnerability Due to Certain Concentrations			
6. Has the entity properly disclosed, if the entity has concentrations that exist at the date of the financial statements, that those concentrations make the entity vulnerable to the risk of a near term severe impact, and it is at least reasonably possible that the events that could cause the severe impact will occur in the near term, further including information that is adequate to inform users of the general nature of the risk associated with the concentration? [FASB ASC 275-10-50-16]	_____	_____	_____
7. For those concentrations of labor subject to collective bargaining agreements and concentrations of operations located outside the reporting entity's home country that (a) exist at the date of the financial statements and (b) make the reporting entity vulnerable to the risk of a near term severe impact, where it is at least reasonably possible that the events that could cause the severe impact will occur in the near term, are the following disclosed:			
a. The percentage of labor force covered by a collective agreement and the percentage of the labor force covered by a collective bargaining agreement that will expire in one year?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. For operations located outside the reporting entity's home country, the carrying amounts of net assets and the geographic areas in which they are located? [FASB ASC 275-10-50-20]	_____	_____	_____

P. Presentation Regarding Segment Reporting (FASB ASC 280-10)

Additional Disclosure Information

Per FASB ASC 280-10-15-2, the guidance in this topic applies to all public entities, with certain exceptions outlined in FASB ASC 280-10-15-3; however, entities other than public entities are also encouraged to provide the disclosures described in this section.

Disclosure

Operating Segments—Disclosure Requirements—General Information

1. Has the public entity properly disclosed the following for each period for which an income statement is presented:			
a. Factors used to identify the public entity's reportable segments, including the basis of organization (for example, whether management has chosen to organize the reporting entity around differences in products and services, geographic areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated)?	_____	_____	_____
b. Types of products and services from which each reportable segment derives its revenues? [FASB ASC 280-10-50-21]	_____	_____	_____

Operating Segments—Disclosure Requirements—Information About Profit or Loss and Assets

2. Has the public entity properly disclosed a measure of profit or loss and total assets for each reportable segment? [FASB ASC 280-10-50-22]	_____	_____	_____
3. Has the public entity properly disclosed the following for each reportable segment, if the specified amounts are included in the measure of segment profit or loss reviewed by the chief operating decision maker or are otherwise regularly provided to the chief operating decision maker:			
a. Revenues from external customers?	_____	_____	_____
b. Revenues from transactions with other operating segments of the reporting entity?	_____	_____	_____
c. Interest revenue?	_____	_____	_____
d. Interest expense?	_____	_____	_____
e. Depreciation, depletion, and amortization expense?	_____	_____	_____
f. Unusual items as described in FASB ASC 225-20-45-16?	_____	_____	_____
g. Equity in the net income of investees accounted for by the equity method?	_____	_____	_____
h. Income tax expense or benefit?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>i.</i> Extraordinary items?	_____	_____	_____
<i>j.</i> Significant noncash items other than depreciation, depletion, and amortization expense? [FASB ASC 280-10-50-22]	_____	_____	_____
4. Has the public entity properly disclosed, unless a segment has no or immaterial financial operations, interest revenue separately from interest expense for each reportable segment (unless a majority of the segment’s revenues are from interest and the chief operating decision maker relies primarily on net interest revenue to assess the performance of the segment and make decisions about resources to be allocated to the segment)? (In that situation, a public entity may report that segment’s interest revenue net of its interest expense and disclose that it has done so.) [FASB ASC 280-10-50 par. 22–24]	_____	_____	_____
5. Has the public entity properly disclosed the following specified amounts if (a) they included in the determination of segment assets reviewed by the chief operating decision maker or (b) are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment assets, for each reportable segment:			
<i>i.</i> The amount of investment in equity method investees?	_____	_____	_____
<i>ii.</i> Total expenditures for additions to long-lived assets other than any of the following: financial instruments, long term customer relationships of a financial institution, mortgage and other servicing rights, deferred policy acquisition costs, or deferred tax assets? [FASB ASC 280-10-50-25]	_____	_____	_____
6. Has the public entity properly disclosed the fact that, and the reason behind the fact, if it has no asset information to disclose for a reportable segment? [FASB ASC 280-10-50-26]	_____	_____	_____
Operating Segments—Disclosure Requirements—Information About Profit or Loss and Assets—Measurement			
7. Has the public entity properly provided an explanation of the measurements of segment profit or loss and segment assets for each reportable segment and disclosed all of the following:			
<i>a.</i> The basis of accounting for any transactions between reportable segments?	_____	_____	_____
<i>b.</i> The nature of any differences between the reporting entity’s consolidated income before taxes, extraordinary items, discontinued operations, and the cumulative effect of changes in accounting principle?	_____	_____	_____
<i>c.</i> The nature of any differences between the measurements of the reportable segments’ assets and the reporting entity’s consolidated assets?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. The nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss?	_____	_____	_____
e. The nature and effect of any asymmetrical allocations to segments? [FASB ASC 280-10-50-29]	_____	_____	_____
Operating Segments—Disclosure Requirements—Reconciliations			
8. Has the public entity properly disclosed reconciliations of the totals of the reportable segments' revenues, measures of profit or loss, assets, and every other significant item of information disclosed to corresponding consolidated amounts presented with all significant reconciling items separately identified and described? [FASB ASC 280-10-50 par. 30–31]	_____	_____	_____
Operating Segments—Disclosure Requirements—Interim Period Information			
9. Has the public entity properly disclosed the following information about each reportable segment in condensed financial statements of interim periods for current quarter and year-to-date amounts:			
a. Revenues from external customers?	_____	_____	_____
b. Intersegment revenues?	_____	_____	_____
c. A measure of segment profit or loss?	_____	_____	_____
d. Total assets for which there has been a material change from the amount disclosed in the last annual report?	_____	_____	_____
e. A description of differences from the last annual report in the basis of segmentation or in the basis of measurement of segment profit or loss?	_____	_____	_____
f. A reconciliation of the total of the reportable segments' measures of profit or loss to the public entity's consolidated income before income taxes, extraordinary items, and discontinued operations? If a public entity allocates items such as income taxes and extraordinary items to segments, the public entity may choose to reconcile the total of the segments' measures of profit or loss to consolidated income after those items. Significant reconciling items should be separately identified and described in that reconciliation. [FASB ASC 280-10-50 par. 32–33]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Operating Segments—Disclosure Requirements—Restatements of Previously Reported Information			
10. Has the public entity properly disclosed corresponding information for prior periods restated and the fact that the corresponding items of segment information for earlier periods have been restated, if the reporting entity changes the structure of its internal organization in a manner that changes the composition of its reportable segments? [FASB ASC 280-10-50-34]	_____	_____	_____
11. Has the public entity properly disclosed, in the year in which a change in the structure of its internal organization in a manner that changes the composition of its reportable segments occurs and the corresponding information for prior periods is not restated, segment information for the current period under both the old basis and the new basis? [FASB ASC 280-10-50-35]	_____	_____	_____
Operating Segments—Disclosure Requirements—Information About Products and Services			
12. Has the public entity properly disclosed the revenues from external customers for each product and service or each group of similar products and services, unless it is impracticable to do so? If impracticable, has that fact been disclosed? [FASB ASC 280-10-50-40]	_____	_____	_____
Operating Segments—Disclosure Requirements—Information About Geographic Areas			
13. Has the public entity properly disclosed the following information about its geographical information, unless it is impracticable to do so? If impracticable, has that fact been disclosed?			
<i>a.</i> Revenues from external customers (i) attributed to the reporting entity’s country of domicile and (ii) attributed to all foreign countries in total from which the reporting entity derives revenue?	_____	_____	_____
<i>b.</i> Revenues from external customers attributed to an individual foreign country, if material?	_____	_____	_____
<i>c.</i> The basis for attributing revenues from external customers to individual countries?	_____	_____	_____
<i>d.</i> Long-lived assets other than financial instruments, long term customer relationships of a financial institution, mortgage and other servicing rights, deferred policy acquisition costs, and deferred tax assets (i) located in the reporting entity’s country of domicile and (ii) located in all foreign countries in total in which the reporting entity holds assets?	_____	_____	_____
<i>e.</i> Long-lived assets as described above in an individual foreign country, if material? [FASB ASC 280-10-50-41]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Operating Segments—Disclosure Requirements—Information About Major Customers			
14. Has the public entity properly disclosed information about the extent of its reliance on its major customers (those amounting to 10 percent or more of the entity's revenue)? [FASB ASC 280-10-50-42]	_____	_____	_____

II. Assets

A. Receivables (FASB ASC 310-10)^{4, 5}

Presentation

Loans or Trade Receivables

1. Has the entity properly presented receivables held for sale as a separate balance sheet amount, which is not included with other loans or trade receivables? (*Note:* Major categories of loans or trade receivables should be presented separately either in the balance sheet or in the notes to the financial statements.) [FASB ASC 310-10-45-2]

Foreclosed or Repossessed Assets

2. Has the entity properly presented foreclosed or repossessed assets as a separate balance sheet amount or included in other assets on the balance sheet with separate disclosures in the notes to the financial statements? (*Note:* Certain returned or repossessed assets, such as inventory, should not be classified separately if the assets subsequently are to be utilized by the entity in operations.) [FASB ASC 310-10-45-3]

Allowances

3. Has the entity properly presented allowances for uncollectible receivables as deductions from the related receivables? [FASB ASC 310-10-45-4]
4. Are changes in the allowance for uncollectible amounts relating to mortgage loans reported in income? [FASB ASC 944-310-45-4]

⁴ In December 2009, FASB issued ASU No. 2009-16, *Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets* (FASB Statement No. 166, *Accounting for Transfers of Financial Assets*). This update is to incorporate FASB Statement No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140*, into the codification. ASU No. 2009-16 represents a revision to the provisions of former FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*, and requires more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a “qualifying special-purpose entity,” changes the requirements for derecognizing financial assets, and requires additional disclosures. This ASU should be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends). Early adoption is not permitted.

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2009-16.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as “Pending Content” due to the transition and open effective date information discussed in FASB ASC 860-10-65-3.

⁵ See footnote 3.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Unearned Discounts</i>			
5. Has the entity properly presented unearned discounts (other than cash or quantity discounts and similar items), finance charges, and interest included in the face amounts of receivables as a deduction from the related receivables? [FASB ASC 310-10-45-8]	_____	_____	_____
<i>Receivables from Officers, Employees, or Affiliates</i>			
6. Has the entity properly presented accounts and notes receivable from officers, employees, and affiliated entities separately (with appropriate disclosures), and not included under a general heading such as “notes receivable” or “accounts receivable?” [FASB ASC 310-10-45-13]	_____	_____	_____
<i>Reinsurance Receivables</i>			
7. Are estimated reinsurance receivables arising from ceding transactions described in FASB ASC 944-310-25-2 reported separately as assets? [FASB ASC 944-310-45-5]	_____	_____	_____
8. Are amounts receivable and payable between the ceding entity and an individual reinsurer offset only when a right of offset exists as defined in FASB ASC 210-20, even if the ceding entity and reinsurer are affiliated entities? [FASB ASC 944-310-45-7]	_____	_____	_____
<i>Disclosure</i>			
<i>Loans or Trade Receivables</i>			
9. Has the entity properly disclosed the following in the accounting policy note disclosure:			
a. The basis of accounting for loans, trade receivables, and lease financings, including those classified as held for sale?	_____	_____	_____
b. The method used in determining the lower of cost or fair value of nonmortgage loans held for sale (that is aggregate or individual asset basis)?	_____	_____	_____
c. The classification and method of accounting for interest-only strips, loans, other receivables, or retained interests in securitizations that can be contractually prepaid or otherwise settled in a way that the holder would not recover substantially all of its recorded investment?	_____	_____	_____
d. The method for recognizing interest income on loan and trade receivables, including a statement about the entity’s policy for treatment of related fees and costs, including the method of amortizing net deferred fees or costs? [FASB ASC 310-10-50-2]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
10. Has the entity properly disclosed the major categories of loan or trade receivables separately in the balance sheet or in the notes to the financial statements? [FASB ASC 310-10-50-3]	_____	_____	_____
11. Has the entity properly disclosed any allowance for credit losses, allowance for doubtful accounts, and, as applicable, any unearned income, any unamortized premiums and discounts, and any net unamortized deferred fees and costs in the financial statements? [FASB ASC 310-10-50-4]	_____	_____	_____
12. Is the carrying amount of loans, trade receivables, securities, and financial instruments that serve as collateral for borrowings disclosed pursuant to FASB ASC 860-30-50-1(b) for public entities and pursuant to FASB ASC 860-30-50-4(b) for non-public entities? [FASB ASC 310-10-50-5]	_____	_____	_____
Nonaccrual and Past Due Loans and Trade Receivables			
13. Has the entity properly disclosed the following in the accounting policy note disclosure:			
<i>a.</i> The policy for placing loans and trade receivables, if applicable, on nonaccrual status (or discontinuing accrual of interest)?	_____	_____	_____
<i>b.</i> The policy for recording payments received on nonaccrual loans and trade receivables, if applicable?	_____	_____	_____
<i>c.</i> The policy for resuming accrual of interest?	_____	_____	_____
<i>d.</i> The policy for charging off uncollectible loans and trade receivables?	_____	_____	_____
<i>e.</i> The policy for determining past due or delinquency status (that is, whether past due status is based on how recently payments have been received or contractual terms)? [FASB ASC 310-10-50-6]	_____	_____	_____
14. Has the entity properly disclosed the recorded investment in loans (and trade receivables if applicable) on nonaccrual status as of each balance sheet date in the notes to the financial statements? [FASB ASC 310-10-50-7]	_____	_____	_____
15. Has the entity properly disclosed the recorded investment in loans, and trade receivables, if applicable, past due 90 days or more and still accruing? [FASB ASC 310-10-50-7]	_____	_____	_____

Yes No N/A

Accounting Policies for Credit Losses and Doubtful Accounts

16. Has the entity properly disclosed, in addition to the loss contingencies disclosures required by FASB ASC 450-20, a description of the accounting policies and methodology the entity used to estimate its allowance for loan losses, allowance for doubtful accounts, and any liability for off-balance sheet credit losses, and related charges for loan, trade receivable, or other credit losses, including a description of the factors that influenced management’s judgment? (*Note:* The entity may also include a discussion of risk elements relevant to particular categories of financial instruments.)
[FASB ASC 310-10-50-9]

Allowance for Credit Losses Related to Loans

17. Has the entity properly disclosed, as applicable, the activity in the total allowance for credit losses related to loans, including the balance in the allowance at the beginning and end of each period, additions charged to operations, direct write-downs charged against the allowance, and recoveries of amounts previously charged off?
[FASB ASC 310-10-50-12]

Impaired Loans

18. Has the entity properly disclosed, either in the body of the financial statements or in the accompanying notes, the following information about loans that meet the definition of an *impaired loan* in paragraphs 16 and 17 of FASB ASC 310-10-35:
- a. As of the date of each statement of financial position presented, the total recorded investment in the impaired loans at the end of each period and
 - i. the amount of that recorded investment for which there is a related allowance for credit losses determined in accordance with FASB ASC 310-10-35 and the amount of that allowance?
 - ii. the amount of that recorded investment for which there is no related allowance for credit losses determined in accordance with FASB ASC 310-10-35?
 - b. The creditor’s policy for recognizing interest income on impaired loans, including how cash receipts are recorded?
 - c. For each period for which results of operations are presented, the average recorded investment in the impaired loans during each period, the related amount of interest income recognized during the time within that period that the loans were impaired, and, unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within that period the loans were impaired?
[FASB ASC 310-10-50 par. 15–16]

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Loss Contingencies			
19. Has the entity properly disclosed loss contingencies, as described in FASB ASC 460-10-50-2 (see question 1 in "Guarantees (FASB ASC 460-10)"), even though the possibility of loss may be remote? [FASB ASC 310-10-50-22]	_____	_____	_____
Risks and Uncertainties			
20. Has the entity properly disclosed concentrations that meet the requirements of FASB ASC 275-10-50-16? (<i>Note</i> : Certain loan products have contractual terms that expose entities to risks and uncertainties that fall into one or more categories, as discussed in FASB ASC 275-10-50-1.) [FASB ASC 275-10-50-16; 310-10-50-25]	_____	_____	_____
B. Nonrefundable Fees and Other Costs (FASB ASC 310-20)			
<i>Presentation</i>			
Balance Sheet Presentation			
1. Has the entity properly presented the unamortized balance of loan origination, commitment, and other fees and costs and purchase premiums and discounts that are being recognized as an adjustment of yield pursuant to FASB ASC 310-20 on the balance sheet as a part of the loan balance to which it relates? [FASB ASC 310-20-45-1]	_____	_____	_____
2. Has the entity properly presented commitment fees that meet the criteria of FASB ASC 310-20-35-2 as deferred income in the financial statements? [FASB ASC 310-20-45-2]	_____	_____	_____
Income Statement Clarification			
3. Has the entity properly presented amounts of loan origination, commitment, and other fees and costs recognized as an adjustment of yield as a part of interest income? (<i>Note</i> : Amortization of other fees, such as commitment fees that are being amortized on a straight-line basis over the commitment period or included in income when the commitment expires, should be presented as service fee income.) [FASB ASC 310-20-45-3]	_____	_____	_____
<i>Disclosure</i>			
Net Fees and Costs			
4. Has the entity properly disclosed, in the summary of significant accounting policies, a description of the method for recognizing interest income on loan and trade receivables, including a statement about the entity's policy for treatment of related fees and costs, including the method of amortizing net deferred fees or costs included in the notes to the financial statements? [FASB ASC 310-20-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. If the entity anticipates prepayments in applying the interest method, has the entity disclosed the policy and any significant assumptions underlying the prepayment estimates? [FASB ASC 310-20-50-2]	_____	_____	_____
6. Has the entity properly disclosed the unamortized net fees and costs as a part of each loan category? (<i>Note:</i> Additional disclosures such as unamortized net fees and costs may be included in the footnotes to the financial statements if the lender believes that such information is useful to the users of financial statements.) [FASB ASC 310-20-50-3]	_____	_____	_____
7. Has the entity properly disclosed, with respect to credit card fees and costs, for both purchased and originated credit cards, the net amount capitalized at the balance sheet date and the amortization period(s)? [FASB ASC 310-20-50-4]	_____	_____	_____
C. Loans and Debt Securities Acquired With Deteriorated Credit Quality (FASB ASC 310-30)			
<i>Presentation</i>			
Accretable Yield			
1. Has the entity properly <i>not</i> presented in the balance sheet the amount of the loan’s accretable yield or the loan’s contractually required payments receivable in excess of the amount of its cash flows expected at acquisition? [FASB ASC 310-30-45-1]	_____	_____	_____
<i>Disclosure</i>			
Footnote Disclosures for Loans			
2. Has the entity properly disclosed in the notes to financial statements how prepayments are considered in the determination of contractual cash flows and cash flows expected to be collected? [FASB ASC 310-30-50-1]	_____	_____	_____
3. Has the entity properly disclosed, for each balance sheet presented, the following information about loans within the scope of FASB ASC 310-30:			
<i>a.</i> Separately for both those loans that are accounted for as debt securities and those loans that are not accounted for as debt securities,			
<i>i.</i> the outstanding balance and related carrying amount at the beginning and end of the period?	_____	_____	_____
<i>ii.</i> the amount of accretable yield at the beginning and end of the period, reconciled for additions, accretion, disposals of loans, and reclassifications to or from nonaccretable difference during the period?	_____	_____	_____

Life and Health Insurance Entities

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii.	for loans acquired during the period, the contractually required payments receivable, cash flows expected to be collected, and fair value at the acquisition date?	_____	_____	_____
iv.	for those loans within the scope of FASB ASC 310-30 for which the income recognition model is not applied in accordance with FASB ASC 310-30-35-3, the carrying amount at the acquisition date for loans acquired during the period and the carrying amount of all loans at the end of the period?	_____	_____	_____
b.	Further, for those loans that are not accounted for as debt securities, has the entity disclosed			
i.	the amount of (1) any expense recognized pursuant to FASB ASC 310-30-35-10(a) and (2) any reductions of the allowance recognized pursuant to FASB ASC 310-30-35-10(b)(1) for each period for which an income statement is presented?	_____	_____	_____
ii.	the amount of the allowance for uncollectible accounts at the beginning and end of the period? [FASB ASC 310-30-50-2]	_____	_____	_____
D. Troubled Debt Restructurings by Creditors (FASB ASC 310-40)				
<i>Disclosure</i> ⁶				
Creditor Disclosure of Troubled Debt Restructurings				
1.	Has the entity properly disclosed the amount of commitments, if any, to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructurings either in the body of the financial statements or in the notes thereto as of the date of each balance sheet presented? [FASB ASC 310-40-50-1]	_____	_____	_____
2.	Has the entity properly disclosed, or not disclosed, information established by FASB ASC 310-10-50-15(a) and 310-10-50-15(c) in the years after a loan restructuring (restructured in a troubled debt restructuring involving a modification of terms) if the restructuring agreement for the impaired loan (a) specifies an interest rate equal to or greater than the rate that the creditor was willing to accept at the time of restructuring for a new loan with comparable risk, and (b) the loan is not impaired based on the terms specified by the restructuring agreement? (<i>Note:</i> This exception should be applied consistently to all loans restructured in a troubled debt restructuring that meet the criteria in this paragraph.) [FASB ASC 310-40-50 par. 2-3]	_____	_____	_____

⁶ See footnote 3.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Has the amount of writedown and recorded investment of a loan modified in a troubled debt restructuring been disclosed in the year of writedown? [FASB ASC 310-40-50-4]	_____	_____	_____
Loan Restructured Into Two (or More) Loan Agreements			
4. As related to a loan restructured in a troubled debt restructuring into two (or more) loan agreements, has the entity separately considered the restructured loans in years after the restructuring when assessing the applicability of the disclosures in FASB ASC 310-10-50-15(a) and FASB ASC 310-10-50-15(c)? [FASB ASC 310-40-50-5]	_____	_____	_____
E. Investments—Debt and Equity Securities (FASB ASC 320-10)			
<i>Presentation</i>			
Balance Sheet Classification			
1. Are there separate captions for each of the following investment categories:			
a. Trading securities?	_____	_____	_____
b. Securities available for sale?	_____	_____	_____
c. Securities held to maturity?	_____	_____	_____
d. Mortgage loans on real estate?	_____	_____	_____
e. Real estate? [FASB ASC 320-10-45]	_____	_____	_____
2. Has the entity properly presented any investments in available-for-sale securities and trading securities separately from similar assets that are subsequently measured using another measurement attribute on the face of the statement of financial position and, in doing so, does the entity			
a. present the aggregate of those fair value and non-fair-value amounts in the same line item and parenthetically disclose the amount of fair value included in the aggregate amount?	_____	_____	_____
b. present two separate line items to display the fair value and non-fair-value carrying amounts? [FASB ASC 320-10-45-1]	_____	_____	_____
3. If the entity presents a classified statement of financial position, has the entity properly presented all individual held-to-maturity securities, individual available-for-sale securities, and individual trading securities as either current or noncurrent, as appropriate, under the current asset and current liability provisions of FASB ASC 210-10-45? [FASB ASC 320-10-45-2]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Income Statement Classification			
4. Has the entity properly presented gains and losses that have accumulated before the transfer consistently with realized gains and losses for the category <i>from</i> which the security is being transferred, and not the category <i>into</i> which the security is being transferred? [FASB ASC 320-10-45-7]	_____	_____	_____
Other-Than-Temporary Impairment			
5. Has the entity properly presented, in a period in which the entity determines that a security's decline in fair value below its amortized cost basis is other than temporary, the total other-than-temporary impairment in the statement of earnings with an offset for the amount of the total other-than-temporary impairment that is recognized in OCI, in accordance with FASB ASC 320-10-35-34D? [FASB ASC 320-10-45-8A]	_____	_____	_____
Other Comprehensive Income			
6. Has the entity properly presented subsequent increases in the fair value of available-for-sale securities in OCI pursuant to FASB ASC 320-10-35-1(b) and FASB ASC 320-10-45-8? (<i>Note</i> : Subsequent decreases in fair value, if not an other-than-temporary impairment, should also be included in OCI.) [FASB ASC 320-10-45-9]	_____	_____	_____
Other Than Temporary Impairment			
7. Has the entity properly presented, in the financial statement in which the components of accumulated OCI are reported, amounts recognized therein related to held-to-maturity and available-for-sale debt securities for which a portion of an other-than-temporary impairment has been recognized in earnings? [FASB ASC 320-10-45-9A]	_____	_____	_____
Cash Flow Presentation			
8. Has the entity properly presented cash flows from purchases, sales, and maturities of available-for-sale securities and held-to-maturity securities as cash flows from investing activities and presented them at gross for each security classification in the statement of cash flows? [FASB ASC 320-10-45-11]	_____	_____	_____
9. Has the entity properly presented cash flows from purchases, sales, and maturities of trading securities as cash flows based on the nature and purpose for which the securities were acquired (generally, operating activities) in the statement of cash flows? [FASB ASC 320-10-45-11]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
General			
10. Has the entity properly disclosed the major security types, based on the nature and risks of each security? (<i>Note</i> : In determining whether disclosure for a particular security type is necessary and whether it is necessary to further separate a particular security type into greater detail, the entity should consider all of the following: [a] [shared] activity or business sector, [b] vintage, [c] geographic concentration, [d] credit quality, and [e] economic characteristics.) [FASB ASC 320-10-50-1B]	_____	_____	_____
11. For cost-method investments, does the entity disclose all of the following additional information, if applicable, as of each date for which a statement of financial position is presented in its annual financial statements:			
a. The aggregate carrying amount of all cost-method investments?	_____	_____	_____
b. The aggregate carrying amount of cost-method investments that the entity did not evaluate for impairment (see FASB ASC 325-20-35)?	_____	_____	_____
c. The fact that the fair value of a cost-method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment, and any one of the following:			
i. The entity determined, in accordance with paragraphs 16–19 of FASB ASC 825-10-50, that it is not practicable to estimate the fair value of the investment;	_____	_____	_____
ii. The entity is exempt from estimating fair value under FASB ASC 825, <i>Financial Instruments</i> ; or	_____	_____	_____
iii. The entity is exempt from estimating interim fair values because it does not meet the FASB ASC definition of a <i>publicly traded company</i> ? [FASB ASC 325-20-50-1]	_____	_____	_____
12. Insurance subsidiaries may be required to deposit securities with state regulatory authorities. If so, is the carrying amount of securities deposited with state regulatory authorities disclosed? [FASB ASC 944-320-50-1]	_____	_____	_____
Securities Classified as Available for Sale			
13. Has the entity properly disclosed, for securities classified as available for sale, all of the following by major security type, as of each date for which a statement of financial position is presented: (<i>Note</i> : Investments in mutual funds that invest only in U.S. government debt securities may be shown separately rather than grouped with other equity securities.)			
a. Amortized cost basis?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Aggregate fair value?	_____	_____	_____
c. Total other-than-temporary impairment recognized in accumulated OCI?	_____	_____	_____
d. Total gains for securities with net gains in accumulated OCI?	_____	_____	_____
e. Total losses for securities with net losses in accumulated OCI?	_____	_____	_____
f. Information about the contractual maturities of those securities as of the date of the most recent statement of financial position reported? (<i>Note</i> : Maturity information may be combined in appropriate groupings. Further, securities not due at a single maturity date, such as mortgage backed securities, may be disclosed separately rather than allocated over several maturity groupings.) [FASB ASC 320-10-50 par. 2-4]	_____	_____	_____
14. Has the entity properly disclosed the following by major security type, for securities classified as held-to-maturity as of each date for which a statement of financial position is presented:			
a. Amortized cost basis?	_____	_____	_____
b. Aggregate fair value?	_____	_____	_____
c. Gross unrecognized holding gains?	_____	_____	_____
d. Gross unrecognized holding losses?	_____	_____	_____
e. Net carrying amount?	_____	_____	_____
f. Total other-than-temporary impairment recognized in accumulated OCI?	_____	_____	_____
g. Gross gains and losses in accumulated OCI for any derivatives that hedged the forecasted acquisition of the held-to-maturity securities?	_____	_____	_____
h. Information about the contractual maturities of those securities as of the date of the most recent statement of financial position presented? [FASB ASC 320-10-50-5]	_____	_____	_____

Impairment of Securities

15. Has the entity properly disclosed, for all investments in an unrealized loss position, including those that fall within the scope of FASB ASC 325-40, for which other-than-temporary impairments have not been recognized in earnings (including investments for which a portion of an other-than-temporary impairment has been recognized in OCI), the following in its interim and annual financial statements:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>a. As of each date for which a statement of financial position is presented, quantitative information, aggregated by category of investment—each major security type that the entity discloses in accordance with FASB ASC 320-10 and cost-method investments—in tabular form (<i>Note:</i> These disclosures should be segregated by those investments that have been in a continuous unrealized loss position⁷ for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer.),</p> <p style="margin-left: 20px;">i. the aggregate related fair value of investments with unrealized losses?</p> <p style="margin-left: 20px;">ii. the aggregate amount of unrealized losses (that is, the amount by which cost basis exceeds fair value)?</p> <p>b. As of the date of the most recent statement of financial position, additional information (in narrative form) that provides sufficient information to allow financial statement users to understand the quantitative disclosures and the information that the entity considered (both positive and negative) in reaching the conclusion that the impairment or impairments are not other than temporary? (<i>Note:</i> The disclosures may be aggregated by investment categories, but individually significant unrealized losses generally should not be aggregated.) (See FASB ASC 320-10-50-6 for example disclosures.) [FASB ASC 320-10-50 par. 6–7]</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>16. Has the entity properly disclosed, for interim and annual periods in which an other-than-temporary impairment of a debt security is recognized and only the amount related to a credit loss was recognized in earnings, by major security type, the methodology and significant inputs used to measure the amount related to credit loss? (Examples of significant inputs include default rates, delinquency rates, percentage of non-performing assets, loan-to-collateral-value ratios, third-party guarantees, current levels of subordination, vintage, geographic concentration and credit ratings.) [FASB ASC 320-10-50-8A]</p>	<p>_____</p>	<p>_____</p>	<p>_____</p>
<p>17. Has the entity properly disclosed, in tabular format, a rollforward of the amount related to credit losses recognized in earnings in accordance with FASB ASC 320-10-35-34D, for interim and annual periods, including, at a minimum,</p>	<p>_____</p>	<p>_____</p>	<p>_____</p>

⁷ Per FASB ASC 320-10-50-8, the reference point for determining how long an investment has been in a continuous unrealized loss position is the balance sheet date of the reporting period in which the impairment is identified. The continuous unrealized loss position ceases upon either of the following:

- The recognition of the total amount by which amortized cost basis exceeds fair value as an other-than-temporary impairment in earnings
- The investor becoming aware of a recovery of fair value up to (or beyond) the cost of the investment during the period

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. the beginning balance of the amount related to credit losses on debt securities held by the entity at the beginning of the period for which a portion of an other-than-temporary impairment was recognized in OCI?	_____	_____	_____
b. additions for the amount related to the credit loss for which an other-than-temporary impairment was not previously recognized?	_____	_____	_____
c. reductions for securities sold during the period (realized)?	_____	_____	_____
d. reductions for securities for which the amount previously recognized in OCI was recognized in earnings because the entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis?	_____	_____	_____
e. if the entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis, additional increases to the amount related to the credit loss for which an other-than-temporary impairment was previously recognized?	_____	_____	_____
f. reductions for increases in cash flows expected to be collected that are recognized over the remaining life of the security?	_____	_____	_____
g. the ending balance of the amount related to credit losses on debt securities held by the entity at the end of the period for which a portion of an other-than-temporary impairment was recognized in OCI? [FASB ASC 320-10-50-8B]	_____	_____	_____
Sales, Transfers, and Related Matters That Occurred During the Period			
18. Has the entity properly disclosed the following for each period for which an income statement is presented:			
a. The proceeds from sales of available-for-sale securities and gross realized gains and losses that have been included in earnings as a result of those sales?	_____	_____	_____
b. The basis on which the cost of a security sold or the amount reclassified out of accumulated OCI into earnings was determined (that is, specific identification, average cost, or other method used)?	_____	_____	_____
c. The gross gains and losses included in earnings from transfers of securities from the available-for-sale category to the trading category?	_____	_____	_____
d. The amount of the net unrealized holding gain or loss on available-for-sale securities for the period that has been included in accumulated OCI and the amount of gains and losses reclassified out of accumulated OCI into earnings for the period?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
e.	The portion of trading gains and losses for the period that relates to trading securities still held at the reporting date? [FASB ASC 320-10-50-9]	_____	_____	_____
19.	Has the entity properly disclosed the following for any sales of or transfers from securities classified as held-to-maturity for each period for which an income statement is presented: (<i>Note</i> : FASB ASC 320-10-25-14 sets forth the conditions under which sales of debt securities may be considered as maturities for the purposes of these disclosures.)			
a.	Net carrying amount of the sold or transferred security?	_____	_____	_____
b.	The net gain or loss in accumulated OCI for any derivative that hedged the forecasted acquisition of the held-to-maturity security?	_____	_____	_____
c.	Related realized or unrealized gain or loss?	_____	_____	_____
d.	The circumstances leading to the decision to sell or transfer the security? [FASB ASC 320-10-50 par. 10–11]	_____	_____	_____
F.	Investments—Equity Method and Joint Ventures (FASB ASC 323-10)			
	<i>Presentation</i>			
1.	For investments in common stock accounted for by the equity method, is the investor’s share of earnings shown as a single amount except for investee extraordinary items and prior-period adjustments that are material to the investor? [FASB ASC 323-10-45 par. 1–2]	_____	_____	_____
	<i>Disclosure</i>			
	General			
2.	Has the entity properly disclosed the following for investments in common stock accounted for by the equity method:			
a.	The name of each investee and their percentage of ownership of common stock? (<i>Note</i> : Disclosure should include the names of any significant investee entities in which the investor holds 20 percent or more of the voting stock, but the common stock is not accounted for on the equity method, together with the reasons why the equity method is not considered appropriate, and the names of any significant investee corporations in which the investor holds less than 20 percent of the voting stock and the common stock is accounted for on the equity method, together with the reasons why the equity method is considered appropriate.)	_____	_____	_____
b.	The accounting policies of the investor with respect to investments in common stock?	_____	_____	_____

Life and Health Insurance Entities

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
c.	The difference between the amount at which an investment is carried and the amount of underlying equity in net assets, and the accounting treatment of this difference?	_____	_____	_____
d.	For investments in common stock for which a quoted market price is available, the aggregate value of each identified investment based on the quoted market price? (This is not required for investments in common stock of subsidiaries.)	_____	_____	_____
e.	For investments in common stock of corporate joint ventures or other investments accounted for under the equity method which are in the aggregate material in relation to the financial position or results of operations of an investor, summarized information as to assets, liabilities, and results of operation of the investees as appropriate?	_____	_____	_____
f.	Material effects of possible conversions of outstanding convertible securities, exercises, or contingent issuances? [FASB ASC 323-10-50-3]	_____	_____	_____
3.	If the entity holds 20 percent or more of the voting stock of a significant investee corporation but does not account for the investment using the equity method, are the following disclosed:			
a.	The name of such investee?	_____	_____	_____
b.	The reasons why the equity method is not considered appropriate? [FASB ASC 323-10-50-3(a)(2)]	_____	_____	_____
4.	If the entity holds less than 20 percent of the voting stock of a significant investee corporation and accounts for the investment using the equity method, are the following disclosed:			
a.	The name of such investee?	_____	_____	_____
b.	The reasons why the equity method is considered appropriate? [FASB ASC 323-10-50-3(a)(2)]	_____	_____	_____
G. Cost Method Investments (FASB ASC 325-20)				
<i>Disclosure</i>				
1.	Has the entity properly disclosed, for cost-method investments, the following additional information, if applicable, as of each date for which a statement of financial position is presented in its annual financial statements:			
a.	The aggregate carrying amount of all cost-method investments?	_____	_____	_____
b.	The aggregate carrying amount of cost-method investments that the entity did not evaluate for impairment (see FASB ASC 325-20-35)?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. The fact that the fair value of a cost-method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment, and any one of the following:			
i. The entity determined, in accordance with paragraphs 16–19 of FASB ASC 825-10-50, that it is not practicable to estimate the fair value of the investment?	_____	_____	_____
ii. The entity is exempt from estimating fair value under FASB ASC 825?	_____	_____	_____
iii. the entity is exempt from estimating interim fair values because it does not meet the FASB ASC definition of a <i>publicly traded company</i> ? [FASB ASC 325-20-50-1]	_____	_____	_____

H. Investments in Insurance Contracts (FASB ASC 325-30)

Presentation

Life Settlement Contract—Statement of Financial Position

1. Has the entity properly presented, to accomplish separate reporting, its investments that are remeasured at fair value on the face of the statement of financial position separately from those accounted for under the investment method by either of the following:			
a. Displaying separate line items on the statement of financial position for the fair value method and investment method carrying amounts?	_____	_____	_____
b. Presenting the aggregate of those fair value method and investment method carrying amounts and parenthetically disclosing the amount of those investments accounted for under the fair value method included in the aggregate amount? [FASB ASC 325-30-45-1]	_____	_____	_____

Life Settlement Contract—Income Statement

2. Has the entity properly presented, to accomplish separate reporting, the investment income from its investments in life settlement contracts that are remeasured at fair value on the face of the income statement separately from the investment income from those accounted for under the investment method by either of the following:			
a. Displaying separate line items on the income statement for the investment income from the investments in life settlement contracts that are accounted for under the fair value method and investment method?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>b. Presenting the aggregate of the investment income in life settlement contracts and parenthetically disclosing the investment income from those investments accounted for under the fair value method that are included in the aggregate amount? [FASB ASC 325-30-45-3]</p>	_____	_____	_____
<p>3. Has the entity properly presented, if applying the fair value method, premiums paid and life insurance proceeds received on the same financial reporting line as the changes in fair value? [FASB ASC 325-30-45-4]</p>	_____	_____	_____
<i>Life Settlement Contract—Statement of Cash Flows</i>			
<p>4. Has the entity properly presented cash receipts and cash payments related to life settlement contracts pursuant to FASB ASC 230, <i>Statement of Cash Flows</i>, based on the nature and purpose for which the life settlements were acquired? [FASB ASC 325-30-45-5]</p>	_____	_____	_____
<i>Certain Equity Securities</i>			
<p>5. Has the entity reported unrealized gains and losses of certain equity securities subject to FASB ASC 944-325-35-1, net of applicable income taxes in OCI? [FASB ASC 944-325-45-1]</p>	_____	_____	_____
<p>6. Has the not-for-profit insurance entity recognized the change in fair value of equity securities that are not within the scope of FASB ASC 958-20 because they do not have readily determinable fair values in its statement of activities? [FASB ASC 944-325-45-2]</p>	_____	_____	_____
<i>All Investments</i>			
<p>7. Has the entity reported realized gains and losses on all investments in the statement of earnings as a component of other income, on a pretax basis (except those that are accounted for as either hedges of net investments in foreign operations or cash flow hedges)? [FASB ASC 944-325-45-3]</p>	_____	_____	_____
<p>8. Has the entity presented all realized gains and losses as a separate item in the statement of earnings or disclosed in the notes to the financial statements, except losses arising from an other-than-temporary impairment which is presented in accordance with FASB ASC 320-10? [FASB ASC 944-325-45 par. 4–5]</p>	_____	_____	_____
<i>Disclosure</i>			
<i>General</i>			
<p>9. Has the entity properly disclosed when contractual restrictions on the ability to surrender a policy exist? [FASB ASC 325-30-50-1]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Life Settlement Contract			
10. Has the entity properly disclosed its accounting policy for life settlement contracts including the classification of cash receipts and cash disbursements in the statement of cash flows? (<i>Note:</i> The disclosure requirements in FASB ASC 325-30-50 do not eliminate disclosure requirements included in elsewhere in FASB ASC, including other disclosure requirements on the use of fair value.) [FASB ASC 325-30-50 par. 2-3]	_____	_____	_____
Life Settlement Contract—Investment Method			
11. Has the entity properly disclosed the following for life settlements contracts accounted for under the investment method based on the remaining life expectancy for each of the first five succeeding years from the date of the statement of financial position and thereafter, as well as in the aggregate:			
a. The number of life settlement contracts?	_____	_____	_____
b. The carrying value of the life settlement contracts?	_____	_____	_____
c. The face value (death benefits) of the life insurance policies underlying the contracts? [FASB ASC 325-30-50-4]	_____	_____	_____
12. Has the entity properly disclosed the life insurance premiums anticipated to be paid for each of the five succeeding fiscal years to keep the life settlement contracts in force as of the date of the most recent statement of financial position presented? [FASB ASC 325-30-50-5]	_____	_____	_____
13. Has the entity properly disclosed, if the entity becomes aware of new or updated information that causes it to change its expectations on the timing of the realization of proceeds from the investments in life settlement contracts, the nature of the information and the related effect on the timing of the realization of proceeds from the life settlement contracts, including disclosing significant changes to the amounts disclosed in accordance with FASB ASC 325-30-50-4? (<i>Note:</i> The investor is not required to actively seek out new or updated information to update the assumptions used in determining the remaining life expectancy of the life settlement contracts.) [FASB ASC 325-30-50-6]	_____	_____	_____
Life Settlement Contract—Fair Value Method			
14. Has the entity properly disclosed the method(s) and significant assumptions used to estimate the fair value of investments in life settlement contracts, including any mortality assumptions? [FASB ASC 325-30-50-7]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15. Has the entity properly disclosed the following for life settlement contracts accounted for under the fair value method based on remaining life expectancy for each of the first five succeeding years from the date of the statement of financial position and thereafter, as well as in the aggregate:			
<i>a.</i> The number of life settlement contracts?	_____	_____	_____
<i>b.</i> The carrying value of the life settlement contracts?	_____	_____	_____
<i>c.</i> The face value (death benefits) of the life insurance policies underlying the contracts? [FASB ASC 325-30-50-8]	_____	_____	_____
16. Has the entity properly disclosed the reasons for changes in its expectation of the timing of the realization of the investments in life settlement contracts, including disclosing significant changes to the amounts disclosed in accordance with FASB ASC 325-30-50-8? [FASB ASC 325-30-50-9]	_____	_____	_____
17. Has the investor (entity) properly disclosed the following for each reporting period presented in the income statement:			
<i>a.</i> The gains or losses recognized during the period on investments sold during the period?	_____	_____	_____
<i>b.</i> The unrealized gains or losses recognized during the period on investments that are still held at the date of the statement of financial position? [FASB ASC 325-30-50-10]	_____	_____	_____
All Investments			
18. If realized gains and losses are not presented as a separate item in the statement of earnings, have they been disclosed in the notes to the financial statements? [FASB ASC 944-325-50-1]	_____	_____	_____
I. Inventory (FASB ASC 330-10)			
<i>Disclosure</i>			
Basis for Stating Inventories			
1. Has the entity properly disclosed the basis of stating inventories and has that basis been consistently applied? Whenever a significant change is made therein, has the entity disclosed the nature of the change and, if material, the effect on income? [FASB ASC 330-10-50-1]	_____	_____	_____
Losses From Application of Lower of Cost or Market			
2. Has the entity properly disclosed information regarding substantial and unusual losses which have resulted from the application of the rule of lower of costs or market (normally as a charge separately identified from the consumed inventory costs described as cost of goods sold)? [FASB ASC 330-10-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Goods Stated Above Cost			
3. Has the entity properly disclosed if goods are stated above cost? [FASB ASC 330-10-50-3]	_____	_____	_____
Stating Inventories at Sales Prices			
4. Has the entity properly disclosed if goods are stated at sales prices? [FASB ASC 330-10-50-4]	_____	_____	_____
Losses on Firm Purchase Commitments			
5. Has the entity properly disclosed net losses on firm purchase commitments for goods for inventory, separately in the income statement? [FASB ASC 330-10-50-5]	_____	_____	_____
J. Capitalized Advertising Costs (FASB ASC 340-20)			
<i>Presentation</i>			
Presentation of Qualifying Direct-Response Advertising Assets			
1. Has the entity properly presented direct-response advertising costs as assets net of accumulated amortization, if those costs meet the recognition criteria as capitalized assets of FASB ASC 340-20-25-4? [FASB ASC 340-20-45-1]	_____	_____	_____
<i>Disclosure</i>			
2. Has the entity properly disclosed the following related to advertising:			
a. The accounting policy for reporting advertising, indicating whether such costs are expensed as incurred or expensed the first time the advertising takes place?	_____	_____	_____
b. A description of direct-response-advertising reported as assets (if any), the related accounting policy, and the amortization method and period?	_____	_____	_____
c. The amount charged to advertising expense for each statement of income presented, with separate disclosure of amounts, if any, representing a write-down of capitalized advertising costs to net realizable value?	_____	_____	_____
d. The amount of advertising reported as assets in each balance sheet presented? [FASB ASC 340-20-50-1]	_____	_____	_____
K. Insurance Contracts That Do Not Transfer Insurance Risks (FASB ASC 340-30)			
<i>Presentation</i>			
Deposit Asset and Liability			
1. Has the entity properly presented deposit assets and liabilities on the gross basis, unless the right of offset exists as defined in FASB ASC 210-20? [FASB ASC 340-30-45-1]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Insurance and Reinsurance Contracts That Transfer Only Significant Timing Risk and Insurance and Reinsurance Contracts That Transfer Neither Timing nor Significant Underwriting Risk			
2. Has the entity properly presented changes in the carrying amount of the deposit as interest income or interest expense? [FASB ASC 340-30-45-2]	_____	_____	_____
Insurance and Reinsurance Contracts that Transfer Only Significant Underwriting Risk			
3. Has the entity properly presented the changes in the recorded amount of the deposit, other than the unexpired portion of the coverage provided, arising from an insurance or reinsurance contract that transfers only significant underwriting risk in an insured's income statement as an offset against the loss recorded by the insured that will be reimbursed under the insurance or reinsurance contract and in an insurer's income statement as an incurred loss? [FASB ASC 340-30-45-3]	_____	_____	_____
4. Has the entity properly presented the reduction in the deposit related to the unexpired portion of the coverage provided as an adjustment to incurred loss? [FASB ASC 340-30-45-4]	_____	_____	_____
5. Has the entity (if not an insurance entity) properly presented the reduction in the deposit related to the unexpired portion of the coverage provided as an expense? [FASB ASC 340-30-45-5]	_____	_____	_____
<i>Disclosure</i>			
Deposit Asset and Liability			
6. Has the entity properly disclosed a description of the contracts accounted for as deposits and the separate amounts of total deposit assets and total deposit liabilities reported in the statement of financial position? [FASB ASC 340-30-50-1]	_____	_____	_____
Insurance and Reinsurance Contracts That Transfer Only Underwriting Risk			
7. Has the entity properly disclosed the following regarding the changes in the recorded amount of the deposit arising from an insurance or reinsurance contract that transfers only significant underwriting risk:			
a. The present values of initial expected recoveries that will be reimbursed under the insurance or reinsurance contracts that have been recorded as an adjustment to incurred losses?	_____	_____	_____
b. Any adjustment of amounts initially recognized for expected recoveries and the individual components of the adjustment (meaning, interest accrual, the present value of additional expected recoveries, and the present value of reductions in expected recoveries) disclosed separately?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. The amortization expense attributable to the expiration of coverage provided under the contract? [FASB ASC 340-30-50-2]	_____	_____	_____
L. Goodwill (FASB ASC 350-20)			
<i>Presentation</i>			
1. Has the entity properly presented the aggregate amount of goodwill as a separate line item in the statement of financial position? [FASB ASC 350-20-45-1]	_____	_____	_____
2. Has the entity properly presented the aggregate amount of goodwill impairment losses as a separate line item in the income statement before the subtotal “income from continuing operations” (or similar caption) unless a goodwill impairment loss is associated with a discontinued operation? [FASB ASC 350-20-45-2]	_____	_____	_____
3. Has the entity properly presented a goodwill impairment loss associated with a discontinued operation (on a net-of-tax basis) within the results of discontinued operations? [FASB ASC 350-20-45-3]	_____	_____	_____
<i>Disclosure</i>			
Information for Each Period for Which a Statement of Financial Position Is Presented			
4. Has the entity properly disclosed any changes in the carrying amount of goodwill during the period, including showing the following separately, (see example 3 in FASB ASC 350-20-55-24): ⁸			
a. The gross amount and accumulated impairment losses at the beginning of the period?	_____	_____	_____
b. Additional goodwill recognized during the period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with FASB ASC 360-10-45-9?	_____	_____	_____
c. Adjustments resulting from the subsequent recognition of deferred tax assets during the period in accordance with paragraphs 2–4 of FASB ASC 805-740-25 and FASB ASC 805-740-45-2?	_____	_____	_____
d. Goodwill included in a disposal group classified as held for sale in accordance with FASB ASC 360-10-45-9 and goodwill derecognized during the period without having previously been reported in a disposal group classified as held for sale?	_____	_____	_____
e. Impairment losses recognized during the period in accordance with FASB ASC 350-10?	_____	_____	_____

⁸ Entities that report segment information in accordance with FASB ASC 280, *Segment Reporting*, should provide this information about goodwill in total and for each reportable segment and should disclose any significant changes in the allocation of goodwill by reportable segment. If any portion of goodwill has not yet been allocated to a reporting unit at the date the financial statements are issued, that unallocated amount and the reasons for not allocating that amount should be disclosed.

Life and Health Insurance Entities

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
f.	Net exchange differences arising during the period in accordance with FASB ASC 830, <i>Foreign Currency Matters</i> ?	_____	_____	_____
g.	Any other changes in the carrying amounts during the period?	_____	_____	_____
h.	The gross amount and accumulated impairment losses at the end of the period? [FASB ASC 350-20-50-1]	_____	_____	_____
Goodwill Impairment Loss				
5.	Has the entity properly disclosed, for each goodwill impairment loss recognized, the following information in the notes to the financial statement that include the period in which the impairment loss is recognized:			
a.	A description of the facts and circumstances leading to the impairment?	_____	_____	_____
b.	The amount of the impairment loss and the method of determining the fair value of the associated reporting unit (whether based on quoted market prices, prices of comparable businesses, a present value or other valuation technique, or a combination thereof)?	_____	_____	_____
c.	If a recognized impairment loss is an estimate that has not yet been finalized (refer to paragraphs 18–19 of FASB ASC 350-20-35), that fact and the reasons therefore and, in subsequent periods, the nature and amount of any significant adjustments made to the initial estimate of the impairment loss? [FASB ASC 350-20-50-2]	_____	_____	_____
M. General Intangibles Other Than Goodwill (FASB ASC 350-30)				
<i>Presentation</i>				
1.	At a minimum, are all intangible assets aggregated and presented as a separate line item in the statement of financial position? (This requirement does not preclude presentation of individual intangible assets or classes of intangible assets as separate line items.) [FASB ASC 350-30-45-1]	_____	_____	_____
2.	Are amortization expense and impairment losses for intangible assets presented in income statement line items within continuing operations as deemed appropriate for each entity? [FASB ASC 350-30-45-2]	_____	_____	_____

Yes No N/A

Disclosure

Disclosures in the Period of Acquisition

3. Has the entity properly disclosed, for intangible assets acquired either individually or with a group of assets (in either an asset acquisition or business combination), all of the following in the notes to financial statements in the period of acquisition: (*Note:* The following information also should be disclosed separately for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively, if the aggregate fair values of intangible assets, other than goodwill, are significant.)
- a. For intangible assets subject to amortization, all of the following:
 - i. The total amount assigned and the amount assigned to any major intangible asset class? _____
 - ii. The amount of any significant residual value, in total and by major intangible asset class? _____
 - iii. The weighted-average amortization period, in total and by major intangible asset class? _____
 - b. For intangible assets not subject to amortization, the total amount assigned and the amount assigned for each major intangible asset class? _____
 - c. The amount of research and development assets acquired in a transaction other than a business combination and written off in the period and the line item in the income statement in which the amounts written off are aggregated? _____
 - d. For intangible assets with renewal or extension terms, the weighted-average period before the next renewal or extension (both explicit and implicit), by major asset class? _____
- [FASB ASC 350-30-50-1]

Disclosures for Each Period for Which a Statement of Financial Position is Presented

4. Has the entity properly disclosed the following information in the financial statements or notes to the financial statements, for each period for which a statement of financial position is presented:
- a. For intangible assets subject to amortization, all of the following:
 - i. The gross carrying amount and accumulated amortization, in total and by major intangible asset class? _____
 - ii. The aggregate amortization expense for the period? _____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. The estimated aggregate amortization expense for each of the five succeeding fiscal years?	_____	_____	_____
b. For intangible assets not subject to amortization, the total carrying amount and the carrying amount for each major intangible asset class?	_____	_____	_____
c. The entity's accounting policy on the treatment of costs incurred to renew or extend the term of a recognized intangible asset?	_____	_____	_____
d. For intangible assets that have been renewed or extended in the period for which a statement of financial position is presented, both of the following:			
i. For entities that capitalize renewal or extension costs, the total amount of costs incurred in the period to renew or extend the term of a recognized intangible asset, by major intangible asset class?	_____	_____	_____
ii. The weighted-average period before the next renewal or extension (both explicit and implicit), by major intangible asset class? [FASB ASC 350-30-50-2]	_____	_____	_____

Disclosures Relating to Impairment Loss

5. Has the entity properly disclosed, for each impairment loss recognized related to an intangible asset, the following information in the notes to the financial statements that include the period in which the impairment loss is recognized:			
a. A description of the impaired intangible asset and the facts and circumstances leading to the impairment?	_____	_____	_____
b. The amount of the impairment loss and the method for determining fair value?	_____	_____	_____
c. The caption in the income statement in which the impairment loss is aggregated?	_____	_____	_____
d. If applicable, the segment in which the impaired intangible asset is reported under FASB ASC 280? [FASB ASC 350-30-50-3]	_____	_____	_____

Renewal or Extension of an Intangible Asset's Legal or Contractual Life

6. Has the entity properly disclosed, for recognized intangible assets, information that enables users of financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity's intent or ability (or both intent and ability) to renew or extend the arrangement? [FASB ASC 350-30-50-4]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
N. Property, Plant, and Equipment (FASB ASC 360-10)			
<i>Presentation</i>			
Impairment of Long-Lived Assets—Impairment of Long-Lived Assets Classified as Held and Used—Presentation of Impairment Loss for Long-Lived Assets to Be Held and Used			
1.			
	Is an impairment loss recognized for a long-lived asset (asset group) to be held and used included in income from continuing operations before income taxes in the income statement? If a subtotal such as income from operations is presented, does it include the amount of the loss? [FASB ASC 360-10-45-4]		
	_____	_____	_____
2.			
	If a long-lived asset is to be disposed of other than by sale, does it continue to be classified as held and used until it is disposed of? [FASB ASC 360-10-45-15]		
	_____	_____	_____
3.			
	Is a long-lived asset that is classified as held for sale presented separately in the statement of financial position? [FASB ASC 360-10-45-14]		
	_____	_____	_____
Impairment of Long-Lived Assets—Impairment of Long-Lived Assets Classified as Held and Used—Presentation of Disposal Gains or Losses in Continuing Operations			
4.			
	Is a gain or loss that is recognized on the sale of a long-lived asset (disposal group) that is not a component of an entity included in income from continuing operations before income taxes in the income statement? (<i>Note:</i> If a subtotal such as “income from operations” is presented, it should include the amounts of those gains or losses.) [FASB ASC 360-10-45-5]		
	_____	_____	_____
Change of Classification After Balance Sheet Date but Before Issuance of Financial Statements			
5.			
	Has the entity properly presented, if the held for sale criteria were met after the balance sheet date but before the financial statements were issued or were available to be issued, the long-lived asset as held and used in those financial statements when issued or available to be issued? [FASB ASC 360-10-45-13]		
	_____	_____	_____
Real Estate Acquired in Settling Certain Claims			
6.			
	Has the entity reported real estate acquired in settling claims separately in the balance sheet and not as an investment? [FASB ASC 944-360-45-1]		
	_____	_____	_____
7.			
	Has the entity reported depreciation and other real estate operating costs as investment expenses or operating expenses consistent with the balance sheet classification of the related asset? [FASB ASC 944-360-45-2]		
	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
8.			
Has the entity properly disclosed the following regarding the depreciation method or methods used in the financial statements or notes thereto:			
a.	_____	_____	_____
Depreciation expense for the period?			
b.	_____	_____	_____
Balances of major classes of depreciable assets, by nature or function, at the balance sheet date?			
c.	_____	_____	_____
Accumulated depreciation, either by major class of depreciable assets or in total, at the balance sheet date?			
d.	_____	_____	_____
A general description of the method or methods used in computing depreciation with respect to major classes of depreciable assets? [FASB ASC 360-10-50-1]			
9.	_____	_____	_____
If realized gains and losses on the sale of property have not been presented as a separate line item in the statement of earnings, have they been disclosed in the notes to the financial statements? [FASB ASC 944-360-50]			
10.			
Is the following information disclosed in the notes to the financial statements that include the period in which an impairment loss is recognized:			
a.	_____	_____	_____
A description of the impaired long-lived asset (asset group) and the facts and circumstances leading to the impairment?			
b.	_____	_____	_____
If not separately presented on the face of the statement, the amount of the impairment loss and the caption in the income statement that includes the loss?			
c.	_____	_____	_____
The method or methods for determining fair value (whether based on a quoted market price, prices for similar assets, or another valuation technique)?			
d.	_____	_____	_____
If applicable, the segment in which the impaired long-lived asset (asset group) is reported under FASB ASC 280? [FASB ASC 360-10-50-2]			

III. Liabilities

A. Insurance-Related Assessment Liabilities (FASB ASC 405-30)

Disclosure

1.			
Has the entity properly disclosed, for insurance-related assessments,			
a.	_____	_____	_____
if amounts relating to insurance-related assessments have been discounted, has the entity disclosed in the financial statements the undiscounted amounts of the liability and any related asset for premium tax offsets or policy surcharges as well as the discount rate used?			

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
b.	if amounts have not been discounted, has the entity disclosed in the financial statements the amounts of the liability, any related asset for premium tax offsets or policy surcharges, the periods over which the assessments are expected to be paid, and the period over which the recorded premium tax offsets or policy surcharges are expected to be realized? [FASB ASC 405-30-50-1]	_____	_____	_____
B.	Asset Retirement and Environmental Obligations (FASB ASC 410-20)			
	<i>Presentation</i>			
1.	Has the entity properly presented accretion expense as an operating item in the statement of income? (<i>Note:</i> The entity may use any descriptor for accretion expense so long as it conveys the underlying nature of the expense.) [FASB ASC 410-20-45-1]	_____	_____	_____
2.	Is, on a pro forma basis, in the footnotes to the financial statements, for the beginning of the earliest period presented and at the end of all periods presented during the year of adoption, the amount of liability for asset retirement obligations presented, as if FASB ASC 410-20 had been applied during all periods affected? (These pro forma amounts should be measured using the information, assumptions, and interest rates used to measure the obligation recognized upon adoption of the provisions of FASB ASC 410-20.) [FASB ASC 410-20]	_____	_____	_____
	<i>Disclosure</i>			
3.	Has the entity properly disclosed the following information about its asset retirement obligations:			
a.	A general description of the asset retirement obligations and the associated long-lived assets?	_____	_____	_____
b.	The fair value of assets that are legally restricted for purposes of settling asset retirement obligations?	_____	_____	_____
c.	A reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations showing separately the changes attributable to (1) liabilities incurred in the current period, (2) liabilities settled in the current period, (3) accretion expense, and (4) revisions in estimated cash flows, whenever there is a significant change in one or more of those four components during the reporting period? [FASB ASC 410-20-50-1]	_____	_____	_____
4.	Has the entity properly disclosed, if the fair value of an asset retirement obligation cannot be reasonably estimated, that fact and the reasons therefore? [FASB ASC 410-20-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
C. Asset Retirement and Environmental Obligations—			
Environmental Obligations (FASB ASC 410-30)			
<i>Presentation</i>			
General			
1. Has the entity properly <i>not</i> presented environmental remediation obligations as extraordinary? (<i>Note:</i> Environmental remediation obligations are not events that are unusual in nature.) [FASB ASC 410-30-45-3]	_____	_____	_____
2. Has the entity properly presented environmental remediation costs as a charge against operations, rather than nonoperating expenses? [FASB ASC 410-30-45-4]	_____	_____	_____
3. Has the entity properly presented any earnings on assets that are reflected on the entity's financial statements and are earmarked for funding environmental liabilities as investment income? [FASB ASC 410-30-45-4]	_____	_____	_____
4. Has the entity properly presented environmental remediation expenses and related recoveries attributable to discontinued operations, accounted for in accordance with FASB ASC 205-20, as discontinued operations? [FASB ASC 410-30-45-5]	_____	_____	_____
<i>Disclosure</i>			
Disclosures That Are Required			
5. Has the entity properly disclosed whether the accrual for environmental remediation liabilities is measured on a discounted basis? (<i>Note:</i> If the entity utilizes present-value measurement techniques, additional disclosures are appropriate. See FASB ASC 410-30-50-7.) [FASB ASC 410-30-50-4]	_____	_____	_____
6. Has the entity properly disclosed, with respect to recorded accruals for environmental remediation loss contingencies and assets for third-party recoveries related to environmental remediation obligations, if any portion of the accrued obligation is discounted, the undiscounted amount of the obligation, and the discount rate used in the present-value determinations? [FASB ASC 410-30-50-7]	_____	_____	_____
Disclosures That Are Encouraged But Not Required			
7. Has the entity properly disclosed any events, situations, or sets of circumstances that generally trigger recognition of loss contingencies that have arisen out of the entity's environmental remediation-related obligations, as well as the entity's policy concerning the timing of recognition of recoveries? [FASB ASC 410-30-50-8]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. Has the entity properly disclosed additional specific disclosures, as necessary, with respect to environmental remediation loss contingencies that would be useful to further users' understanding of the entity's financial statements? [FASB ASC 410-30-50-9]	_____	_____	_____
9. Has the entity properly disclosed the following encouraged, but not required, items:			
<i>a.</i> The estimated time frame of disbursements for recorded amounts if expenditures are expected to continue over the long term?	_____	_____	_____
<i>b.</i> The estimated time frame for realization of recognized probable recoveries, if realization is not expected in the near term?	_____	_____	_____
<i>c.</i> If an estimate of the probable or reasonably possible loss or range of loss cannot be made, the reasons why it cannot be made?	_____	_____	_____
<i>d.</i> If information about the reasonably possible loss or the recognized and additional reasonably possible loss for an environmental remediation obligation related to an individual site is relevant to an understanding of the financial position, cash flows, or results of operations of the entity, the following with respect to the site:			
<i>i.</i> The total amount accrued for the site?	_____	_____	_____
<i>ii.</i> The nature of any reasonably possible loss contingency or additional loss, and an estimate of the possible loss or the fact that an estimate cannot be made and the reasons why it cannot be made?	_____	_____	_____
<i>iii.</i> Whether other potentially responsible parties are involved and the entity's estimated share of the obligation?	_____	_____	_____
<i>iv.</i> The status of regulatory proceedings?	_____	_____	_____
<i>v.</i> The estimated time frame for resolution of the contingency? [FASB ASC 410-30-50-10]	_____	_____	_____
10. Has the entity properly disclosed the estimated time frame for resolution of the uncertainty as to the amount of the loss? [FASB ASC 410-30-50-11]	_____	_____	_____
11. Has the entity properly disclosed the following encouraged, but not required, items in the income statement:			
<i>a.</i> The amount recognized for environmental remediation loss contingencies in each period?	_____	_____	_____
<i>b.</i> The amount of any recovery from third parties that is credited to environmental remediation costs in each period?	_____	_____	_____
<i>c.</i> The income statement caption in which environmental remediation costs and credits are included? [FASB ASC 410-30-50-12]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Disclosure Related to Loss Contingencies			
12. Has the entity properly disclosed, in the financial statements, a contingency conclusion that addresses the estimated total unrecognized exposure to environmental remediation and other loss contingencies? [FASB ASC 410-30-50-14]	_____	_____	_____
13. Has the entity properly disclosed a description of the general applicability and impact of environmental laws and regulations upon their business and how the existence of such laws and regulations may give rise to loss contingencies for future environmental remediation? [FASB ASC 410-30-50-17]	_____	_____	_____
D. Exit or Disposal Cost Obligations (FASB ASC 420-10)			
<i>Presentation</i>			
1. Has the entity properly presented the cumulative effect of a change resulting from a revision to either the timing or the amount of estimated cash flows in the same line item(s) in the income statement used when the related costs were recognized initially in the period of change? [FASB ASC 420-10-45-1]	_____	_____	_____
2. Has the entity properly presented costs associated with an exit or disposal activity that involves a discontinued operation in the results of discontinued operations in accordance with FASB ASC 205-20-45? [FASB ASC 420-10-45-2]	_____	_____	_____
3. Has the entity properly presented costs associated with an exit or disposal activity that does not involve a discontinued operation in income from continuing operations before income taxes, for example, in a subtotal such as "income from operations?" [FASB ASC 420-10-45-3]	_____	_____	_____
4. Has the entity properly presented accretion expense separately from interest cost in the income statement? [FASB ASC 420-10-45-5]	_____	_____	_____
<i>Disclosure</i>			
5. Has the entity properly disclosed the following information in notes to the financial statements that include the period in which an exit or disposal activity is initiated and any subsequent period until the activity is completed:			
a. A description of the exit or disposal activity, including the facts and circumstances leading to the expected activity and the expected completion date?	_____	_____	_____
b. For each major type of cost associated with the activity (for example, one-time termination benefits, contract termination costs, and other associated costs),			
i. the total amount expected to be incurred in connection with the activity, the amount incurred in the period, and the cumulative amount incurred to date?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii. a reconciliation of the beginning and ending liability balances showing separately the changes during the period attributable to costs incurred and charged to expense, costs paid or otherwise settled, and any adjustments to the liability with an explanation of the reason(s) therefore?	_____	_____	_____
c. The line item(s) in the income statement in which the costs in item (b) are aggregated?	_____	_____	_____
d. For each reportable segment, as defined in FASB ASC 280-10-50-10,			
i. the total amount of costs expected to be incurred in connection with the activity?	_____	_____	_____
ii. the amount incurred in the period?	_____	_____	_____
iii. the cumulative amount incurred to date, net of any adjustments to the liability with an explanation of the reason(s) why?	_____	_____	_____
e. If a liability for a cost associated with the activity is not recognized because fair value cannot be reasonably estimated, that fact and the reasons why? [FASB ASC 420-10-50-1]	_____	_____	_____

E. Commitments (FASB ASC 440-10)

The following table lists the types of contingencies (loss and gain) and commitments that were most commonly reported in the financial statements of a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

CONTINGENCIES				
	Number of Companies			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Loss Contingencies				
Litigation	379	404	4489	476
Environmental	203	225	266	263
Possible tax assessments	145	166	185	117
Insurance	132	160	176	152
Government investigations	95	122	153	138
Other—described	63	66	45	70
Gain Contingencies				
Operating loss carryforward	429	423	499	496
Tax credits and other tax credit carryforwards	273	255	278	265
Capital loss carryforward	69	65	83	85
Plaintiff litigation	44	55	40	40
Alternative minimum tax carryforward	42	40	51	57
Investment credit carryforward	8	11	9	6
Asset sale receivable	7	8	10	11

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
	Number of Companies		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<u>2006</u>		
Charitable contribution carryforward	7	5	7
Potential tax refund	4	4	12
Other—described	6	3	6
2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.			

Disclosure

1. Has the entity properly disclosed, notwithstanding more explicit disclosures required elsewhere in FASB ASC, all of the following in the financial statements:
 - a. Unused letters of credit? _____
 - b. Long-term leases? _____
 - c. Assets pledged for security for loans? _____
 - d. Pension plans? _____
 - e. The existence of cumulative preferred stock dividends in arrears? _____
 - f. Commitments, including the following:
 - i. A commitment for plant acquisition? _____
 - ii. An obligation to reduce debts? _____
 - iii. An obligation to maintain working capital? _____
 - iv. An obligation to restrict dividends? _____
[FASB ASC 440-10-50-1]

Unconditional Purchase Obligations

2. Has the entity properly disclosed any unconditional purchase obligations, exhibiting all of the following characteristics, in accordance with FASB ASC 440-10-50-4 (if not on the balance sheet), or in accordance with FASB ASC 440-10-50-6 (if recorded on the balance sheet):
 - a. It is noncancelable, or cancelable only in any of the following circumstances:
 - i. Upon the occurrence of some remote contingency? _____
 - ii. With the permission of the other party? _____
 - iii. If a replacement agreement is signed between the same parties? _____
 - iv. Upon payment of a penalty in an amount such that continuation of the agreement appears reasonably assured? _____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. It was negotiated as part of arranging financing for the facilities that will provide the contracted goods or services or for costs related to those goods or services (for example, carrying costs for contracted goods)? A purchaser is not required to investigate whether a supplier used an unconditional purchase obligation to help secure financing, if the purchaser would otherwise be unaware of that fact.	_____	_____	_____
c. It has a remaining term in excess of one year? [FASB ASC 440-10-50-2]	_____	_____	_____
Unconditional Purchase Obligations—Unrecognized Commitments			
3. Has the entity properly disclosed the following for long term unconditional purchase obligations that are not recorded in the purchaser’s balance sheet: (<i>Note:</i> These disclosures may be omitted only if the aggregate commitment for all such obligations not disclosed is immaterial.)			
a. Nature and term of the obligations?	_____	_____	_____
b. Amount of the fixed and determinable portion of the obligations as of the date of the latest balance sheet presented in the aggregate and, if determinable, for each of the next five years?	_____	_____	_____
c. Nature of any variable components of the obligation?	_____	_____	_____
d. Amounts of purchases under the obligations for each year for which an income statement is presented? [FASB ASC 440-10-50-4]	_____	_____	_____
4. Has the entity properly disclosed, as encouraged, but not required, the amount of imputed interest necessary to reduce the unconditional purchase obligation(s) to present value? [FASB ASC 440-10-50-5]	_____	_____	_____
Unconditional Purchase Obligations—Recognized Commitments			
5. Has the entity properly disclosed, for unconditional purchase obligations that meet the criteria of FASB ASC 440-10-50-2 and that have been recognized on the purchaser’s balance sheet, for each of the 5 years following the date of the latest balance sheet presented, the aggregate amount of payments? [FASB ASC 440-10-50-6]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
F. Loss Contingencies (FASB ASC 450-20)⁹			
<i>Disclosure</i>			
Accruals for Loss Contingencies			
1. Has the entity properly disclosed the nature, and in some circumstances, the amount accrued, if necessary for the financial statements not to be misleading, for loss contingencies that are probable and estimable? (<i>Note</i> : The terminology used should be descriptive of the nature of the accrual, such as estimated liability or liability of an estimated amount. Further, the term reserve should not be used and is limited to an amount of unidentified or unsegregated assets held or retained for a specific purpose.) [FASB ASC 450-20-50-1]	_____	_____	_____
2. Has the entity properly disclosed the following, if it is at least reasonably possible that the loss estimate will change in the near term and the change would be material to the financial statements:			
<i>a.</i> The nature of the uncertainty?	_____	_____	_____
<i>b.</i> An indication that it is at least reasonably possible that a change in the estimate will occur in the near term?	_____	_____	_____
<i>c.</i> An estimate of the possible loss or range of loss, or a statement that such an estimate cannot be made?	_____	_____	_____
<i>d.</i> A disclosure of the facts that cause the estimate to be sensitive to change? (<i>Note</i> : This disclosure is encouraged, but not required.) [FASB ASC 450-20-50-2]	_____	_____	_____
Unrecognized Contingencies			
3. Has the entity properly disclosed the contingency if there is at least a reasonable possibility that a loss or an additional loss may have been incurred and either of the following conditions exists:			
<i>a.</i> An accrual is not made for a loss contingency because any of the conditions in FASB ASC 450-20-25-2 are not met?	_____	_____	_____
<i>b.</i> An exposure to loss exists in excess of the amount accrued pursuant to the provisions of FASB ASC 450-20-30-1? [FASB ASC 450-20-50-3]	_____	_____	_____
4. Has the entity properly disclosed the following for unrecognized loss contingencies when there is at least a reasonable possibility that a loss or an additional loss has been incurred:			
<i>a.</i> The nature of the contingency?	_____	_____	_____
<i>b.</i> An estimate of the possible loss or range of loss, or a statement that such an estimate cannot be made? [FASB ASC 450-20-50-4]	_____	_____	_____

⁹ See footnote 3.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Has the entity properly disclosed information for contingencies for which there is a reasonable possibility that a loss may have been incurred even though information may not indicate that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements? [FASB ASC 450-20-50-5]	_____	_____	_____
6. Has the entity properly disclosed a loss contingency involving any unasserted claim or assessment, if and only if, (a) it is considered probable that a claim will be asserted and (b) there is a reasonable possibility that the outcome will be unfavorable? (<i>Note:</i> The disclosures in FASB ASC 450-20-50-4 should be provided.) [FASB ASC 450-20-50-6]	_____	_____	_____

Note: The basis for conclusions of the original standard (FASB Statement No. 5, *Accounting for Contingencies*) indicated that disclosure was not required because of the problems involved in developing operational criteria for disclosure of noninsured or underinsured risks. Nonetheless, a 1987 AICPA report, *Disclosure Concerning Insurance Coverage*, stated that disclosure of these risks should be encouraged rather than simply not discouraged. Questions 8–9 that follow are nonauthoritative suggestions from that report. The AICPA noted that disclosure of this kind is experimental. Therefore, its location in a financial report would depend on the judgment of preparers of the report.

7. For publicly held entities and entities with public accountability, such as governments, are circumstances disclosed in which			
a. they are exposed to risks of future material loss related to the following:			
i. Torts?	_____	_____	_____
ii. Theft of, damage to, expropriation of, or destruction of assets?	_____	_____	_____
iii. Business interruption?	_____	_____	_____
iv. Errors or omissions?	_____	_____	_____
v. Injuries to employees?	_____	_____	_____
b. those risks have not been transferred to unrelated third parties through insurance? (<i>Encouraged, but not required.</i>)	_____	_____	_____
8. In considering those matters to be disclosed that relate to certain uninsured risks of future material loss as described in FASB ASC 720-20, has the entity considered the following:			

Life and Health Insurance Entities

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	The actual and potential effects of losses from such risks on the entity's historical or planned operations, including exposure to losses from claims, curtailment of research and development or manufacturing, or contraction or cessation of other activities, such as discontinuance of a product line?	_____	_____	_____
b.	Comparison of current insurance coverage by major categories of risk to coverage in prior periods, without necessarily quantifying such coverage or change in coverage?	_____	_____	_____
c.	Recent claims experience?	_____	_____	_____
d.	A description of the reporting entity's risk management programs? (<i>Encouraged, but not required.</i>)	_____	_____	_____
Losses Arising After the Date of the Financial Statements				
9.	Has the entity properly disclosed a loss or a loss contingency arising after the date of the entity's financial statements (but before those financial statements are issued), if applicable. If such a disclosure is required, have the following been provided:			
a.	The nature of the contingency?	_____	_____	_____
b.	An estimate of the possible loss or range of loss, or a statement that such an estimate cannot be made? [FASB ASC 450-20-50-9]	_____	_____	_____
G.	Gain Contingencies (FASB ASC 450-30)			
	<i>Disclosure</i>			
1.	Has the entity properly disclosed, with care to avoid any misleading implications about likelihood of realization, any gain contingencies? [FASB ASC 450-30-50-1]	_____	_____	_____
H.	Guarantees (FASB ASC 460-10)			
	<i>Presentation</i>			
1.	Has an accrual for credit loss on a financial instrument with off-balance sheet risk been recorded separately from a valuation account related to a recognized financial instrument? [FASB ASC 460-10-45-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i> ¹⁰			
Information About Each Guarantee or Group of Similar Guarantees—Loss Contingencies			
2. Has the entity properly disclosed the existence of a loss contingency, even though the possibility of loss may be remote? (Examples may include: guarantees of indebtedness of others, including indirect guarantees of indebtedness of others, obligations of commercial banks under standby letters of credit, guarantees to repurchase receivables that have been sold or otherwise assigned, and other agreements that in substance have the same guarantee characteristic.) [FASB ASC 460-10-50-2]	_____	_____	_____
3. Has the entity properly disclosed the nature and amount of the guarantee disclosed as a result of FASB ASC 460-10-50-2? [FASB ASC 460-10-50-3]	_____	_____	_____
Information About Each Guarantee or Group of Similar Guarantees—Disclosures About a Guarantor’s Obligation			
4. Has the entity properly disclosed the following information about each guarantee, or each group of similar guarantees, even if the likelihood of the guarantor’s having to make any payments under the guarantee is remote:			
<i>a.</i> The nature of the guarantee, including the following:			
<i>i.</i> The approximate term of the guarantee?	_____	_____	_____
<i>ii.</i> How the guarantee arose?	_____	_____	_____
<i>iii.</i> The events or circumstances that would require the guarantor to perform under the guarantee?	_____	_____	_____
<i>iv.</i> The current status (that is, as of the date of the statement of financial position) of the payment or performance risk of the guarantee?	_____	_____	_____
<i>v.</i> If the entity uses internal groupings for the purposes of item (iv), how those groupings are determined and used for managing risk?	_____	_____	_____
<i>b.</i> The maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee?	_____	_____	_____
<i>c.</i> If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, is that fact disclosed?	_____	_____	_____

¹⁰ Per FASB ASC 460-10-50-5, the disclosure requirements of this subsection of FASB ASC do not eliminate or affect the disclosure requirements of the following:

- The requirements of the general subsection of FASB ASC 825-10-50
- The requirements of FASB ASC 450-20-50 par. 3–4 that an entity disclose a contingent loss that has a reasonable possibility of occurring
- The requirements of the disclosure subsections of FASB ASC 815, *Derivatives and Hedging*
- The requirements of FASB ASC 275-10-50 that an entity disclose information about risks and uncertainties that could significantly affect the amounts reported in the financial statements in the near term

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, are the reasons why the maximum potential amount cannot be estimated disclosed?	_____	_____	_____
e. The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee, including the amount, if any, recognized under FASB ASC 450-20-30, regardless of whether the guarantee is freestanding or embedded in another contract?	_____	_____	_____
f. The nature of			
i. any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee?	_____	_____	_____
ii. any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee?	_____	_____	_____
g. If estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee? [FASB ASC 460-10-50-4]	_____	_____	_____

Product Warranties

5. For product warranties and other guarantee contracts required to be disclosed by FASB ASC 460-10-15-9, is has the entity properly disclosed the following information:			
a. The information required to be disclosed by FASB ASC 460-10-50-4, except that a guarantor is not required to disclose the maximum potential amount of future payments in FASB ASC 460-10-50-4(b)?	_____	_____	_____
b. The guarantor's accounting policy and methodology used in determining its liability for product warranties (including any liability associated with extended warranties)?	_____	_____	_____
c. A tabular reconciliation of the changes in the guarantor's aggregate product warranty liability for the reporting period?	_____	_____	_____
d. Does the tabular reconciliation present			
i. the beginning balance of the aggregate product warranty liability?	_____	_____	_____
ii. the aggregate reductions in that liability for payments made (in cash or in kind) under the warranty?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. the aggregate changes in the liability for accruals related to product warranties issued during the reporting period, and the aggregate changes in the liability for accruals related to preexisting warranties, including adjustments related to changes in estimates?	_____	_____	_____
iv. the ending balance of the aggregate product warranty liability? [FASB ASC 460-10-50-8]	_____	_____	_____
I. Debt—Overall (FASB ASC 470-10) <i>Presentation</i>			

Additional Presentation Information

Due to the vast differences in debt presentation concerns, readers should see FASB ASC 470-10-45 for information on the proper presentation of debt related items for their particular entity.

1. Are short term obligations expected to be refinanced reclassified to long term liabilities? [FASB ASC 470-10-45-13]	_____	_____	_____
2. Are borrowings outstanding under revolving credit agreements that include both a subjective acceleration clause and a requirement to maintain a lock-box arrangement, whereby remittances from the borrower’s customers reduce the debt outstanding, classified as short term obligations? [FASB ASC 470-10-45-5]	_____	_____	_____
3. Has an entity classified long-term debt as noncurrent, unless both of the following conditions exist:			
a. A covenant violation that gives the lender the right to call the debt has occurred at the balance sheet date, or would have occurred absent a loan modification?	_____	_____	_____
b. It is probable that the entity will not be able to cure the default within the next 12 months? [FASB ASC 470-10-45-1]	_____	_____	_____
4. Are long term obligations that are or will be callable by the creditor, either because the debtor’s violation of the debt agreement at the balance-sheet date makes the obligation callable or because the violation, if not cured within a specified grace period, will make the obligation callable, classified as current unless either of the following conditions is met:			
a. The creditor has waived or subsequently lost the right to demand repayment for more than one year (or operating cycle, if longer) from the balance-sheet date?	_____	_____	_____
b. The obligation contains a grace period within which the debtor may cure the violation, and it is probable that the violation will be cured within that period, thus preventing the violation from becoming callable? [FASB ASC 470-10-45-11]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Surplus Notes			
5. Has the entity that issues surplus notes properly presented the surplus notes as liabilities in the financial statements and not as equity? [FASB ASC 944-470-45-1]	_____	_____	_____
<i>Disclosure</i>			
Disclosure of Long-Term Obligations			
6. Has the entity properly disclosed, for each of the five years following the date of the latest balance sheet presented, the combined aggregate amount of maturities and sinking fund requirements for all long-term borrowings? [FASB ASC 470-10-50-1]	_____	_____	_____
7. Has the entity properly disclosed the circumstances related to any callable debt, as defined in FASB ASC 470-10-45-11, that is classified as a long-term liability (or, in the case of an unclassified balance sheet, is included as a long-term liability in the disclosure of debt maturities)? [FASB ASC 470-10-50-2]	_____	_____	_____
Subjective Acceleration Clauses			
8. Has the entity properly disclosed any long term debt agreements subject to a subjective acceleration clause unless the likelihood of the acceleration of the due date is remote? [FASB ASC 470-10-50-3]	_____	_____	_____
Short-Term Obligations Expected to be Refinanced			
9. Has the entity properly disclosed any short-term obligations that are excluded from current liabilities and a general description of the financing agreement and the terms of any new obligation incurred or expected to be incurred or equity securities issued or expected to be issued as a result of a refinancing? [FASB ASC 470-10-50-4]	_____	_____	_____
Summary Disclosure of Securities Outstanding			
10. Are major categories of debt (notes payable to banks, mortgages payable, notes to related parties) identified on the balance sheet or in the notes to the financial statements? [Common Practice]	_____	_____	_____
11. Has the entity properly disclosed interest rates, maturities, conversion features, and other significant terms (for example, subordinated features) of long term debt, pursuant to FASB ASC 505-10-50-3 (See question 3 in "Equity [FASB ASC 505-10]"?) [FASB ASC 470-10-50-5]	_____	_____	_____
Surplus Notes			
12. Has the state insurance commissioner's role and ability to approve or disapprove any interest and principal payments been appropriately disclosed? [FASB ASC 944-470-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
J. Debt—Debt With Conversion and Other Options (FASB ASC 470-20)¹¹			
<i>Presentation</i>			
Income Statement Classification			
1. Has the entity properly not presented any expense recognized on the date of conversion of convertible debt related to a beneficial conversion feature as extraordinary? [FASB ASC 470-20-45-1]	_____	_____	_____
2. Has the entity properly <i>not</i> presented any expense recognized on the date of conversion of convertible debt related to an inducement offer as extraordinary? [FASB ASC 470-20-45-2]	_____	_____	_____
Own-Share Lending Arrangements Issued in Contemplation of Convertible Debt Issuance			
3. (<i>Accounting Standards Update [ASU] No. 2009-15</i>) Has the entity properly not presented loaned shares in the calculation of basic and diluted EPS, unless default of the share-lending arrangement occurs? (<i>Note:</i> If dividends on the loaned shares are not reimbursed to the entity, any amounts, including contractual [accumulated] dividends and participation rights in undistributed earnings, attributable to the loaned shares should be deducted in computing income available to common shareholders, in a manner consistent with the two-class method in FASB ASC 260-10-45-60B.) [“Pending Content” in FASB ASC 470-20-45-2A]	_____	_____	_____
<i>Disclosure</i>			
Own-Share Lending Arrangements Issued in Contemplation of Convertible Debt Issuance			
4. (<i>ASU No. 2009-15</i>) Has the entity properly disclosed the following when it has entered into a share-lending arrangement on its own shares in contemplation of a convertible debt offering or other financing:			
a. A description of any outstanding share-lending arrangements on the entity’s own stock?	_____	_____	_____

¹¹ In October 2010, FASB issued ASU No. 2009-15, *Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing*. This update is the result of the consensus of Emerging Issues Task Force Issue No. 09-1, “Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance,” which clarified how an entity should account for a share-lending arrangement that is entered into in contemplation of a convertible debt offering and the effect the share-lending arrangement has on the calculation of EPS. ASU No. 2009-15 is effective for financial statements issued for fiscal years beginning on or after December 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends), and interim periods within those fiscal years for arrangements outstanding as of the beginning of those fiscal years. Early adoption is not permitted.

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2009-15.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as “Pending Content” due to the transition and open effective date information discussed in FASB ASC 470-20-65-3.

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. All significant terms of the share-lending arrangement including (i) the number of shares, (ii) the term, (iii) the circumstances under which cash settlement would be required, and (iv) any requirements for the counterparty to provide collateral?	_____	_____	_____
c. The entity's reason for entering into the share-lending arrangement?	_____	_____	_____
d. The fair value of the outstanding loaned shares as of the balance sheet date?	_____	_____	_____
e. The treatment of the share-lending arrangement for the purposes of calculating EPS?	_____	_____	_____
f. The unamortized amount of the issuance costs associated with the share-lending arrangement at the balance sheet date?	_____	_____	_____
g. The classification of the issuance costs associated with the share-lending arrangement at the balance sheet date?	_____	_____	_____
h. The amount of interest cost recognized relating to the amortization of the issuance cost associated with the share-lending arrangement for the reporting period?	_____	_____	_____
i. Any amounts of dividends paid related to the loaned shares that will not be reimbursed? ["Pending Content" in FASB ASC 470-20-50-2A]	_____	_____	_____
5. (ASU No. 2009-15) If the entity has entered into a share-lending arrangement on its own shares in contemplation of a convertible debt offering or other financing has it properly disclosed the items required by FASB ASC 505, <i>Equity</i> ? ["Pending Content" in FASB ASC 470-20-50-2B]	_____	_____	_____
6. (ASU No. 2009-15) Has the entity properly disclosed, in the period in which it concludes that it is probable that the counterparty to its share-lending arrangement will default, the amount of expense reported in the statement of earnings related to the default? (<i>Note:</i> The entity should disclose, in any subsequent period, any material changes in the amount of expense as a result of changes in the fair value of the entity's shares or the probable recoveries. Further, if default is probable, but has not yet occurred, the entity should disclose the number of shares related to the share-lending arrangement that will be reflected in basic and diluted EPS when the counterparty defaults.) ["Pending Content" in FASB ASC 470-20-50-2C]	_____	_____	_____
Cash Conversion Options ¹²			
7. Has the entity properly disclosed, as of each date for which a statement of financial position is presented, the following:			

¹² Per FASB ASC 470-20-50-3, the entity should provide the incremental disclosures required by the guidance in FASB ASC 470-20 in annual financial statements for convertible debt instruments that are within the scope of the cash conversions subsections of FASB ASC 470-20 that were outstanding during any of the periods presented.

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	<i>a.</i> The carrying amount of the equity component?	_____	_____	_____
	<i>b.</i> The principal amount, unamortized discount, and net carrying amount for the liability component? [FASB ASC 470-20-50-4]	_____	_____	_____
8.	Has the entity properly disclosed, as of the date of the most recent statement of financial position that is presented, the following:			
	<i>a.</i> The remaining period over which any discount on the liability component will be amortized?	_____	_____	_____
	<i>b.</i> The conversion price and the number of shares on which the aggregate consideration to be delivered upon conversion is determined?	_____	_____	_____
	<i>c.</i> All of the following information about derivative transactions entered into (in connection with the issuance of instruments within the scope of the cash conversions subsections of FASB ASC 470-20-50, regardless of whether such derivative transactions are accounted for as assets, liabilities, or equity instruments):			
	<i>i.</i> The terms of those derivative transactions?	_____	_____	_____
	<i>ii.</i> How those derivative transactions relate to the instruments (within the scope of the cash conversions subsections of FASB ASC 470-20-50)?	_____	_____	_____
	<i>iii.</i> The number of shares underlying the derivative transactions?	_____	_____	_____
	<i>iv.</i> The reasons for entering into those derivative transactions? [FASB ASC 470-20-50-5]	_____	_____	_____
9.	Has the entity properly disclosed, as of each date for which a statement of financial position is presented, the following:			
	<i>a.</i> The effective interest rate on the liability component for the period?	_____	_____	_____
	<i>b.</i> The amount of interest cost recognized for the period relating to both the contractual interest coupon and amortization of the discount on the liability component? [FASB ASC 470-20-50-6]	_____	_____	_____
K.	Participating Mortgage Loans (FASB ASC 470-30)			
	<i>Presentation</i>			
1.	Has the entity properly included the amortization of the debt discount relating to the participation liability in interest expense? [FASB ASC 470-30-45-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Has the entity properly presented the debt extinguishment gain or loss from the extinguishment of a participating mortgage loan as required by FASB ASC 470-50-40-2? (<i>Note</i> : This subtopic does not preclude these gains or losses that meet the criteria of FASB ASC 225, <i>Income Statement</i> , from being classified as extraordinary.) [FASB ASC 470-30-45 par. 2-3]	_____	_____	_____
<i>Disclosure</i>			
3. If the entity has borrowed funds in the form of participating mortgage loans, has it properly disclosed the following in the financial statements:			
a. The aggregate amount of participating mortgage obligations at the balance-sheet date, with separate disclosure of the aggregate participation liabilities and related debt discounts?	_____	_____	_____
b. Terms of the participations by the lender in either the appreciation in the market value of the mortgaged real estate project or the results of operations of the mortgaged real estate project, or both? [FASB ASC 470-30-50-1]	_____	_____	_____
L. Debt Modifications and Extinguishments (FASB ASC 470-50)^{13, 14}			
<i>Disclosure</i>			
1A. Has the entity properly disclosed if debt was considered to be extinguished by in-substance defeasance under the provisions of FASB Statement No. 76, <i>Extinguishment of Debt</i> , prior to the effective date of FASB Statement No. 125, <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i> , a general description of the transaction and the amount of debt that is considered extinguished at the end of the period so long as that debt remains outstanding? [FASB ASC 470-50-50-1]	_____	_____	_____
1B. (ASU No. 2009-16, Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets (FASB Statement No. 166, Accounting for Transfers of Financial Assets)) Has the entity properly disclosed, if debt was considered to be extinguished by in-substance defeasance under the provisions of FASB Statement No. 76 prior to the effective date of FASB Statement No. 125, a general description of the transaction and the amount of debt that is considered extinguished at the end of each period that debt remains outstanding? [“Pending Content” in FASB ASC 470-50-50-1]	_____	_____	_____

¹³ Per FASB ASC 470-50-45 paragraphs 2-3, gains and losses from extinguishment of debt that meet the criteria in FASB ASC 225-20 are not precluded from being classified as extraordinary items. However, any charges to earnings resulting from application of FASB ASC 470-50-40-21(c) should not be classified as extraordinary.

¹⁴ See footnote 4.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
M. Troubled Debt Restructuring by Debtors (FASB ASC 470-60)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the following, related to a troubled debt restructuring occurring during the current period:			
a. A description of the principal changes in terms, the major features of settlement, or both? (<i>Note:</i> Separate restructurings within a fiscal period for the same category of payables may be grouped for disclosure purposes.)	_____	_____	_____
b. Aggregate gain on restructuring of payables?	_____	_____	_____
c. Aggregate net gain or loss on transfers of assets recognized during the period?	_____	_____	_____
d. Per-share amount of the aggregate gain on restructuring of payables? [FASB ASC 470-60-50-1]	_____	_____	_____
2. Has the entity properly disclosed the following, related to periods after a troubled debt restructuring:			
a. The extent to which amounts contingently payable are included in the carrying amount of restructured payables pursuant to the provisions of FASB ASC 470-60-35-7?	_____	_____	_____
b. If required by paragraphs 1–6 and 9–10 of FASB ASC 450-20-50, total amounts contingently payable on restructured payables and conditions under which those amounts would become payable or forgiven? [FASB ASC 470-60-50-2]	_____	_____	_____

N. Distinguishing Liabilities From Equity (FASB ASC 480-10)¹⁵
Presentation

Additional Presentation Information

For those entities for which FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*, applies, please reference FASB ASC at www.fasb.org for the presentation items relevant to your entity.

¹⁵ In November 2003, FASB issued FASB Staff Position (FSP) FAS 150-3, *Effective Date, Disclosures, and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No. 150*, to clarify and defer specific implementation of the provisions of FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*.

FASB Statement No. 150 as issued is effective for mandatorily redeemable financial instruments of nonpublic entities for the first fiscal period beginning after December 15, 2003. For mandatorily redeemable instruments of other entities, FASB Statement No. 150 as issued is effective for financial instruments entered into or modified after May 31, 2003, and for all other instruments for interim periods beginning after June 15, 2003.

FSP FAS 150-3 deferred the effective date for mandatorily redeemable financial instruments issued by nonpublic entities that are not Securities and Exchange Commission (SEC) registrants, as follows:

- a. For instruments that are mandatorily redeemable on fixed dates for amounts that either are fixed or are determined by reference to an interest rate index, currency index, or another external index, the classification, measurement, and the disclosure provisions of FASB ASC 480-10-50 and the presentation provisions of FASB ASC 480-10-45 were effective for fiscal periods beginning after December 15, 2004.

(continued)

Yes No N/A

Disclosure

Additional Disclosure Information

For those entities for which FASB Statement No. 150 applies, please reference FASB ASC at www.fasb.org for the disclosure items relevant to your entity.

- | | | | | |
|-----|---|-------|-------|-------|
| 1. | Has the entity properly disclosed the following (if it issues financial instruments within the scope of FASB ASC 480-10-25): | | | |
| a. | The nature and terms of the financial instruments? | _____ | _____ | _____ |
| b. | The rights and obligations embodied in those instruments, including both: | | | |
| i. | settlement alternatives, if any, in the contract, and | _____ | _____ | _____ |
| ii. | the entity that controls the settlement alternatives?
[FASB ASC 480-10-50-1] | _____ | _____ | _____ |
| 2. | Has the entity properly disclosed the following for all outstanding financial instruments (within the scope of FASB ASC 480-10) and for each settlement alternative: | | | |
| a. | The amount that would be paid, or the number of shares that would be issued and their fair value, determined under the conditions specified in the contract if the settlement were to occur at the reporting date? | _____ | _____ | _____ |
| b. | How changes in the fair value of the issuer's equity shares would affect those settlement amounts (for example, "the issuer is obligated to issue an additional x shares or pay an additional y dollars in cash for each \$1 decrease in the fair value of one share")? | _____ | _____ | _____ |
| c. | The maximum amount that the issuer could be required to pay to redeem the instrument by physical settlement, if applicable? | _____ | _____ | _____ |
| d. | The maximum number of shares that could be required to be issued, if applicable? | _____ | _____ | _____ |
| e. | That a contract does not limit the amount that the issuer could be required to pay or the number of shares that the issuer could be required to issue, if applicable? | _____ | _____ | _____ |

-
- b. For all other financial instruments that are mandatorily redeemable, the classification, measurement, and disclosure provisions of FASB ASC 480-10-50 and the presentation provisions of FASB ASC 480-10-45 are deferred indefinitely pending further FASB action.

Readers should review this FSP or the relevant transition guidance to understand the various effective dates of FASB Statement No. 150, as discussed in FASB ASC 480-10-65-1.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 150-3.

Readers can refer to the full text of the statement on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 480-10-65-1.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
f. For a forward contract or an option indexed to the issuer's equity shares, the forward price or option strike price, the number of issuer's shares to which the contract is indexed, and the settlement date or dates of the contract, as applicable? [FASB ASC 480-10-50-2]	_____	_____	_____

IV. Equity

A. Equity (FASB ASC 505-10)

The following table summarizes the titles used to describe the equity section in the financial statements of a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

TITLE OF STOCKHOLDERS' EQUITY SECTION

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Stockholders' equity	256	258	307	299
Shareholders' equity	179	181	225	233
Shareowners' equity	16	17	17	16
Common stockholders' equity	5	5	6	6
Common shareholders' equity	5	1	4	4
Term deficit or deficiency in title	1	18	24	27
Other or no title	22	13	10	7
Total entities	16	500	600	600

2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.

General

Disclosure

1. Is the following information relating to stockholders' equity, statutory capital, and surplus, and the effects of statutory accounting practices on the ability to pay dividends to stockholders, disclosed:			
a. The amount of statutory capital and surplus?	_____	_____	_____
b. The amount of statutory capital surplus necessary to satisfy regulatory requirements (based on the entity's current operations) if significant in relation to the entity's statutory capital and surplus?	_____	_____	_____
c. The nature of statutory restrictions on the payment of dividends and the amount of retained earnings that is not available for the payment of dividends to stockholders?	_____	_____	_____

[FASB ASC 944-505-50-1]

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. If either the state-prescribed statutory accounting practices differ from National Association of Insurance Commissioner's (NAIC) statutory accounting practices or permitted state statutory accounting practices differ from either state-prescribed statutory accounting practices or NAIC's statutory accounting practices, the use of prescribed or permitted statutory accounting practices (individually or in the aggregate) results in reported statutory surplus or risk-based capital that is significantly different from the statutory surplus or risk-based capital that would have been reported had NAIC's statutory accounting practices been followed, has the entity disclosed the items in the following paragraph? [FASB ASC 944-505-50-2]	_____	_____	_____
3. If the entity is a U.S. insurance entity or a U.S. or foreign entity with a U.S. insurance subsidiary and prepares U.S. GAAP financial statements and the criteria in the preceding question has been met, have both of the following been disclosed:			
a. A description of the prescribed or permitted statutory accounting practice?	_____	_____	_____
b. The related monetary effect on statutory surplus of using an accounting practice that differs from either state-prescribed statutory accounting practices or NAIC's statutory accounting practices? [FASB ASC 944-505-50 par. 3-4]	_____	_____	_____
4. If the entity is a foreign insurance entity that does not have a U.S. insurance subsidiary and prepares U.S. GAAP financial statements or is included in a parent's consolidated U.S. GAAP financial statements, have the notes to financial statements disclosed permitted regulatory accounting practices that significantly differ from the prescribed regulatory accounting practices of its respective regulatory authority and their monetary effects? [FASB ASC 944-505-50-5]	_____	_____	_____
5. Has disclosure of the fact that an entity's risk-based capital would have triggered a regulatory event if it had not used a permitted practice been made? [FASB ASC 944-505-50-6]	_____	_____	_____
<i>Presentation</i>			
Receivables for Issuance of Equity			
6. Has the entity properly presented a note received as a contribution to equity as an offset against stock in the equity section? (<i>Note:</i> Such notes may be recorded as an asset if collected in cash before the financial statements are issued or are available to be issued.) [FASB ASC 505-10-45-2]	_____	_____	_____
Appropriations of Retained Earnings			
7. Are appropriations of retained earnings for loss contingencies clearly identified and included in shareholders' equity? [FASB ASC 505-10-45-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
8. Has the entity properly disclosed changes in the separate account comprising shareholders' equity (in addition to retained earnings) and changes in the number of shares of equity securities during at least the most recent annual fiscal period and any subsequent interim period presented? (<i>Note:</i> This disclosure may take the form of separate statements or may be made in the basic financial statements or in the notes.) [FASB ASC 505-10-50-2]	_____	_____	_____
9. Has the entity properly disclosed information about the pertinent rights and privileges of the various securities outstanding, including mandatory redemption requirements, in summary form? (<i>Note:</i> Examples of information to be included are dividend and liquidation preferences, participation rights, call prices and dates, and conversion or exercise prices or rates and pertinent date. See FASB ASC 505-10-50-3 for more examples of disclosures.) [FASB ASC 505-10-50-3]	_____	_____	_____
<i>Securities With Preferences</i>			
10. Has the entity properly disclosed, for preferred stock that has a preference in involuntary liquidation considerably in excess of par or stated value of the shares, the liquidation preference in the equity section of the balance sheet in the aggregate, either parenthetically or "in short," rather than on a per share basis or in the notes to the financial statements? [FASB ASC 505-10-50-4]	_____	_____	_____
11. Has the entity properly disclosed the following on the face of the balance sheet or in the notes to the financial statements:			
<i>a.</i> The aggregate or per-share amounts at which preferred stock may be called or are subject to redemption through sinking-fund operations or otherwise?	_____	_____	_____
<i>b.</i> The aggregate and per-share amounts of arrearages in cumulative preferred dividends? [FASB ASC 505-10-50-5]	_____	_____	_____
<i>Convertible Securities</i>			
12. Has the entity properly disclosed, for contingently convertible securities that disclose the significant quantitative and qualitative terms of the conversion features to enable users of the financial statements to understand the circumstances of the contingency and the potential impact of conversion, including:			
<i>a.</i> events or changes in circumstances that would cause the contingency to be met and any significant features necessary to understand the conversion rights and the timing of those rights (for example, the periods in which [i] the contingency might be met and [ii] the securities may be converted if the contingency is met)?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. the conversion price and the number of shares into which the security is potentially convertible?	_____	_____	_____
c. events or changes in circumstances, if any, that could adjust or change the contingency, conversion price, or number of shares, including significant terms of those changes?	_____	_____	_____
d. the manner of settlement upon conversion and any alternative settlement methods (for example, cash, shares, or a combination)? [FASB ASC 505-10-50-6]	_____	_____	_____
13. Has the entity properly disclosed, in order to meet the requirements of FASB ASC 505-10-50-6, the possible conversion prices and dates as well as other significant terms for each convertible instrument? [FASB ASC 505-10-50-7]	_____	_____	_____
14. Has the entity properly disclosed, in the footnotes to the financial statements, the terms of the transaction (as referred to in FASB ASC 505-10-50-6), including the excess of the aggregate fair value of the instruments that the holder would receive at conversion over the proceeds received and the period over which the discount is amortized? [FASB ASC 505-10-50-8]	_____	_____	_____
15. Has the entity properly disclosed whether the shares that would be issued if the contingently convertible securities were converted are included in the calculation of diluted EPS, and the reasons why or why not? [FASB ASC 505-10-50-9]	_____	_____	_____
16. Although not required, has the entity disclosed information about derivative instruments entered into in connection with the issuance of the contingently convertible securities that may be useful in terms of fully explaining the potential impact of the contingently convertible securities? (<i>Note:</i> Information might include the terms of those derivative instruments, including the terms of settlement, how those instruments relate to the contingently convertible securities, and the number of shares underlying the derivative instruments.) [FASB ASC 505-10-50-10]	_____	_____	_____
17. For debt with conversion and other options, has the entity considered incremental disclosures in accordance with FASB ASC 470-20-10-2 and paragraphs 2–6 of FASB ASC 470-20-50? [FASB ASC 505-10-50-10A]	_____	_____	_____
18. Has the entity properly disclosed, for redeemable stock, the amount of redemption requirements, separately by issue or combined, for all issues of capital stock that are redeemable at fixed or determinable prices on fixed or redeemable dates in each of the five years following the date of the latest balance sheet? [FASB ASC 505-10-50-11]	_____	_____	_____

Yes No N/A**B. Treasury Stock (FASB ASC 505-30)**

The following table summarizes the presentations of treasury stock in the balance sheets of a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

TREASURY STOCK—BALANCE SHEET PRESENTATION

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Common Stock				
Cost of treasury stock shown as stockholders' equity deduction	316	318	371	381
Cost of treasury stock deducted from stock of the same class	5	10	6	8
Par or stated value of treasury stock deducted from issued stock of the same class	19	20	20	14
Other	—	2	1	2
Total presentations	340	350	398	405
Preferred Stock				
Cost of treasury stock shown as stockholders' equity deduction	—	—	—	3
Other	—	—	1	2
Total presentations	—	—	1	5
Number of Entities				
Disclosing treasury stock	340	350	398	408
Not disclosing treasury stock	160	150	202	192
Total entities	500	500	600	600

2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.

Presentation

- Has the entity properly presented, if the entity purchased stock for purposes other than retirement or if ultimate disposition has not yet been decided, the cost separately as a deduction from the total of capital stock, additional paid-in capital, and retained earnings, or has it been presented in accordance with paragraphs 7–10 of FASB ASC 505-30-30? [FASB ASC 505-30-45-1] _____

Disclosure

Disclosures Relating to State Laws

- Has the entity made appropriate disclosures regarding state laws that may affect or restrict the entity's ability to repurchase its own outstanding common stock? [FASB ASC 505-30-50-2] _____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Disclosures Relating to Allocation of Repurchase Price			
3. Has the entity made proper disclosures if treasury shares are purchased at a stated price significantly in excess of the current market price of the shares, including the allocation of the amounts paid and the accounting treatment for such amounts? [FASB ASC 505-30-50 par. 3–4]	_____	_____	_____
C. Equity-Based Payments to Nonemployees (FASB ASC 505-50)			
<i>Presentation</i>			
1. Has the entity properly not presented an asset, other than a note or receivable, received in return for fully vested, nonforfeitable equity instruments, that are issued at the date of an agreement for goods or services, as a contra-equity of the equity instrument? [FASB ASC 505-50-45-1]	_____	_____	_____
<i>Disclosure</i>			
Grantor Disclosures			
2. Has the entity properly disclosed, to the extent that the disclosures are important to an understanding of the effects of the transactions on the financial statements, information about goods or services, other than employee services, acquired in a share-based payment transaction? [FASB ASC 505-50-50-1]	_____	_____	_____
Grantee Disclosures			
3. Has the entity properly disclosed, in accordance with paragraphs 1–2 of FASB ASC 845-10-50, in each period's financial statements, the amount of gross operating revenue recognized as a result of nonmonetary transactions addressed by the guidance of FASB ASC 505-50? [FASB ASC 505-50-50-2]	_____	_____	_____

V. Revenue

The following table summarizes the titles used to describe the income statement in the financial statements of a sample of public entities surveyed by the AICPA. Reprinted from the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

	INCOME STATEMENT TITLE			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Income	242	227	264	252
Operations	181	195	244	260
Earnings	70	74	89	87
Other	7	4	3	1
Total entities	500	500	600	600

2008–2009 based on 500 entities surveyed; 2006–2007 based on 600 entities surveyed.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Revenue Recognition—Products (FASB ASC 605-15)			
<i>Presentation</i>			
General			
1. Has the entity properly presented revenue and cost of sales, reduced for any estimated returns, for sales made with a right of return which meet the criteria in FASB ASC 605-15-25-1? [FASB ASC 605-15-45-1]	_____	_____	_____
2. Are the important components of income, such as sales or other sources of revenue, cost of sales, selling and administrative expenses, interest expense, and income taxes, separately disclosed on the face of the income statement? [Common Practice]	_____	_____	_____
<i>Disclosure</i>			
3. To meet the disclosure objective in FASB ASC 944-20-50-7, has the entity disclosed all of the following:			
a. The amount and reasons for acceleration for premium revenue recognition that has been accelerated?	_____	_____	_____
b. A schedule of the future expected premium revenue as of the latest date of the statement of financial position which details both (i) the four quarters of the subsequent annual period and each of the next four annual periods, and (ii) the remaining periods aggregated in five year increments? [FASB ASC 944-605-50-4]	_____	_____	_____
Reinsurance Contracts			
<i>Presentation</i>			
4. Are the amounts of earned premiums ceded and recoveries recognized under reinsurance contracts reported in the statement of earnings as separate line items or disclosed in the notes? [FASB ASC 944-605-45-1]	_____	_____	_____
<i>Disclosure</i>			
5. Are the following disclosed for short-duration reinsurance contracts on both a written and an earned basis:			
a. Premiums from direct business?	_____	_____	_____
b. Reinsurance assumed?	_____	_____	_____
c. Reinsurance ceded? [FASB ASC 944-605-50-1(b)]	_____	_____	_____
6. Are the following disclosed for long-duration reinsurance contracts:			
a. Premiums and amounts assessed against policyholders from direct business?	_____	_____	_____
b. Reinsurance assumed?	_____	_____	_____
c. Reinsurance ceded?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Premiums and amounts earned? [FASB ASC 944-605-50-1(c)]	_____	_____	_____
7. Are the methods used for income recognition on reinsurance contracts disclosed? [FASB ASC 944-605-50-1(a)]	_____	_____	_____
8. For foreign reinsurance accounted for by the open year method, are the following disclosures made for each period for which an income statement is presented:			
a. The amounts of premiums, claims, and expenses recognized as income on closing underwriting balances?	_____	_____	_____
b. The additions to underwriting balances for the year for reported premiums, claims, and expenses? [FASB ASC 944-605-50-1(d)]	_____	_____	_____
9. Are the amounts of premiums, claims, and expenses in the underwriting account disclosed for every balance sheet presented? [FASB ASC 944-605-50-1(e)]	_____	_____	_____
10. Has the entity identified both (a) the extent to which reinsurance contracts indemnify the ceding entity against loss or liability relating to insurance risk and (b) the indemnification policies as part of the required disclosures about the nature and effect of reinsurance transactions? (<i>Encouraged, but not required.</i>) [FASB ASC 944-605-50-2]	_____	_____	_____
11. Has the entity included a description of the methods used to account for foreign reinsurance in its accounting policies disclosure? [FASB ASC 944-605-50-3]	_____	_____	_____
B. Revenue Recognition—Services (FASB ASC 605-20)			
<i>Disclosure</i>			
Receivables for Issuance of Equity			
1. Has the entity properly disclosed the amount of revenue and expense recognized from advertising barter transactions for each income statement period presented? [FASB ASC 605-20-50-1]	_____	_____	_____
C. Multiple Element Arrangements (FASB ASC 605-25)			
<i>Disclosure</i> ¹⁶			
1. Has the entity properly disclosed the following in regard to revenue arrangements with multiple deliverables:			

¹⁶ In October 2009, FASB issued ASU No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*. This update amends FASB ASC 605-25 to separate consideration in multiple-deliverable arrangements; establish a selling-price hierarchy for determining the selling price of a deliverable; replace the term fair value in the revenue allocation guidance with selling price; eliminate the residual method of allocation, and require that a vendor determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis. This ASU should be applied on a prospective basis for
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Its accounting policy for recognition of revenue from multiple-deliverable arrangements (for example, whether deliverables are separable into units of accounting)?	_____	_____	_____
b. The description and nature of such arrangements, including performance, cancellation, termination, or refund-type provisions? [FASB ASC 605-25-50-1]	_____	_____	_____
D. Milestone Method Revenue Recognition (FASB ASC 605-28) <i>Disclosure</i> ¹⁷			

Additional Disclosure Information

If the entity has elected to early adopt ASU No. 2010-17, *Revenue Recognition (Topic 605): Milestone Method of Revenue Recognition— a consensus of the FASB Emerging Issues Task Force*, see FASB ASC 605-28-50 for required disclosures.

E. Gains and Losses—Revenue Recognition (FASB ASC 605-40)

Presentation

- | | | | |
|---|-------|-------|-------|
| 1. Has the entity properly presented any gain or loss resulting from an involuntary conversion of a nonmonetary asset in accordance with the provisions of FASB ASC 225-20?
[FASB ASC 605-40-45-1] | _____ | _____ | _____ |
|---|-------|-------|-------|

revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 (that is, January 1, 2011, for entities with calendar year-ends), unless the entity elects to adopt this ASU on a retroactive basis in accordance with FASB ASC 605-25-65-1(e). Early application is permitted.

This checklist has not been updated to include the presentation and disclosure requirements of ASU No. 2009-13.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 605-25-65-1.

¹⁷ In April 2010, FASB issued ASU No. 2010-17, *Revenue Recognition (Topic 605): Milestone Method of Revenue Recognition—a consensus of the FASB Emerging Issues Task Force*. ASU No. 2010-17 provides guidance on applying the milestone method to milestone payments for achieving specified performance measures when those payments are related to uncertain future events. The scope of this ASU is limited to transactions involving research or development if the milestone payment is to be recognized in its entirety in the period the milestone is achieved. Entities can make an accounting policy election to recognize arrangement consideration received for achieving specified performance measures during the period in which the milestones are achieved, provided certain criteria are met. Although the milestone method is an accounting policy election, other methods that would result in recognizing a milestone in its entirety during the period in which the milestone was achieved would not be acceptable for milestones if the criteria are not met. This ASU should be applied on a prospective basis for milestones achieved fiscal years beginning on or after June 15, 2010 (that is, January 1, 2011, for entities with calendar year-ends), unless the entity elects to adopt this ASU on a retroactive basis in accordance with FASB ASC 250, *Accounting Changes and Error Corrections*. Early application is permitted.

This checklist has not been updated to include the presentation and disclosure requirements of ASU No. 2010-17.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 605-28-65-1.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
F. Principal Agent Considerations—Revenue Recognition (FASB ASC 605-45)			
<i>Presentation</i>			
Overall Considerations of Reporting Revenue Gross as a Principal Versus Net as an Agent			
1. Has the entity used sound judgment in determining whether to report revenue on either (a) the gross amount billed to a customer because it has earned revenue (as a principal) from the sale of the goods or services, or (b) the net amount retained because it has earned a commission or fee as an agent? (See FASB ASC 605-45-45 paragraphs 3 and 15 for indicators of gross and net reporting, respectively.) [FASB ASC 605-45-45-1]	_____	_____	_____
Shipping and Handling Fees and Costs			
2. Has the entity properly <i>not</i> presented shipping and handling costs as a deduction from revenues? [FASB ASC 605-45-45-21]	_____	_____	_____
Reimbursements Received for Out-of-Pocket Expenses Incurred			
3. Has the entity properly presented reimbursements received for out-of-pocket expenses incurred as revenue in the income statement? [FASB ASC 605-45-45-23]	_____	_____	_____
<i>Disclosure</i>			
Gross Transaction Volumes			
4. Although not required, has the entity properly disclosed gross transaction volume for those revenues reported as net? (<i>Note:</i> Such disclosure can be made parenthetically in the income statement or in the notes to the financial statements, but they should not be characterized as revenues, nor should they be reported in a column that sums to net income or loss.) [FASB ASC 605-45-50-1]	_____	_____	_____
Shipping and Handling Fees and Costs			
5. In addition to disclosing the accounting policy decision regarding the classification of shipping and handling costs, has the entity properly disclosed both the amounts if significant and if not included in the cost of sales, and the line item(s) on the income statement where included? [FASB ASC 605-45-50-2]	_____	_____	_____
Taxes Collected From Customers and Remitted to Governmental Authorities			
6. Has the entity properly disclosed the accounting policy decision regarding the presentation of taxes within the scope of FASB ASC 605-45-15-2(e), either on a gross basis (included in revenues and costs) or a net basis (excluded from revenues), disclosed pursuant to FASB ASC 235-10? [FASB ASC 605-45-50-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Has the entity properly disclosed the amount of taxes that are reported on a gross basis in interim and annual financial statements for each period for which an income statement is presented, if significant? (<i>Note:</i> The disclosure of these taxes may be done on an aggregate basis.) [FASB ASC 605-45-50-4]	_____	_____	_____

G. Customer Payments and Incentives (FASB ASC 605-50)

Presentation

Additional Presentation Information

For entities involved in providing customers sales incentives or other consideration, see FASB ASC 605-50-45 for further presentation information, including circumstances under which that consideration is either

- an adjustment of the selling prices of the vendor’s product or services and therefore characterized as a reduction of revenue when recognized in the vendor’s income statement, or
- a cost incurred by the vendor for assets or services received from the customer and therefore characterized as a cost or expense when recognized in the vendor’s income statement.

Disclosure

Service Provider’s Accounting for Consideration Given to a Manufacturer or Reseller of Equipment

1. Has the entity properly disclosed, if the entity is a service provider and provides incentives to a third-party manufacturer or reseller that ultimately benefits the service provider’s customer, this fact? [FASB ASC 605-50-50-1]	_____	_____	_____
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VI. Expenses

A. Compensation (FASB ASC 710-10)

Presentation

Additional Presentation Information

For entities with rabbi trusts, as discussed in FASB ASC 710-10-25-15, see FASB ASC 710-10-45 for information on proper presentation.

Disclosure

Compensated Absences

1. Has the entity properly disclosed, if the entity meets the conditions for recognizing a liability for compensated absences in subparagraphs 1(a)–1(c) of FASB ASC 710-10-25 ¹⁸ and does <i>not</i> accrue a liability because the amount cannot be reasonably estimated, that fact? [FASB ASC 710-10-50-1]	_____	_____	_____
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¹⁸ FASB ASC 710-10-25 paragraph 1(a)–1(c) reads:

An employer shall accrue a liability for employees’ compensation for future absences if all of the following conditions are met:

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
B. Nonretirement Postemployment Benefits (FASB ASC 712-10)			
<i>Disclosure</i>			
Other Postemployment Benefits			
1. If the entity does not accrue an obligation for other postemployment benefits in accordance with FASB ASC 450-20-25-2 or FASB ASC 710-10-25-1 because the amount cannot be reasonably estimated, has the entity properly disclosed that fact? [FASB ASC 712-10-50-2]	_____	_____	_____
C. Defined Benefit Plans—Compensation (FASB ASC 715-20)^{19, 20}			
<i>Presentation</i>			
1. If the entity sponsors one or more defined benefit pension plans or one or more defined benefit other postretirement plans, has the entity separately presented, for pension plans and other postretirement benefit plans, the funded status of the plans and the amounts recognized in the statement of financial position, showing separately the assets and current and noncurrent liabilities recognized? [FASB ASC 715-20-45-2]	_____	_____	_____
2. If the entity presents a classified statement of financial position, has the entity properly presented the liability for an underfunded plan as a current liability, a noncurrent liability, or a combination of both? (<i>Note:</i> The current portion is the amount by which the actuarial present value of benefits included in the benefit obligation payable in the next 12 months, or operating cycle, if longer, exceeds the fair value of plan assets and that the amount classified as a current liability is limited to the amount of the plan's unfunded status recognized in the employer's statement of financial position.) [FASB ASC 715-20-45-3]	_____	_____	_____

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- a. The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- b. The obligation relates to rights that vest or accumulate. Vested rights are those for which the employer has an obligation to make payment even if an employee terminates; thus, they are not contingent on an employee's future service. Accumulate means that earned but unused rights to compensated absences may be carried forward to one or more periods subsequent to that in which they are earned, even though there may be a limit to the amount that can be carried forward.
- c. Payment of the compensation is probable.

¹⁹ Paragraphs 1–2 of FASB ASC 715-30-50, regarding defined benefit plans, refer to FASB ASC 715-20-50 for the disclosure requirements applicable to FASB ASC 715-30-50.

²⁰ In January 2010, FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. This ASU establishes new disclosure requirements regarding transfers in and out of levels 1 and 2 of the fair value hierarchy and activity in level 3 fair value measurements. It also clarifies certain existing disclosures within FASB ASC 820-10-50 regarding level of disaggregation and inputs and valuation techniques. The amendments in this ASU will be effective for interim and annual reporting periods beginning after December 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends), except for the disclosures in the level 3 fair value measurement roll forward. Those disclosures are effective for fiscal years beginning after December 15, 2010 (that is, January 1, 2011, for entities with calendar year-ends), and for interim periods within those fiscal years.

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2010-06.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 605-28-65-1.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. If the entity presents a classified statement of financial position, has the entity properly presented the asset for an over-funded plan as a noncurrent asset? [FASB ASC 715-20-45-3]	_____	_____	_____

Disclosure

Additional Disclosure Information

FASB ASC 715-20-50 contains disclosures for both nonpublic and public companies. See the following “Public Entity Disclosures” section for required disclosures specific to public entities.

Disclosures by Nonpublic Entities

4A. Has the entity properly disclosed separately for pension plans and other postretirement benefit plans, if the entity sponsors one or more defined benefit pension plans or one or more other defined benefit postretirement plans:			
a. The benefit obligation, fair value of plan assets, and funded status of the plan?	_____	_____	_____
b. Employer contributions, participant contributions, and benefits paid?	_____	_____	_____

Additional Disclosure Information

The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of the following:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies
- The major category of plan assets
- The inputs and valuation techniques used to measure the fair value of plan assets
- The effect of fair value measurements using significant unobservable inputs (level 3) on changes in the plan assets for the period
- Significant concentrations of risk within plan assets

c. Considering the items in the preceding “Additional Disclosure Information,” has the entity provided:			
i. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the major categories of plan assets disclosed pursuant to item (ii), as of the latest statement of financial position presented (on a weighted-average basis for employers with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii.	The fair value of each major category of plan assets as of each date for which a statement of financial position is presented? (<i>Note:</i> Asset categories are based on the nature and risks of assets in the entity's plan[s].)		
	_____	_____	_____
iii.	A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined?		
	_____	_____	_____
iv.	Information that enables users of financial statements to assess the inputs and valuation techniques used to develop fair value measurements of plan assets at the reporting date? To meet this objective, has the entity properly disclosed the following:		
	(1) The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2), and significant unobservable inputs (level 3)?		
	_____	_____	_____
	(2) For fair value measurements of plan assets using significant unobservable inputs (level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:		
	(a) Actual return on plan assets?		
	_____	_____	_____
	(b) Purchases, sales, and settlements, net?		
	_____	_____	_____
	(c) Transfers in or out, or both, of level 3?		
	_____	_____	_____
	(3) Information about the valuation technique(s) and inputs used to measure fair value and a discussion of changes in valuation techniques and inputs, if any, during the period?		
	_____	_____	_____
d.	For defined benefit pension plans, the accumulated benefit obligation?		
	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter? The expected benefits should be estimated based on the same assumptions used to measure the entities benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.	_____	_____	_____
f. The employer’s best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented? Estimated contributions may be presented in the aggregate combining any of the following: (i) contributions required by funding regulations or laws, (ii) discretionary contributions, and (iii) noncash contributions.	_____	_____	_____
g. The amounts recognized in the statements of financial position, showing separately the postretirement benefit assets and current and noncurrent postretirement benefit liabilities?	_____	_____	_____
h. Separately, the net gain or loss and net prior service cost or credit recognized in OCI for the period pursuant to FASB ASC 715-30-35 paragraphs 11 and 21 and FASB ASC 715-60-35 paragraphs 16 and 25 and reclassification adjustments of OCI for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost?	_____	_____	_____
i. The amounts in accumulated OCI that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
j. On a weighted-average basis, all of the following assumptions used in the accounting for the plans, specifying in a tabular format, the assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost:			
i. Assumed discount rates (refer to FASB ASC 715-30-35-45 for a discussion of representationally faithful disclosure)?	_____	_____	_____
ii. Rates of compensation increase (for pay-related plans)?	_____	_____	_____
iii. Expected long term rates of return on plan assets?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
k. The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges), and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved?	_____	_____	_____
l. If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts, including annuity contracts, issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period?	_____	_____	_____
m. The nature and effect of significant nonroutine events, such as amendments, combinations, divestitures, curtailments, and settlements?	_____	_____	_____
n. The amounts in accumulated OCI expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
o. The amount and timing of any plan assets expected to be returned to the employer during the 12 month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented?	_____	_____	_____
p. The amount of net periodic benefit cost recognized? [FASB ASC 715-20-50-5]	_____	_____	_____

Note (ASU No. 2010-06): ASU No. 2010-06 affects FASB ASC 715-20-50-5, question 4A, preceding, in the following manner: Throughout the paragraph, the term *major category* was replaced with the term *class*. As such, entities that have adopted the provisions of ASU No. 2010-06 should consider the disclosure requirements contained in question 4A with this change in mind.

["Pending Content" in FASB ASC 715-20-50-5]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Interim Disclosure Requirements for Nonpublic Entities			
5. Has the entity properly disclosed, in interim periods for which a complete set of financial statement is presented, the total amount of the employer’s contributions paid, and expected to be paid, during the current fiscal year, if significantly different than amounts previously disclosed pursuant to FASB ASC 715-20-50-5(f)? ²¹ (<i>Note:</i> Estimated contributions may be presented in the aggregate by combining [a] contributions required by regulations or laws, [b] discretionary contributions, and [c] noncash contributions.) [FASB ASC 715-20-50-7]	_____	_____	_____
Disclosures Related to Expected Rate of Return on Plan Assets			
6. If the entity has changed the previously disclosed weighted-average expected long-term rate of return for plan assets, based on a subsequent interim measurement of both pension or other postretirement plan assets and obligations, has the entity disclosed the beginning and more recently assumed rate, or a properly weighted combination of the two? [FASB ASC 715-20-50-8]	_____	_____	_____
Disclosures Related to Japanese Governmental Settlement Transactions			

Additional Disclosure Information

For entities with activities regarding accounting for Japanese governmental settlement transactions, see paragraphs 9–10 of FASB ASC 715-20-50 for disclosure requirements.

Public Entity Disclosure

Disclosures by Public Entities

7A. Has the public entity properly disclosed the following items, separately for pension plans and other postretirement benefits, if the entity is a sponsor of one or more defined benefit pension plans or one or more defined benefit other postretirement plans: (<i>Note:</i> Amounts related to the entity’s results of operations should be disclosed for each period for which a statement of income is presented and amounts related to the entity’s statement of financial position for each statement of financial position presented.)			
a. A reconciliation of beginning and ending balances of the benefit obligation, showing separately, if applicable, the effects during the period attributable to each of the following: (<i>Note:</i> For defined benefit pension plans, the benefit obligation is the projected benefit obligation and for defined other postretirement plans, the benefit obligation is the accumulated postretirement benefit obligation.)			
i. Service cost?	_____	_____	_____
ii. Interest cost?	_____	_____	_____

²¹ See question 4A(f) in the “VI.C. Defined Benefit Plans—Compensation (FASB ASC 715-20)” section.

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. Contribution by plan participants?	_____	_____	_____
iv. Actuarial gains and losses?	_____	_____	_____
v. Foreign currency exchange rates? (<i>Note</i> : The effects of foreign currency exchange rate changes that are to be disclosed are those applicable to plans of a foreign operation whose functional currency is not the reporting currency pursuant to FASB ASC 830-10-45.)	_____	_____	_____
vi. Benefits paid?	_____	_____	_____
vii. Plan amendments?	_____	_____	_____
viii. Business combinations?	_____	_____	_____
ix. Divestitures?	_____	_____	_____
x. Curtailments, settlements, and special and contractual termination benefits?	_____	_____	_____
b. A reconciliation of the beginning and ending balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following:			
i. Actual return on plan assets?	_____	_____	_____
ii. Foreign currency exchange rates?	_____	_____	_____
iii. Contribution by the employer?	_____	_____	_____
iv. Contributions by plan participants?	_____	_____	_____
v. Benefits paid?	_____	_____	_____
vi. Business combinations?	_____	_____	_____
vii. Divestitures?	_____	_____	_____
viii. Settlements?	_____	_____	_____
c. The funded status of the plans and the amounts recognized in the statement of financial position, showing separately the assets and current and noncurrent liabilities?	_____	_____	_____

Additional Disclosure Information

The objectives of the disclosures about postretirement benefit plan assets are to provide users of financial statements with an understanding of the following:

- How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies
 - The major category of plan assets
 - The inputs and valuation techniques used to measure the fair value of plan assets
 - The effect of fair value measurements using significant unobservable inputs (level 3) on changes in the plan assets for the period
 - Significant concentrations of risk within plan assets
-

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Considering the items in the preceding "Additional Disclosure Information," has the entity provided the following:			
i. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages considering the major categories of plan assets disclosed pursuant to item (ii), as of the latest statement of financial position presented (on a weighted-average basis for employers with more than one plan), and other factors that are pertinent to an understanding of those policies and strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations?	_____	_____	_____
ii. The fair value of each major category of plan assets as of each date for which a statement of financial position is presented? (<i>Note:</i> Asset categories are based on the nature and risks of assets in the entity's plan[s].)	_____	_____	_____
iii. A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined?	_____	_____	_____
iv. Information that enables users of financial statements to assess the inputs and valuation techniques used to develop fair value measurements of plan assets at the reporting date? To meet this objective, has the entity properly disclosed the following:			
(1) The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2), and significant unobservable inputs (level 3)?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(2) For fair value measurements of plan assets using significant unobservable inputs (level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:			
(a) Actual return on plan assets?	_____	_____	_____
(b) Purchases, sales, and settlements, net?	_____	_____	_____
(c) Transfers in, out, or both of level 3?	_____	_____	_____
(3) Information about the valuation technique(s) and inputs used to measure fair value and a discussion of changes in valuation techniques and inputs, if any, during the period?	_____	_____	_____
e. The accumulated benefit obligation? (For defined benefit pension plans)	_____	_____	_____
f. The benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter? (<i>Note:</i> The expected benefits should be estimated based on the same assumptions used to measure the entity's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.)	_____	_____	_____
g. The entity's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. (<i>Note:</i> Estimated contributions may be presented in the aggregate combining [i] contributions required by funding regulations or laws, [ii] discretionary contributions, and [iii] noncash contributions.)	_____	_____	_____
h. The amount of net benefit cost recognized, showing separately all of the following:			
i. The service cost component?	_____	_____	_____
ii. The interest cost component?	_____	_____	_____
iii. The expected return on plan assets for the period?	_____	_____	_____
iv. The gain or loss component?	_____	_____	_____
v. The prior service cost or credit component?	_____	_____	_____
vi. The transition asset or obligation component?	_____	_____	_____
vii. The gain or loss recognized due to settlements or curtailments?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>i.</i> Separately the net gain or loss and net prior service cost or credit recognized in OCI for the period pursuant to FASB ASC 715-30-35 paragraphs 11 and 21 and FASB ASC 715-60-35 paragraphs 16 and 25 and reclassification adjustments of OCI for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost?	_____	_____	_____
<i>j.</i> The amounts in accumulated OCI that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
<i>k.</i> On a weighted-average basis, the assumptions used in the accounting for the plans, specifying in a tabular format, the assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost including (i) assumed discount rates, (ii) rates of compensation increase (for pay-related plans), and (iii) expected long-term rates of return on plan assets?	_____	_____	_____
<i>l.</i> The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges), and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved?	_____	_____	_____
<i>m.</i> The effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in the assumed health care cost trend rates on the aggregate of the service and interest cost components of net periodic postretirement health care benefit costs and the accumulated postretirement benefit obligation for health care benefits?	_____	_____	_____
<i>n.</i> If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts, including annuity contracts issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period?	_____	_____	_____
<i>o.</i> If applicable, any alternative method used to amortize prior service amounts or net gains and losses pursuant to FASB ASC 715-30-35-13 and 715-30-35-25 or FASB ASC 715-60-35-18 and 715-60-35-31?	_____	_____	_____
<i>p.</i> If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
q. If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event?	_____	_____	_____
r. An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by FASB ASC 715-20-50?	_____	_____	_____
s. The amounts in accumulated OCI expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
t. The amount and timing of any plan assets expected to be returned to the employer during the 12-month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented? [FASB ASC 715-20-50-1]	_____	_____	_____

Note (ASU No. 2010-06): ASU No. 2010-06 affects FASB ASC 715-20-50-1, question 7A, in the following manner: (a) throughout the paragraph, the term *major category* was replaced with the term *class* and (b) the following statement was added to item 7A(d)(ii): “For additional guidance on determining appropriate classes of plan assets, see FASB ASC 820-10-50-2A.” As such, public entities that have adopted the provisions of ASU No. 2010-06 should consider the disclosure requirements contained in question 7A with these changes in mind.
[“Pending Content” in FASB ASC 715-20-50-1]

- | | | | |
|---|-------|-------|-------|
| 8. Has the public entity properly aggregated the disclosures, as required by FASB ASC 715-20-50, for the entity’s entire defined benefit pension plans and for all of the entity’s other defined benefit postretirement plans, unless disaggregating in groups is considered to provide useful information or is otherwise required by paragraphs 3–4 of FASB ASC 715-20-50 (discussed subsequently)?
[FASB ASC 715-20-50-2] | _____ | _____ | _____ |
|---|-------|-------|-------|

Additional Disclosure Information

Disclosures about pension plans with assets in excess of the accumulated benefit obligation generally may be aggregated with disclosures about pension plans with accumulated benefit obligations in excess of assets. The same aggregation is permitted for other postretirement benefit plans. If aggregate disclosures are presented, an employer should disclose both of the following:

- The aggregate benefit obligation and aggregate fair value of plan assets for plans with benefit obligations in excess of plan assets as of the measurement date of each statement of financial position presented, and

(continued)

Yes No N/A

- The aggregate pension accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets
[FASB ASC 715-20-50-3]

U.S. reporting entities may combine disclosures about pension plans or other postretirement benefit plans outside the United States with those for U.S. plans unless the benefit obligations of the plans outside the United States are significant relative to the total benefit obligation and those plans use significantly different assumptions. A foreign reporting entity that prepares financial statements in conformity with U.S. GAAP should apply the preceding guidance to its domestic and foreign plans.
[FASB ASC 715-20-50-4]

Interim Disclosure Requirements for Publicly Traded Entities

9. Has the public entity properly disclosed the following information for its interim financial statements that include a statement of income:

a. The amount of net benefit cost recognized, for each period for which a statement of income is presented, showing separately each of the following:

- | | | | |
|--|-------|-------|-------|
| i. The service cost component? | _____ | _____ | _____ |
| ii. The interest cost component? | _____ | _____ | _____ |
| iii. The expected return on plan assets for the period? | _____ | _____ | _____ |
| iv. The gain or loss component? | _____ | _____ | _____ |
| v. The prior service cost or credit component? | _____ | _____ | _____ |
| vi. The transition asset or obligation component? | _____ | _____ | _____ |
| vii. The gain or loss recognized due to a settlement or curtailment? | _____ | _____ | _____ |

b. The total amount of the employer’s contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to FASB ASC 715-20-50-1(g)?²² Estimated contributions may be presented in the aggregate combining all of the following: (i) contributions required by funding regulations or laws, (ii) discretionary contributions, and (iii) noncash contributions.
[FASB ASC 715-20-50-6]

D. Defined Benefit Plans—Other Postretirement (FASB ASC 715-60)

Disclosure

Medicare Prescription Drug, Improvement, and Modernization Act

1. Has the entity properly disclosed the following, if the entity is including for the first time, in interim or annual financial statements, the effects of the Medicare subsidy in measuring the accumulated postretirement benefit obligation and in measuring net periodic postretirement benefit cost:

²² See question 7A(g) in the “VI.C. Defined Benefit Plans—Compensation (FASB ASC 715-20)” section.

Life and Health Insurance Entities

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	The reduction in the accumulated postretirement benefit obligation for the subsidy related to benefits attributed to past service?	_____	_____	_____
b.	The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period? (<i>Note:</i> That effect includes any amortization of the actuarial gain, noted in question 1[a], as a component of the net amortization called for by paragraphs 29–30 of FASB ASC 715-60-35, the reduction in current period service cost due to the subsidy, and the resulting reduction in interest cost on the accumulated postretirement benefit obligation as a result of the subsidy.)	_____	_____	_____
c.	Any other disclosures required by FASB ASC 715-20-50-1(r)? [FASB ASC 715-60-50-3]	_____	_____	_____
2.	Has the entity properly disclosed, for purposes of the disclosures required by paragraphs 1(a) and 1(f) of FASB ASC 715-20-50, gross benefit payments (paid and expected, respectively), including prescription drug benefits, and separately the gross amount of the Medicare subsidy receipts (received and expected, respectively)? [FASB ASC 715-60-50-4]	_____	_____	_____
3.	Until the entity is able to determine whether benefits provided by its plan are actuarially equivalent (as defined in the act), has the entity properly disclosed the following in the financial statements for interim or annual periods:			
a.	The existence of the Medicare Prescription Drug, Improvement, and Modernization Act?	_____	_____	_____
b.	That measures of the accumulated postretirement benefit obligation or net periodic postretirement benefit cost do not reflect any amount associated with the subsidy because the employer is unable to conclude whether the benefits provided by the plan are actuarially equivalent to Medicare Part D under the act? [FASB ASC 715-60-50-6]	_____	_____	_____
E. Defined Contribution Plans (FASB ASC 715-70)				
<i>Disclosure</i>				
1.	Has the entity properly disclosed the amount of cost recognized for defined contribution pension plans and for other defined contribution postretirement benefit plans for all periods presented separately from the amount of cost recognized for defined benefit plans? (<i>Note:</i> The disclosures should include a description of the nature and effect of any significant changes during the period affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture.) [FASB ASC 715-70-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
F. Multiemployer Plans (FASB ASC 715-80)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the amount of contributions to multiemployer plans for each annual period for which a statement of income is presented? (<i>Note:</i> An entity may disclose total contributions to multiemployer plans without disaggregating the amounts attributable to pension plans and other postretirement benefit plans. The disclosures should include a description of the nature and effect of any changes affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture.) [FASB ASC 715-80-50-1]	_____	_____	_____
2. Has the entity properly disclosed if it is either probable or reasonably possible that (a) an employer would withdraw from the plan under circumstances that would give rise to an obligation, or (b) an entity’s contribution to the fund would be increased during the remainder of the contract period to make up a shortfall in the funds necessary to maintain the negotiated level of benefit coverage (a “maintenance of benefits” clause), the provisions of FASB ASC 450, <i>Contingencies</i> ? [FASB ASC 715-80-50-2]	_____	_____	_____
G. Stock Compensation (FASB ASC 718-10)			
<i>Disclosure</i>			
1. Has the entity properly disclosed, if the entity has one or more share-based payment arrangements, information that enables users of the financial statements to understand (<i>Note:</i> This information is not required for interim disclosure.)			
a. the nature and terms of such arrangements that existed during the period and the potential effects of those arrangements on shareholders?	_____	_____	_____
b. the effect of compensation cost arising from share-based payment arrangements on the income statement?	_____	_____	_____
c. the method of estimating the fair value of the goods or services received, or the fair value of the equity instruments granted (or offered to grant), during the period?	_____	_____	_____
d. the cash flow effects resulting from share-based payment arrangements? [FASB ASC 718-10-50-1]	_____	_____	_____
2. Has the entity properly disclosed the following, at a minimum, with regards to stock-based compensation: (<i>Note:</i> In some circumstances, an entity may need to disclose information beyond the following to achieve the disclosure objectives.)			
a. A description of the share-based payment arrangement(s), including the general terms of awards under the arrangement(s), such as			

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. the requisite service period(s) and any other substantive conditions (including those related to vesting)?	_____	_____	_____
ii. the maximum contractual term of equity (or liability) share options or similar instruments?	_____	_____	_____
iii. the number of shares authorized for awards of equity share options or other equity instruments?	_____	_____	_____
b. The method it uses for measuring compensation cost from share-based payment arrangements with employees?	_____	_____	_____
c. For the most recent year for which an income statement is provided, both of the following:			
i. The number and weighted-average exercise prices (or conversion ratios) for (1) shares outstanding at the beginning of the year, (2) shares outstanding at the end of the year, (3) shares exercisable or convertible at the end of the year, and (4) those during the year that were granted, exercised or converted, forfeited or expired?	_____	_____	_____
ii. The number and weighted-average grant-date fair value (or calculated value for a nonpublic entity that uses that method or intrinsic value for awards measured pursuant to FASB ASC 718-10-30-21) of equity instruments not specified in item (c)(i), for those (1) nonvested at the beginning of the year, (2) nonvested at the end of the year, and (3) those during the year that were granted, vested or forfeited?	_____	_____	_____
d. For each year for which an income statement is provided			
i. the weighted average grant-date fair values (or calculated value for a nonpublic entity that uses that method or intrinsic value for awards measured at that value pursuant to paragraphs 21–22 of FASB ASC 718-10-30) of equity options or other equity instruments granted during the year?	_____	_____	_____
ii. the total intrinsic value of options exercised (or share units converted), share-based liabilities paid, and the total fair value of shares vested during the year?	_____	_____	_____
e. For fully vested share options (or share units) and share options expected to vest at the date of the latest statement of financial position			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i.	the number, weighted-average exercise price (or conversion ratio), aggregate intrinsic value (except for nonpublic entities), and weighted-average remaining contractual term of options (or share units) outstanding?		
	_____	_____	_____
ii.	the number, weighted-average exercise price (or conversion ratio), aggregate intrinsic value (except for nonpublic entities), and weighted-average remaining contractual term of options (or share units) currently exercisable (or convertible)?		
	_____	_____	_____
f.	For each year for which an income statement is presented, both of the following (an entity that uses the intrinsic value method pursuant to paragraphs 21–22 of FASB ASC 718-10-30 is not required to disclose the following information for awards accounted for under that method):		
i.	A description of the method used during the year to estimate the fair value (or calculated value) of awards under share-based payment arrangements?		
	_____	_____	_____
ii.	A description of the significant assumptions used during the year to estimate the fair value (or calculated value) of share-based compensation awards, including (if applicable)		
	(1) expected term of share options and similar instruments, including a discussion of the method used to incorporate the contractual term of the instruments and employees' expected exercise and postvesting employment termination behavior into the fair value (or calculated value) of the instrument?		
	_____	_____	_____
	(2) expected volatility of the entity's shares and the method used to estimate it? (An entity that uses a method that employs different volatilities during the contractual term should disclose the range of expected volatilities used and the weighted-average expected volatility. A nonpublic entity that uses the calculated value method should disclose the reasons why it is not practicable for it to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index.)		
	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(3) expected dividends? (An entity that uses a method that employs different dividend rates during the contractual term should disclose the range of expected dividends used and the weighted-average expected dividends.)	_____	_____	_____
(4) risk-free rate(s)? (An entity that uses a method that employs different risk-free rates should disclose the range of risk-free rates used.)	_____	_____	_____
(5) discount for post-vesting restrictions and the method for estimating it?	_____	_____	_____
g. Has the entity, if the entity grants equity or liability instruments under multiple share-based payment arrangements with employees, provided the information specified in items (a)–(f) of this question separately for different types of awards to the extent that the differences in the characteristics of the awards make separate disclosure important to an understanding of the entity’s use of share-based compensation?	_____	_____	_____
h. For each year for which an income statement is presented, both of the following:			
i. Total compensation cost for share-based payment arrangements (including recognized in income as well as the total recognized tax benefit related thereto and capitalized as part of the cost of an asset)?	_____	_____	_____
ii. A description of the significant modifications, including the terms of the modifications, the number of employees affected, and the total incremental compensation cost resulting from the modifications?	_____	_____	_____
i. As of the latest balance sheet date presented, the total compensation cost related to nonvested awards not yet recognized and the weighted-average period over which it is expected to be recognized?	_____	_____	_____
j. If not separately disclosed elsewhere, the amount of cash received from exercise of share options and similar instruments granted under share-based payment arrangements and the tax benefit realized from stock options exercised during the annual period?	_____	_____	_____
k. If not separately disclosed elsewhere, the amount of cash used to settle equity instruments granted under share-based payment arrangements?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
l. Description of the entity’s policy, if any, for issuing shares upon share option exercise (or share unit conversion), including the source of those shares (that is, new shares or treasury shares). If as a result of its policy, an entity expects to repurchase shares in the following annual period, the entity should disclose an estimate of the amount (or a range, if more appropriate) of shares to be repurchased during that period? [FASB ASC 718-10-50-2]	_____	_____	_____

Additional Disclosure Information

In addition to the information required by FASB ASC 718-10-50, the entity may disclose supplemental information that it believes would be useful to investors and creditors, such as a range of values calculated on the basis of different assumptions, provided that the supplemental information is reasonable and does not lessen the prominence and credibility of the information required by FASB ASC 718-10-50. The alternative assumptions should be described to enable users of the financial statements to understand the basis for the supplemental information.
 [FASB ASC 718-10-50-4]

H. Employee Stock Ownership Plans (FASB ASC 718-40)

Presentation

Earnings Per Share

1. Has the entity properly presented dividends on preferred stock held by an employee stock ownership plan as a deduction from net income net of any applicable tax benefit when computing both basic and diluted EPS (if that preferred stock is considered outstanding)? [FASB ASC 718-40-45-1]	_____	_____	_____
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Issuance of Shares or the Sale of Shares to an Employee Stock Ownership Plan

2. Has the entity properly presented, as a separate balance sheet item, the issuance of shares or the sale of treasury shares to an employee stock ownership plan when the issuance or sale occurred and presented a corresponding charge to unearned employee stock ownership plan shares? [FASB ASC 718-40-45-2]	_____	_____	_____
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Disclosure

3. Has an entity that sponsors an employee stock ownership plan properly disclosed the following information about the plan:			
a. A description of the plan, the basis for determining contributions, including the employee groups covered, and the nature and effect of significant matters affecting comparability of information for all periods presented? (<i>Note:</i> For leveraged employee stock ownership plans and pension reversion employee stock ownership plans, the description should include the basis for releasing shares and how dividends on allocated and unallocated shares are used.)	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. A description of the accounting policies followed for employee stock ownership plan transactions, including the method of measuring compensation, the classification of dividends on employee stock ownership plan shares, and the treatment of employee stock ownership plan shares for EPS computations? (<i>Note:</i> If the entity has both old employee stock ownership plan shares for which it does not adopt the guidance in FASB ASC 718-40 and new employee stock ownership plan shares for which the guidance in FASB ASC 718-40 is required, the accounting policies for both blocks of shares shall be described.)	_____	_____	_____
c. The amount of compensation cost recognized during the period?	_____	_____	_____
d. The number of allocated shares, committed-to-be-released shares, and suspense shares held by the employee stock ownership plan at the balance sheet date? (<i>Note:</i> If the disclosure should be made separately for shares accounted for under FASB ASC 718-40 and for grandfathered employee stock ownership plan shares.)	_____	_____	_____
e. The fair value of unearned employee stock ownership plan shares at the balance sheet date for shares accounted for under FASB ASC 718-40? (<i>Note:</i> This disclosure does not apply to old employee stock ownership plan shares that are not accounted for under FASB ASC 718-40.)	_____	_____	_____
f. The existence and nature of any repurchase obligation, including disclosure of the fair value of the shares allocated as of the balance sheet date which are subject to the repurchase obligation?	_____	_____	_____
g. The amount and treatment in the EPS computation of the tax benefit related to dividends paid to any employee stock ownership plan, if material? [FASB ASC 718-40-50-1]	_____	_____	_____
I. Stock Compensation—Income Taxes (FASB ASC 718-740)			
<i>Presentation</i>			
Excess Tax Benefit			
1. Has the entity recognized an excess tax benefit pursuant to FASB ASC 718-740-35-3 as additional paid-in capital, unless the excess of a tax benefit for an award over the deferred tax asset for that award is recognized in the income statement for an excess, which stems from a reason other than changes in the fair value of the entity's shares between the measurement date for accounting purposes and a later measurement date for tax purposes? [FASB ASC 718-740-45-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Tax Deficiency			
2. Has the entity properly offset the write-off of a deferred tax deficiency, pursuant to the guidance in paragraphs 5–8 of FASB ASC 718-840-35, against additional paid-in capital, with the remaining balance of the write-off of a deferred tax asset related to a tax deficiency recognized in the income statement? [FASB ASC 718-740-45-4]	_____	_____	_____
Employee Stock Ownership Plans			
3. Pursuant to the requirements of FASB ASC 740-20-45-11(d), if the cost of shares committed to be released in an employee stock ownership plan is greater than their fair value has the entity credited to shareholders equity the tax effect of the amount by which the deductible expense exceeds the book expense? [FASB ASC 718-740-45-5]	_____	_____	_____
4. If the cost of shares committed to be released in an employee stock ownership plan is less than their fair value, has the entity charged shareholders’ equity the tax effect of the amount by which the book expense exceeds the deductible expense, to the extent of previous credits to shareholders’ equity related to cost exceeding fair value of the shares committed to be released in previous periods? [FASB ASC 718-740-45-6]	_____	_____	_____
Tax Benefits of Dividends on Share-Based Payment Awards to Employees			
5. Has the entity properly recognized a realized income tax benefit as an increase to additional paid-in capital from dividends that are charged to retained earnings and paid to employees for nonvested equity shares, nonvested equity share units or outstanding share options, and included the amount in the pool of excess tax benefits available to absorb tax deficiencies on share-based payment awards? [FASB ASC 718-740-45-8]	_____	_____	_____
6. Has the entity excluded the unrealized income tax benefits from dividends on equity-classified employee share-based payment awards from the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based payment awards? [FASB ASC 718-740-45-10]	_____	_____	_____
7. If the entity estimates an increase in forfeitures, has the tax benefits from dividends that are reclassified from additional paid-in capital to the income statement been limited to the entity’s pool of excess tax benefits available to absorb tax deficiencies on the date of the reclassification? [FASB ASC 718-740-45-12]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
J. Insurance Costs (FASB ASC 720-20)			
<i>Disclosure</i>			
Claims-Made Contracts			
1. Has the entity properly disclosed, when it changes from occurrence-based insurance claims-made insurance or elects to significantly reduce or eliminate its insurance coverage, the items required by paragraphs 3–6 of FASB ASC 450-20-50, ²³ if it is at least reasonably possible that a loss has been incurred? [FASB ASC 720-20-50-1]	_____	_____	_____
Other			
2. For publicly held entities and entities with public accountability, such as governments, are circumstances disclosed in which			
a. they are exposed to risks of future material loss related to			
i. torts?	_____	_____	_____
ii. theft of, damage to, expropriation of, or destruction of assets?	_____	_____	_____
iii. business interruption?	_____	_____	_____
iv. errors or omissions?	_____	_____	_____
v. injuries to employees?	_____	_____	_____
vi. acts of God?	_____	_____	_____
b. those risks have not been transferred to unrelated third parties through insurance? (<i>Encouraged, but not required.</i>)	_____	_____	_____
3. In considering those matters to be disclosed that relate to certain uninsured risks of future material loss as described in FASB ASC 720-20, has the entity considered the following:			
a. The actual and potential effects of losses from such risks on the entity's historical or planned operations, including exposure to losses from claims, curtailment of research and development or manufacturing, or contraction or cessation of other activities, such as discontinuance of a product line?	_____	_____	_____
b. Comparison of current insurance coverage by major categories of risk to coverage in prior periods, without necessarily quantifying such coverage or change in coverage?	_____	_____	_____
c. Recent claims experience?	_____	_____	_____
d. A description of the reporting entity's risk management programs? (<i>Encouraged, but not required.</i>)	_____	_____	_____

²³ See questions 3–6 of the "III.F. Loss Contingencies (FASB ASC 450-20)" section.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
K. Advertising Costs (FASB ASC 720-35)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the following related to advertising costs:			
a. The accounting policy for reporting whether such costs are expensed as incurred or the first time the advertising takes place?	_____	_____	_____
b. The total amount charged to advertising expense for each income statement presented? [FASB ASC 720-35-50-1]	_____	_____	_____
L. Research and Development Expenses (FASB ASC 730-10)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the total research and development costs charged to expense in each period for which an income statement is presented? (<i>Note:</i> This disclosure should include research and development costs incurred for a computer software product to be sold, leased, or otherwise marketed.) [FASB ASC 730-10-50-1]	_____	_____	_____
M. Research and Development Arrangements (FASB ASC 730-20)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the following, for research and development arrangements to perform research and development for others which are accounted for under FASB ASC 730-20:			
a. The terms of significant agreements under the research and development arrangement (including royalty arrangements, purchase provisions, license agreements, and commitments to provide additional funding) as of the date of each balance sheet presented?	_____	_____	_____
b. The amount of compensation earned and costs incurred under such contracts for each period for which an income statement is presented? [FASB ASC 730-20-50-1]	_____	_____	_____
2. Has the entity properly disclosed each research and development arrangement separately, if such separate disclosure is necessary to understand the effects on the financial statements? (<i>Note:</i> Aggregation of similar arrangements, by type, may be appropriate.) [FASB ASC 730-20-50-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
N. Income Taxes (FASB ASC 740-10)			
<i>Presentation</i>			
Deferred Tax Assets			
1. Has the entity properly presented separately, in a classified statement of financial position, the deferred tax assets and liabilities into a current amount and a noncurrent amount? (<i>Note:</i> Deferred tax assets and liabilities should be classified as current or noncurrent based on the classification of the related asset or liability for financial reporting.) [FASB ASC 740-10-45-4]	_____	_____	_____
2. Has the entity properly allocated the valuation allowance for a particular tax jurisdiction, properly allocated between current and noncurrent deferred tax assets for that tax jurisdiction on a pro rata basis? [FASB ASC 740-10-45-5]	_____	_____	_____
3. Has the entity properly presented, for a particular tax-paying component of the entity and within a particular tax jurisdiction, all current deferred tax assets and liabilities offset and as a single amount and all noncurrent tax assets and liabilities in the same manner? (<i>Note:</i> The entity should not offset deferred tax liabilities and assets attributable to different tax-paying components of the entity or to different tax jurisdictions.) [FASB ASC 740-10-45-6]	_____	_____	_____
4. If the entity is an S corporation, partnership, or proprietorship, is the reason that no income tax expense is recorded disclosed? [Common Practice]	_____	_____	_____
Deferred Tax Accounts Not Related to an Asset or Liability			
5. Has the entity properly presented and classified deferred tax assets not related to an asset or liability for financial reporting (see paragraphs 25–26 of FASB ASC 740-10-25), including those related to carryforwards, according to the expected reversal date of the temporary difference? [FASB ASC 740-10-45-9]	_____	_____	_____
Tax Accounts, Other Than Deferred—Unrecognized Tax Benefits			
6. If the entity presents a classified statement of financial position, has the entity properly classified a liability associated with an unrecognized tax benefit as a current liability (or the amount of a net operating loss carryforward or amount refundable is reduced) to the extent the entity anticipates payment (or receipt) of cash within one year or the operating cycle, if longer? (<i>Note:</i> The liability for unrecognized tax benefits (or reduction in amounts refundable) should not be combined with deferred tax liabilities or assets.) [FASB ASC 740-10-45-11]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Has the entity properly not presented and classified a liability recognized for an unrecognized tax benefit as a deferred tax liability, unless it arose from a taxable temporary difference? [FASB ASC 740-10-45-12]	_____	_____	_____
8. Has the entity properly not presented, as offset, cash or other assets against a tax liability or other amount owing to governmental bodies, except as noted in FASB ASC 210-20-45-6? ²⁴ [FASB ASC 740-10-45-13]	_____	_____	_____
Income Statement Presentation of Certain Measurement Changes to Income Tax Accounts—Changes in Tax Laws or Rates			
9. Has the entity properly presented changes to deferred tax accounts, as required by FASB ASC 740-10-35-4, for the effect of a change in tax laws or rates in income from continuing operations for the period that includes the enactment date? [FASB ASC 740-10-45-15]	_____	_____	_____
Income Statement Presentation of Certain Measurement Changes to Income Tax Accounts—Changes in the Tax Status of an Entity			
10. Has the entity properly presented changes as a result of recognition or derecognition of a deferred tax account, as required by FASB ASC 740-10-25-32 and FASB ASC 740-10-40-6, due to a change in tax status, included in income from continuing operations? [FASB ASC 740-10-45-19]	_____	_____	_____

Disclosure

Additional Disclosure Information

FASB ASC 740-10-50 contains disclosures for both nonpublic and public companies. See the following “Public Entity Disclosures” section of this checklist for required disclosures specific to public entities.

Statement of Financial Position Related Disclosures

11. Has the entity properly disclosed the components of the net deferred tax asset or liability recognized in the statement of financial position, as follows:			
a. The total of all deferred tax liabilities (measured as described in FASB ASC 740-10-30-5[b])?	_____	_____	_____
b. The total of all deferred tax assets (measured as described in [c] and [d] of FASB ASC 740-10-30-5)?	_____	_____	_____
c. The total valuation allowance recognized for deferred tax assets (measured as described in FASB ASC 740-10-30-5[e])? [FASB ASC 740-10-50-2]	_____	_____	_____

²⁴ The offset of cash or other assets against the tax liability or other amounts owing to governmental bodies should not be acceptable except in the following circumstance.

Most securities issued by governments are not by their terms designed specifically for the payment of taxes and, accordingly, should not be deducted from taxes payable on the balance sheet. The only exception to this general principle occurs when it is clear that a purchase of securities is in substance an advance payment of taxes that will be payable in the relatively near future, so that in the special circumstances the purchase is tantamount to the prepayment of taxes.

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
12. Has the entity properly disclosed the net change in the total valuation allowance during the year? [FASB ASC 740-10-50-2]	_____	_____	_____
13. Has the entity properly disclosed the following:			
a. The amounts and expiration dates of operating loss and tax credit carryforwards for tax purposes?	_____	_____	_____
b. Any portion of the valuation allowance for deferred tax assets for which subsequently recognized tax benefits will be credited directly to contributed capital? [FASB ASC 740-10-50-3]	_____	_____	_____
14. Has the entity properly disclosed the change in the entity's tax status for year 2 and the effects of that change, if material, if a change in the entity's tax status becomes effective after year-end in year 2 but before the financial statements for year 1 are issued or are available to be issued? [FASB ASC 740-10-50-4]	_____	_____	_____
Statement of Financial Position Related Disclosures—Nonpublic Entities			
15. Has the entity properly disclosed the types of significant temporary differences and carryforwards? (<i>Note:</i> The entity may omit disclosures of the tax effects of each type.) [FASB ASC 740-10-50-8]	_____	_____	_____
Income Statement Related Disclosures			
16. Has the entity properly disclosed the following significant components of income tax expense attributable to continuing operations for each year presented: (<i>Note:</i> The components that follow are not exhaustive.)			
a. Current tax expense (or benefit)?	_____	_____	_____
b. Deferred tax expense (or benefit) (exclusive of the effects of other components in this list)?	_____	_____	_____
c. Investment tax credits?	_____	_____	_____
d. Government grants (to the extent recognized as a reduction of income tax expense)?	_____	_____	_____
e. The benefits of operating loss carryforwards?	_____	_____	_____
f. Tax expense that results from allocating certain tax benefits directly to contributed capital?	_____	_____	_____
g. Adjustments of a deferred tax liability or asset for enacted changes in tax laws or rates or a change in the tax status of the reporting entity?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>h.</i> Adjustments of the beginning-of-the-year balance of a valuation allowance because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset in future years (for example, any acquisition-date income tax benefits or expenses recognized from changes in the acquirer’s valuation allowance for its previously existing deferred tax assets as a result of a business combination [see FASB ASC 805-740-30-3])? [FASB ASC 740-10-50-9]</p>	_____	_____	_____
<p>17. Has the entity properly disclosed the amount of income tax expense or benefit allocated to continuing operations and the amounts separately allocated to other items (in accordance with the intraperiod tax allocation provisions of paragraphs 2–14 of FASB ASC 740-20-45 and FASB ASC 852-740-45-3) for each year for which those items are presented? [FASB ASC 740-10-50-10]</p>	_____	_____	_____
<p>Income Tax Expense Compared to Statutory Expectations— Nonpublic Entities</p>			
<p>18. Has the entity properly disclosed the nature of significant items required to reconcile the reported amount of income tax expense attributable to continuing operations for the year to the amount of income tax expense that would result from applying domestic federal statutory tax rates to pretax income from continuing operations? (<i>Note:</i> A numerical reconciliation is not required.) [FASB ASC 740-10-50-13]</p>	_____	_____	_____
<p>Income Tax Expense Compared to Statutory Expectations—All Entities</p>			
<p>19. If not otherwise evident, has the entity properly disclosed the nature and effect of any other significant matter affecting comparability of information for all periods presented? [FASB ASC 740-10-50-14]</p>	_____	_____	_____
<p>Unrecognized Tax Benefit Related Disclosures</p>			
<p>20. Has the entity properly disclosed the following at the end of each annual reporting period presented:</p>			
<p><i>a.</i> The total amounts of interest and penalties recognized in the statement of operations and the total amounts of interest and penalties recognized in the statement of financial position?</p>	_____	_____	_____
<p><i>b.</i> For positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date,</p>			
<p><i>i.</i> the nature of the uncertainty?</p>	_____	_____	_____
<p><i>ii.</i> the nature of the event that could occur in the next 12 months that would cause the change?</p>	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. an estimate of the range of the reasonably possible change or a statement that an estimate of the range cannot be made?	_____	_____	_____
c. A description of tax years that remain subject to examination by major tax jurisdictions? [FASB ASC 740-10-50-15]	_____	_____	_____
Entities With Separately Issued Financial Statements That Are Members of a Consolidated Tax Return			
21. If the entity is a member of a group that files a consolidated tax return, has the entity properly disclosed the following items in its separately issued financial statements:			
a. The aggregate amount of current and deferred tax expense for each income statement presented and the amount of any tax-related balances due to or from affiliates as of the date of each balance sheet presented?	_____	_____	_____
b. The principal provisions of the method by which the consolidated amount of current and deferred tax expense is allocated to members of the group and the nature and effect of any changes in that method (and in determining related balances to or from affiliates) during the years for which the disclosures in item (a) are presented? [FASB ASC 740-10-50-17]	_____	_____	_____
Policy-Related Disclosures—Interest and Penalty Recognition Policies			
22. Has the entity properly disclosed its policy on classification of interest and penalties in accordance with FASB ASC 740-10-45-25 in the footnotes to the financial statements? (<i>Note:</i> Interest may be classified as either income taxes or interest expense and penalties may be classified as income taxes or another expense. These determinations are based on the policy election of the entity.) [FASB ASC 740-10-50-19]	_____	_____	_____
Policy-Related Disclosures—Investment Tax Credit Recognition Policy			
23. Has the entity properly disclosed its policy on accounting for investment tax credits and amounts involved, if material? (<i>Note:</i> FASB ASC 740-10-25-46 identifies the deferral method and the flow-through method as acceptable methods of accounting for investment tax credits.) [FASB ASC 740-10-50-20]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Public Entity Disclosures</i>			
Statement of Financial Position Related to Disclosures			
24. Has the public entity properly disclosed the approximate tax effect of each type of temporary difference and carryforward that gives rise to a significant portion of deferred tax liabilities and deferred tax assets (before allocation of valuation allowances)? [FASB ASC 740-10-50-6]	_____	_____	_____
Income Tax Expense Compared to Statutory Expectations			
25. Has the public entity properly disclosed a reconciliation using percentages or dollar amounts of the reported amount of income tax expense attributable to continuing operations for the year to the amount of income tax expense that would result from applying domestic federal statutory tax rates to pre-tax income from continuing operations? (<i>Note:</i> The statutory tax rates should be the regular tax rates if there are alternative tax systems. Further the estimated amount and nature of each significant reconciling item should be disclosed.) [FASB ASC 740-10-50-12]	_____	_____	_____
Unrecognized Tax Benefit Related Disclosures			
26. Has the entity properly disclosed the following at the end of each annual reporting period presented:			
<i>a.</i> A tabular reconciliation of the total amount of unrecognized tax benefits at the beginning and the end of the period that includes, at a minimum, the following:			
<i>i.</i> The gross amounts of the increases and decreases in unrecognized tax benefits as a result of tax positions taken during the prior period?	_____	_____	_____
<i>ii.</i> The gross amounts of increases and decreases in unrecognized tax benefits as a result of tax positions taken during the current period?	_____	_____	_____
<i>iii.</i> The amounts of decreases in the unrecognized tax benefits relating to settlements with taxing authorities?	_____	_____	_____
<i>iv.</i> Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations?	_____	_____	_____
<i>b.</i> The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate? [FASB ASC 740-10-50-15A]	_____	_____	_____
Public Entities Not Subject to Income Tax			
27. Has the public entity properly disclosed the fact, if applicable, that it is not subject to income taxes because its income is taxed directly to its owners, as well as the net difference between the tax bases and the reported amounts of the entity's assets and liabilities? [FASB ASC 740-10-50-16]	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
Insurance Entity				
28.	Has the following information been disclosed if a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes for any of the areas addressed by FASB ASC 740-10-25:			
a.	A description of the types of temporary differences for which a deferred tax liability has not been recognized and the types of events that would cause those temporary differences to become taxable?	_____	_____	_____
b.	The cumulative amount of each type of temporary difference?	_____	_____	_____
c.	The amount of the deferred tax liability for temporary differences other than the policyholders' surplus of a life insurance entity that is not recognized in accordance with the provisions of FASB ASC 740-10-25-3? [FASB ASC 944-740-50-1]	_____	_____	_____
O.	Intraperiod Tax Allocations (FASB ASC 740-20)			
<i>Presentation</i>				
1.	Has the entity properly presented the income tax expense or benefit for the year, allocated among the following:			
a.	Continuing operations?	_____	_____	_____
b.	Discontinued operations?	_____	_____	_____
c.	Extraordinary items?	_____	_____	_____
d.	OCI?	_____	_____	_____
e.	Items charged or credited directly to shareholders' equity? [FASB ASC 740-20-45-2]	_____	_____	_____
P.	Income Taxes—Other Considerations or Special Areas (FASB ASC 740-30)			
Undistributed Earnings of Subsidiaries and Corporate Joint Ventures				
1.	Has the entity properly disclosed the following whenever a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures:			
a.	A description of the types of temporary differences for which a deferred tax liability has not been recognized and the types of events that would cause those temporary differences to become taxable?	_____	_____	_____
b.	The cumulative amount of each type of temporary difference?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>c. The amount of the unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries and foreign corporate joint ventures that are essentially permanent in duration if determination of that liability is practicable or a statement that determination is not practicable? (<i>Note:</i> Whereas FASB ASC 740-30-25-14 prohibits recognition of a tax benefit for tax deductions or favorable tax rates attributable to future dividends of undistributed earnings for which a deferred tax liability has not been recognized, favorable tax treatment would be reflected in measuring that unrecognized deferred tax liability for disclosure purposes.)</p>	_____	_____	_____
<p>d. The amount of the deferred tax liability for temporary differences other than those in question 1(c) (that is, undistributed domestic earnings) that is not recognized in accordance with the provisions of FASB ASC 740-30-25-18? [FASB ASC 740-30-50-2]</p>	_____	_____	_____
<p>Q. Income Taxes—Interim Reporting (FASB ASC 740-270)</p> <p><i>Disclosure</i></p>			
<p>1. Has the entity properly disclosed the reasons for significant variations in the customary relationship between income tax expense and pretax accounting income in the interim period financial statements if they are not otherwise apparent from the financial statements or from the nature of the entity’s business? [FASB ASC 740-270-50-1]</p>	_____	_____	_____

VII. Broad Transactions

A. Business Combinations (FASB ASC 805-10)²⁵

Presentation

Demutualizations

- | | | | |
|--|-------|-------|-------|
| <p>1. Has the entity displayed closed block assets, liabilities, revenues, and expenses together with all other assets, liabilities, revenues, and expenses of the entity based on the nature of the particular item, with appropriate disclosures relating to the closed block?
[FASB ASC 944-805-45-1]</p> | _____ | _____ | _____ |
|--|-------|-------|-------|

²⁵ In January 2010, FASB issued ASU No. 2010-02, *Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification*. The amendments in this ASU clarify that the scope of the decrease in ownership provisions of FASB ASC 810-10 and related guidance applies to all of the following:

- A subsidiary or group of assets that is a business or nonprofit activity
- A subsidiary that is a business or nonprofit activity that is transferred to an equity method investee or joint venture
- An exchange of a group of assets that constitutes a business or nonprofit activity for a noncontrolling interest in an entity (including an equity method investee or joint venture)

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Has the entity presented unrealized investment gains and losses, other items of accumulated OCI, and the amount of offsetting policyholder dividend obligation separately in the presentation of OCI? [FASB ASC 944-805-45-2]	_____	_____	_____
3. Has the entity classified direct and incremental costs incurred in demutualization or in the formation of a mutual insurance holding entity as a single line item within income from continuing operations and not as an extraordinary item? [FASB ASC 944-805-45-3]	_____	_____	_____
4. Has the entity that demutualizes in a distribution form demutualization reclassified all of its retained earnings as of the date of the demutualization to capital stock and additional paid-in capital accounts? [FASB ASC 944-805-45-4]	_____	_____	_____
5. Has the entity recorded the distribution of cash or policy credits to policyholders in lieu of capital stock, as part of the demutualization, as a direct reduction to the appropriate capital accounts? [FASB ASC 944-805-45-4]	_____	_____	_____
6. Has the entity left the amounts in accumulated OCI unchanged as a result of the demutualization or formation of a mutual insurance holding entity? [FASB ASC 944-805-45-5]	_____	_____	_____

The amendments in the ASU also clarify that the decrease in ownership guidance in FASB ASC 810-10 does not apply to: (a) sales of in substance real estate and (b) conveyances of oil and gas mineral rights, even if these transfers involve businesses.

The amendments in ASU No. 2010-02 expand the disclosure requirements about deconsolidation of a subsidiary or derecognition of a group of assets to include all of the following:

- The valuation techniques used to measure the fair value of any retained investment
- The nature of any continuing involvement with the subsidiary or entity acquiring the group of assets
- Whether the transaction that resulted in the deconsolidation or derecognition was with a related party or whether the former subsidiary or entity acquiring the assets will become a related party after the transaction

The amendments are effective beginning in the period that an entity adopts FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB 51* (now included in FASB ASC 810-10). If an entity has previously adopted FASB Statement No. 160, the amendments are effective beginning in the first interim or annual reporting period ending on or after December 15, 2009 (that is, January 1, 2009, for entities with calendar year-ends). The amendments in ASU 2010-02 should be applied retrospectively to the first period that an entity adopts FASB Statement 160.

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2010-02.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 810-10-65-3.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
Business Combinations Occurring During a Current Reporting Period or After the Reporting Date but Before the Financial Statements Are Issued			
7. As the acquirer in a business combination, the entity must properly disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurred either in the current reporting period or after the reporting period but before the financial statements are issued or are available to be issued. To meet these objectives, has the entity properly disclosed the following:			
a. The name and a description of the acquiree?	_____	_____	_____
b. The acquisition date?	_____	_____	_____
c. The percentage of voting equity interests acquired?	_____	_____	_____
d. The primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree?	_____	_____	_____
e. For transactions that are recognized separately from the acquisition of assets and assumptions of liabilities in the business combination (see FASB ASC 805-10-25-20), all of the following:			
i. A description of each transaction?	_____	_____	_____
ii. How the acquirer accounted for each transaction?	_____	_____	_____
iii. The amounts recognized for each transaction and the line item in the financial statements in which each amount is recognized?	_____	_____	_____
iv. If the transaction is the effective settlement of a preexisting relationship, the method used to determine the settlement amount?	_____	_____	_____
f. For separately recognized transactions required in item (e) all of the following:			
i. The amount of acquisition-related costs, the amount recognized as an expense, and the line item or items in the income statement in which those expenses are recognized?	_____	_____	_____
ii. The amount of any issuance costs not recognized as an expense and how they were recognized?	_____	_____	_____
g. In a business combination achieved in stages, both of the following:			
i. The acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii. The amount of any gain or loss recognized as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination (see FASB ASC 805-10-25-10) and the line item in the income statement in which that gain or loss is recognized?	_____	_____	_____
h. If the acquirer is a public business entity, are all of the following disclosed:			
i. The amounts of revenue and earnings of the acquiree since the acquisition date included in the consolidated income statement for the reporting period?	_____	_____	_____
ii. The revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period (supplemental pro forma information)?	_____	_____	_____
iii. If comparative financial statements are presented, the revenue and earnings of the combined entity for the comparable prior reporting period as though the acquisition date for all business combinations that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period (supplemental pro forma information)? [FASB ASC 805-10-50-1; "Pending Content" in FASB ASC 805-10-50-2]	_____	_____	_____
8. Has the entity properly disclosed, for individually immaterial business combinations occurring during the reporting period that are material collectively, the information required by "Pending Content" in FASB ASC 805-10-50-2(e)-(h), in the aggregate? [FASB ASC 805-10-50-3]	_____	_____	_____
9. Has the entity properly disclosed, if the acquisition date of a business combination is after the reporting date but before the financial statements are issued or available to be issued, has the entity, as the acquirer, the information required by FASB ASC 805-10-50-2, unless the initial accounting for the business combination is incomplete at the time the financial statements are issued or available to be issued? (<i>Note:</i> If the initial accounting is incomplete, the entity, as the acquirer, should describe which disclosures could not be made and the reasons why they could not be made.) [FASB ASC 805-10-50-4]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
The Financial Effects of Adjustments That Relate to Business Combinations That Occurred in the Current or Previous Reporting Periods ²⁶			
10. Has the entity properly disclosed, if the initial accounting for a business combination is incomplete (see paragraphs 13–14 of FASB ASC 805-10-25) and the amounts recognized in the financial statements have been determined only provisionally, the following information for each material business combination (or, in the aggregate for individually immaterial business combinations that are material collectively):			
a. The reasons why the initial accounting is incomplete?	_____	_____	_____
b. The assets, liabilities, equity interests, or items of consideration for which the initial accounting is incomplete?	_____	_____	_____
c. The nature and amount of any measurement period adjustments recognized during the reporting period in accordance with FASB ASC 805-10-25-17? [FASB ASC 805-10-50-6]	_____	_____	_____
Other Disclosures			
11. Has the entity properly disclosed, if the specific disclosures required by FASB ASC 805-10-50 (this subtopic) and other U.S. GAAP do not meet the objectives set out in paragraphs 1 and 5 of FASB ASC 805-10-50, whatever additional information is necessary to meet those objectives? [FASB ASC 805-10-50-7]	_____	_____	_____
Demutualization			
<i>Disclosures</i>			
12. Has the entity disclosed the following:			
a. The nature and terms of demutualization or formation of a mutual insurance holding company?	_____	_____	_____
b. The basis of presentation and terms of operation of the closed block?	_____	_____	_____
c. A general description of all of the following:			
i. The method of emergence of earnings from the closed block?	_____	_____	_____
ii. Presentation of assets and liabilities of the closed block?	_____	_____	_____
iii. The policyholder dividend obligation? [FASB ASC 944-805-50-2]	_____	_____	_____
13. If the entity has formed a closed block, do the disclosures include the following:			

²⁶ FASB ASC 805-10-50-5 states that an acquirer should disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognized in the current reporting period that relate to business combinations that occurred in the current or previous reporting periods.

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. A general description of the closed block that includes the purpose of the closed block and the types of insurance policies included?	_____	_____	_____
b. The nature of the cash flows that increase and decrease the amount of closed block assets and liabilities?	_____	_____	_____
c. An indication of the continuing responsibility of the entity to support the payment of contractual benefits?	_____	_____	_____
d. The nature of expenses charged to the closed block operations?	_____	_____	_____
e. Summarized financial data as of, or for the periods ending on the date of, the financial statements presented, including, at a minimum, all of the following:			
i. The carrying amounts for the major types of invested assets of the closed block?	_____	_____	_____
ii. Future policy benefits and policyholders' account balances?	_____	_____	_____
iii. Policyholder dividend obligation?	_____	_____	_____
iv. Premiums?	_____	_____	_____
v. Net investment income?	_____	_____	_____
vi. Realized investment gains and losses?	_____	_____	_____
vii. Policyholder benefits?	_____	_____	_____
viii. Policyholder dividends?	_____	_____	_____
ix. The amount of maximum future earnings remaining to inure to the benefit of stockholders from the assets and liabilities of the closed block?	_____	_____	_____
x. An analysis of the changes in the policyholder dividend obligation? [FASB ASC 944-805-50-3]	_____	_____	_____
14. If the relative maturities of the closed block fixed maturities differ from those of the reporting entity, has the reporting entity properly made separate disclosures? [FASB ASC 944-805-50-4]	_____	_____	_____

B. Identifiable Assets and Liabilities, and Any Noncontrolling Interest—Business Combinations (FASB ASC 805-20)

Disclosure

Business Combinations Occurring During a Current Reporting Period or After the Reporting Date but Before the Financial Statements Are Issued

- | | | | |
|--|-------|-------|-------|
| 1. Has the entity properly disclosed, in order to meet the objective of FASB ASC 805-10-50-1, the following information for each business combination that occurred during the period: | | | |
| a. For indemnification assets, all of the following: | | | |
| i. The amount recognized as of the acquisition date? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii. A description of the arrangement and the basis for determining the amount of the payment?	_____	_____	_____
iii. An estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated? (If the maximum amount of the payment is unlimited, the entity should disclose that fact.)	_____	_____	_____
b. For acquired receivables not subject to the requirements of FASB ASC 310-30, all of the following (by major class of receivable, such as loans, direct financing leases in accordance with FASB ASC 840-30, and any other class of receivables):			
i. The fair value of the receivables?	_____	_____	_____
ii. The gross contractual amounts receivable?	_____	_____	_____
iii. The best estimate at the acquisition date of the contractual cash flows not expected to be collected?	_____	_____	_____
c. The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed (see example 5 in FASB ASC 805-10-55-37)?	_____	_____	_____
d. For contingencies (included in the footnote that describes the business combination),			
i. for assets and liabilities arising from contingencies recognized at the acquisition date (which may be aggregated for assets or liabilities arising from contingencies that are similar in nature), (1) the amounts recognized at the acquisition date and the measurement basis applied (that is, at fair value or at an amount recognized in accordance with FASB ASC 450, <i>Contingencies</i> , and FASB ASC 450-20-25), and (2) the nature of the contingencies?	_____	_____	_____
ii. for contingencies that are not recognized at the acquisition date, the disclosures required by FASB ASC 450 if the criteria for disclosures therein are met (which may be aggregated for assets and liabilities arising from contingencies that are similar in nature)?	_____	_____	_____
e. For each business combination in which the entity holds less than 100 percent of the equity interests in the acquiree at the acquisition date,			
i. the fair value of the noncontrolling interest in the acquiree at the acquisition date?	_____	_____	_____
ii. the valuation technique(s) and significant inputs used to measure the fair value of the noncontrolling interest? [FASB ASC 805-20-50-1]	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
2.	Has the entity properly disclosed, for individually immaterial business combinations occurring during the reporting period that are material collectively, the information required FASB ASC 805-20-50-1, in the aggregate? [FASB ASC 805-20-50-2]	_____	_____	_____
3.	Has the entity properly disclosed, if the acquisition date of a business combination is after the reporting date but before the financial statements are issued or available to be issued, the information required by FASB ASC 805-20-50-1, unless the initial accounting for the business combination is incomplete at the time the financial statements are issued or available to be issued? (<i>Note</i> : If the initial accounting is incomplete, the entity, as the acquirer, should describe which disclosures could not be made and the reasons why they could not be made.) [FASB ASC 805-20-50-3]	_____	_____	_____
C. Goodwill or Gain From Bargain Purchase, Including Consideration Transferred (FASB ASC 805-30)				
<i>Disclosure</i>				
Business Combinations Occurring During a Current Reporting Period or After the Reporting Date but Before the Financial Statements Are Issued				
1.	Has the entity properly disclosed, in order to meet the objective of FASB ASC 805-10-50-1, the following information for each business combination that occurred during the reporting period:			
a.	A qualitative description of the factors that make up the goodwill recognized, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition, or other factors?	_____	_____	_____
b.	The acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as the following:			
i.	Cash?	_____	_____	_____
ii.	Other tangible or intangible assets, including a business or subsidiary of the acquirer?	_____	_____	_____
iii.	Liabilities incurred, for example, a liability for contingent consideration?	_____	_____	_____
iv.	Equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of determining the fair value of those instruments or interests?	_____	_____	_____
c.	For contingent consideration arrangements, all of the following:			
i.	The amount recognized as of the acquisition date?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii. A description of the arrangement and the basis for determining the amount of the payment?	_____	_____	_____
iii. An estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated? If the maximum amount of the payment is unlimited, the acquirer should disclose that fact.	_____	_____	_____
d. The total amount of goodwill that is expected to be deductible for tax purposes?	_____	_____	_____
e. If the acquirer is required to disclose segment information in accordance with FASB ASC 280-10, the amount of goodwill by reportable segment? (If the assignment of goodwill to reporting units required by paragraphs 41-44 of FASB ASC 350-20-35 has not been completed as of the date the financial statements are issued or are available to be issued, the acquirer should disclose that fact.)	_____	_____	_____
f. In a bargain purchase (see paragraphs 2-4 of FASB ASC 805-30-25), both of the following:			
i. The amount of any gain recognized in accordance with FASB ASC 805-30-25-2 and the line item in the income statement in which the gain is recognized?	_____	_____	_____
ii. A description of the reasons why the transaction resulted in a gain? [FASB ASC 805-30-50-1]	_____	_____	_____
2. Has the entity properly disclosed, for individually immaterial business combinations occurring during the reporting period that are material collectively, the information required FASB ASC 805-30-50-1, in the aggregate? [FASB ASC 805-30-50-2]	_____	_____	_____
3. Has the entity properly disclosed, if the acquisition date of a business combination is after the reporting date but before the financial statements are issued or available to be issued, the information required by FASB ASC 805-30-50-1, unless the initial accounting for the business combination is incomplete at the time the financial statements are issued or available to be issued? (<i>Note:</i> If the initial accounting is incomplete, the entity, as the acquirer, should describe which disclosures could not be made and the reasons why they could not be made.) [FASB ASC 805-30-50-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
The Financial Effects of Adjustments That Relate to Business Combinations That Occurred in the Current or Previous Reporting Periods			
4. Has the entity properly disclosed, in order to meet the objective of FASB ASC 805-10-50-5, the following information for each material business combination, or in the aggregate for individually immaterial business combinations that are material collectively, that occurred during the period:			
a. For each reporting period after the acquisition date until the entity collects, sells, or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires, all of the following:			
i. Any changes in the recognized amounts, including any differences arising upon settlement?	_____	_____	_____
ii. Any changes in the range of outcomes (undiscounted) and the reasons for those changes?	_____	_____	_____
iii. The fair value disclosures required by paragraphs 1–3 of FASB ASC 820-10-50?	_____	_____	_____
b. A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period as required by FASB ASC 350-20-50-1? [FASB ASC 805-30-50-4]	_____	_____	_____
D. Business Combinations—Related Issues (FASB ASC 805-50)			
<i>Presentation</i>			
Transactions Between Entities Under Common Control—Financial Statement Presentation in Period of Transfer			
1. For assets and liabilities transferred between entities under common control, has the receiving entity properly presented the results of operations for the period in which the transfer occurs as though the transfer of net assets or exchange of equity interest had occurred at the beginning of the period? [FASB ASC 805-50-45-2]	_____	_____	_____
2. Has the receiving entity properly presented the statement of financial position and other financial information as of the beginning of the period as though the assets and liabilities had been transferred at that date? [FASB ASC 805-50-45-4]	_____	_____	_____
Transactions Between Entities Under Common Control—Comparative Financial Statement Presentation in Prior Years			
3. Has the entity properly presented prior years' financial statements and financial information retrospectively adjusted to furnish comparative information, only adjusting periods during which the entities were under common control? (<i>Note:</i> All adjusted financial statements and financial summaries should clearly indicate that financial data of previously separate entities are combined.) [FASB ASC 805-50-45-5]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
Transactions Between Entities Under Common Control ²⁷			
4. Has the entity properly disclosed the nature of and effects on EPS of nonrecurring intra-entity transactions involving long-term assets and liabilities? (<i>Note:</i> Under the guidance of FASB ASC 805-50-45-3 the effects of these transaction is not required to be eliminated.) [FASB ASC 805-50-50-2]	_____	_____	_____
5. Has the entity properly disclosed, in the notes to the financial statements, the following, for the period in which the transfer of assets and liabilities or exchange of equity interests occurred:			
<i>a.</i> The name and brief description of the entity included in the reporting entity as a result of the net asset transfer or exchange of equity interests?	_____	_____	_____
<i>b.</i> The method of accounting for the transfer of net assets or exchange of equity interests? [FASB ASC 805-50-50-3]	_____	_____	_____
E. Collaborative Arrangements (FASB ASC 808-10)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the following, if a participant in a collaborative arrangement, in the period in which the collaborative arrangement has been entered into and all annual periods thereafter: (<i>Note:</i> Information related to individually significant collaborative arrangements should be disclosed separately.)			
<i>a.</i> Information about the nature and purpose of its collaborative arrangements?	_____	_____	_____
<i>b.</i> Its rights and obligations under the collaborative arrangements?	_____	_____	_____
<i>c.</i> The accounting policy for collaborative arrangements in accordance with FASB ASC 235, <i>Notes to Financial Statements</i> ?	_____	_____	_____
<i>d.</i> The income statement classification and amounts attributable to transactions arising from the collaborative arrangement between participants for each period an income statement is presented? [FASB ASC 808-10-50-1]	_____	_____	_____

²⁷ Per FASB ASC 805-50-50-4, the entity should also consider whether additional disclosures are required in accordance with FASB ASC 850-10-50, which provides guidance on related party transactions and certain common control relationships.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
F. Consolidation (FASB ASC 810-10)²⁸			
<i>Presentation</i>			
Procedures			
1. Has the parent properly presented its consolidated financial statements with intra-entity balances and transactions eliminated? [FASB ASC 810-10-45-1]	_____	_____	_____
2. Has the parent properly presented its consolidated financial statements <i>without</i> retained earnings or deficit of a subsidiary at the date of acquisition included in consolidated retained earnings? [FASB ASC 810-10-45-2]	_____	_____	_____
3. Has the parent properly presented in its consolidated financial statements a subsidiary's revenues, expenses, gains, and losses only from the date the subsidiary was initially consolidated? [FASB ASC 810-10-45-4]	_____	_____	_____
4. Has the entity properly not presented shares of the parent, held by the subsidiary as outstanding shares in the consolidated statement of financial position? (These shares are not considered outstanding shares and should be eliminated and reflected as treasury shares.) [FASB ASC 810-10-45-5]	_____	_____	_____
Combined Financial Statements			
5. Has the entity properly presented its combined financial statements, prepared for a group of related entities, with intra-entity transactions and profits or losses eliminated, and noncontrolling interests, foreign operations, different fiscal periods, or income taxes treated and presented in the same manner as in consolidated financial statements? [FASB ASC 810-10-45-10]	_____	_____	_____

²⁸ In December 2009, FASB issued ASU No. 2009-17, *Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*. This update is to incorporate FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*, into the codification. ASU No. 2009-17 represents a revision to former FSP FIN 46(R), *Consolidation of Variable Interest Entities*, and changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity's purpose and design and the reporting entity's ability to direct the activities of the other entity that most significantly impact the other entity's economic performance. The amendments in this ASU will be effective for interim and annual reporting periods beginning after November 15, 2009, and interim periods within those fiscal years (that is, January 1, 2010, for entities with calendar year-ends). Early adoption is not permitted.

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2009-17.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 810-10-65-2.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Parent-Entity Financial Statements			
6. Has the entity properly presented parent-entity financial statements, in addition to consolidated financial statements, if necessary, to adequately indicate the position of bondholders and other creditors or preferred shareholders of the parent? [FASB ASC 810-10-45-11]	_____	_____	_____
Differing Fiscal Year-Ends Between Parent and Subsidiary			
7. Has the entity properly presented information regarding intervening events that materially affect the financial position or results of operations if the financial reporting periods of any subsidiaries are different from that of the parent? [FASB ASC 810-10-45-12]	_____	_____	_____
A Change in the Fiscal Year-End Lag Between Subsidiary and Parent			
8. Has the parent or investor properly presented information regarding a change to (or the elimination of) a previously existing difference between the parent's reporting period and the reporting period of a consolidated entity or between the reporting period of an investor and the reporting period of an equity method investee in the parent's or investor's consolidated financial statements, in accordance with FASB ASC 250, <i>Accounting Changes and Error Corrections</i> , as described in FASB ASC 810-10-45-13? [FASB ASC 810-10-45-13]	_____	_____	_____
Noncontrolling Interest in a Subsidiary—Nature and Classification of the Noncontrolling Interest in the Consolidated Statement of Financial Position			
9. Has the entity properly presented, clearly identified and labeled, a noncontrolling interest in the entity (net assets) section of the consolidated statement of position, separately from the entity's equity (net assets)? (<i>Note:</i> An entity with noncontrolling interests in more than one subsidiary may present those interests in aggregate.) [FASB ASC 810-10-45-16] ²⁹	_____	_____	_____
Attributing Net Income and Comprehensive Income to the Parent and the Noncontrolling Interest			
10. Has the entity properly presented, in the consolidated financial statements, revenues, expenses, gains, losses, net income or loss, and OCI at the consolidated amounts, which include amounts attributable to the owners of the parent and the noncontrolling interest? [FASB ASC 810-10-45-19]	_____	_____	_____

²⁹ The "Pending Content" in FASB ASC 810-10-45-16 includes a parenthetical reference to "net assets" when discussing the entity's equity. Entities subject to FASB Statement No. 164, *Not-for-Profit Entities: Mergers and Acquisitions*, should refer to the transition and open effective date information in FASB ASC 810-10-65-1 for more information.

Yes No N/A*Disclosure***Additional Disclosure Information**

FASB ASC 810-10-50 contains disclosures for both nonpublic and public companies. Further, "Pending Content" related to ASU No. 2009-17, *Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*, contains guidance that is applicable to all entities. As such, this portion of the checklist has been divided into three distinct sections.

For entities that have not adopted the guidance of ASU No. 2009-17, the following sections are applicable:

- Disclosures for all entities, and
- Disclosures for *nonpublic entities*, or
- Disclosures for *public entities*.

For entities for which the guidance of ASU No. 2009-17 is mandatorily effective (early adoption is not permitted), the following sections are applicable:

- Disclosures for all entities, and
- Disclosures for all entities (subject to ASU No. 2009-17)

Disclosure for All Entities

Consolidation Policy

11. Has the entity properly disclosed the consolidation policy that is being followed? (*Note:* In most cases this can be made apparent by the headings or other information in the financial statements.)
[FASB ASC 810-10-50-1]

Parent With a Less-Than-Wholly-Owned Subsidiary

12. Has the parent properly disclosed all the following regarding one or more less-than-wholly-owned subsidiaries for each reporting period:
- a.* Separately, on the face of the consolidated financial statements, both of the following:
- i.* The amounts of consolidated net income and consolidated comprehensive income?
- ii.* The related amounts on each attributable to the parent and the noncontrolling interest?
- b.* Either in the notes or on the face of the consolidated income statement, amounts attributable to the parent for any of the following, if reported in the consolidated financial statements:
- i.* Income from continuing operations?
- ii.* Discontinued operations?
- iii.* Extraordinary items?

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>c. Either in the consolidated statement of changes in equity, if presented, or in the notes to consolidated financial statements, a reconciliation at the beginning and the end of the period of the carrying amount of total equity (net assets), equity (net assets) attributable to the parent, and equity (net assets) attributable to the non-controlling interest? (<i>Note:</i> This reconciliation should separately disclose [i] net income, [ii] transactions with owners acting in their capacity as owners, showing separately contributions from and distributions to owners, and [iii] each component of OCI.)</p>	_____	_____	_____
<p>d. In notes to the consolidated financial statements, a separate schedule that shows the effects of any changes in a parent’s ownership interest in a subsidiary on the equity attributable to the parent? [FASB ASC 810-10-50-1A]</p>	_____	_____	_____
Deconsolidation of a Subsidiary			
<p>13. Has the entity properly disclosed the following, as a parent entity, if a subsidiary has been deconsolidated:</p>			
<p>a. The amount of any gain or loss recognized in accordance with FASB ASC 810-10-40-5?</p>	_____	_____	_____
<p>b. The portion of any gain or loss related to the remeasurement of any retained investment in the former subsidiary of group of assets to its fair value?</p>	_____	_____	_____
<p>c. The caption in the income statement in which the gain or loss is recognized unless separately presented on the face of the income statement?</p>	_____	_____	_____
<p>d. A description of the valuation technique(s) used to measure the fair value of any direct or indirect retained investment in the former subsidiary or group of assets?</p>	_____	_____	_____
<p>e. Information that enables users of the parent’s financial statements to assess the inputs used to develop the fair value in item (d)?</p>	_____	_____	_____
<p>f. The nature of continuing involvement with the subsidiary or entity acquiring the group of assets after it has been deconsolidated or derecognized?</p>	_____	_____	_____
<p>g. Whether the transaction that resulted in the deconsolidation or derecognition was with a related party?</p>	_____	_____	_____
<p>h. Whether the former subsidiary or entity acquiring a group of assets will be a related party after deconsolidation? [“Pending Content” in FASB ASC 810-10-50-1B]</p>	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A Change in the Difference Between Parent and Subsidiary Fiscal Year-Ends			
14. Has the entity properly disclosed, pursuant to FASB ASC 250, regarding a change in (or elimination of) a previously existing difference between the fiscal year-ends of a parent entity and subsidiary or an investor and an equity method investee? [FASB ASC 810-10-50-2]	_____	_____	_____
<i>Disclosure for Nonpublic Entities</i>			
Variable Interest Entities—Nonpublic Entities—Primary Beneficiary			
15. If the entity is a primary beneficiary of a variable interest entity (VIE), has the entity disclosed all of the following (unless the primary beneficiary also holds a majority voting interest):			
a. The nature, purpose, size, and activities of the VIE?	_____	_____	_____
b. The carrying amount and classification of consolidated assets that are collateral for the VIE’s obligations?	_____	_____	_____
c. Lack of recourse if creditors (or beneficial interest holders) of a consolidated VIE have no recourse to the general credit of the primary beneficiary? [FASB ASC 810-10-50-3]	_____	_____	_____
Variable Interest Entities—Nonpublic Entities—Holder of Significant Variable Interest in a Variable Interest Entity			
16. Has the entity properly disclosed all of the following, if it holds a significant interest in a VIE, but is not the VIE’s primary beneficiary:			
a. The nature of its involvement with the VIE and when that involvement began?	_____	_____	_____
b. The nature, purpose, size, and activities of the VIE?	_____	_____	_____
c. The reporting entity’s maximum exposure to loss as a result of its involvement with the VIE? [FASB ASC 810-10-50-4]	_____	_____	_____
Variable Interest Entities—Nonpublic Entities—Relation to FASB ASC 860, <i>Transfers and Servicing</i> , Disclosures			
17. Has the entity properly disclosed information required by FASB ASC 860 regarding VIEs in the same note as the disclosures required by this subtopic? (<i>Note</i> : Information about VIEs may be reported in the aggregate for similar entities if separate reporting would not add material information.) [FASB ASC 810-10-50-5]	_____	_____	_____
Variable Interest Entities—Nonpublic Entities—Scope-Related, Disclosures			
18. Has the reporting entity properly disclosed the following information if the entity does not apply the guidance in the “Variable Interest Entities” subsections of FASB ASC 810, <i>Consolidation</i> , to one or more VIEs or potential VIEs because of the condition described in FASB ASC 810-10-15-17(c):			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The number of legal entities to which this guidance is not being applied and the reason why the information required to apply this guidance is not available?	_____	_____	_____
b. The nature, purpose, size (if available), and activities of the legal entity or entities and the nature of the reporting entity's involvement with the legal entity or entities?	_____	_____	_____
c. The reporting entity's maximum exposure to loss because of its involvement with the legal entity or entities?	_____	_____	_____
d. The amount of income, expense, purchases, sales, or other measure of activity between the reporting entity and the legal entity or entities for all periods presented? [FASB ASC 810-10-50-6]	_____	_____	_____

Disclosure for Public Entities

Aggregation of Certain Disclosures

19. Has the public entity made disclosures that provide financial statement users with information regarding all of the following:			
a. The significant judgments and assumptions made by a reporting entity in determining whether it must do any of the following:			
i. Consolidate a VIE?	_____	_____	_____
ii. Disclose information about its involvement with a VIE?	_____	_____	_____
b. The nature of restrictions on a consolidated VIE's assets reported by a reporting entity in its statement of financial position, including the carrying amounts of such assets?	_____	_____	_____
c. The nature of, and changes in, the risks associated with a reporting entity's involvement with the VIE?	_____	_____	_____
d. How a reporting entity's involvement with the VIE affects the entity's financial position, financial performance, and cash flows? [FASB ASC 810-10-50-8]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
20. Has the public entity properly disclosed, if providing disclosures about VIEs, and if providing separate reporting would not provide more useful information to financial statement users, how similar entities are aggregated? The reporting entity should distinguish between (a) VIEs that are consolidated and (b) those that are not consolidated because the reporting entity is not the primary beneficiary, but has a significant variable interest or is the sponsor that holds the variable interest? (<i>Note:</i> The entity should consider quantitative and qualitative information about different risk and reward characteristics of each VIE and the significance of each VIE to the entity. Further, disclosures should be presented in a manner that clearly and fully explains to the financial statement users the nature and extent of an entity's involvement with VIEs.) [FASB ASC 810-10-50-9]	_____	_____	_____
Aggregation of Certain Disclosures—Public Entity That Is a Primary Beneficiary, Holds a Significant Variable Interest, or Is a Sponsor			
21. Has the public entity properly disclosed the following information if the entity is a primary beneficiary of a VIE, holds a significant variable interest in a VIE, or is a sponsor that holds a variable interest in a VIE:			
a. Its methodology for determining whether the reporting entity is (or is not) the primary beneficiary of a VIE, including, but not limited to, significant judgments and assumptions made?	_____	_____	_____
b. If the conclusion to consolidate a VIE has changed in the most recent financial statements the primary factors that caused the change and the effect on the entity's financial statements?	_____	_____	_____
c. Whether the reporting entity has provided financial or other support during the periods presented to the VIE that it was not previously contractually required to provide, including both of the following:			
i. The type and amount of support?	_____	_____	_____
ii. The primary reasons for providing the support?	_____	_____	_____
d. Qualitative and quantitative information about the reporting entity's involvement with the VIE, including but not limited to the nature, purpose, size, and activities of the VIE, including how the VIE is financed? [FASB ASC 810-10-50-12]	_____	_____	_____
Aggregation of Certain Disclosures—The Primary Beneficiary of a VIE			
22. Has the public entity properly disclosed the following, if the entity is the primary beneficiary of a VIE:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The carrying amount and classification of the VIE’s assets and liabilities in the statement of financial position that are consolidated in accordance with the guidance in the “Variable Interest Entities” subsections of FASB ASC 810-10, including qualitative information about the relationship(s) between those assets and associated liabilities?	_____	_____	_____
b. Lack of recourse if creditors (or beneficial interest holders) of a consolidated VIE have no recourse to the general credit of the primary beneficiary?	_____	_____	_____
c. Terms of arrangements, giving consideration to both explicit arrangements and implicit variable interests, that could require the reporting entity to provide financial support to the VIE, including events or circumstances that could expose the reporting entity to a loss? [FASB ASC 810-10-50-14]	_____	_____	_____

Aggregation of Certain Disclosures—Public Entity That Holds a Significant Variable Interest or Is a Sponsor but Is Not the Primary Beneficiary

23. Has the public entity properly disclosed the following, if it holds a significant variable interest or is a sponsor that holds a variable interest in a VIE, but is not the VIE’s primary beneficiary: (<i>Note:</i> A public entity meeting items [a]–[c], which follow, are encouraged to disclose information about any liquidity arrangements, guarantees, or other commitments by third parties that may affect the fair value or risk of the reporting entity’s variable interest in the VIE.)			
a. The carrying amount and classification of the assets and liabilities in the reporting entity’s statement of financial position that relate to the reporting entity’s variable interest in the VIE?	_____	_____	_____
b. The reporting entity’s maximum exposure to loss as a result of its involvement with the VIE, including the following:			
i. How the maximum exposure is determined?	_____	_____	_____
ii. The significant sources of the reporting entity’s exposure to the VIE?	_____	_____	_____
iii. If a maximum exposure cannot be identified, has that fact been disclosed?	_____	_____	_____
c. A tabular comparison of the carrying amount of the liability (as required by item [a]) and the reporting entity’s maximum exposure to loss (as required by item [b]). [FASB ASC 810-10-50-15]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Aggregation of Certain Disclosures—Scope-Related Disclosures			
24. Has the entity properly disclosed the following if it has not applied the guidance in the “Variable Interest Entities” subsections of FASB ASC 810-10-50 to one or more VIEs or potential VIEs because of the condition described in FASB ASC 810-10-15-17(c):			
<i>a.</i> The number of legal entities to which that guidance is not being applied?	_____	_____	_____
<i>b.</i> The reason why the information required to apply that guidance is not available?	_____	_____	_____
<i>c.</i> The nature, purpose, size (if available), and activities of the legal entities?	_____	_____	_____
<i>d.</i> The nature of the reporting entity’s involvement with the legal entities?	_____	_____	_____
<i>e.</i> The reporting entity’s maximum exposure to loss because of its involvement with the legal entities?	_____	_____	_____
<i>f.</i> The amount of income, expense, purchases, sales, or other measure of activity between the reporting entity and the legal entities for all periods presented? [FASB ASC 810-10-50-16]	_____	_____	_____
Aggregation of Certain Disclosures—Nontransferor Sponsor or Nontransferor Servicer of a Qualifying Special-Purpose Entity			
25. Has the public entity properly disclosed the following information that provides financial statement users with an understanding of its involvement with the qualifying special-purpose entity (QSPE) if the public entity is either a nontransferor sponsor or a nontransferor servicer? [FASB ASC 810-10-50-17]	_____	_____	_____
26. Has the public entity properly disclosed the following information that provides financial statement users with an understanding of its involvement with the QSPE if the public entity is either a nontransferor sponsor or a nontransferor servicer?			
<i>a.</i> The nature, purpose, size, and activities of the QSPE, including how the entity is financed?	_____	_____	_____
<i>b.</i> The carrying amount and classification of the assets and liabilities recognized in the statement of financial position related to the reporting entity’s involvement with the QSPE?	_____	_____	_____
<i>c.</i> Terms of arrangements that could require the reporting entity to provide financial support to the QSPE, including events or circumstances that could expose the entity to loss? (All available evidence should be considered. See FASB ASC 810-10-50-19[c] for specific examples of evidence to consider).	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. The reporting entity’s maximum exposure to loss as a result of its involvement with the QSPE, including how the maximum exposure is determined and the significant sources of the reporting entity’s exposure to the QSPE? (If the entity’s maximum exposure to loss as a result of its involvement with the QSPE cannot be quantified, that fact should be disclosed.)	_____	_____	_____
e. Whether the entity has provided financial or other support during the periods presented to the QSPE that it was not previously contractually required to provide, including both of the following:			
i. The type and amount of support?	_____	_____	_____
ii. The primary reasons for providing the support? [FASB ASC 810-10-50-19]	_____	_____	_____
<i>Disclosure for All Entities (subject to the guidance of ASU No. 2009-17)</i>			
27. (Public and nonpublic entities that have applied ASU No. 2009-17) Has the entity properly included disclosures, in order to provide financial statement users with an understanding of the following: (The entity may need to supplement the disclosures required by this subsection to achieve the objectives below. Further, these disclosures may be made in more than one note, provided there is a cross-reference provided.)			
a. The significant judgments and assumptions made by the entity in determining whether it must (i) consolidate a VIE, and (ii) disclose information about its involvement in a VIE?	_____	_____	_____
b. The nature of restrictions on the consolidated VIE’s assets and on the settlement of its liabilities reported by the entity in its statement of financial position, including the carrying amounts of such assets and liabilities?	_____	_____	_____
c. The nature of, and changes in, the risks associated with the reporting entity’s involvement with the VIE?	_____	_____	_____
d. How the entity’s involvement with the VIE affects the reporting entity’s financial position, financial performance, and cash flows? [“Pending Content” in FASB ASC 810-10-50-2AA]	_____	_____	_____

Variable Interest Entities—Primary Beneficiary of a Variable Interest Entity

28. **(Public and nonpublic entities that have applied ASU No. 2009-17)** Has the entity properly disclosed, if it is the primary beneficiary of a VIE, all of the following: (*Note:* A VIE may issue voting equity interests, and the entity that holds a majority voting interest may also be the primary beneficiary of the VIE. If so, and if the VIE meets the definition of a *business* and the VIE’s assets can be used for purposes other than the settlement of the VIE’s obligations, the disclosures that follow are not required.)

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The carrying amounts and classification of the VIE's assets and liabilities in the statement of financial position that are consolidated in accordance with the "Variable Interest Entities" subsections of FASB ASC 810-10, including qualitative information about the relationship(s) between those assets and liabilities?	_____	_____	_____
b. Lack of recourse if creditors (or beneficial interest holders) of a consolidated VIE have no recourse to the general credit of the primary beneficiary?	_____	_____	_____
c. Terms of arrangements, giving consideration to both explicit arrangements and implicit variable interests that could require the reporting entity to provide financial support to the VIE, including events or circumstances that could expose the reporting entity to a loss? ["Pending Content" in FASB ASC 810-10-50-3]	_____	_____	_____

Variable Interest Entities—Nonprimary Beneficiary of a Variable Interest Entity

29. *(Public and nonpublic entities that have applied ASU No. 2009-17)* Has the entity properly disclosed the following, if it holds an interest in a VIE, but is not the VIE's primary beneficiary:

a. The carrying amounts and classification of the assets and liabilities in the reporting entity's statement of financial position that relate to the reporting entity's variable interest in the VIE?	_____	_____	_____
b. The reporting entity's maximum exposure to loss as a result of its involvement with the VIE, including how the maximum exposure is determined and the significant sources of the reporting entity's exposure to the VIE?	_____	_____	_____
c. A tabular comparison of the carrying amounts of the assets and liabilities, as required by item (a), preceding, and the reporting entity's maximum exposure to loss, as required by item (b), preceding? <i>(Note:</i> The reporting entity should provide qualitative and quantitative information to allow financial statement users to understand the differences between the two amounts. That discussion should include, but is not limited to, the terms of arrangements, giving consideration to both explicit arrangements and implicit variable interests, that could require the reporting entity to provide financial support to the VIE, including events or circumstances that could expose the reporting entity to a loss.)	_____	_____	_____
d. Encouraged, although not required, information about any liquidity arrangements, guarantees, or other commitments by third parties that may affect the fair value or risk of the reporting entity's variable interest in the VIE?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>e. If applicable, significant factors considered and judgments made in determining that the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance is shared in accordance with the guidance in FASB ASC 810-10-25-38D? [“Pending Content” in FASB ASC 810-10-50-4]</p>	_____	_____	_____

Variable Interest Entities—Primary Beneficiaries or Other Holders of Interests in Variable Interest Entities

<p>30. (<i>Public and nonpublic entities that have applied ASU No. 2009-17</i>) Has the reporting entity properly disclosed the following, if it is a primary beneficiary of a VIE or if it holds a variable interest in a VIE but is not the entity’s primary beneficiary: (<i>Note</i>: A VIE may issue voting equity interests, and the entity that holds a majority voting interest may also be the primary beneficiary of the VIE. If so, and if the VIE meets the definition of a <i>business</i> and the VIE’s assets can be used for purposes other than the settlement of the VIE’s obligation, the disclosures that follow are not required.)</p>			
<p>a. Its methodology for determining whether the reporting entity is the primary beneficiary of a VIE, including, but not limited to, significant judgments and assumptions made. (The entity may meet this disclosure requirement by providing information about the types of involvements a reporting entity considers significant, supplemented with information about how the significant involvements were considered in determining whether the reporting entity is the primary beneficiary.)</p>	_____	_____	_____
<p>b. If facts and circumstances change such that the conclusion to consolidate a VIE has changed in the most recent financial statements (for example, the VIE was previously consolidated and is not currently consolidated), the primary factors that caused the change and the effect on the reporting entity’s financial statements?</p>	_____	_____	_____
<p>c. Whether the reporting entity has provided financial or other support (explicitly or implicitly) during the periods presented to the VIE that it was not previously contractually required to provide or whether the reporting entity intends to provide that support, including both of the following:</p>			
<p>i. The type and amount of support, including situations in which the reporting entity assisted the VIE in obtaining another type of support?</p>	_____	_____	_____
<p>ii. The primary reason for providing the support?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>d.</i> Qualitative and quantitative information about the reporting entity's involvement (giving consideration to both explicit arrangements and implicit variable interests) with the VIE, including, but not limited to, the nature, purpose, size, and activities of the VIE, including how the VIE is financed? ["Pending Content" in FASB ASC 810-10-50-5A]</p>	_____	_____	_____
<p>31. (<i>Public and nonpublic entities that have applied ASU No. 2009-17</i>) Has the entity properly disclosed, if providing disclosures about VIEs, and if providing separate reporting would not provide more useful information to financial statement users, how similar entities are aggregated? The reporting entity should distinguish between (a) VIEs that are consolidated and (b) those that are not consolidated because the reporting entity is not the primary beneficiary, but has a significant variable interest. (<i>Note:</i> The entity should consider quantitative and qualitative information about different risk and reward characteristics of each VIE and the significance of each VIE to the entity. Further, disclosures should be presented in a manner that clearly explains to the financial statement users the nature and extent of an entity's involvement with VIEs.) ["Pending Content" in FASB ASC 810-10-50-9]</p>	_____	_____	_____
<p>G. Derivatives and Hedging (FASB ASC 815-10)³⁰</p> <p><i>Presentation</i></p> <p>Balance Sheet—Netting</p>			
<p>1. Has the entity properly <i>not</i> presented a hedging derivative's asset (or liability) position against the hedged liability (or asset) position in the balance sheet? [FASB ASC 815-10-45-2]</p>	_____	_____	_____

³⁰ In March 2010, FASB issued ASU No. 2010-11, *Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives*. The amendments in this ASU, among others, clarify the scope exception under paragraphs 8–9 of FASB ASC 815-15-25 for embedded credit derivative features related to the transfer of credit risk in the form of subordination of one financial instrument to another. Further, the amendments address how to determine which embedded credit derivatives, including those in collateralized debt obligations and synthetic collateralized debt obligations, are considered to be embedded derivatives that should not be analyzed under FASB ASC 815-15-25 for potential bifurcation and separate accounting. The amendments in this ASU are effective at the beginning of the entity's first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of each entity's first fiscal quarter beginning after issuance of this ASU.

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2010-11.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 815-10-65-5.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Income Statement Classification—Derivative Instruments Held for Trading Purposes			
2. Has the entity properly presented gains and losses (realized and unrealized) on all derivative instruments within the scope of FASB ASC 815, <i>Derivatives and Hedging</i> , as net when recognized in the income statement, whether or not settled physically, if the derivative instruments are held for trading purposes? [FASB ASC 815-10-45-9]	_____	_____	_____
Cash Flow Statement Classification—Derivative Instruments With a Financing Element			
3. If an other-than-insignificant financing element is present at inception—other than a financing element inherently included in an at-the-market derivative instrument with no prepayments—has the entity properly presented all cash inflows and outflows associated with that derivative instrument, in a manner consistent with financing activities as described in paragraphs 14–15 of FASB ASC 230-10-45? [FASB ASC 815-10-45-12]	_____	_____	_____
<i>Disclosure</i>			
4. Has the entity properly disclosed information, in order for the users of the financial statements to understand the following, if the entity has derivative instruments (or nonderivative instruments that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and 815-20-25-66):			
a. How and why an entity uses derivative instruments (or such nonderivative instruments)?	_____	_____	_____
b. How derivative instruments (or such nonderivative instruments) and related hedged items are accounted for under FASB ASC 815?	_____	_____	_____
c. How derivative instruments (or such nonderivative instruments) and related hedged items affect the entity's financial position, performance and cash flows? [FASB ASC 815-10-50-1]	_____	_____	_____
5. Has the entity properly disclosed the following for each annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, if the entity has derivative instruments (or nonderivative instruments that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and 815-20-25-66):			
a. Its objectives for holding or issuing those instruments?	_____	_____	_____
b. The context needed to understand those objectives?	_____	_____	_____
c. Its strategies for achieving those objectives?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>d.</i> Information that would enable users of its financial statements to understand the volume of its activity in those instruments? (An entity should select the format and the specifics of disclosures relating to its volume of such activity that are most relevant and practicable for its individual facts and circumstances.) [FASB ASC 815-10-50-1A]</p>	_____	_____	_____
<p>6. Has the entity properly disclosed information, regarding the derivative instruments in question 5(<i>d</i>), in the preceding question, in such a format and in enough specifics relating to the volume of such activity such that the disclosures are most relevant and practicable for the individual facts and circumstances? For items in question 5(<i>a</i>)–(<i>c</i>) in the preceding question, has information been disclosed in the context of each instrument’s primary underlying risk exposure and have such items been distinguished between those used for risk management purposes and those used for other purposes? [FASB ASC 815-10-50-1B]</p>	_____	_____	_____
<p>7. Has the entity properly disclosed the following to distinguish between the instruments with disclosures required by question 5(<i>a</i>)–(<i>c</i>):</p> <p><i>a.</i> Derivative instruments (and nonderivative instruments) used for risk management purposes, distinguished between each of the following:</p> <p><i>i.</i> Derivative instruments (and nonderivative instruments) designated as hedging instruments, distinguished between each of the following: (1) fair value hedging instruments, (2) cash flow hedging instruments, and (3) hedges of foreign currency exposure of net investments in foreign operations?</p> <p><i>ii.</i> Derivative instruments used as economic hedges and for other purposes related to the entity’s risk exposure?</p> <p><i>b.</i> Derivative instruments used for other purposes? [FASB ASC 815-10-50-2]</p>	_____	_____	_____
<p>8. Has the entity properly disclosed the purpose of any derivative instruments not designated as hedging instruments under FASB ASC 815-20? [FASB ASC 815-10-50-4]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Overall Quantitative Disclosures			
9. Has the entity properly disclosed in tabular format, for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, the location and fair value amounts of derivative instruments reported in the statement of financial position and the location and amount of the gains and losses on derivative instruments (or nonderivative instruments it holds or issues that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25 paragraphs 58 and 66) reported in the statement of financial performance (or when applicable, the statement of financial position) (for example, gains and losses initially recognized in OCI)? [FASB ASC 815-10-50-4A]	_____	_____	_____
10. Has the entity properly formatted the disclosures, with respect to the disclosures required by FASB ASC 815-10-50-A(a), to conform to the following: (<i>Note:</i> Amounts to be reported for nonderivative instruments pursuant to paragraphs 58 and 66 of FASB ASC 815-20-25 should be the carrying value of the nonderivative hedging instrument, rather than the following.)			
a. The fair value of derivative instruments have been disclosed on a gross basis (even if the derivative instruments are subject to master netting agreements and qualify for net presentation in the statement of financial position in accordance with FASB ASC 210-20 [general hedging activities])?	_____	_____	_____
b. Cash collateral payables and receivables associated with those instruments have not been added to or netted against fair value amounts?	_____	_____	_____
c. Fair value amounts have been presented as separate asset and liability values segregated between each of the following:			
i. Those instruments designated and qualifying as hedging instruments under FASB ASC 815-20, presented separately by type of contract?	_____	_____	_____
ii. Those instruments not designated as hedging instruments, presented separately by type of contract?	_____	_____	_____
d. The disclosure has identified the line item(s) in the statement of financial position in which the fair value amounts for these categories of derivative instruments are included? [FASB ASC 815-10-50-4B]	_____	_____	_____
11. Has the entity properly disclosed in tabular format (with the exception of item [a], which follows) the gains and losses disclosed pursuant to FASB ASC 815-10-50-4A(b) separately for all of the following by type of contract:			

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Derivative instruments designated and qualifying as hedging instruments in fair value hedges and related hedged items designated and qualifying in fair value hedges?	_____	_____	_____
b. The effective portion of gains and losses on derivative instruments designated and qualifying in cash flow hedges and net investment hedges that was recognized in OCI during the current period?	_____	_____	_____
c. The effective portion of gains and losses on derivative instruments designated and qualifying in cash flow hedges and net investment hedges recorded in accumulated OCI during the term of the hedging relationship and reclassified into earnings during the current period?	_____	_____	_____
d. The portion of gains and losses on derivative instruments designated and qualifying in cash flow hedges and net investment hedges representing (i) the amount of the hedges' ineffectiveness and (ii) the amount, if any, excluded from the assessment of hedge effectiveness?	_____	_____	_____
e. Derivative instruments not designated or qualifying as hedging instruments under FASB ASC 815-20? [FASB ASC 815-10-50-4C]	_____	_____	_____
12. Has the entity properly disclosed separately, pursuant to question 11, information by type of derivative contract (for example, interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and so forth) as well as identify the line item(s) in the statement of financial performance in which the gains and losses for the categories of derivative instruments are included? [FASB ASC 815-10-50-4D]	_____	_____	_____

Trading Derivatives

13. If the entity's policy is to include derivative instruments that are not designated or qualified as hedging instruments under FASB ASC 815-20 in its trading activities, and the entity elects not to separately disclose gain and losses as required by FASB ASC 815-10-50-4C(e), has the entity properly disclosed the following: (*Note:* If the disclosure option in this paragraph is elected, the entity should include a footnote in the required tables referencing the use of this alternative disclosure for trading activities.)
- a. The gains and losses on its trading activities (including both derivative and nonderivative instruments) recognized in the statement of financial performance, separately by major types of items (such as fixed income/interest rates, foreign exchange, equity, commodity, and credit)?

_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The line items in the statement of financial performance in which trading activities gains and losses are included?	_____	_____	_____
c. A description of the nature of its trading activities and related risks, and how the entity manages those risks? [FASB ASC 815-10-50-4F]	_____	_____	_____

Credit-Risk-Related Contingent Features

14. Has the entity properly disclosed, for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, the following information about derivative instruments it holds or issues (or nonderivative instruments it holds or issues that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66) that have credit-risk-related contingent features and that are in a net liability position at the end of the reporting period: (<i>Note:</i> Amounts to be reported for nonderivative instruments pursuant to paragraphs 58 and 66 of FASB ASC 815-20-25 should be the carrying value of the nonderivative hedging instrument, rather than the following.)			
a. The existence and nature of credit-risk-related contingent features and the circumstances in which the features could be triggered in derivative instruments that are in a net liability position at the end of the reporting period?	_____	_____	_____
b. The aggregate fair value amounts of derivative instruments that contain credit-risk-related contingent features that are in a net liability position at the end of the reporting period?	_____	_____	_____
c. The aggregate fair value of assets that are already posted as collateral at the end of the reporting period and (i) the aggregate fair value of additional assets that would be required to be posted as collateral and (ii) the aggregate fair value of assets needed to settle the instrument immediately, if the credit-risk-related contingent features were triggered at the end of the reporting period? [FASB ASC 815-10-50-4H]	_____	_____	_____

Information in More Than One Footnote

15. Has the entity properly included cross-references to other notes in which derivative-related information is disclosed, if the disclosures related to derivative instruments (or nonderivative instruments that are designated and qualify as hedging instruments pursuant to paragraphs 58 and 66 of FASB ASC 815-20-25) are disclosed in more than a single footnote? [FASB ASC 815-10-50-4I]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Credit Derivatives			
16A. Has the entity properly disclosed the following, as a <i>seller of credit derivative</i> (as defined in FASB ASC 815-10-50-4J as a guarantor in a guarantee type contract or any party that provides the credit protection in an option type contract, a credit default swap, or any other credit derivative), even if the likelihood of the seller's having to make any payments under the credit derivative is remote:			
<i>a.</i> The nature of the credit derivative, including all of the following:			
<i>i.</i> The approximate term of the credit derivative?	_____	_____	_____
<i>ii.</i> The reasons for entering into the credit derivative?	_____	_____	_____
<i>iii.</i> The events or circumstances that would require the seller to perform under the credit derivative?	_____	_____	_____
<i>iv.</i> The current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the credit derivative?	_____	_____	_____
<i>v.</i> If the entity uses internal groupings for the purposes of item (iv), how those groupings are determined and used for managing risk?	_____	_____	_____
<i>b.</i> The maximum potential amount of future payments (undiscounted) that the seller could be required to make under the credit derivative, which should not be reduced by the effect of any amounts that may possibly be recovered under recourse or collateralization provisions in the credit derivative?	_____	_____	_____
<i>c.</i> If the terms of the credit derivative provide for no limitation to the maximum potential future payments under the credit derivative, is that fact disclosed?	_____	_____	_____
<i>d.</i> If the seller is unable to develop an estimate of the maximum potential amount of future payments under the credit derivative, the reasons why the maximum potential amount cannot be estimated?	_____	_____	_____
<i>e.</i> The fair value of the credit derivative as of the date of the statement of financial position?	_____	_____	_____
<i>f.</i> The nature of			
<i>i.</i> any recourse provisions that would enable the seller to recover from third parties any of the amounts paid under the guarantee?	_____	_____	_____
<i>ii.</i> any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
g. If estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee? (<i>Note:</i> For hybrid instruments that have embedded credit derivatives, the seller of the embedded credit derivative should disclose the information required for the entire hybrid instrument, not just the embedded credit derivatives. [FASB ASC 815-10-50-4L]) [FASB ASC 815-10-50-4K]	_____	_____	_____

Note (ASU No. 2010-11, Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives): ASU No. 2010-11 affects FASB ASC 815-10-50-4K, question 16A, preceding, in the following manner:

- The “Pending Content” included in FASB ASC 815-10-50-4K includes minor wording changes which do not significantly impact the disclosure requirements; and
- The “Pending Content” included in FASB ASC 815-10-50-4K includes the following additional passage, “The disclosures required by this paragraph (FASB ASC 815-10-50-4K) do not apply to the embedded derivative feature discussed in FASB ASC 815-15-15-9.”

As such, entities that have adopted the provisions of ASU No. 2010-11 should consider the disclosure requirements contained in question 16A, preceding, with these changes in mind.

Qualitative Disclosures

17. Although encouraged, but not required, has the entity properly included additional qualitative disclosures for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented related to qualitative items about the entity’s objectives and strategies for using derivative instruments? (<i>Note:</i> These disclosures may relate to interest rate risk, foreign currency exchange rate risk, commodity price risk, credit risk, and equity price risk.) [FASB ASC 815-10-50-5]	_____	_____	_____
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Unconditional Purchase Obligations

18. Has the entity properly disclosed the information required by FASB ASC 440, <i>Commitments</i> , and FASB ASC 815 if the entity has unconditional purchase obligations which are subject to the requirements of those topics? [FASB ASC 815-10-50-6]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Balance Sheet Offering			
19. Has the entity properly disclosed its policy for offsetting or not offsetting in accordance with FASB ASC 815-10-45-6? [FASB ASC 815-10-50-7]	_____	_____	_____
20. Has the entity properly disclosed the amounts recognized at the end of each reporting period for the right to reclaim cash collateral or the obligation to return cash collateral as follows:			
a. If the entity has made an accounting policy decision to offset fair value amounts, has it separately disclosed amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral that have been offset against net derivative positions in accordance with FASB ASC 815-10-45-5?	_____	_____	_____
b. Has the entity separately disclosed amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under master netting arrangements that have not been offset against net derivative instrument positions?	_____	_____	_____
c. If the entity has made an accounting policy decision to not offset fair value amounts, has it separately disclosed the amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under master netting arrangements? [FASB ASC 815-10-50-8]	_____	_____	_____
Certain Contracts on Debt and Equity Securities			
21. Has the entity properly disclosed its accounting policy for the premium paid (time value) to acquire an option that is classified as held to maturity or available for sale, if applicable? [FASB ASC 815-10-50-9]	_____	_____	_____
H. Embedded Derivatives (FASB ASC 815-15)			
<i>Presentation</i>			
1. Has the entity properly presented hybrid financial instruments measured at fair value under the election and practicability exception in FASB ASC 815-15-30-1 by either (a) displaying separate line items for the fair value and non-fair-value carrying amounts or (b) presenting the aggregate of the fair value and non-fair-value amounts and parenthetically disclosing the amount of fair value included in the aggregate amount? [FASB ASC 815-15-45-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Disclosure</i>			
Hybrid Instruments That Are Not Separated			
2. Has the entity properly disclosed, for those hybrid financial instruments measured at fair value under the election and under the practicability exception in FASB ASC 815-15-30-1 on earnings (or other performance indicators for entities that do not report earnings), the information in paragraphs 28–32 of FASB ASC 825-10-50? [FASB ASC 815-15-50-1]	_____	_____	_____
3. Has the entity properly disclosed information that will allow users to understand the effect of changes in the fair value of hybrid financial instruments measured at fair value under the election and under the practicability exception in FASB ASC 815-15-30-1 on earnings (or other performance indicators for entities that do not report earnings)? [FASB ASC 815-15-50-2]	_____	_____	_____
Embedded Conversion Option That Is No Longer Bifurcated			
4. Has the entity properly disclosed, for those embedded conversion options previously accounted for as a derivative instrument under FASB ASC 815-15 (embedded derivatives) that no longer meet the separation criteria, a description of the principal changes causing the embedded conversion option to no longer require bifurcation and the amount of the liability for the conversion option which has been reclassified to stockholders' equity? [FASB ASC 815-15-50-3]	_____	_____	_____
I. Fair Value Hedging (FASB ASC 815-25)			
<i>Disclosure</i>			
1. Has the entity properly disclosed, for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, the following for derivative instruments, as well as nonderivative instruments that may give rise to foreign currency transaction gains or losses under FASB ASC 830-20, that have been designated and have qualified as fair value hedging instruments and for the related hedged items:			
a. The net gain or loss recognized in earnings during the reporting period representing (i) the amount of the hedges' ineffectiveness and (ii) the component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness?	_____	_____	_____
b. The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge? [FASB ASC 815-25-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
J. Cash Flow Hedges (FASB ASC 815-30)			
<i>Presentation</i>			
Other Comprehensive Income			
1. Has the entity properly presented, as a separate classification within OCI, the net gain or loss on any derivative instruments designated and qualifying as cash flow hedging instruments that are reported in comprehensive income pursuant to FASB ASC 815-20-25-65 and FASB ASC 815-30-35-3? [FASB ASC 815-30-45-1]	_____	_____	_____
<i>Disclosure</i>			
2. Has the entity properly disclosed, for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, the following for derivative instruments that have been designated and have qualified as cash flow hedging instruments and for the related hedged transactions:			
a. A description of the transactions or other events that will result in the reclassification into earnings of gains and losses that are reported in accumulated OCI, and the estimated net amount of the existing gains or losses at the reporting date that is expected to be reclassified into earnings within the next 12 months?	_____	_____	_____
b. The estimated net amount of the existing gains or losses that are reported in accumulated OCI at the reporting date that is expected to be reclassified into earnings in the next 12 months?	_____	_____	_____
c. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments?	_____	_____	_____
d. The amount of gains and losses reclassified into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period or within the additional period of time discussed in paragraphs 4–5 of FASB ASC 815-30-40? [FASB ASC 815-30-50-1]	_____	_____	_____
3. Has the entity properly disclosed, as a separate component of OCI, the beginning and ending accumulated derivative instrument gain or loss, the related net change associated with current period hedging transactions, and the net amount of any reclassification into earnings? [FASB ASC 815-30-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
K. Net Investment Hedges (FASB ASC 815-35)			
<i>Disclosure</i>			
1. Although encouraged, but not required, has the entity properly included additional qualitative disclosures to present a more complete picture of its activities about derivative instruments by presenting information that may be more useful, and less likely to be perceived to be out of context or otherwise misunderstood, if similar information is disclosed about other financial instruments or nonfinancial assets and liabilities to which the derivative instruments are related by activity? [FASB ASC 815-35-50-2]	_____	_____	_____
L. Contracts in Entity's Own Equity (FASB ASC 815-40)			
<i>Disclosure</i>			
1. Has the entity properly disclosed, in the financial statements, changes in fair value for all contracts within the scope of FASB 815-40 classified as assets or liabilities as long as the contracts remain classified as assets or liabilities ? [FASB ASC 815-40-50-1]	_____	_____	_____
2. Has the entity properly disclosed the related disclosures required by FASB ASC 815-10-50; FASB ASC 815-25-50; FASB ASC 815-30-50; and FASB ASC 815-35-50, if a contract within the scope of FASB ASC 815-40 meets the definition of a <i>derivative instrument</i> ? [FASB ASC 815-40-50-2]	_____	_____	_____
<i>Reclassifications and Related Accounting Policy Disclosures</i>			
3. Has the entity properly disclosed the contract reclassification, the reason for the reclassification and the effect on the entity's financial statements, if contracts within the scope of FASB ASC 815-40 are reclassified into (or out of) equity during the life of the instrument (in whole or in part) pursuant to the provisions of paragraphs 8–13 of FASB ASC 815-40-35? [FASB ASC 815-40-50-3]	_____	_____	_____
4. Has the entity properly disclosed the accounting policy decision pursuant to FASB ASC 235, if the entity partially reclassifies a contract(s) subject to FASB ASC 815-40? [FASB ASC 815-40-50-4]	_____	_____	_____
<i>Interaction With Disclosures About Capital Structure</i>			
5. Has the entity properly disclosed the following, pursuant to FASB ASC 505-10-50, if the entity has contracts related to their capital structure of the following nature:			
a. If the entity has an option or forward contract, has relevant information including (i) the forward rate, (ii) the option strike price, (iii) the number of shares to which the contract is indexed, (iv) the settlement date(s), and (v) the issuers accounting for the contract (asset, liability, or equity) been disclosed?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. If the entity's contract(s) provide settlement alternatives, has the relevant information including (i) who controls the settlement alternatives and (ii) the maximum number of shares that could be required to be issued to net share settle the contract been disclosed?	_____	_____	_____
c. If the entity's contract(s) does not have a fixed or determinable maximum number of shares that may be required to be issued, is the fact that an infinite number may be required to settle the contract(s) disclosed?	_____	_____	_____
d. For each of the entity's contract(s) has disclosure been made of the current fair value for each settlement alternative and how changes in the price of the issuer's equity instruments affect those settlement amounts? (For some issuers, a tabular format may provide the most concise and informative presentation of these data.)	_____	_____	_____
e. If the entity has temporary equity (for example redeemable stock issued by nonpublic entities) have the disclosures required by FASB ASC 505-10-50-11 been made? [FASB ASC 815-40-50-5]	_____	_____	_____
M. Weather Derivatives (FASB ASC 815-45)			
<i>Disclosure</i>			
1. Has the entity properly disclosed information for financial instruments, such as those required in FASB ASC 825-10-50, for weather derivative contracts, which are financial instruments within the scope of FASB ASC 815-45? [FASB ASC 815-45-50-1]	_____	_____	_____
N. Fair Value Measurements and Disclosures (FASB ASC 820-10)³¹			
<i>Disclosure</i>			

Additional Disclosure Information

The quantitative disclosures required by FASB ASC 820-10-50 should be presented using a tabular format. [FASB ASC 820-10-50-8]

³¹ In January 2010, FASB issued ASU No. 2010-06. This ASU requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement in FASB ASC 820-10. FASB's objective is to improve these disclosures and, thus, increase the transparency in financial reporting. Specifically, ASU No. 2010-06 amends FASB ASC 820-10 to now require the following:

- A reporting entity should disclose separately the amounts of significant transfers in and out of level 1 and level 2 fair value measurements and describe the reasons for the transfers; and
- In the reconciliation for fair value measurements using significant unobservable inputs, a reporting entity should present separately information about purchases, sales, issuances, and settlements.

In addition, ASU No. 2010-06 clarifies the requirements of the following existing disclosures:

- For purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and
- A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements.

The amendments in this ASU are effective for interim and annual reporting periods beginning after December 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends), except for the disclosures about purchases, sales, issuances, and settlements in the roll
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1A. Has the entity properly disclosed information that enables users of its financial statements to assess both of the following:			
a. For assets and liabilities that are measured at fair value on a recurring basis in the periods subsequent to initial recognition, the inputs used to develop those measurements?	_____	_____	_____
b. For recurring fair value measurements using significant unobservable inputs (level 3), the effect of the measurements on earnings (or changes in net assets) for the period? [FASB ASC 820-10-50-1]	_____	_____	_____
1B. (ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements) Has the entity properly disclosed information that enables users of its financial statements to assess both of the following:			
a. For assets and liabilities that are measured at fair value on a recurring basis in the periods subsequent to initial recognition, the valuation techniques and inputs used to develop those measurements?	_____	_____	_____
b. For recurring fair value measurements using significant unobservable inputs (level 3), the effect of the measurements on earnings (or changes in net assets) for the period? [“Pending Content” in FASB ASC 820-10-50-1]	_____	_____	_____
2A. Has the entity properly disclosed the following information, for each interim and annual period separately for each major category of assets and liabilities: (<i>Note:</i> For equity and debt securities, major category should be defined as major security type as described in FASB ASC 320-10-50-1B, even if the equity or debt securities are not within the scope of FASB ASC 320-10.)			
a. The fair value measurements at the reporting date?	_____	_____	_____
b. The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating (i) fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), (ii) significant other observable inputs (level 2), and (iii) significant unobservable inputs (level 3)?	_____	_____	_____

forward of activity in level 3 fair value measurements, see FASB ASC 820-10-50-2(c)(2). Those disclosures are effective for fiscal years beginning after December 15, 2010 (that is, January 1, 2011, for entities with calendar year-ends), and for interim periods within those fiscal years. Early adoption is permitted.

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2010-06.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

This guidance is labeled as “Pending Content” due to the transition and open effective date information discussed in FASB ASC 820-10-65-7.

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c.			
For fair value measurements using significant unobservable inputs (level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to any of the following (may be presented net):			
i.			
Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities)?	_____	_____	_____
ii.			
Purchases, sales, issuances, and settlements (net)?	_____	_____	_____
iii.			
Transfers in and out, or both, of level 3 (for example, transfers due to changes in the observability of significant inputs)?	_____	_____	_____
d.			
The amount of the total gains or losses for the period in FASB ASC 820-10-50-1(c)(1) included in earnings (or changes in net assets) that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date and a description of where those unrealized gains or losses are reported in the statement of income?	_____	_____	_____
e.			
The inputs and valuation technique(s) used to measure fair value and a discussion of changes in valuation techniques and related inputs, if any, during the period?	_____	_____	_____
[FASB ASC 820-10-50-2]			
2B.			
(ASU No. 2010-06) Has the entity properly disclosed the following information, to meet the objectives of FASB ASC 820-10-50-1, for each interim and annual period separately for each class of assets and liabilities: (<i>Note:</i> The reporting entity should determine appropriate classes of assets and liabilities on the basis of guidance in "Pending Content" in FASB ASC 820-10-50-2. It should provide sufficient information to permit reconciliation of the fair value measurement disclosures for the various classes of assets and liabilities to the line items in the statement of financial position.)			
a.			
The fair value measurement at the reporting date?	_____	_____	_____
b.			
The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating (i) fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), (ii) significant other observable inputs (level 2), and (iii) significant unobservable inputs (level 3)?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>c. The amounts of significant transfers between level 1 and level 2 of the fair value hierarchy and the reasons for the transfers? (Significant transfers into each level should be disclosed separately from transfers out of each level. The reporting entity should disclose and consistently follow its policy for determining when transfers between levels are recognized. The policy about the timing of recognizing transfers should be the same for transfers into the levels as that for transfers out of the levels. Examples of policies for when to recognize the transfer include [i] the actual date of the event or change in circumstances that caused the transfer, [ii] the beginning of the reporting period, and [iii] the end of the reporting period.)</p>	_____	_____	_____
<p>d. For fair value measurements using significant unobservable inputs (level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to any of the following:</p> <p>i. Total gains or losses for the period (realized and unrealized), separately presenting gains or losses included in earnings (or changes in net assets), and gains or losses recognized in OCI, and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities) or in OCI?</p> <p>ii. Purchases, sales, issuances, and settlements (each type disclosed separately)?</p> <p>iii. Transfers in and out, or both, of level 3 and the reasons for those transfers? (Significant transfers into level 3 should be disclosed separately from significant transfers out of level 3. Examples include [1] the actual date of the event or change in circumstances that caused the transfer and [2] the beginning and [3] the end of the reporting period.)</p>	_____	_____	_____
<p>e. The amount of the total gains or losses for the period in FASB ASC 820-10-50-1(c)(1) included in earnings (or changes in net assets) that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date and a description of where those unrealized gains or losses are reported in the statement of income (or activities)?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>f.</i> For fair value measurements using significant other observable inputs (level 2) and significant unobservable inputs (level 3), a description of the valuation technique (or multiple valuation techniques) used, such as the market approach, income approach, or the cost approach, and the inputs used in determining the fair values of each class of assets or liabilities? (<i>Note:</i> If there has been a change in the valuation technique[s], the reporting entity should disclose that change and the reason for making it.) [“Pending Content” in FASB ASC 820-10-50-2]</p>	_____	_____	_____
<p>3B. (<i>ASU No. 2010-06</i>) Has the entity properly disclosed both of the following:</p>			
<p><i>a.</i> The fair value disclosures required by FASB ASC 820-10-50-2(a) on a gross basis?</p>	_____	_____	_____
<p><i>b.</i> The reconciliation disclosure required by FASB ASC 820-10-50-2(c)–(d) either gross or net? [“Pending Content” in FASB ASC 820-10-50-3]</p>	_____	_____	_____
<p>Liability Issued With an Inseparable Third-Party Credit Enhancement</p>			
<p>4. Has the entity properly disclosed, for a liability issued with an inseparable third-party credit enhancement that is measured or disclosed at fair value on a recurring basis (and is not subject to the listed exceptions in FASB ASC 820-10-50-4A), the existence of a third-party credit enhancement on its issued liability, if such an enhancement exists? [FASB ASC 820-10-50-4A]</p>	_____	_____	_____
<p>Nonrecurring Measurements</p>			
<p>5A. Has the entity properly disclosed the following information regarding assets and liabilities that are measured at fair value on a nonrecurring basis in periods subsequent to initial recognition, for each interim and annual period separately for each major category of assets and liabilities: (<i>Note:</i> For equity and debt securities, major category should be defined as major security type as described in FASB ASC 320-10-50-1B, even if the equity or debt securities are not within the scope of FASB ASC 320-10.)</p>			
<p><i>a.</i> The fair value measurements recorded during the period and the reasons for the measurements?</p>	_____	_____	_____
<p><i>b.</i> The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating (i) fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), (ii) significant other observable inputs (level 2), and (iii) significant unobservable inputs (level 3)?</p>	_____	_____	_____
<p><i>c.</i> For fair value measurements using significant unobservable inputs (level 3), a description of the inputs and the information used to develop the inputs?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>d.</i> The inputs and valuation technique(s) used to measure fair value and a discussion of changes, if any, in the valuation technique(s) used to measure similar assets or liabilities or both in prior periods? [FASB ASC 820-10-50-5]</p>	_____	_____	_____
<p>5B. (ASU No. 2010-06) Has the entity properly disclosed the following information regarding assets and liabilities that are measured at fair value on a nonrecurring basis in periods subsequent to initial recognition, for each interim and annual period separately for each class of assets and liabilities: (Note: The reporting entity should determine appropriate classes of assets and liabilities on the basis of guidance in "Pending Content" in FASB ASC 820-10-50-2A.)</p>			
<p><i>a.</i> The fair value measurement recorded during the period and the reasons for the measurement?</p>	_____	_____	_____
<p><i>b.</i> The level within the fair value hierarchy in which the fair value measurement in its entirety fall, segregating the fair value measurement using quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2), and significant unobservable inputs (level 3)?</p>	_____	_____	_____
<p><i>c.</i> For fair value measurements using significant other observable inputs (level 2) and significant unobservable inputs (level 3), the disclosure required by FASB ASC 820-10-50-2(e)? ["Pending Content" in FASB ASC 820-10-50-5]</p>	_____	_____	_____
<p>Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)</p>			
<p>6A. Has the entity properly disclosed the following information, for each interim and annual period, separately, regarding each major category of investment that are within the scope of FASB ASC 820-10-15-4 and FASB ASC 820-10-15-5 and that are measured at fair value on a recurring or nonrecurring basis during the period, information that enables users of its financial statements to understand the nature and risks of the investment and whether the investment are probably of being sold at amounts different from net asset value per share (or its equivalent):</p>			
<p><i>a.</i> The fair value of the investments in the major category, and a description of the significant investment strategies of the investee(s) in the major category?</p>	_____	_____	_____
<p><i>b.</i> For each major category of investment that includes investments that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees?</p>	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. The amount of the reporting entity's unfunded commitments related to investments in the major category?	_____	_____	_____
d. A general description of the terms and conditions upon which the investor may redeem investments in the major category?	_____	_____	_____
e. The circumstances in which an otherwise redeemable investment in the major category (or a portion thereof) might not be redeemable. (<i>Note:</i> For those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity should disclose its estimate of when the restriction from redemption might lapse. If an estimate cannot be made, the reporting entity should disclose that fact and how long the restriction has been in effect.)	_____	_____	_____
f. Any other significant restriction on the ability to sell investments in the major category at the measurement date?	_____	_____	_____
g. If the reporting entity determines that it is probable that it will sell an investment(s) for an amount different from net asset value per share (or its equivalent) as described in FASB ASC 820-10-35-62, the reporting entity should disclose the total fair value of all investments that meet that criteria and any remaining actions required to complete the sale?	_____	_____	_____
h. If a group of investments would otherwise meet the criteria in FASB ASC 820-10-35-62 but the individual investments to be sold have not been identified, so the investments continue to qualify for the practical expedient in FASB ASC 820-10-35-59, the reporting entity should disclose its plans to sell and any remaining actions required to complete the sale(s)? [FASB ASC 820-10-50-6A]	_____	_____	_____
6B. (<i>ASU No. 2010-06</i>) Has the entity properly disclosed the following information, for each interim and annual period, separately, regarding each class of investment that are within the scope of paragraphs 4–5 of FASB ASC 820-10-15 and that are measured at fair value, information that enables users of its financial statements to understand the nature and risks of the investment and whether the investment are probably of being sold at amounts different from net asset value per share (or its equivalent):			
a. The fair value of the investments in the class, and a description of the significant investment strategies of the investee(s) in the class?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. For each class of investment that includes investments that can never be redeemed with the investees, but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity's estimate of the period of time over which the underlying assets are expected to be liquidated by the investees?	_____	_____	_____
c. The amount of the reporting entity's unfunded commitments related to investments in the class?	_____	_____	_____
d. A general description of the terms and conditions upon which the investor may redeem investments in the class?	_____	_____	_____
e. The circumstances in which an otherwise redeemable investment in the class (or a portion thereof) might not be redeemable? (<i>Note:</i> For those otherwise redeemable investments that are restricted from redemption as of the reporting entity's measurement date, the reporting entity should disclose its estimate of when the restriction from redemption might lapse. If an estimate cannot be made, the reporting entity should disclose that fact and how long the restriction has been in effect.)	_____	_____	_____
f. Any other significant restriction on the ability to sell investments in the class at the measurement date?	_____	_____	_____
g. If the reporting entity determines that it is probable that it will sell an investment(s) for an amount different from net asset value per share (or its equivalent) as described in FASB ASC 820-10-35-62, the reporting entity should disclose the total fair value of all investments that meet that criteria and any remaining actions required to complete the sale?	_____	_____	_____
h. If a group of investments would otherwise meet the criteria in FASB ASC 820-10-35-62 but the individual investments to be sold have not been identified, so the investments continue to qualify for the practical expedient in FASB ASC 820-10-35-59, the reporting entity should disclose its plans to sell and any remaining actions required to complete the sale(s)? ["Pending Content" in FASB ASC 820-10-50-6A]	_____	_____	_____
Relation to Other Disclosure Requirements			
7. Although encouraged but not required, has the entity			
a. combined the fair value information disclosed under FASB ASC 820-10-50 with the fair value information disclosed under other FASB ASC subtopics (for example, FASB ASC 825-10-50) in the periods in which those disclosures are required, if practicable?	_____	_____	_____
b. disclosed information about other similar measurements (for example, inventories measured at market value under FASB ASC 330, <i>Inventory</i>), if practicable? [FASB ASC 820-10-50-9]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. Plan assets of a defined pension or other postretirement plan that are accounted for under FASB ASC 715, <i>Compensation—Retirement Benefits</i> , are not subject to the disclosure requirements in paragraphs 1–9 of FASB ASC 820-10-50 but are subject to disclosure requirements under FASB ASC 715-20-50-1(d)(iv) and FASB ASC 715-20-50-5(c)(iv). Have the proper disclosures been made under the listed paragraphs of FASB ASC 715? [FASB ASC 820-10-50-10]			
O. Financial Instruments (FASB ASC 825-10)			
<i>Presentation</i>			
Fair Value Option—Statement of Financial Position			
1. Has the entity properly presented information that separates the reported assets and liabilities that are measured at fair value, pursuant to the fair value option in FASB ASC 825, from the carrying amounts of similar assets measured using another measurement attribute by either			
<i>a.</i> presenting the aggregate of fair value and non-fair-value amounts in the same line item in the statement of financial position and parenthetically disclosing the amount measured at fair value included in the aggregate amount, or	_____	_____	_____
<i>b.</i> presenting two separate line items to display the fair value and non-fair-value carrying amounts? [FASB ASC 825-10-45 par. 1–2]	_____	_____	_____
2. Have deferred acquisition costs related to investment contracts been reported as an asset consistent with FASB ASC 944-30-45-2? [FASB ASC 944-825-45-1]	_____	_____	_____
Fair Value Option—Statement of Cash Flows			
3. Has the entity properly presented cash receipts and cash payments related to items measured at fair value according to their nature and purpose as required by FASB ASC 230? [FASB ASC 825-10-45-3]	_____	_____	_____
<i>Disclosure</i>			
Applicability of This Subsection—Entities			

Additional Disclosure Information

The disclosure about fair values of financial instruments is optional (for annual reporting periods) for reporting entities that meet all of the following criteria:

- Are *nonpublic entities* as defined in the FASB ASC glossary,
- Have total assets of less than \$100 million on the date of the financial statements, and
- Have no instrument that, in whole or in part, is accounted for as a derivative instrument under FASB ASC 815, other than commitments related to the origination of mortgage loans to be held for sale during the reporting period.

(continued)

Yes No N/A

This criterion should be applied to the most recent year presented in comparative financial statements to determine the applicability of FASB ASC 825-10-50.

The following table clarifies the requirements for disclosures if prior periods are presented in comparative financial statements.

If Disclosures for the Current Period Are:	And Disclosures for Prior Periods Were:	Then Disclosures for Prior Periods Presented in Comparative Statements Are:
Optional	Optional	Optional
Optional	Required	Optional
Required	Optional	Optional
Required	Required	Required

[FASB ASC 825-10-50 par. 3–7]

Transactions

4. Has the entity properly *not* made disclosure if the requirements of FASB ASC 825-10-50 paragraphs 10–16 for the following items:
- a. Employers’ and plans’ obligations for pension benefits, other postretirement benefits including health care and life insurance benefits, postemployment benefits, employee stock option and stock purchase plans, and other forms of deferred compensation agreements? _____
 - b. Substantively extinguished debt subject to the disclosure requirements of FASB ASC 405-20? _____
 - c. Insurance contracts, other than financial guarantees and investment contracts, as discussed in FASB ASC 944-20? _____
 - d. Lease contracts as defined in FASB ASC 840, *Leases*? _____
 - e. Warranty obligations? _____
 - f. Unconditional purchase obligations as defined in FASB ASC 440-10-50-2? _____
 - g. Investments accounted for under the equity method in accordance with the requirements of FASB ASC 323, *Investments—Equity Method and Joint Ventures*? _____
 - h. Noncontrolling interests and equity investments in consolidated subsidiaries? _____
 - i. Equity instruments issued by the entity and classified in stockholders’ equity in the statement of financial position? _____
- [FASB ASC 825-10-50-8]

Fair Value of Financial Instruments

5. Has the entity properly made the following disclosures:
- a. Either in the body of the financial statements or in the accompanying notes, the fair value of financial instruments for which it is practicable to estimate the value? _____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The method or methods and significant assumptions used to estimate the fair value of financial instruments?	_____	_____	_____
c. A description of the changes in the method or methods and significant assumptions used to estimate the fair value of financial instruments, if any, during the period? [FASB ASC 825-10-50-10]	_____	_____	_____
6. Has the entity properly disclosed fair value in the notes together with the related carrying amount in a form that clarifies both (a) whether the fair value and carrying amount represent assets or liabilities and (b) how the carrying amounts relate to what is reported in the statement of financial position? [FASB ASC 825-10-50-11]	_____	_____	_____
7. Has the entity properly disclosed, if fair value information is disclosed in more than a single note, a summary table of the fair value and related carrying amounts in one note, and does the note cross-reference to the location(s) of the remaining required disclosures? [FASB ASC 825-10-50-12]	_____	_____	_____
8. Has the entity properly <i>not</i> disclosed a net presentation of the fair value of financial instruments with the fair value of other financial instruments, even if those financial instruments are of the same class or are otherwise considered to be related, except to the extent that the offsetting of carrying amounts in the statement of financial position is permitted under the general principle in FASB ASC 210-20-45-1, or the exceptions for master netting arrangements in FASB ASC 815-10-45-5 and for amounts related to certain repurchase and reverse repurchase agreements in paragraphs 11–17 of FASB ASC 210-20-45? [FASB ASC 825-10-50-15]	_____	_____	_____
9. Has the entity properly made both of the following disclosures if it is not practicable (see FASB ASC 825-10-50 paragraphs 17–19 for a definition of <i>practicable</i> in this context) to estimate the fair value of a financial instrument or a class of financial instruments:			
a. Information pertinent to estimating the fair value of that financial instrument or class of financial instruments, such as the carrying amount, effective interest rate, and maturity?	_____	_____	_____
b. The reasons why it is not practicable to estimate fair value? [FASB ASC 825-10-50-16]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Concentration of Credit Risk			
10. Has the entity properly disclosed, except as indicated in FASB ASC 825-10-50-22, all significant concentrations of credit risk arising from all financial instruments, whether from an individual counterparty or groups of counterparties? (<i>Note:</i> Group concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.) (<i>Note:</i> This disclosure applies to derivatives.) [FASB ASC 825-10-50-20]	_____	_____	_____
11. Has the entity properly disclosed the following about each significant concentration: (<i>Note:</i> These disclosure requirements do not apply to financial instruments described in FASB ASC 825-10-50-8[a], [c], [e], or [f], except for reinsurance receivables and prepaid reinsurance premiums or financial instruments of a pension plan, including plan assets, if subject to the accounting and reporting requirements of FASB ASC 715.) See the preceding, with regard to derivatives.			
<i>a.</i> Information about the (shared) activity, region, or economic characteristic that identifies the concentration?	_____	_____	_____
<i>b.</i> The maximum amount of loss due to credit risk that, based on the gross fair value of the financial instrument, the entity would incur if parties to the financial instruments that make up the concentration failed completely to perform according to the terms of the contracts and the collateral or other security, if any, for the amount due proved to be of no value to the entity?	_____	_____	_____
<i>c.</i> The entity's policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity's access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments?	_____	_____	_____
<i>d.</i> The entity's policy of entering into master netting arrangements to mitigate the credit risk of financial instruments, information about the arrangements for which the entity is a party, and a brief description of the terms of those arrangements, including the extent to which they would reduce the entity's maximum amount of loss due to credit risk? [FASB ASC 825-10-50-21]	_____	_____	_____
12. Are concentrations of credit risk associated with reinsurance receivables and prepaid reinsurance premiums disclosed for a ceding entity under the provisions of FASB ASC 825-10-50? [FASB ASC 944-825-55-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
13. Has a ceding entity disclosed concentrations of credit risk under FASB ASC 825-10-50 if it is aware that reinsured risks have been retroceded to a diverse group of retrocessionaires because the assuming entity's rights under retrocessions are generally not available to the ceding entity to mitigate its credit risk? [FASB ASC 944-825-55-3]	_____	_____	_____
Market Risk of All Financial Instruments			
14. Although encouraged but not required, has the entity properly disclosed quantitative information about the market risks of financial instruments that is consistent with the way it manages or adjusts those risks? Although appropriate ways of reporting that quantitative information will differ, possibilities include the following: (<i>Note:</i> The following is not an exhaustive list and the entity is encouraged to develop other ways of reporting quantitative information.)			
a. More details about current positions and perhaps activity during the period?	_____	_____	_____
b. The hypothetical effects on comprehensive income (or net assets), or annual income, of several possible changes in market prices?	_____	_____	_____
c. A gap analysis of interest rate repricing or maturity dates?	_____	_____	_____
d. The duration of the financial instruments?	_____	_____	_____
e. The entity's value at risk from derivatives and from other positions at the end of the reporting period and the average value at risk during the year? [FASB ASC 825-10-50-23]	_____	_____	_____
Fair Value Option—Required Disclosures as of Each Date for Which an Interim or Annual Statement of Financial Position Is Presented			
15. Has the entity properly disclosed, as of each date for which a statement of financial position is presented, the following information about items measured at fair value under the option in FASB ASC 825:			
a. Management's reasons for electing a fair value option for each eligible item or group of similar eligible items?	_____	_____	_____
b. The following information of the fair value option is elected for some but not all eligible items within a group of similar eligible items:			
i. A description of those similar items and the reasons for partial election?	_____	_____	_____
ii. Information to enable users to understand how the group of similar items relates to individual line items on the statement of financial position?	_____	_____	_____
c. The following information for each line item in the statement of financial position that includes an item or items for which the fair value option has been elected:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i.			
Information to enable users to understand how each line item in the statement of financial position relates to major categories of assets and liabilities presented in accordance with the fair value disclosure requirements in FASB ASC 820, <i>Fair Value Measurements and Disclosures</i> ?	_____	_____	_____
ii.			
The aggregate carrying amount of items included in each line item in the statement of financial position that are not eligible for the fair value option, if any?	_____	_____	_____
d.			
The difference between the aggregate fair value and the aggregate unpaid principal balance of the following:			
i.			
Loans and long term receivables (other than securities subject to FASB ASC 320, <i>Investments—Debt and Equity Securities</i>) that have contractual principal amounts and for which the fair value option has been elected?	_____	_____	_____
ii.			
Long term debt instruments that have contractual principal amounts and for which the fair value option has been elected?	_____	_____	_____
e.			
For loans held as assets for which the fair value option has been elected,			
i.			
the aggregate fair value of loans that are 90 days or more past due?	_____	_____	_____
ii.			
if the entity’s policy is to recognize interest income separately from other changes in fair value, the aggregate fair value of loans in nonaccrual status?	_____	_____	_____
iii.			
the difference between the aggregate fair value and the aggregate unpaid principal balance for loans that are 90 days or more past due, in nonaccrual status, or both?	_____	_____	_____
f.			
The information required by FASB ASC 323-10-50-3 (equity method and joint venture investments) for investments that would have been accounted for under the equity method if the entity had not chosen to apply the fair value option? (<i>Note:</i> This disclosure applies to investments in common stock, in-substance common stock, and other investments that both [i] would otherwise be required to be accounted for under the equity method and [ii] would be required to satisfy the requirements of FASB ASC 323-10-50-3. When applying this item, the entity should apply the guidance of FASB ASC 323-10-50-2 and FASB ASC 323-10-50-3[a] and [c].) [FASB ASC 825-10-50-28]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Fair Value Option—Required Disclosures for Each Period for Which an Interim or Annual Income Statement Is Presented			
16. Has the entity properly disclosed, for each period for which an interim or annual income statement is presented, the following information about items measured at fair value under the option in FASB ASC 825:			
<i>a.</i> For each line item in the statement of financial position, the amounts of gains and losses from fair value changes included in earnings during the period and in which line in the income statement those gains and losses are reported? (An entity may meet this requirement by disclosing amounts of gains and losses that include amounts of gains and losses for other items measured at fair value, such as items required to be measured at fair value.)	_____	_____	_____
<i>b.</i> A description of how interest and dividends are measured and where they are reported in the income statement?	_____	_____	_____
<i>c.</i> For loans and other receivables held as assets, (i) the estimated amount of gains or losses included in earnings during the period attributable to changes in instrument-specific credit risk and (ii) how the gains or losses attributable to changes in instrument-specific credit risk were determined?	_____	_____	_____
<i>d.</i> For liabilities with fair values that have been significantly affected during the reporting period by changes in the instrument-specific credit risk, (i) the estimated amount of gains and losses from fair value changes included in earnings that are attributable to changes in the instrument-specific credit risk, (ii) qualitative information about the reasons for those changes, and (iii) how the gains and losses attributable to changes in instrument-specific credit risk were determined? [FASB ASC 825-10-50-30]	_____	_____	_____
Fair Value Option—Other Required Disclosures			
17. Has the entity properly disclosed, for its annual period only, the methods and significant assumptions used to estimate the fair value of items for which the fair value option has been elected? [FASB ASC 825-10-50-31]	_____	_____	_____
18. Has the entity properly disclosed the following information in the financial statements for the period of the election, if it had elected the fair value option at the time one of the events in FASB ASC 825-10-25-4(d)–(e) occurred:			
<i>a.</i> Qualitative information about the nature of the event?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
b.	Quantitative information by line item in the statement of financial position indicating which line items in the income statement include the effect of initially electing the fair value option for an item? [FASB ASC 825-10-50-32]	_____	_____	_____
P. Financial Instruments—Registration Payment Arrangements (FASB ASC 825-20)				
<i>Disclosure</i>				
1.	Has the entity properly disclosed the following information, if it is the issuer of a registration payment arrangement, about each registration payment arrangement or each group of similar arrangements: (<i>Note:</i> These disclosures are incremental to the disclosures that may be required under other applicable GAAP and are required even if the likelihood of the issuer having to make any payments under the arrangement is remote.)			
a.	The nature of the registration payment, including all of the following:			
i.	The approximate term of the arrangement?	_____	_____	_____
ii.	The financial instrument(s) subject to the arrangement?	_____	_____	_____
iii.	The events or circumstances that would require the issuer to transfer consideration under the arrangement?	_____	_____	_____
b.	Any settlement alternatives contained in the terms of the registration payment arrangement, including the party that controls the settlement alternatives?	_____	_____	_____
c.	The maximum potential amount of consideration, undiscounted, that the issuer could be required to transfer under the registration payment arrangement (including the maximum number of shares that may be required to be issued)?	_____	_____	_____
d.	If the terms of the arrangement provide for no limitation to the maximum potential consideration (including shares) to be transferred, that fact should be disclosed?	_____	_____	_____
e.	The current carrying amount of the liability representing the issuer’s obligations under the registration payment arrangement?	_____	_____	_____
f.	The income statement classification of any gains or losses resulting from changes in the carrying amount of the liability representing the issuer’s obligations under the registration payment arrangement? [FASB ASC 825-20-50 par. 1–2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Q. Foreign Currency Transactions (FASB ASC 830-20)			
<i>Presentation</i>			
1. Has the entity properly presented the aggregate transaction gain or loss included in determining net income for the period in the financial statement or the notes thereto? [FASB ASC 830-20-45-1]	_____	_____	_____
<i>Disclosure</i>			
2. Has the entity properly disclosed, in the notes to the financial statements (if not disclosed in the financial statements, as discussed in FASB ASC 830-20-45-2), the aggregate transaction gain or loss included in determining net income for the period? [FASB ASC 830-20-50-1]	_____	_____	_____
<i>Subsequent Rate Changes</i>			
3. Has the entity properly disclosed significant rate changes that have occurred after the date of the financial statements and the effects on unsettled balances related to foreign currency transactions? (<i>Note:</i> The disclosure should include consideration of changes in unsettled transactions from the date of the financial statements to the date that the rate changed. Further, in some cases it is not practicable to determine these changes, if so, the entity should disclose that fact.) [FASB ASC 830-20-50-2]	_____	_____	_____
<i>Effects of Rate Changes on Results of Operations</i>			
4. Although encouraged but not required, has the entity supplemented the disclosures required by FASB ASC 830-20-50 with an analysis and discussion of the effects of rate changes on the reported results of operations? (<i>Note:</i> This type of disclosure might include the mathematical effects of translating revenue and expenses at rates that are different from those used in a preceding period as well as the economic effects of rate changes, such as the effects on selling prices, sales volume, and cost structures. The purpose is to assist financial report users in understanding the broader economic implications of rate changes and to compare recent results with those of prior periods.) [FASB ASC 830-20-50-3]	_____	_____	_____
R. Foreign Currency Matters—Translation of Financial Statements (FASB ASC 830-30)			
<i>Disclosure</i>			
<i>Analysis of Changes in Cumulative Translation Adjustment</i>			
1. Has the entity properly disclosed an analysis of the changes during the period in the accumulated amount of translation adjustments reported in equity, either in a separate financial statement, as a part of the statement of changes in equity or in the notes to the financial statements? (See FASB ASC 830-30-45-20 for minimum disclosure requirements.) [FASB ASC 830-30-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Subsequent Rate Change			
2. Has the entity properly disclosed, if significant rate changes have occurred after the date of the financial statements, the rate change and its effects on unsettled balances related to foreign currency transactions, if significant? [FASB ASC 830-30-50-2]	_____	_____	_____
S. Capitalization of Interest (FASB ASC 835-20)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the following information regarding interest cost, in the financial statement or related notes:			
a. For accounting periods in which no interest is capitalized, the amount of interest cost incurred and charged to expense during the period?	_____	_____	_____
b. For an accounting period in which some interest cost is capitalized, the total amount of interest cost incurred during the period and the amount thereof that has been capitalized? [FASB ASC 835-20-50-1]	_____	_____	_____
T. Imputation of Interest (FASB ASC 835-30)			
1. If a note is noninterest bearing or has an inappropriate stated interest rate			
a. is the discount or premium presented as a deduction from or addition to the face amount of the note?	_____	_____	_____
b. does the disclosure include the effective interest rate and face amount of the note? (<i>Note:</i> See FASB ASC 835-30-55-8 for an illustration of balance sheet presentation of a discount on a note.)	_____	_____	_____
c. is amortization of discount or premium reported as interest in the income statement?	_____	_____	_____
d. are issue costs reported on the balance sheet as deferred charges? [FASB ASC 835-30-45 par. 1–4]	_____	_____	_____
U. Leases—Overall (Lessees) (FASB ASC 840-10)			
<i>Presentation</i>			
1. Has the entity properly presented the accounts of any subsidiaries whose principal business activity is leasing property or facilities to the parent or other affiliated entities on a consolidated basis? (<i>Note:</i> The equity method is not adequate for fair presentation of those subsidiaries.) [FASB ASC 840-10-45-1]	_____	_____	_____
<i>Disclosure</i>			
2. Has the entity properly disclosed the nature and extent of leasing transactions with related parties? [FASB ASC 840-10-50-1]	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
3.	Has the entity, as a lessee, properly disclosed, in its financial statements or notes thereto, a general description of its leasing arrangements, including, but not limited to:			
a.	The basis on which contingent rental payments are determined?	_____	_____	_____
b.	The existence and terms of renewal or purchase options and escalation clauses?	_____	_____	_____
c.	Restrictions imposed by lease agreements, such as those concerning dividends, additional debt, and further leasing? [FASB ASC 840-10-50-2]	_____	_____	_____
4.	If leasing, exclusive of leveraged leasing, is a significant part of the lessor's business activities in terms of revenue, net income, or assets, is a general description of the lessor's leasing arrangements disclosed? [FASB ASC 840-10-50-4]	_____	_____	_____
V. Operating Leases (Lessees) (FASB ASC 840-20)				
<i>Presentation</i>				
1.	Has the entity properly presented rental costs in the lessee's income from continuing operations? [FASB ASC 840-20-45-1]	_____	_____	_____
<i>Disclosure</i>				
2.	Has the entity properly disclosed, for all operating leases, the rental expense for each period for which an income statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rentals? (<i>Note:</i> Rental payments under leases with terms of a month or less that were not renewed need not be included.) [FASB ASC 840-20-50-1]	_____	_____	_____
3.	Has the entity properly disclosed, for all operating leases having initial or remaining noncancelable lease terms in excess of one year (a) the future minimum rental payments required as of the date of the latest balance sheet presented, in aggregate and for each of the five succeeding fiscal years, and (b) the total of minimal rentals to be received in the future under noncancelable subleases as of the date of the latest balance sheet presented? [FASB ASC 840-20-50-2]	_____	_____	_____
4.	If there is a modification of lease terms and the increase in lease payments is a termination penalty, is the accounting policy disclosed in accordance with FASB ASC 235, <i>Notes to Financial Statements</i> ? [FASB ASC 840-20-55-6]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
W. Capital Leases (Lessees) (FASB ASC 840-30)			
<i>Presentation</i>			
1. Has the entity properly presented assets recorded under capital leases and the accumulated amortization thereon separately in the lessee's balance sheet or notes thereto? [FASB ASC 840-30-45-1]	_____	_____	_____
2. Has the entity properly presented obligations under capital leases and separately identified them as such in the lessee's balance sheet and have they been properly classified using the same consideration as other obligations in classifying them with current and noncurrent liabilities in classified balance sheets? [FASB ASC 840-30-45-2]	_____	_____	_____
3. Has the entity properly presented interest expense or amortization of leased assets with depreciation expense and properly disclosed that fact, or properly presented the amortization charge as a separate disclosure in the financial statements or notes thereto? [FASB ASC 840-30-45-3]	_____	_____	_____
<i>Disclosure</i>			
4. Has the entity properly disclosed the following information, in the financial statements or notes thereto, about capital leases:			
a. The gross amounts of assets recorded under capital leases as of each balance-sheet date presented by major classes according to nature or function? (<i>Note:</i> This information may be combined with comparable information for owned assets.)	_____	_____	_____
b. The future minimum lease payments as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years with separate deductions from the total for the amount representing executory costs, including any profit thereon, included in the minimum lease payments and for the amount of imputed interest necessary to reduce net minimum lease payments to present value?	_____	_____	_____
c. The total of future minimum sublease rentals to be received in the future under noncancelable subleases as of the latest balance-sheet date?	_____	_____	_____
d. The total contingent rentals actually incurred for each period for which an income statement is presented? [FASB ASC 840-30-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
X. Sale-Leaseback Transactions (Lessees) (FASB ASC 840-40)			
<i>Disclosure</i>			
1. Has the entity properly disclosed in the financial statements, as a seller-lessee, a description of the terms of the sale-leaseback transaction including future commitments, obligations, provisions, or circumstances that require or result in the seller-lessee's continuing involvement? [FASB ASC 840-40-50-1]	_____	_____	_____
Real Estate—Transactions That Do Not Qualify for Sale-Leaseback Accounting			
2. Has the entity properly disclosed in the financial statements, as a seller-lessee that has accounted for a sale-leaseback transaction by the deposit method or as a financing according to the guidance of FASB ASC 840-40, both of the following:			
<i>a.</i> The obligation for future minimum lease payments as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
<i>b.</i> The total of minimum sublease rentals, if any, to be received in the future under noncancelable subleases in the aggregate and for each of the five succeeding fiscal years? [FASB ASC 840-40-50-2]	_____	_____	_____
Y. Leases—Overall (Lessors) (FASB ASC 840-10)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the nature and extent of leasing transactions with related parties? [FASB ASC 840-10-50-1]	_____	_____	_____
2. Has the entity properly disclosed, in the financial statements or footnotes thereto, a general description of the leasing arrangements if a significant part of the entity's business activities is leasing activity? [FASB ASC 840-10-50-4]	_____	_____	_____
3. Has the entity properly disclosed (a) its accounting policy for contingent rental income, and (b) if a lessor accrues contingent rental income before the lessee's achievement of the specified target (provided the achievement of that target is considered probable), disclosure of the impact on rental income presented as if the lessor's accounting policy was to defer contingent rental income until the specified target is met? [FASB ASC 840-10-50-5]	_____	_____	_____
Z. Operating Leases (Lessors) (FASB ASC 840-20)			
<i>Presentation</i>			
1. Has the entity properly presented leased property with or near property, plant, and equipment in the balance sheet? [FASB ASC 840-20-45-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Has the entity properly presented accumulated depreciation as a deduction in the investment in the leased property in the balance sheet? [FASB ASC 840-20-45-3]	_____	_____	_____

Disclosure

3. Has the entity properly disclosed, in the financial statements or footnotes thereto, the following, if a significant part of the entity's business activities are the result of leasing activity:			
a. The cost and carrying amount (if different) of property on lease or held for leasing by major classes of property according to nature and function, and the amount of accumulated depreciation in total as of the latest balance-sheet date?	_____	_____	_____
b. The minimum future rentals on noncancelable leases as of the latest balance-sheet date presented, in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
c. The total contingent rentals included in income for each period for which an income statement is presented? [FASB ASC 840-20-50-4]	_____	_____	_____

AA. Capital Leases (Lessors) (FASB ASC 840-30)

Presentation

Sales-Type Leases and Direct Financing Leases

1. Has the entity properly presented the net investment in a sales-type or direct financing lease(s) using the same considerations as other assets in classification as current or noncurrent assets in a classified balance sheet? [FASB ASC 840-30-45-4]	_____	_____	_____
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Leveraged Leases

2. Has the entity properly presented, for the purposes of presenting the investment in a leveraged lease, the amount of related deferred taxes separately from the remainder of the net investment, in the balance sheet, and the amount of pretax income, the tax effect of pretax income, and the amount of investment tax credit recognized, separately, in the income statement or notes thereto? [FASB ASC 840-30-45-5]	_____	_____	_____
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Disclosure

Sales-Type Leases and Direct Financing Leases

3. Has the entity properly disclosed, in the financial statements or footnotes thereto, the following, if a significant part of the entity's business activities are the result of sales-type and direct financing leasing activity:			
a. The components of the net investment in sales-type and direct financing leases as of each balance-sheet date:			

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. Future minimum lease payments to be received, with separate deductions for (1) amounts representing executory costs, including any profit thereon, included in minimum lease payments and (2) the accumulated allowances for uncollectible minimum lease payments receivable?	_____	_____	_____
ii. The unguaranteed residual values accruing to the benefit of the lessor?	_____	_____	_____
iii. For direct financing leases only, initial direct costs?	_____	_____	_____
iv. Unearned income?	_____	_____	_____
b. The future minimum lease payments to be received for each of the five succeeding fiscal years as of the latest balance sheet presented?	_____	_____	_____
c. The total contingent rentals included in income for each period for which an income statement is presented? [FASB ASC 840-30-50-4]	_____	_____	_____

Leveraged Leases

4. Has the entity properly disclosed, in the notes to the financial statements, the following, as set forth in FASB ASC 840-30-25-8, if a significant part of the entity's business activities are the result of leveraged leasing activity:			
a. Rentals receivable?	_____	_____	_____
b. Investment-tax-credit receivable?	_____	_____	_____
c. Estimated residual value of the leased asset?	_____	_____	_____
d. Unearned and deferred income? [FASB ASC 840-30-50-5]	_____	_____	_____
5. Has the entity properly disclosed, if accounting for the effect on leveraged leases of the change in tax rates results in a significant variation from the customary relationship between income tax expense and pretax accounting income and the reason for that variation is not otherwise apparent, the reason for that variation? [FASB ASC 840-30-50-6]	_____	_____	_____

BB. Nonmonetary Transactions (FASB ASC 845-10)*Disclosure*

1. Has the entity properly disclosed the following, related to nonmonetary transactions during the period:			
a. The nature of the transactions?	_____	_____	_____
b. The basis of accounting for the assets transferred?	_____	_____	_____
c. Any gains or losses recognized on the transfers? [FASB ASC 845-10-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Has the entity properly disclosed, in each period's financial statements, the amount of gross operating revenue recognized as a result of nonmonetary transactions (see FASB ASC 505-50)? [FASB ASC 845-10-50-2]	_____	_____	_____
Purchase and Sale of Inventory			
3. Has the entity properly disclosed the amount of revenue and costs (or gains and losses) associated with inventory exchanges recognized at fair value? [FASB ASC 845-10-50-3]	_____	_____	_____
CC. Related Party Disclosures (FASB ASC 850-10)			
<i>Disclosure</i>			
1. Has the entity properly disclosed the following for material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business (excluding any that are eliminated in the preparation of consolidated or combined financial statements):			
<i>a.</i> The nature of the relationship(s) involved?	_____	_____	_____
<i>b.</i> A description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements?	_____	_____	_____
<i>c.</i> The dollar amounts of transactions for each of the periods for which income statements are presented and the effect of any change in the method of establishing the terms from that used in the preceding period?	_____	_____	_____
<i>d.</i> Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement?	_____	_____	_____
<i>e.</i> If the entity issues separate financial statements <i>and</i> is a member of a group that files a consolidate tax return,			
<i>i.</i> the aggregate amount of current and deferred tax expense for each statement of earnings presented and the amount of any tax-related balances due to or from affiliates as of the date of each statement of financial position presented?	_____	_____	_____
<i>ii.</i> the principal provisions of the method by which the consolidated amount of current and deferred tax expense is allocated to members of the group and the nature and effect of any changes in that method (and in determining related balances to or from affiliates) during the years for which the preceding disclosures are presented? [FASB ASC 850-10-50-1]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Has the entity shown separately notes or accounts receivable from officers, employees, or affiliated entities and not included them under a general heading (such as notes receivable or accounts receivable)? [FASB ASC 850-10-50-2]	_____	_____	_____
3. Has the entity properly disclosed, if necessary to understand the relationship, the name of the related party? [FASB ASC 850-10-50-3]	_____	_____	_____
4. Has the entity properly <i>not</i> disclosed duplicate disclosures in a separate set of financial statements that are presented in the financial report of another entity (the primary entity) if those separate financial statements are also consolidated or combined in a complete set of financial statements and both sets of financial statements are presented in the same financial report? [FASB ASC 850-10-50-4]	_____	_____	_____
Purchase and Sales of Inventory			
5. Has the entity properly disclosed representations about transactions with related parties in such a manner that they avoid the implication that the related party transactions were consummated at arm's length, or if such implications are made, can they be substantiated? [FASB ASC 850-10-50-5]	_____	_____	_____
Control Relationships			
6. If the reporting entity and one or more other entities are under common ownership or common control and the existence of that control could result in operating results or financial position of the reporting entity being significantly different from those that would have been obtained if the entities were autonomous, has the entity properly disclosed the nature of a control relationship, even if there are no transactions between the entities? [FASB ASC 850-10-50-6]	_____	_____	_____

DD. Reorganizations (FASB ASC 852-10 and FASB ASC 852-20)**Additional Presentation and Disclosure Information**

For entities involved in reorganizations, see FASB ASC 852-10 for presentation and disclosure information.

For entities involved in quasi-reorganizations, see FASB ASC 852-20 for presentation and disclosure information.

EE. Subsequent Events (FASB ASC 855-10)³²*Disclosure*

Dates Through Which Subsequent Events Have Been Evaluated

1. Has the entity properly disclosed the following regarding subsequent events:

³² In February 2010, FASB issued ASU No. 2010-09, *Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements*. This ASU amends the guidance to require entities (except Securities and Exchange Commission [SEC] filers and conduit
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The date through which subsequent events have been evaluated?	_____	_____	_____
b. Whether the date disclosed in item (a) is the date the financial statements were issued, or the date the financial statements were available to be issued? [FASB ASC 855-10-50-1]	_____	_____	_____
Nonrecognized Subsequent Events			
2. Has the entity properly disclosed the following regarding non-recognized subsequent events such that the financial statements are kept from being misleading:			
a. The nature of the event?	_____	_____	_____
b. An estimate of its financial effect, or a statement that such an estimate cannot be made? [FASB ASC 855-10-50-2]	_____	_____	_____
3. Has the entity considered disclosing, regarding significant non-recognized subsequent events, historical financial statements with pro forma financial data, including the presentation of pro forma statements (usually a balance sheet only, in columnar form on the face of the historical statements)? [FASB ASC 855-10-50-3]	_____	_____	_____
Reissuance of Financial Statements			
4. Has the entity properly disclosed in revised financial statements the dates through which subsequent events have been evaluated in both the issued or available to be issued financial statements and in the revised financial statements? [FASB ASC 855-10-50-4]	_____	_____	_____

FF. Transfers and Servicing (FASB ASC 860-10)³³

Disclosure

Additional Disclosure Information

FASB ASC 860-10-50 contains disclosures for both nonpublic and public companies. See the following "Public Entity Disclosures" section for required disclosures specific to public entities.

1A. If it is not practicable to estimate the fair value of certain assets obtained or liabilities incurred in transfers of financial assets during the period, has the entity disclosed a description of those items and the reasons why it is not practicable to estimate their fair value? [FASB ASC 860-10-50-1]	_____	_____	_____
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debt obligors [CDOs]) to evaluate subsequent events through the date that the financial statements are available to be issued. SEC filers and CDOs should evaluate subsequent events through the date the financial statements are issued. Entities other than SEC filers should disclose both the date through which subsequent events have been evaluated and whether that date is the "issued" date or "available to be issued" date.

The amendments in this ASU were effective immediately upon issuance, except for CDOs. The amendments in this ASU are effective for CDOs for interim and annual periods ending after June 15, 2010 (that is, December 31, 2010, for entities with calendar year-ends).

This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2010-09.

Readers can refer to the full text of the ASU on the FASB website at www.fasb.org.

³³ See footnote 4.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<hr/> <p>Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16. [“Pending Content” in FASB ASC 860-10-50-1]</p> <hr/>			
<i>Public Entity Disclosures</i>			
Public Entities—Disclosure Objectives			
2A.			
Has the public entity properly disclosed the following:			
a.			
A transferor’s continuing involvement with financial assets that it has transferred in a securitization or asset-backed financing arrangement?			
b.			
The nature of any restrictions on assets reported by an entity in its statement of financial position that related to a transferred financial asset, including the carrying amounts of such assets?			
c.			
How servicing assets and servicing liabilities are reported under FASB ASC 860-50?			
d.			
For securitization or asset-backed financing arrangements accounted for as sales if a transferor has continuing involvement with the transferred financial assets and transfers of financial assets accounted for as secured borrowings, how the transfer of financial assets affects an entity’s financial position, financial performance, and cash flows?			
[FASB ASC 860-10-50-3]			
2B.			
(ASU No. 2009-16) Has the public entity properly disclosed, in order to meet the objectives of the public entity disclosure requirements of FASB ASC 860, the following in order to provide the financial statement users an understanding of the following:			
a.			
A transferor’s continuing involvement, if any, with transferred financial assets?			
b.			
The nature of any restrictions on assets reported by an entity in its statement of financial position that related to a transferred financial asset, including the carrying amounts of such assets?			
c.			
How servicing assets and servicing liabilities are reported under FASB ASC 860-50?			
d.			
For both of the following, how the transfer of financial assets affects an entity’s financial position, financial performance, and cash flows:			
i.			
Transfers accounted for as sales, if a transferor has continuing involvement with the transferred financial assets?			
ii.			
Transfers of financial assets accounted for as secured borrowing?			
[“Pending Content” in FASB ASC 860-10-50-3]			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3A. Has the public entity properly disclosed the items in FASB ASC 860-10-50-3 in a manner that clearly and fully explains to the financial statements users the risks related to the transferred financial assets and any restrictions on the assets of the entity? (<i>Note:</i> The entity may need to supplement the required public-entity disclosures of FASB ASC 860 depending on the facts and circumstances of a transfer and the entity’s continuing involvement with the transferred financial assets.) [FASB ASC 860-10-50-4]	_____	_____	_____
3B. (<i>ASU No. 2009-16</i>) Has the public entity achieved the objectives in FASB ASC 860-10-50-3 through their disclosures, regardless of whether any of the specific disclosures of FASB ASC 860, including any possible supplemental disclosures depending on the following apply (disclosures required for a particular form of continuing involvement should be considered when determining whether the disclosure objectives of FASB ASC 860 have been met):			
a. The facts and circumstances of the transfer?	_____	_____	_____
b. The nature of an entity’s continuing involvement with the transferred financial assets?	_____	_____	_____
c. The effect of an entity’s continuing involvement on the transferor’s financial position, financial performance, and cash flows? [“Pending Content” in FASB ASC 860-10-50-4]	_____	_____	_____
Public Entities—Aggregation of Certain Disclosures			
4. (<i>ASU No. 2009-16</i>) Has the public entity properly disclosed the following, if it aggregates disclosures for similar transfers (and separate reporting would not provide more information):			
a. How similar transfers are aggregated?	_____	_____	_____
b. A distinguishment between transfers that are accounted for as secured borrowings and transfers that are accounted for as sales? [“Pending Content” in FASB ASC 860-10-50-4A]	_____	_____	_____
5A. Has the public entity properly disclosed the following, if it aggregates disclosures for similar transfers (and separate reporting would not provide more information): (<i>Note:</i> Quantitative and qualitative information about the characteristics of the transferred financial assets should be considered when determining whether to aggregate disclosures for multiple transfers. Consideration should be given to, at a minimum, [a] the nature of the transferor’s continuing involvement, [b] the types of financial assets transferred, [c] risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the change in the transferor’s risk profile as a result of the transfer, and [d] the guidance of FASB ASC 310-10-50-25 and FASB ASC 825-10-55 paragraphs 1–2.)			
a. A distinguishment between transfers that are accounted for as secured borrowings and transfers that are accounted for as sales?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. A distinguishment between transfers to qualifying special-purpose entities accounted for as sales and all other transactions accounted for as sales? [FASB ASC 860-10-50-5] ³⁴	_____	_____	_____

GG. Sales of Financial Assets (FASB ASC 860-20)³⁵*Disclosure***Additional Disclosure Information**

FASB ASC 860-20-50 contains disclosures for both nonpublic and public companies. See the following “Public Entity Disclosures” section for required disclosures specific to public entities.

Nonpublic Entities—Financial Assets Securitized³⁶

1A. Has the entity properly disclosed the following, for each major asset type, if it has securitized financial assets during any period presented and accounts for that transfer as a sale:			
a. Its accounting policies for initially measuring the interests that continue to be held by the transferor, if any, and servicing assets or servicing liabilities, if any, including the methodology (whether quoted market price, prices based on sales of similar assets and liabilities, or prices based on valuation techniques) used in determining their fair value?	_____	_____	_____
b. The characteristics of securitizations (a description of the transferor’s continuing involvement with the transferred assets, including, but not limited to, servicing, recourse, and restrictions on interests that continue to be held by the transferor) and the gain or loss from sale of financial assets in securitizations?	_____	_____	_____
c. The key assumptions used in measuring the fair value of interests that continue to be held by the transferor and servicing assets or servicing liabilities, if any, at the time of securitization (including, at a minimum, quantitative information about discount rates, expected prepayments including the expected weighted-average life of prepayable financial assets, and anticipated credit losses, if applicable)? (If any entity has made multiple securitizations of the same major asset type during a period, it may disclose the range of assumptions.)	_____	_____	_____

³⁴ “Pending Content” in FASB ASC 860-10-50-5 removes the requirements from FASB ASC 860-10-50-5 regarding a distinguishment between transfers that are accounted for as secured borrowings and transfers that are accounted for as sales and a distinguishment between transfers to qualifying special-purpose entities accounted for as sales and all other transactions accounted for as sales. Entities subject to FASB ASU No. 2009-16 should refer to “Pending Content” in FASB ASC 860-10-50-5 for more information.

³⁵ See footnote 4.

³⁶ At the effective date of ASU No. 2009-16, the title of this section will change to *Nonpublic Entities—Disclosures for Each Income Statement Presented*.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>d.</i> Cash flows between the securitization special purpose entity and the transferor, unless reported separately elsewhere in the financial statements or notes (including proceeds from new securitizations, proceeds from collections reinvested in revolving-period securitizations, purchases of delinquent or foreclosed loans, servicing fees, and cash flows received on interests that continue to be held by the transferor)? [FASB ASC 860-20-50-3]</p>	_____	_____	_____
<p>1B. (ASU No. 2009-16) Has the entity properly disclosed the following, for each income statement period presented, the following:</p>			
<p><i>a.</i> The characteristics of the transfer, including (i) a description of the transferor’s continuing involvement with the transferred financial assets, (ii) the nature and fair value of the assets obtained as proceeds and the liabilities incurred in the transfer, and (iii) the gain or loss from the sale of transferred financial assets?</p>	_____	_____	_____
<p><i>b.</i> For the initial fair value measurements in item (a), the level within the fair value hierarchy, as described in FASB ASC 820, in which fair value measurements fall, segregating fair value measurements into each “level?”</p>	_____	_____	_____
<p><i>c.</i> For the initial fair value measurements in item (a), the key inputs and assumptions used in measuring the fair value of assets obtained and liabilities incurred as a result of the sale that relate to the transferor’s continuing involvement, including quantitative information about all of the following:</p>			
<p><i>i.</i> Discount rates?</p>	_____	_____	_____
<p><i>ii.</i> Expected prepayments including the expected weighted-average life of prepayable financial assets?</p>	_____	_____	_____
<p><i>iii.</i> Anticipated credit losses, including expected static pool losses?</p>	_____	_____	_____
<p><i>d.</i> For the initial fair value measurements in item (a), the valuation technique(s) used to measure fair value?</p>	_____	_____	_____
<p><i>e.</i> Cash flows between a transferor and transferee, including (i) proceeds from new transfers, (ii) proceeds from collections reinvested in revolving-period transfers, (iii) purchases of previously transferred financial assets, (iv) servicing fees, and (v) cash flows received from a transferor’s interests? [“Pending Content” in FASB ASC 860-20-50-3]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Nonpublic Entities—Interests That Continue to Be Held ³⁷			
2A. Has the entity properly disclosed the following, if the entity has interests that continue to be held by a transferor in financial assets that it has securitized or servicing assets or servicing liabilities relating to assets that it has securitized, at the date of the latest statement of financial position presented, for each major asset type:			
<i>a.</i> Its accounting policies for subsequently measuring those interest, including the methodology used in determining their fair value?	_____	_____	_____
<i>b.</i> The key assumptions used in subsequently measuring the fair value of those interests including, at a minimum, quantitative information about (i) discount rates, (ii) expected prepayments including the expected weighted-average life of prepayable financial assets, and (iii) anticipated credit losses, if applicable?	_____	_____	_____
<i>c.</i> A sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported under item (<i>b</i>) independently from any change in another key assumption?	_____	_____	_____
<i>d.</i> A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test?	_____	_____	_____
<i>e.</i> For the securitized assets and any other financial assets that it manages together with them,			
<i>i.</i> the total principal amount outstanding, the portion that has been derecognized, and the portion that continues to be recognized in each category reported in the statement of financial position, at the end of the period?	_____	_____	_____
<i>ii.</i> delinquencies at the end of the period?	_____	_____	_____
<i>iii.</i> credit losses, net of recoveries, during the period? [FASB ASC 860-20-50-4]	_____	_____	_____
2B. (ASU No. 2009-16) Has the entity properly disclosed the following, for each statement of financial presented, regardless of when the transfer occurred, the following:			

³⁷ See footnote 36.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>a. Qualitative and quantitative information about the transferor’s continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor’s risk profile has changed as a result of the transfer, including the following:</p> <p>i. The total principal amount outstanding?</p> <p>ii. The amount that has been derecognized?</p> <p>iii. The amount that continues to be recognized in the statement of financial position?</p> <p>iv. The terms of any arrangements that could require the transferor to provide financial support to the transferee or its beneficial interest holders, including (1) a description of any events or circumstances that could expose the transferor to loss and (2) the amount of the maximum exposure to loss?</p> <p>v. Whether the transformer has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including (1) the type and amount of support and (2) the primary reason for providing the support?</p> <p>vi. Although encouraged, but not required, information about any liquidity arrangements, guarantees, or other commitments by third parties related to the transferred financial assets that may affect the fair value or risk of the related transferor’s interest?</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>b. The entity’s accounting policies for subsequently measuring assets or liabilities that relate to the continuing involvement with the transferred financial assets?</p>	<p>_____</p>	<p>_____</p>	<p>_____</p>
<p>c. The key inputs and assumptions used in measuring the fair value of those interests including, at a minimum, quantitative information about (i) discount rates, (ii) expected prepayments including the expected weighted-average life of prepayable financial assets, and (iii) anticipated credit losses, if applicable? (<i>Note:</i> If the entity has aggregated transfers during a period in accordance with FASB ASC 860-10-50-5, it may disclose the range of assumptions.)</p>	<p>_____</p>	<p>_____</p>	<p>_____</p>

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. A sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported under item (b) independently from any change in another key assumption?	_____	_____	_____
e. A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test?	_____	_____	_____
f. Information about the asset quality of transferred financial assets and any other financial assets that it manages together with them? (<i>Note:</i> This information should be separated between assets that have been derecognized and assets that continue to be recognized in the statement of financial position. This information is intended to provide financial statement users with an understanding of the risks inherent in the transferred financial assets as well as in other financial assets and liabilities that it manages together with transferred financial assets.) [“Pending Content” in FASB ASC 860-20-50-4]	_____	_____	_____

All Entities Within the Scope of Subtopic—Sales of Loans and Trade Receivables

3. Has the entity properly disclosed the aggregate amount of gains or losses on sales of loans or trade receivables (including adjustments to record loans held for sale at the lower of cost or fair value) separately in the financial statements or in the notes to the financial statements?
[FASB ASC 860-20-50-5]³⁸

Public Entity Disclosures

Public Entities

- 4A. If specific disclosures are required elsewhere in FASB ASC for a particular form of the transferor’s continuing involvement, has the public entity properly disclosed the information required in paragraphs 8(b) and 9(a) of FASB ASC 860-20-50 with a cross reference between the separate notes to the financial statements so that a user can understand the risks retained in the transfer, if, other specific disclosures required by FASB ASC are made elsewhere? (*Note:* The entity is not required to provide each specific disclosure in FASB ASC 860-20-50-8(a), 860-20-50-8(c), 860-20-50-9(a)(1)–(4), and 860-20-50-9(b)–(e) if the disclosure is not required by other U.S. GAAP and if it is not meaningful to financial statement users.)
[FASB ASC 860-20-50-7]

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-20-50-7]

³⁸ “Pending Content” in FASB ASC 860-20-50-5 will not change the disclosure requirements on FASB ASC 860-20-50-5 and has not been included in this checklist.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Public Entities—Disclosures for Each Income Statement Presented			
<i>Presentation</i>			
5A. Has the public entity properly disclosed, for each income statement presented, the following related to securitization or asset-backed financing arrangements accounted for as sales if the transferor has continuing involvement:			
a. Its accounting policies for initially measuring the interests that continue to be held by the transferor, if any, and servicing assets or servicing liabilities, if any?	_____	_____	_____
b. The characteristics of the transfer including a description of the transferor’s continuing involvement with the transferred financial assets and the gain or loss from the sale of transferred assets?	_____	_____	_____
c. Cash flows between a transferee and the transferor, including proceeds from new transfers, proceeds from collections reinvested in revolving-period transfers, purchases of previously transferred financial assets (or its underlying collateral), servicing fees, and cash flows received on the interests that continue to be held by the transferor? [FASB ASC 860-20-50-8]	_____	_____	_____

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-20-50-8]

Public Entities—Disclosures for Each Statement of Financial Position Presented			
6A. Has the public entity properly disclosed, for each statement of financial position presented, the following related to securitization or asset-backed financing arrangements accounted for as sales if the transferor has continuing involvement:			
a. Qualitative and quantitative information about the transferor’s continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor’s risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk, and other risks), including all of the following:			
i. The nature, purpose, size, and activities of special-purpose entities used to facilitate a transfer of financial assets, if applicable, including how the special-purpose entities are financed?	_____	_____	_____
ii. The total principal amount outstanding, the portion that has been derecognized, and the amount that continues to be recognized in each category reported in the statement of financial position?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss. All available evidence should be considered, including, but not limited to all of the following: (1) explicit written arrangements, (2) communications between the transferor and the transferee or its beneficial interest holders, and (3) unwritten arrangements customary to similar transfers?	_____	_____	_____
iv. Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including—when the transferor assisted the transferee or its beneficial interest holders in obtaining support—both the type and amount of support and the primary reasons for the support?	_____	_____	_____
v. Although encouraged, but not required, information about any liquidity arrangements, guarantees, or other commitments by third parties related to the transferred financial assets that may affect the fair value or risk of the interest that continues to be held by the transferor?	_____	_____	_____
b. The accounting policies for subsequently measuring assets or liabilities that relate to the continuing involvement with the transferred financial assets?	_____	_____	_____
c. The key inputs and assumptions used in measuring the fair value of assets or liabilities that relate to the transferor's continuing involvement including, at a minimum, quantitative information about (i) discount rates, (ii) expected prepayments, including the expected weighted-average life of prepayable financial assets, and (iii) anticipated credit losses, including expected static pool losses?	_____	_____	_____
d. For interests that continue to be held by the transferor in financial assets, both of the following:			
i. A sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests, including any servicing assets or servicing liabilities, of two or more unfavorable variations from the expected levels for each key assumption that is reported under item (c), independently from any change in another key assumption?	_____	_____	_____
ii. A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Information about the asset quality of transferred financial assets and any other financial assets that it manages together with them? [FASB ASC 860-20-50-9]	_____	_____	_____

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-20-50-9]

HH. Secured Borrowing and Collateral (FASB ASC 860-30)³⁹

Presentation

1. Has the entity properly presented a collateral asset, which the secured party has the right by contract or custom to sell or repledge, separately from other assets not so encumbered, in its statement of financial position? [FASB ASC 860-30-45-1]	_____	_____	_____
2. Has the entity properly presented liabilities incurred by either the secured party or the obligor in securities borrowing or resale transactions separately? [FASB ASC 860-30-45-2]	_____	_____	_____

Disclosure

Additional Disclosure Information

FASB ASC 860-30-50 contains disclosures for both nonpublic and public companies. See the following “Public Entity Disclosures” section for required disclosures specific to public entities.

Nonpublic Entities—Collateral

3A. Has the entity properly disclosed the following, regarding collateral:			
a. If the entity has entered into repurchase agreements or securities lending transactions, its policy for requiring collateral or other security?	_____	_____	_____
b. If the entity has pledged any of its assets as collateral that are not reclassified and separately reported in the statement of financial position pursuant to FASB ASC 860-30-25-5(a), the carrying amount and classification of those assets as of the date of the latest statement of financial position presented?	_____	_____	_____
c. If the entity has accepted collateral that it is permitted by contract or custom to sell or repledge, the fair value (as of the date of each statement of financial position presented) of that collateral and of the portion of that collateral that it has sold or repledged, and information about the sources and uses of that collateral? [FASB ASC 860-30-50-1A]	_____	_____	_____
3B. (ASU No. 2009-16) Has the entity properly disclosed the following, regarding collateral:			

³⁹ See footnote 36.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. If the entity has entered into repurchase agreements or securities lending transactions, its policy for requiring collateral or other security?	_____	_____	_____
b. As of the date of the latest statement of financial position presented, the carrying amount and classifications of any assets pledged as collateral that are not reclassified and separately reported in the statement of financial position in accordance with FASB ASC 860-30-25-5(a) and associated liabilities, and qualitative information about the relationship(s) between those assets and associated liabilities?	_____	_____	_____
c. If the entity has accepted collateral that it is permitted by contract or custom to sell or repledge, the fair value (as of the date of each statement of financial position presented) of that collateral and of the portion of that collateral that it has sold or repledged, and information about the sources and uses of that collateral? [“Pending Content” in FASB ASC 860-30-50-1A]	_____	_____	_____
Nonpublic Entities—Restricted Assets			
4A. Has the entity properly disclosed the description of the nature of restrictions placed on any assets set aside solely for the purpose of satisfying scheduled payments of a specific obligation? [FASB ASC 860-30-50-2]	_____	_____	_____
<i>Note (ASU No. 2009-16):</i> This paragraph has been superseded by ASU No. 2009-16. [“Pending Content” in FASB ASC 860-30-50-2]			
<i>Public Entity Disclosures</i>			
Public Entities—Collateral			
5A. Has the public entity properly disclosed the following, regarding collateral:			
a. The policy for requiring collateral or other security disclosed if the reporting entity has entered into repurchase agreements or securities lending transactions?	_____	_____	_____
b. If the entity has pledged any assets as collateral, the carrying amount, and classification of those assets and associated liabilities as of the date of the latest statement of financial position presented, including qualitative information about the relationship(s) between those assets and associated liabilities?	_____	_____	_____
c. If the entity has accepted collateral that is permitted by contract or custom to sell or repledge, the following:			
i. The fair value, as of the date of each statement of financial position presented of that collateral?	_____	_____	_____
ii. The fair value, as of the date of each statement of financial position presented of the portion of that collateral that it has sold or repledged?	_____	_____	_____
iii. Information about the sources and uses of that collateral? [FASB ASC 860-30-50-4]	_____	_____	_____

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-30-50-4]

Yes No N/A

Public Entities—Secured Borrowings

- 6A. Has the public entity properly disclosed, regarding a transfer of financial assets accounted for as a secured borrowing, the carrying amount and classification of assets and associated liabilities recognized in the transferor’s statement of financial position at the end of each period presented, including qualitative information about the relationship(s) between those assets and associated liabilities?
[FASB ASC 860-30-50-5]

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-30-50-5]

II. Servicing Assets and Liabilities (FASB ASC 860-50)⁴⁰

Presentation

1. Has the entity properly presented recognized servicing assets and servicing liabilities that are subsequently measured using the fair value measurement method in a manner that separates those carrying amounts on the face of the statement of financial position from the carrying amounts for separately recognized servicing assets and servicing liabilities that are subsequently measured using the amortization method?
[FASB ASC 860-50-45-1]
2. Has the entity properly presented the information, in order to accomplish the separate reporting in FASB ASC 860-40-45-1, either by (a) displaying separate line items for the amounts that are subsequently measured using the fair value measurement method and amounts that are subsequently measured using the amortization method, or (b) presenting the aggregate of those amounts that are subsequently measured at fair value and those amounts that are subsequently measured using the amortization method and by disclosing parenthetically the amount that is subsequently measured at fair value is included in the aggregate amount?
[FASB ASC 860-50-45-2]

Disclosure

Additional Disclosure Information

FASB ASC 860-50-50 contains disclosures for both nonpublic and public companies. See the following “Public Entity Disclosures” section for required disclosures specific to public entities.

Nonpublic Entities—All Servicing Assets and Servicing Liabilities

- 3A. Has the public entity properly disclosed the following regarding all servicing assets and servicing liabilities:

⁴⁰ See footnote 36.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Management's basis for determining its classes of servicing assets and servicing liabilities?	_____	_____	_____
b. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities? (Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities, including the fair value of those instruments at the beginning and end of the period, is encouraged but not required.)	_____	_____	_____
c. The amount of <i>contractually specified servicing fees</i> (as defined in the FASB ASC glossary), late fees, and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income? [FASB ASC 860-50-50-2]	_____	_____	_____
3B. (ASU No. 2009-16) Has the entity properly disclosed the following regarding all servicing assets and servicing liabilities:			
a. Management's basis for determining its classes of servicing assets and servicing liabilities?	_____	_____	_____
b. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities?	_____	_____	_____
c. The amount of <i>contractually specified servicing fees</i> (as defined in the FASB ASC glossary), late fees, and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income?	_____	_____	_____
d. Quantitative and qualitative information about the assumptions used to estimate fair value?	_____	_____	_____
e. Although not required, the entity is encouraged to disclose quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities, including the fair value of those instruments at the beginning and the end of the period, and quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments? ["Pending Content" in FASB ASC 860-50-50-2]	_____	_____	_____
Nonpublic Entities—Servicing Assets and Servicing Liabilities Subsequently Measured at Fair Value			
4A. Has the entity properly disclosed the following regarding all servicing assets and servicing liabilities subsequently measured at fair value:			

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:			
	i. The beginning and ending balances?	_____	_____	_____
	ii. Additions (through purchases of servicing assets, assumptions of servicing obligations, and servicing obligations that result from transfers of financial assets)?	_____	_____	_____
	iii. Disposals?	_____	_____	_____
	iv. Changes in the fair value during the period resulting from changes in valuation inputs or assumptions used in the valuation model?	_____	_____	_____
	v. Changes in the fair value during the period resulting from other changes in fair value and a description of those changes?	_____	_____	_____
	vi. Other changes that affect the balance and a description of those changes?	_____	_____	_____
b.	A description of the valuation techniques or other methods used to estimate the fair value of servicing assets and servicing liabilities? If a valuation model is used, the description should include the methodology and model validation procedures, as well as quantitative and qualitative information about the assumptions used in the valuation model (for example, discount rates and prepayment speeds). (An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, is also encouraged, but not required, to disclose a description of the valuation techniques, as well as quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.) [FASB ASC 860-50-50-3]	_____	_____	_____
4B.	(ASU No. 2009-16) Has the entity properly disclosed the following regarding all servicing assets and servicing liabilities subsequently measured at fair value:			
a.	For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:			
	i. The beginning and ending balances?	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii. Additions (through purchases of servicing assets, assumptions of servicing obligations, and recognition of servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Changes in the fair value during the period resulting from changes in valuation inputs or assumptions used in the valuation model?	_____	_____	_____
v. Changes in the fair value during the period resulting from other changes in fair value and a description of those changes?	_____	_____	_____
vi. Other changes that affect the balance and a description of those changes? [“Pending Content” in FASB ASC 860-50-50-3]	_____	_____	_____
Nonpublic Entities—Servicing Assets and Servicing Liabilities Subsequently Amortized			
5A. Has the entity properly disclosed the following regarding all servicing assets and servicing liabilities measured subsequently under the amortization method:			
a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in the carrying amount are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:			
i. The beginning and ending balances?	_____	_____	_____
ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Amortization?	_____	_____	_____
v. Application of valuation allowance to adjust carrying value of servicing assets?	_____	_____	_____
vi. Other-than-temporary impairments?	_____	_____	_____
vii. Other changes that affect the balance and a description of those changes?	_____	_____	_____
b. For each class of servicing assets and servicing liabilities, the fair value of recognized servicing assets and servicing liabilities at the beginning and end of the period if it is practicable to estimate the value?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. A description of the valuation techniques or other methods used to estimate fair value of the servicing assets and servicing liabilities? If a valuation model is used, the description should include the methodology and model validation procedures, as well as quantitative and qualitative information about the assumptions used in the valuation model (for example, discount rates and prepayment speeds). (An entity that provides quantitative information about the instrument used to manage the risks inherent in the servicing assets and servicing liabilities, is also encouraged, but not required, to disclose a description of the valuation techniques as well as quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.)	_____	_____	_____
d. The risk characteristics of the underlying financial assets used to stratify recognized servicing assets for purposes of measuring impairment in accordance with FASB ASC 860-50-35-9?	_____	_____	_____
e. The activity by class in any valuation allowance for impairment of recognized servicing assets—including beginning and ending balances, aggregate additions charged and recoveries credited to operations, and aggregate write-downs charged against the allowance—for each period for which results of operations are presented? [FASB ASC 860-50-50-4]	_____	_____	_____
5B. Has the entity properly disclosed the following regarding all servicing assets and servicing liabilities subsequently measured under the amortization method:			
a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in the carrying amount are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:			
i. The beginning and ending balances?	_____	_____	_____
ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and recognition of servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Amortization?	_____	_____	_____
v. Application of valuation allowance to adjust carrying value of servicing assets?	_____	_____	_____
vi. Other-than-temporary impairments?	_____	_____	_____
vii. Other changes that affect the balance and a description of those changes?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. For each class of servicing assets and servicing liabilities, the fair value of recognized servicing assets and servicing liabilities at the beginning and end of the period?	_____	_____	_____
c. The risk characteristics of the underlying financial assets used to stratify recognized servicing assets for purposes of measuring impairment in accordance with FASB ASC 860-50-35-9? (<i>Note</i> : If the predominant risk characteristics and resulting stratum are changes, that fact and the reasons for those changes should be included in the disclosures about the risk characteristics of the underlying financial assets used to stratify the recognized servicing assets in accordance with "Pending Content" in FASB ASC 860-50-50-4.)	_____	_____	_____
d. The activity by class in any valuation allowance for impairment of recognized servicing assets—including beginning and ending balances, aggregate additions charged and recoveries credited to operations, and aggregate write-downs charged against the allowance—for each period for which results of operations are presented? ["Pending Content" in FASB ASC 860-50-50-4]	_____	_____	_____
All Entities Within the Scope of Subtopic—Servicing Assets and Servicing Liabilities Which Subsequently Measurement at Fair Value Is Elected as of the Beginning of the Fiscal Year			
6. Has the entity properly disclosed separately, if it elected under FASB ASC 860-50-35-3(d) to subsequently measure a class of servicing assets and servicing liabilities at fair value at the beginning of the fiscal year, the amount of the cumulative-effect adjustment to retained earnings? [FASB ASC 860-50-50-5] ⁴¹	_____	_____	_____
<i>Public Entity Disclosures</i>			
Public Entities—All Servicing Assets and Servicing Liabilities			
7A. Has the public entity properly disclosed the following for all servicing assets and servicing liabilities: ⁴²			
a. Management's basis for determining its classes of servicing assets and servicing liabilities?	_____	_____	_____
b. A description of the risks inherent in servicing assets and servicing liabilities?	_____	_____	_____
c. If applicable, a description of the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities?	_____	_____	_____

⁴¹ Upon the effective date of ASU No. 2009-16, the requirements of FASB ASC 860-50-50-5 will not change; however, the heading will be modified.

⁴² Per FASB ASC 860-50-50-7, disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities, including the fair value of those instruments at the beginning and end of the period, is encouraged but not required. An entity that provides such quantitative information is also encouraged, but not required, to disclose quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. The amount of contractually specified servicing fees, late fees, and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income?	_____	_____	_____
e. Quantitative and qualitative information about the assumptions used to estimate the fair value? [FASB ASC 860-50-50-7]	_____	_____	_____

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-50-50-7]

8A. Has the public entity properly disclosed the following for all servicing assets and servicing liabilities subsequently measured at fair value:			
a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, all of the following:			
i. The beginning and ending balances?	_____	_____	_____
ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and recognition of servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Changes in fair value during the period resulting from (1) changes in valuation inputs or assumptions used in the valuation model and (2) other changes in fair value and a description of those changes?	_____	_____	_____
v. Other changes that affect the balance and a description of those changes? [FASB ASC 860-50-50-8]	_____	_____	_____

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-50-50-8]

9A. Has the public entity properly disclosed the following for all servicing assets and servicing liabilities subsequently amortized in proportion to and over the period of estimated net servicing income or loss and assessed for impairment or increased obligation:			
--	--	--	--

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in the carrying amount are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:			
i. The beginning and ending balances?	_____	_____	_____
ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Amortization?	_____	_____	_____
v. Application of valuation allowance to adjust carrying value of servicing assets?	_____	_____	_____
vi. Other-than-temporary impairments?	_____	_____	_____
vii. Other changes that affect the balance and a description of those changes?	_____	_____	_____
b. For each class of servicing assets and servicing liabilities, the fair value of recognized servicing assets and servicing liabilities at the beginning and end of the period if it is practicable to estimate the value?	_____	_____	_____
c. The risk characteristics of the underlying financial assets used to stratify recognized servicing assets for purposes of measuring impairment in accordance with the guidance in paragraphs 9–14 of FASB ASC 860-50-35?	_____	_____	_____
d. For each period for which results of operations are presented, the activity by class in any valuation allowance for impairment of recognized servicing assets, including (i) beginning and ending balances, (ii) aggregate additions charged and recoveries credited to operations, and (iii) aggregate write-downs charged against the allowance? [FASB ASC 860-50-50-9]	_____	_____	_____

Note (ASU No. 2009-16): This paragraph has been superseded by ASU No. 2009-16.
[“Pending Content” in FASB ASC 860-50-50-9]

JJ. Financial Services—Insurance Activities (FASB ASC 944-20)

Presentation

General

- | | | | |
|---|-------|-------|-------|
| 1. Are payments to policyholders that represent a return of policyholders balances not reported as expenses in the statement of earnings?
[FASB ASC 944-20-45-1] | _____ | _____ | _____ |
|---|-------|-------|-------|

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Do amounts reported as expenses include benefit claims in excess of the related policyholder balances, expenses of contract administration, interest accrued to policyholders, and amortization of capitalized acquisition costs? [FASB ASC 944-20-45-2]	_____	_____	_____
<i>Disclosure</i>			
Reinsurance Contracts			
3. Are the following disclosed in relation to ceded insurance transactions:			
a. Nature of the transactiuons?	_____	_____	_____
b. Purpose of the transactions?	_____	_____	_____
c. Effect of the transactions?	_____	_____	_____
d. The fact that the insurer is not relieved of its primary obligation to the policyholder in a reinsurance transaction? [FASB ASC 944-20-50 par. 3–4]	_____	_____	_____
KK. Financial Services—Acquisition Costs (FASB ASC 944-30)			
<i>Presentation</i>			
1. Has the entity properly classified acquisition costs as an asset?	_____	_____	_____
2. Has the insurance entity recognized the amortization of a deferred sales inducement as a component of benefit expense? [FASB ASC 944-30-45-2]	_____	_____	_____
<i>Disclosure</i>			
General			
3. Are the following disclosed relating to deferred acquisition costs:			
a. The nature and type of costs capitalized?	_____	_____	_____
b. The method of amortizing these costs?	_____	_____	_____
c. The amount of these costs amortized for the period?	_____	_____	_____
d. The accounting policy applied to internal replacements, including whether or not the entity has availed itself of the alternative application guidance in paragraphs 44–45 of FASB ASC 944-30-35, and if so, for which kinds of internal replacement transactions? [FASB ASC 944-30-50 par. 1 and 4]	_____	_____	_____
Sales Inducements			
4. Has the entity disclosed its policy for sales inducements, including all of the following:			
a. The nature of the costs deferred?	_____	_____	_____
b. The method of amortizing those deferred costs?	_____	_____	_____
c. The amount of costs deferred and amortized for each of the periods presented?	_____	_____	_____
d. The unamortized balance of deferred costs as of each balance sheet date? [FASB ASC 944-30-50-3]	_____	_____	_____
Participating Contracts			
5. Are the following disclosed in the financial statements with respect to participating contracts:			

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	The methods and assumptions used in estimating the liability for future policy benefits?	_____	_____	_____
b.	The average rate of assumed investment yields use in estimating expected gross margins?	_____	_____	_____
c.	The nature of acquisition costs capitalized, the method of amortizing those costs, and the amount of those costs amortized for the period? [FASB ASC 944-30-50-2; FASB ASC 944-40-50-8]	_____	_____	_____
LL. Financial Services—Claims Cost and Liabilities for Future Policy Benefits (FASB ASC 944-40)				
<i>Presentation</i>				
General				
1.	For contracts with death or other insurance benefit features, has a change in the additional liability been recognized as a component of benefit expense in the statement of operations? [FASB ASC 944-40-45-1]	_____	_____	_____
2.	For contracts that provide annuitization benefits, has the change in the additional liability recognized under paragraphs 22–24 of FASB ASC 944-40-25 been reported as a component of benefit expense in the statement of operations? [FASB ASC 944-40-45-2]	_____	_____	_____
<i>Disclosure</i>				
3.	Is the basis for estimating the liabilities for unpaid claims and claim adjustment expenses disclosed? [FASB ASC 944-40-50-1]	_____	_____	_____
4.	Are the methods and assumptions used in estimating the liability for future policy benefits disclosed? [FASB ASC 944-40-50-6]	_____	_____	_____
5.	Has the entity disclosed the average rate of assumed investment yields in effect for the current year? (<i>Encouraged, but not required.</i>) [FASB ASC 944-40-50-7]	_____	_____	_____
6.	Is the carrying amount of liabilities for unpaid claims and claim adjustment expenses relating to short-duration contracts that are presented at present value in the financial statements, and the range of interest rates used to discount those liabilities, disclosed? [FASB ASC 944-40-50-5]	_____	_____	_____
7.	For each fiscal year for which an income statement is presented, is the following information about the liability for unpaid claims and claim adjustment expenses disclosed:			
a.	The balance in the liability for unpaid claims and claim adjustment expenses at the beginning and end of each fiscal year presented and the related amount of reinsurance recoverable?	_____	_____	_____
b.	Incurred claims and claim adjustment expenses with separate disclosure of the provision for insured events of the current fiscal year and of increases or decreases in the provision for insured events of prior fiscal years?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Payments of claims and claim adjustment expenses with separate disclosure of payments of claims and claim adjustment expenses attributable to insured events of the current fiscal year and to insured events of prior fiscal years? [FASB ASC 944-40-50-3]	_____	_____	_____
8. If changes in incurred claims and claim adjustment expenses recognized in the income statement are attributable to insured events of prior fiscal years, are the following disclosed in the financial statements:			
a. The reasons for the change?	_____	_____	_____
b. Whether additional premiums or return premiums have been accrued as a result of the prior-year effects? [FASB ASC 944-40-50-3(d)]	_____	_____	_____
9. Has the entity disclosed its policies and methodologies for estimating the liability for unpaid claims and claim adjustment expenses for difficult-to-estimate liabilities, such as claims for toxic waste cleanup, asbestos related illnesses, and other remediation exposures? [FASB ASC 944-40-50-4]	_____	_____	_____
MM. Financial Services—Policyholder Dividends (FASB ASC 944-50)			
General			
<i>Presentation</i>			
1. Are annual policyholder dividends reported separately as an expense in the statement of income? [FASB ASC 944-50-45-1]	_____	_____	_____
<i>Participating Insurance</i>			
<i>Disclosure</i>			
2. For participating insurance, do disclosures include the following:			
a. The relative percentage?	_____	_____	_____
b. The method of accounting for policyholders' dividends?	_____	_____	_____
c. The amount of dividends?	_____	_____	_____
d. The amount of any additional income allocated to participating policyholders? [FASB ASC 944-50-50-1]	_____	_____	_____
NN. Financial Services—Premium Deficiency and Loss Recognition (FASB ASC 944-60)			
<i>Disclosure</i>			
1. If the entity considers anticipated investment income in determining if a premium deficiency relating to short-duration contract exists, is it disclosed? [FASB ASC 944-60-50-1]	_____	_____	_____
OO. Financial Services—Separate Accounts (FASB ASC 944-80)			
<i>Presentation</i>			
1. Are separate account assets reported as summary totals in the financial statements with an equivalent summary total reported for liabilities? [FASB ASC 944-80-45 par. 1–2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. For separate account assets representing contract holder funds for which the separate account arrangement meets all of the criteria in FASB ASC 944-80-25-2, has the related investment performance and corresponding amounts credited to the contract holder been offset within the same statement of operations line item netting to zero? [FASB ASC 944-80-45-3]	_____	_____	_____
<i>Disclosure</i>			
3. Has the entity disclosed the following information regarding separate accounts:			
a. The general nature of the contracts reported in separate accounts, including the extent and terms of minimum guarantees?	_____	_____	_____
b. The basis for presentation for separate account assets and liabilities and related separate account activity?	_____	_____	_____
c. The aggregate fair value of assets, by major investment asset category, supporting separate accounts with additional insurance benefits and minimum investment return guarantees as of each date for which a statement of financial position is presented?	_____	_____	_____
d. The amount of gains and losses recognized on assets transferred to separate accounts for the periods presented? [FASB ASC 944-80-50-1]	_____	_____	_____
4. Has the entity disclosed a description of the liability valuation methods and assumptions used in estimating the liabilities for additional insurance benefits and minimum guarantees?	_____	_____	_____
5. Have the following been disclosed in relation to minimum guarantees:			
a. The separate account liability balances (if utilized) subject to various types of benefits (for example, guaranteed minimum death benefit, guaranteed minimum income benefit, or guaranteed minimum accumulation benefit)? <i>Note:</i> Disclosures within these categories of benefits for the types of guarantees provided may also be appropriate (for example, return of net deposits, return of net deposits accrued at a stated rate, and return of highest anniversary value).	_____	_____	_____
b. The amount of liability reported for additional insurance benefits, annuitization benefits, and other minimum guarantees, by type of benefit, for the most recent balance sheet date and the incurred paid amounts related to FASB ASC 944-80-50-1(d)(3) for all periods presented?	_____	_____	_____

Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. For contracts for which an additional liability is disclosed in item (b), net amount at risk and weighted average attained age of contract holders? [FASB ASC 944-80-50-1(d)]	_____	_____	_____

FSP Section 20,200

Auditors' Reports Checklist

.01 This section of the checklist has been developed primarily to address the requirements most likely to be encountered when reporting on financial statements of life and health insurance entities in accordance with generally accepted auditing standards (GAAS) as issued by the Auditing Standards Board (ASB), a senior technical committee of the AICPA. Certain key differences in reporting requirements between audits conducted in accordance with GAAS and audits conducted in accordance with the rules and standards of the Public Company Accounting Oversight Board (PCAOB) are identified in bold text throughout this section of the checklist. However, the differences identified are not intended to be all inclusive, and readers should seek appropriate guidance for a comprehensive source of reporting requirements associated with audits conducted in accordance with the rules and standards of the PCAOB.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Is each financial statement audited specifically identified in the introductory paragraph of the auditor's report? [AU 508.06]	_____	_____	_____
2. Do the titles of the financial statements referred to in the introductory paragraph of the auditor's report match the titles of the financial statements presented? [Common Practice]	_____	_____	_____
3. Do the dates of the financial statements referred to in the introductory paragraph of the auditor's report match the dates of the financial statements presented? [Common Practice]	_____	_____	_____
4. Is the report appropriately addressed? [AU 508.09]	_____	_____	_____

Practice Tip

Interpretation No. 17, "Clarification in the Audit Report of the Extent of Testing of Internal Control Over Financial Reporting in Accordance With Generally Accepted Auditing Standards," of AU section 508, *Reports on Audited Financial Statements* (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .85–.88), provides language that may be added to the auditor's standard report on the financial statements of a nonissuer to clarify differences between a GAAS audit and an audit conducted in accordance with the standards of the PCAOB. Interpretation No. 18, "References to PCAOB Standards in an Audit Report on a Nonissuer," of AU section 508 (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .89–.92) explains how the auditor should report if engaged to also follow PCAOB auditing standards in the audit of a nonissuer.

5. Does the independent auditor's report include the following elements:			
a. A title that includes the word <i>independent</i> ? [AU 508.08a]	_____	_____	_____
b. The titles of each financial statement in the introductory paragraph of the report? [AU 508.06]	_____	_____	_____

Life and Health Insurance Entities

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. If the financial statements include a separate statement of changes in stockholders' equity accounts, it is identified in the introductory paragraph of the report? [AU 508.06]	_____	_____	_____
d. A statement that the financial statements are the responsibility of management and that the auditor's responsibility is to express an opinion on the financial statements based on his or her audit? [AU 508.08c]	_____	_____	_____
e. For audits conducted in accordance with GAAS in the United States, a statement that the audit was conducted in accordance with GAAS and an identification of the country of origin of those standards (for example, auditing standards generally accepted in the United States of America or U.S. GAAS)? [AU 508.08d]	_____	_____	_____
f. <i>(Audits of Issuers Only)</i> A statement that the audit was conducted in accordance with the standards of the PCAOB (United States)? [PCAOB Auditing Standard No. 1 par. 3 (AU-P app. A par. 3)]	_____	_____	_____
g. A statement that those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement? [AU 508.08e]	_____	_____	_____
h. A statement that an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation? [AU 508.08f]	_____	_____	_____
i. A statement that the auditor believes that his or her audit provides a reasonable basis for his or her opinion? [AU 508.08g]	_____	_____	_____
j. When the auditor reports on financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP), an opinion concerning whether the financial statements present fairly, in all material respects, the financial position of the reporting entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with GAAP? The opinion should include an identification of the United States of America as the country of origin of those accounting principles. [AU 508.08h]	_____	_____	_____

Notes: Interpretation No. 19, "Financial Statements Prepared in Conformity With International Financial Reporting Standards as Issued by the International Accounting Standards Board," of AU section 508 (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .93-.97) provides that, when the
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
auditor of a nonissuer reports on financial statements prepared in conformity with International Financial Reporting Standards (IFRSs), the auditor would refer, in the auditor's report, to the IFRSs rather than U.S. GAAP.			
When an auditor of a nonissuer reports on financial statements presented in conformity with both the IFRSs as issued by the International Accounting Standards Board (IASB) and a jurisdictional variation of the IFRSs, the auditor would refer, in the auditor's report, to both the IFRSs and the IFRSs as endorsed by <i>[insert name of endorsing country or economic union]</i> .			
When an auditor of a nonissuer reports on financial statements presented in conformity with a jurisdictional variation of the IFRSs such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with the IFRSs as issued by the IASB, paragraphs .14-.15 of AU section 534, <i>Reporting on Financial Statements Prepared for Use in Other Countries</i> (AICPA, <i>Professional Standards</i> , vol. 1), and paragraphs .35-.60 of AU section 508 (AICPA, <i>Professional Standards</i> , vol. 1) apply to financial statements prepared for more than limited distribution in the United States.			
<i>k.</i> When the auditor reports on financial statements presented in conformity with the IFRSs, an opinion concerning whether the financial statements present fairly, in all material respects, the financial position of the reporting entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with the IFRSs as issued by the IASB? [AU 9508.93-.97]	_____	_____	_____
<i>l.</i> When the auditor reports on financial statements presented both in conformity with the IFRSs and a jurisdictional variant of the IFRSs, an opinion concerning whether the financial statements present fairly, in all material respects, the financial position of the reporting entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with the IFRSs as issued by the IASB and with the IFRSs as endorsed by <i>[insert name of endorsing country or economic union]</i> ? [AU 9508.93-.97]	_____	_____	_____
<i>m.</i> When the auditor reports on financial statements presented in conformity with a jurisdictional variation of the IFRSs such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with the IFRSs as issued by the IASB, a variation of the standard report that reflects the guidance in paragraphs .14-.15 of AU section 534 and paragraphs .35-.60 of AU section 508 (AICPA, <i>Professional Standards</i> , vol. 1) for financial statements prepared for more than limited distribution in the United States? [AU 9508.93-.97]	_____	_____	_____
<i>n.</i> The manual or printed signature of the auditor's firm? [AU 508.08]	_____	_____	_____
<i>o.</i> The date of the audit report? [AU 508.08j; AU 530.05]	_____	_____	_____

Yes No N/A

Practice Tip

The independent auditor has 2 methods available for dating the report when a subsequent event disclosed in the financial statements occurs after the original date of the auditor's report but before the issuance of the related financial statements. The auditor may use "dual dating" (for example, "February 16, 20—, except for Note —, for which the date is March 1, 20—,") or may date the report as of the later date. In the former instance, the responsibility for events occurring subsequent to the original report date is limited to the specific event referred to in the note (or otherwise disclosed). In the latter instance, the independent auditor's responsibility for subsequent events extends to the date of the report, and, accordingly, the procedures outlined in paragraph .12 of AU section 560, *Subsequent Events* (AICPA, *Professional Standards*, vol. 1), generally should be extended to that date.

- | | | | | |
|----|---|-------|-------|-------|
| 6. | Does the reporting language conform with the auditor's standard report on | | | |
| | a. financial statements of a single year or period? | _____ | _____ | _____ |
| | b. comparative financial statements?
[AU 508.08] | _____ | _____ | _____ |
| 7. | Does the report include appropriate language for the following situations: | | | |
| | a. Only one basic financial statement is presented and there are no scope limitations?
[AU 508.33–.34] | _____ | _____ | _____ |
| | b. Audited and unaudited financial statements are presented in comparative form?
[AU 504.15–.17] | _____ | _____ | _____ |
| | c. Different opinions are expressed on comparative financial statements?
[AU 508.05] | _____ | _____ | _____ |

Note: Interpretation No. 14, "Reporting on Audits Conducted in Accordance With Auditing Standards Generally Accepted in the United States of America and in Accordance With International Standards on Auditing," of AU section 508 (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .56–.59) provides that, when the audit of a nonissuer is conducted both in accordance with standards generally accepted in the United States of America and in accordance with the International Standards on Auditing (ISAs), the auditor may so indicate in the auditor's report. To determine whether an audit was conducted in accordance with the ISAs, it is necessary to consider the text of the ISAs in their entirety, including the basic principles and essential procedures together with the related guidance included in the ISAs.

Practice Tip

If the audit of financial statements to be used in the United States was conducted in accordance with auditing standards generally accepted in the United States of America and ISAs as issued by the International Auditing and Assurance Standards Board, in their entirety, although not required, has the auditor considered indicating in the auditor's report that the audit was also conducted in accordance with ISA as allowed. [AU 9508.57–.59]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. Is the reporting form, content, and timing of paragraphs .20-.30 of AU section 325, <i>Communicating Internal Control Related Matters Identified in an Audit</i> (AICPA, <i>Professional Standards</i> , vol. 1), followed when communicating matters related to an organization's internal control over financial reporting identified in an audit of financial statements? [AU 325.20-.30]	_____	_____	_____

Note: Auditors are required to communicate control deficiencies identified during an audit that are significant deficiencies or material weaknesses as defined by AU section 325, including significant deficiencies or material weaknesses that were communicated in previous audits and have not yet been remediated. Those control deficiencies must be communicated in writing to management and those charged with governance.

9. If a subsequent event disclosed in the financial statements occurs after the original date of the independent auditor's report but before the issuance of the related financial statements, has the auditor followed one of the following two methods available for dating the report:			
a. Dual dating, in which the independent auditor's responsibility for events occurring subsequent to the original report date is limited to the specific event referred to in an explanatory note in the report (or otherwise disclosed)?	_____	_____	_____
b. Dating the report as of the later date, in which the independent auditor's responsibility for subsequent events extends to the date of the report? [AU 530.03-.05]	_____	_____	_____
10. (<i>Audits of Issuers Only</i>) If the auditor obtains knowledge about a subsequent event that			
a. materially and adversely affects the effectiveness of the entity's internal control over financial reporting as of the date specified in the assessment, has the auditor either			
i. issued an adverse opinion on internal control over financial reporting (and followed the direction in paragraph .C2 of appendix C of PCAOB Auditing Standard No. 5, <i>An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements</i> (AICPA, <i>PCAOB Standards and Related Rules</i> , Standards, AU-P sec. 320), if management's assessment states that internal control over financial reporting is effective)?	_____	_____	_____
ii. disclaimed an opinion if the auditor is unable to determine the effect of the subsequent event on the effectiveness of the entity's internal control over financial reporting?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> relates to conditions that did not exist at the date specified in the assessment but arose subsequent to that date and before issuance of the auditor's report, and the subsequent event has a material effect on the entity's internal control over financial reporting, has the auditor included in his or her report an explanatory paragraph describing the event and its effects or directed the reader's attention to the event and its effects as disclosed in management's report? [PCAOB Auditing Standard No. 5 par. 96–97 (AU-P 320.96–.97)]</p>	_____	_____	_____
<p>11. If the accountant is not independent, has he or she followed one of the two reporting alternatives available:</p> <p><i>a.</i> Disclaiming the opinion with respect to the financial statements and specifically stating that he or she is not independent?</p> <p><i>b.</i> Issuing a compilation report in accordance with Statements on Standards for Accounting and Review Services (SSARS) indicating the lack of independence (nonpublic entities only)? [AU 504.05 and .09–.10]</p>	_____	_____	_____
<hr/> <p>Note: The Accounting and Review Services Committee issued SSARS No. 19, <i>Compilation and Review Engagements</i> (AICPA, <i>Professional Standards</i>, vol. 2), that revises the standards for compilation and review engagements including the following:</p> <ul style="list-style-type: none"> ● The introduction of new terms, such as <i>review evidence</i> and <i>review risk</i>, to the review literature to harmonize with international review standards ● A discussion of materiality in the context of a review engagement. ● A requirement that an accountant document the establishment of an understanding with management through a written communication (that is, an engagement letter) regarding the services to be performed. ● The establishment of enhanced documentation requirements for compilation and review engagements. ● The ability for an accountant to include a general description in the accountant's compilation report regarding the reason(s) for an independence impairment. <hr/>			
<p>12. If the opinion is based in part on the report of another auditor,</p> <p><i>a.</i> does the introductory paragraph of the standard report disclose the fact that the opinion is based, in part, on the report of other auditors?</p> <p><i>b.</i> does the opinion paragraph include a reference to the report of the other auditor? [AU 508.11<i>a</i>, .12, and .13]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
13. If, to prevent the financial statements from being misleading because of unusual circumstances, the financial statements contain a departure from an accounting principle promulgated by a body designated by the AICPA Council to establish such principles, does the report include, in a separate paragraph or paragraphs, the information required by the rule? [AU 508.11 <i>b</i> and .15]	_____	_____	_____
14. If the auditor uses the work of a specialist in performing an audit, have they added an optional explanatory paragraph? [AU 336.16]	_____	_____	_____
<hr/> Note: Reference to and identification of the specialist may be added if the auditor believes such a reference will facilitate an understanding of the reason for the explanatory paragraph. [AU 336.16] <hr/>			
15. If there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being audited,			
<i>a.</i> does the report include an explanatory paragraph, following the opinion paragraph, to reflect that conclusion?	_____	_____	_____
<i>b.</i> is that conclusion expressed through the use of the phrase "substantial doubt about its (the entity's) ability to continue as a going concern" or similar wording that includes the terms substantial doubt and going concern? [AU 508.11 <i>c</i> ; AU 341.12]	_____	_____	_____

Practice Tip

In evaluating whether there is substantial doubt about the entity's ability to continue as a going concern, the auditor's evaluation is based on his or her knowledge of relevant conditions that exist at or have occurred prior to *the date of the auditor's report*. If, after considering identified conditions and events and management's plans, the auditor concludes that substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time remains, the audit report should include an explanatory paragraph to reflect that conclusion.

In a going concern paragraph, the auditor should not use conditional language in expressing a conclusion concerning the existence of substantial doubt about the entity's ability to continue as a going concern. See paragraph .13 of AU section 341, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern* (AICPA, *Professional Standards*, vol. 1), for an example.

16. Is the report dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence to support the auditor's opinion on the financial statements? [AU 530.01]	_____	_____	_____
17. (Audits of Issuers Only) Is the report dated no earlier than the date on which the auditor has obtained sufficient competent evidence to support the auditor's opinion on the financial statements? [PCAOB Auditing Standard No. 5 par. 89 (AU-P 320.89)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
18. <i>(Audits of Issuers Only)</i> When performing an integrated audit of financial statements and internal control over financial reporting, are the auditor's reports on the entity's financial statements and on internal control over financial reporting dated the same? [PCAOB Auditing Standard No. 5 par. 89 (AU-P 320.89)]	_____	_____	_____
19. <i>(Audits of Issuers Only)</i> Prior to the report release date, among other matters, has the auditor obtained sufficient evidence to support the representations in the auditor's reports? [PCAOB Auditing Standard No. 3 par. 15 (AU-P 339.15)]	_____	_____	_____

Practice Tip

Changes in Accounting Estimates

Paragraph .15 of AU section 420, *Consistency of Application of Generally Accepted Accounting Principles* (AICPA, *Professional Standards*, vol. 1), clarifies that the change in an accounting estimate that does not include a change in accounting principle does not require an explanatory paragraph in the auditor's report. However, an accounting change of this type having a material effect on the financial statements may require disclosure in a note to the financial statements.

Changes in Classification

Paragraph .17 of AU section 420 clarifies that changes in classification from the prior year's financial statements are usually not of sufficient importance to necessitate disclosure; however, material changes in classification should be indicated and explained in the financial statements or notes.

Error Corrections

Paragraph .16 of AU section 420 states that the correction of an error in previously issued financial statements resulting from mathematical mistakes, oversight, or misuse of facts that existed at the time the financial statements were originally prepared does not involve the consistency standard if no element of accounting principles or their application is included. Accordingly, the independent auditor need not recognize the correction in his report. However, if the independent auditor had previously reported on the financial statements containing the error, the auditor has concluded, based on the considerations in paragraph .05 of AU section 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report* (AICPA, *Professional Standards*, vol. 1), that action should be taken to prevent future reliance on his report, and the issuance of financial statements accompanied by the auditor's report for a subsequent period is imminent, the auditor should disclose the revision in such statements instead of reissuing the earlier statements.

Notes: For audits of issuers, certain circumstances, although not affecting the auditor's unqualified opinion, may require that the auditor add explanatory language to the standard report as described in paragraphs .11-.19 of AU-P section 508, *Reports on Audited Financial Statements* (AICPA, *PCAOB Standards and Related Rules, Standards*).

Other circumstances may require a departure from an unqualified opinion, either in the form of a qualified opinion, an adverse opinion, or a disclaimed opinion as described in paragraphs .20-.63 of AU-P section 508.

For special reporting situations relating to the auditor's report on internal control over financial reporting, refer to appendix C, "Special Reporting Situations," of Auditing Standard No. 5 (AU-P sec. 320).

PCAOB Auditing Standard No. 6, *Evaluating Consistency of Financial Statements* (AICPA, *PCAOB Standards and Related Rules, Standards*, AU-P sec. (continued))

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
420), updated the auditor's responsibilities to evaluate and report on the consistency of an entity's financial statements and align the auditor's responsibilities with Financial Accounting Standards Board (FASB) Statement No. 154, <i>Accounting Changes and Error Corrections</i> .			
One significant difference in terminology between FASB Statement No. 154 (which is codified in FASB <i>Accounting Standards Codification</i> (ASC) 250, <i>Accounting Changes and Error Corrections</i>) and Auditing Standard No. 6 (AU-P sec. 420) is the use of the term <i>error</i> in the FASB standard whereas the PCAOB standard uses the term <i>misstatement</i> and specifically states that the meaning is the same for purposes of the PCAOB Auditing Standards. Auditing Standard No. 6 (AU-P sec. 420) also establishes that the auditor's report should indicate whether an adjustment to previously issued financial statements results from a change in accounting principle or the correction of a misstatement.			
Auditing Standard No. 6 (AU-P sec. 420) contains numerous amendments to AU-P section 508 and other interim PCAOB Auditing Standards. If Auditing Standard No. 6 (AU-P sec. 420) is applicable to issuers' financial statements, answer questions 21–22; otherwise, skip questions 21–22. For more information and for the full text of the auditing standard, refer to the PCAOB website at www.pcaob.org . Also refer to the Securities and Exchange Commission (SEC) website at www.sec.gov .			
20. If there has been a material change between periods in accounting principles or in the method of their application, including a change from an accounting principle that is not generally accepted to one that is generally accepted and a change in accounting principle that is inseparable from the effect of a change in estimate, that has a material effect on the comparability of the reporting entity's financial statements,			
a. does the report include an explanatory paragraph, following the opinion paragraph that refers to the change?	_____	_____	_____
b. does the explanatory paragraph identify the nature of the change and refer the reader to the note to the financial statements that discusses the change in detail? [AU 508.05–.06 and .12–.13]	_____	_____	_____
c. if the change in the accounting principle is a change in reporting entity that did not result from a transaction or an event, is an explanatory paragraph included in the auditor's report? (<i>Note:</i> A change in the reporting entity resulting from a transaction or event, such the creation, cessation, or complete or partial purchase or disposition of a subsidiary or other business unit, does not require that an explanatory paragraph about consistency be included in the auditor's report.) [AU 420.08]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
21. <i>(Audits of Issuers Only)</i> If there has been a change in accounting principle that has a material effect on the financial statements, including a change in the method of applying an accounting principle, a change in estimate effected by a change in accounting principle, and a change in classification that represents a change in accounting principle, and meets the four criteria established in paragraph 7 of PCAOB Auditing Standard No. 6 (AU-P sec. 420 par. .07),			
<i>a.</i> does the report include an explanatory paragraph, following the opinion paragraph, in the year of the change and in subsequent years until the new accounting principle is applied in all periods presented?	_____	_____	_____
<i>b.</i> does the explanatory paragraph identify the nature of the change and include a reference to the note disclosure describing the change?	_____	_____	_____
<i>c.</i> if the change in the accounting principle is a change in reporting entity that did not result from a transaction or an event, is an explanatory paragraph included in the auditor's report? (<i>Note:</i> A change in the reporting entity resulting from a transaction or event, such the creation, cessation, or complete or partial purchase or disposition of a subsidiary or other business unit, does not require recognition in the auditor's report.) [PCAOB Auditing Standard No. 6 par. 4-8 and 11 (AU-P 420.04-.08 and .11)]	_____	_____	_____
22. <i>(Audits of Issuers Only)</i> If there has been a correction of a material misstatement in previously issued financial statements, including a change from an accounting principle that is not generally accepted to one that is generally accepted and a change in classification that represents the correction of a material misstatement, does the auditor's report contain an explanatory paragraph, following the opinion paragraph, that includes			
<i>a.</i> a statement that the previously issued financial statements have been restated for the correction of a misstatement in the respective period?	_____	_____	_____
<i>b.</i> a reference to the entity's disclosure of the correction of the misstatement? [PCAOB Auditing Standard No. 6 par. 5 and 9-11 (AU-P 420.05 and .09-.11)]	_____	_____	_____
23. In an updated report on the individual financial statements of one or more prior periods presented on a comparative basis with those of the current period, if the opinion is different from the opinion previously expressed on the financial statements of a prior period,			
<i>a.</i> does the report include an explanatory paragraph, preceding the opinion paragraph that discloses all of the substantive reasons for the different opinion?	_____	_____	_____
<i>b.</i> does the explanatory paragraph disclose			
<i>i.</i> the date of the auditor's previous report?	_____	_____	_____

Auditors' Reports Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii. the type of opinion previously expressed?	_____	_____	_____
iii. the circumstances or events that caused the auditor to express a different opinion?	_____	_____	_____
iv. that the auditor's updated opinion on the financial statements of the prior period is different from his or her previous opinion on those statements? [AU 508.11e and .69]	_____	_____	_____
24. If financial statements of a prior period (presented for comparative purposes) have been audited by a predecessor auditor whose report is not presented,			
a. does the introductory paragraph of the report indicate			
i. that the financial statements of the prior period were audited by another auditor?	_____	_____	_____
ii. the date of the predecessor auditor's report?	_____	_____	_____
iii. the type of report issued by the predecessor auditor?	_____	_____	_____
iv. if the report was other than a standard report, the substantive reasons therefore, including a description of the nature of and reasons for the explanatory paragraph added to the predecessor's report or his or her opinion qualification?	_____	_____	_____
b. if the financial statements have been restated, does the introductory paragraph indicate that the predecessor auditor reported on the financial statements of the prior period before restatement? [AU 508.11e and .74]	_____	_____	_____
25. Is an explanatory paragraph (or other explanatory language) added to the standard auditor's report if			
a. the auditor wishes to clarify that an audit performed in accordance with GAAS does not require the same level of testing and reporting on internal control over financial reporting as an audit of an issuer when Section 404(b) of the Sarbanes-Oxley Act is applicable? (<i>Note:</i> Not required—Interpretation No. 17 of AU section 508 [AICPA, <i>Professional Standards</i> , vol. 1] provides an example report.) [AU 9508.85–.88]	_____	_____	_____
b. the audit is conducted in accordance with both GAAS and the PCAOB's Auditing Standards as allowed by Interpretation No. 18 of AU section 508 (AICPA, <i>Professional Standards</i> , vol. 1)? (<i>Note:</i> Not required—Interpretation No. 18 of AU section 508 [AICPA, <i>Professional Standards</i> , vol. 1] provides an example report.) [AU 9508.89–.92]	_____	_____	_____
26. Is an explanatory paragraph (or other explanatory language) added to the standard auditor's report if the prior period's financial statements are audited by a predecessor auditor who has ceased operations? [AU 9508.60–.75]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>27. If selected quarterly financial data required by SEC Regulation S-K has been omitted or has not been reviewed, does the report include an additional paragraph stating that fact? [AU 508.11f; AU 722.50]</p>	_____	_____	_____
<hr/> <p>Note: Statement on Auditing Standards (SAS) No. 116, <i>Interim Financial Information</i> (AICPA, <i>Professional Standards</i>, vol. 1, AU sec. 722), amends AU section 722 to accommodate reviews of interim financial information of nonissuers, including companies offering securities pursuant to SEC Rule 144A or participating in private equity exchanges.</p> <hr/>			
<p>28. If other information in a document containing audited financial statements is materially inconsistent with information appearing in the financial statements, has it been determined whether the financial statements, the auditor's report, or both require revision? [AU 508.11h; AU 550.04]</p>	_____	_____	_____
<hr/> <p>Note: In February 2010, the ASB issued SAS No. 118, <i>Other Information in Documents Containing Audited Financial Statements</i>; SAS No. 119, <i>Supplementary Information in Relation to the Financial Statements as a Whole</i>; and SAS No. 120, <i>Required Supplementary Information</i> (AICPA, <i>Professional Standards</i>, vol. 1). These standards amend or supersede AU section 550, <i>Other Information in Documents Containing Audited Financial Statements</i> (AICPA, <i>Professional Standards</i>, vol. 1); AU section 551, <i>Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents</i>; and AU section 558, <i>Required Supplementary Information</i> (AICPA <i>Professional Standards</i>, vol. 1), respectively. Collectively, these statements address the auditor's responsibilities with respect to information that is required by a designated standard setter (for example, FASB, Governmental Accounting Standards Board, Federal Accounting Standards Advisory Board, and the IASB) to accompany an entity's basic financial statements and supplementary information that is presented outside the basic financial statements. The effective date of the SASs is for audits of financial statements for periods beginning on or after December 15, 2010, and early application is permitted.</p> <hr/>			
<p>29. If the auditor decides to emphasize a matter regarding the financial statements in the report, is the matter being emphasized disclosed in the financial statements' and is the explanatory information presented in a separate paragraph that avoids use of phrases such as "with the foregoing (following) explanation"? [AU 508.11 and .19; AU 9410.18; AU 9342.03]</p>	_____	_____	_____
<p>30. If it has not been possible to conduct the audit in accordance with GAAS or to apply all of the procedures considered necessary in the circumstances, has consideration been given to the need to issue a qualified opinion or to disclaim an opinion? [AU 508.22]</p>	_____	_____	_____
<p>31. If a qualified opinion is to be expressed because of a scope limitation,</p>			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. are all of the substantive reasons for the qualification disclosed in one or more explanatory paragraphs preceding the opinion paragraph?	_____	_____	_____
b. does the qualified opinion include the word <i>except</i> or <i>exception</i> in a phrase such as <i>except for</i> or <i>with the exception of</i> ?	_____	_____	_____
c. is the situation described and referred to in both the scope and opinion paragraphs?	_____	_____	_____
d. does the wording in the opinion paragraph indicate that the qualification pertains to the possible effects on the financial statements and not to the scope limitation itself? [AU 508.22-.32; AU 318.76]	_____	_____	_____

Practice Tip

Scope limitations can be imposed by the client or by circumstances such as the timing of the auditor's work, the inability to obtain sufficient appropriate audit evidence, or an inadequacy in the accounting records. Sufficient appropriate audit evidence includes, among other things, management having asserted responsibility for the final financial statements. As provided in Technical Questions and Answers (TIS) section 9100.06, "The Effect of Obtaining the Management Representation Letter on Dating the Auditor's Report" (AICPA, *Technical Practice Aids*), the auditor will need to have the signed management representation letter in hand prior to releasing the auditor's report because management's refusal to furnish written representations constitutes a limitation on the scope of the audit sufficient to preclude an unqualified opinion.

In circumstances in which the auditor is unable to obtain sufficient appropriate audit evidence to support management's assertions about the nature of a matter involving an uncertainty and its presentation or disclosure in the financial statements, the auditor should consider the need to express a qualified opinion or to disclaim an opinion because of a scope limitation.

It also includes situations in which the auditor's only evidence of the existence, valuation, or both, of (a) investments without readily determinable fair value, or (b) interests held in trust by a third-party trustee, is receiving confirmation from a third party for those assets.

In circumstances in which the auditor is unable to audit the existence or measurement of interests in investments in securities and interests in trusts, the auditor should consider whether that scope limitation requires the auditor to either qualify his or her opinion or to disclaim an opinion, as discussed in paragraphs .22-.26 of AU section 508 (AICPA, *Professional Standards*, vol. 1); Interpretation No. 1, "Auditing Interests in Trusts Held by a Third-Party Trustee and Reported at Fair Value," of AU section 328, *Auditing Fair Value Measurements and Disclosures* (AICPA, *Professional Standards*, vol. 1, AU sec. 9328 par. .01-.04); and Interpretation No. 1, "Auditing Investments in Securities Where a Readily Determinable Fair Value Does Not Exist," of AU section 332, *Auditing Derivative Instruments, Hedging Activities, and Investments in Securities* (AICPA, *Professional Standards*, vol. 1, AU sec. 9332 par. .01-.04).

32. Is a qualified opinion or disclaimer of opinion expressed if the auditor's understanding of internal control raises doubts about the auditability of an entity's financial statements, such as
- a. concerns about the integrity of an entity's management cause the auditor to conclude that the risk of management misrepresentation in the financial statements is such that an audit cannot be conducted?

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> concerns about the condition and reliability of an entity's records cause the auditor to conclude that it is unlikely that sufficient appropriate audit evidence will be available to support an unqualified opinion on the financial statements? [AU 314.109]</p>	_____	_____	_____
<p>33. If, in the auditor's judgment, the two-way communication between the auditor and those charged with governance as described in AU section 380, <i>The Auditor's Communication With Those Charged With Governance</i> (AICPA, <i>Professional Standards</i>, vol. 1), is not adequate and the situation cannot be resolved, thereby prohibiting the auditor from obtaining all the audit evidence required to form an opinion on the financial statements, has the auditor considered the following:</p>			
<p><i>a.</i> Modifying the audit opinion on the basis of a scope limitation?</p>	_____	_____	_____
<p><i>b.</i> Obtaining legal advice about the consequences of different courses of action?</p>	_____	_____	_____
<p><i>c.</i> Communicating with an appropriate third party, (for example, a regulator)</p>	_____	_____	_____
<p><i>d.</i> Withdrawing from the engagement? [AU 380.63]</p>	_____	_____	_____
<p>34. If, in the auditor's judgment, significant difficulties in dealing with management such as those described in AU section 380, have been encountered, has the auditor considered modifying the audit opinion on the basis of a scope limitation? [AU 380.39]</p>	_____	_____	_____
<p>35. If an opinion is disclaimed because of a scope limitation,</p>			
<p><i>a.</i> are all of the substantive reasons for the disclaimer stated in a separate paragraph or paragraphs?</p>	_____	_____	_____
<p><i>b.</i> does the report state that the scope of the audit was not sufficient to warrant the expression of an opinion?</p>	_____	_____	_____
<p><i>c.</i> does the report avoid identifying procedures that were performed?</p>	_____	_____	_____
<p><i>d.</i> is the scope paragraph omitted?</p>	_____	_____	_____
<p><i>e.</i> if there are reservations about fair presentation of the financial statements in conformity with GAAP, are they described in the report? [AU 508.62-.63]</p>	_____	_____	_____

Note: Consult the Topical Index to AICPA *Professional Standards* under "Scope of Audit—Limitations" for additional references to specific types of scope limitations that could result in either a qualified or disclaimer of opinion.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
36. If the financial statements are materially affected by a departure from GAAP (including, for example, inadequate disclosure, inappropriate accounting principles, and unreasonable accounting estimates), has the auditor issued a qualified opinion or an adverse opinion? [AU 508.35]	_____	_____	_____
37. If a qualified opinion is to be expressed because of a GAAP departure,			
a. are all of the substantive reasons that have led to the conclusion that there is a departure from GAAP disclosed in one or more separate explanatory paragraphs preceding the opinion paragraph?	_____	_____	_____
b. does the qualified opinion include the word <i>except</i> or <i>exception</i> in a phrase such as <i>except for</i> or <i>with the exception of</i> and a reference to the explanatory paragraph?	_____	_____	_____
c. does the explanatory paragraph disclose the principle effects of the departure on financial position, results of operations, and cash flows, if practicable, or state that the effects are not reasonably determinable? [AU 508.21 and AU 508.37–.39]	_____	_____	_____
38. If an adverse opinion is to be expressed because of a GAAP departure,			
a. are all of the substantive reasons for the adverse opinion disclosed in one or more separate explanatory paragraphs preceding the opinion paragraph?	_____	_____	_____
b. does the explanatory paragraph disclose the principle effects of the departure on financial position, results of operations, and cash flows, if practicable, or state that the effects are not reasonably determinable?	_____	_____	_____
c. state that the financial statements do not present fairly the financial position, or results of operations or cash flows in conformity with GAAP? [AU 508.58–.59]	_____	_____	_____
39. If essential data concerning an impending change in GAAP and the future resulting restatement are not disclosed, has the auditor issued a qualified or adverse opinion? [AU 9410.15]	_____	_____	_____
40. If the auditor concludes that an illegal act has a material effect on the financial statements and the act has not been properly accounted for or disclosed, has the auditor issued a qualified or adverse opinion (depending on the materiality effect on the financial statements taken as a whole)? [AU 317.18]	_____	_____	_____

Note: Consult the Topical Index to AICPA *Professional Standards* under "Departures From Standard Report" for additional information.

Readers may also wish to refer to TIS section 1400.31, "GAAP Departure for FASB ASC 810" (AICPA, *Technical Practice Aids*), for assistance in determining
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
mining the implications on the auditors report if the reporting entity does not consolidate a variable interest entity.			

Practice Tip

Reporting on financial statements prepared in conformity with an other comprehensive basis of accounting (OCBOA) is addressed in AU section 623, *Special Reports* (AICPA, *Professional Standards*, vol. 1). For purposes of that section, a comprehensive basis of accounting other than GAAP is one of the following:

- a. A basis of accounting that the reporting entity uses to comply with the requirements or financial reporting provisions of a governmental regulatory agency to whose jurisdiction the entity is subject. An example is a basis of accounting insurance companies use pursuant to the rules of a state insurance commission.
- b. A basis of accounting that the reporting entity uses or expects to use to file its income tax return for the period covered by the financial statements.
- c. The cash receipts and disbursements basis of accounting, and modifications of the cash basis having substantial support, such as recording depreciation on fixed assets or accruing income taxes.
- d. A definite set of criteria having substantial support that is applied to all material items appearing in financial statements, such as the price-level basis of accounting.

In considering whether the financial statements (including the accompanying notes) include all informative disclosures that are appropriate for the basis of accounting used, paragraph .09 of AU section 623 states that the auditor should apply essentially the same criteria to financial statements prepared on an OCBOA as he or she does to financial statements prepared in conformity with GAAP.

41. When reporting on financial statements prepared in conformity with a comprehensive basis of accounting other than GAAP, as defined in paragraph .04 of AU section 623, does the independent auditor's report include the following elements (for audits prepared in conformity with GAAS):			
a. A title that includes the word <i>independent</i> ? [AU 623.05a]	_____	_____	_____
b. A paragraph that states that			
i. the financial statements identified in the report were audited?	_____	_____	_____
ii. the financial statements are the responsibility of the entity's management and that the auditor is responsible for expressing an opinion on the financial statements based on the audit? [AU 623.05b]	_____	_____	_____
c. A paragraph that states that			
i. the audit was conducted in accordance with GAAS with specific identification of the United States of America as the country of origin of those standards?	_____	_____	_____
ii. those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation?	_____	_____	_____
iv. the auditor believes that his or her audit provides a reasonable basis for the opinion? [AU 623.05c]	_____	_____	_____
d. A paragraph that states			
i. the basis of presentation and refers to the note to the financial statements that describes the basis?	_____	_____	_____
ii. that the basis of presentation is a comprehensive basis of accounting other than GAAP? [AU 623.05d]	_____	_____	_____
e. A paragraph that expresses the auditor's opinion (or disclaims an opinion) on whether the financial statements are presented fairly, in all material respects, in conformity with the basis of accounting described? [AU 623.05e]	_____	_____	_____
f. If the financial statements are prepared in conformity with the requirements or financial reporting provisions of a governmental regulatory agency, a separate paragraph at the end of the report stating that the report is intended solely for the information and use of those within the entity and the regulatory agencies to whose jurisdiction the entity is subject, and is not intended to be and should not be used by anyone other than these specified parties? [AU 623.05f]	_____	_____	_____
g. The manual or printed signature of the auditor's firm? [AU 623.05g]	_____	_____	_____
h. The date of the audit report? [AU 623.05h]	_____	_____	_____
42. When the financial statements are prepared in conformity with the requirements or financial reporting provisions of a governmental regulatory agency and the financial statements and reports will be used by parties or distributed by the entity to parties other than the regulatory agencies to whose jurisdiction the entity is subject, has the standard form of report been modified as appropriate because of the departures from GAAP and has an additional paragraph been added to express an opinion on whether the financial statements are presented in conformity with the regulatory basis of accounting? (<i>Note:</i> Interpretation 15, "Auditor Reports on Regulatory Accounting or Presentation When the Regulated Entity Distributes the Financial Statements to Parties Other Than the Regulatory Agency Either Voluntarily or Upon Specific Request," of AU section 623 [AICPA, <i>Professional Standards</i> , vol. 1, AU sec. 9623 par. .96-.98] provides an example report.) [AU 544.04; AU 9623.96-.98]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
43. If certain other information, including supplementary information required by GAAP, contained in annual reports and other client-prepared documents described in paragraph .02 of AU section 550 that contain audited financial statements has been subjected to auditing procedures applied in the audit of the basic financial statements, does the auditor express an opinion on whether the information is fairly stated in all material respects in relation to those financial statements taken as a whole in the auditor's report and does the report describe clearly the character of the auditor's work and the degree of responsibility the auditor is taking? [AU 550.07; AU 558.09]	_____	_____	_____
44. If other information contained in annual reports and other client-prepared documents described in AU section 550 paragraph .02 that contain audited financial statements is materially inconsistent with information appearing in the financial statements, has it been determined whether the financial statements, the auditor's report, or both require revision? [AU 508.11h; AU 550.04]	_____	_____	_____
45. If other information contained in annual reports and other client-prepared documents described in AU section 550 paragraph .02 that contain audited financial statements is materially inconsistent with information appearing in the financial statements, and the auditor has determined that neither the financial statements nor the auditor's report require revision, has the auditor either			
a. requested that the client revise the other information to eliminate the material consistency?	_____	_____	_____
b. considered other actions such as revising the audit report to include an explanatory paragraph describing the material inconsistency, withholding the use of the audit report in the document, and withdrawing from the engagement? [AU 550.04]	_____	_____	_____
46. If information accompanies the basic financial statements and auditor's report in an auditor-submitted document, is it accompanied by a report that			
a. states that the audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole?	_____	_____	_____
b. specifically identifies the accompanying information?	_____	_____	_____
c. states that the accompanying information is presented for purposes of additional analysis and is not a required part of the basic financial statements?	_____	_____	_____
d. includes either an opinion on whether the accompanying information is fairly stated in all material respects in relation to the basic financial statements taken as a whole or a disclaimer of opinion (depending on whether the information was subjected to the auditing procedures applied in the audit of the basic financial statements)? [AU 551.05-.06]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
47. If information accompanying the basic financial statements and auditor's report in an auditor-submitted document is materially misstated in relation to the basic financial statements taken as a whole, has the auditor either			
<i>a.</i> requested that the client revise the accompanying information to eliminate the material misstatement?	_____	_____	_____
<i>b.</i> considered other actions such as modifying the audit report to describe the misstatement or refusing to include the accompanying information in the auditor-submitted document? [AU 551.09]	_____	_____	_____
48. When the basic financial statements are accompanied by supplementary information required by GAAP and such supplementary information has not been audited as part of the basic financial statements, does the auditor's report exclude any language that refers to the supplementary information or the limited procedures applied (except in the circumstances described in AU section 558 paragraph .08)? [AU 558.08]	_____	_____	_____
49. When the basic financial statements are accompanied by supplementary information required by GAAP and such supplementary information has been audited as part of the basic financial statements, has the audit report been expanded in accordance with AU section 550 paragraph .07? [AU 558.09]	_____	_____	_____
50. If supplementary information required by GAAP has been omitted, the presentation of such information departs materially from prescribed guidelines, the auditor is unable to complete prescribed procedures with respect to such information, or the auditor is unable to remove substantial doubt about whether the supplementary information conforms to prescribed guidelines, does the report include an additional paragraph stating that fact? [AU 558.08]	_____	_____	_____

FSP Section 20,300

Supplemental Information for Life Insurance Entities That are Securities and Exchange Commission Registrants

.01 Regulation S-X is the primary source of requirements for financial statements and related footnotes required to be included in documents filed with the Securities and Exchange Commission (SEC). In addition to Regulation S-X, preparers and auditors of financial statements should be familiar with the SEC's Financial Reporting Releases (FRRs) and Staff Accounting Bulletins (SABs). FRRs communicate the SEC's position on accounting and auditing principles and practices. SABs represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant of the SEC. Insurance companies are subject to the requirements of Articles 1–4, 7, 10, and 12 of Regulation S-X.

.02 When determining compliance with SEC requirements, preparers and auditors should refer to the appropriate SEC pronouncements to ensure compliance with SEC disclosure rules. In particular, the following documents should be consulted:

- Regulation S-X, Article 1, *Application of Regulation S-X*.
- Regulation S-X, Article 2, *Qualifications and Reports of Accountants*.
- Regulation S-X, Article 3, *General Instructions as to Financial Statements*.
- Regulation S-X, Article 3A, *Consolidated and Combined Financial Statements*.
- Regulation S-X, Article 4, *Rules of General Application*.
- Regulation S-X, Article 7, *Insurance Companies*.
- Regulation S-X, Article 10, *Interim Financial Statements*.
- Regulation S-X, Article 12, *Form and Content of Schedules*.
- SABs reflect the SEC staff's views regarding accounting-related disclosure practices. They represent interpretations and policies followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the federal securities laws.
- FRRs adopt, change, or interpret requirements relating to accounting, auditing, and disclosure issues.
- The Sarbanes-Oxley Act of 2002.
- Rules and standards of the Public Company Accounting Oversight Board.

FSP Section 20,400

Illustrative Financial Statements

.01 This section contains illustrative financial statements prepared in conformity with generally accepted accounting principles (U.S. GAAP). The financial statements are for illustrative purposes only, are not intended to be comprehensive and are not intended to establish preference among alternative principles acceptable under U.S. GAAP. Decisions about the application of the U.S. GAAP discussed in the accounting and financial reporting sections of the AICPA Audit and Accounting Guide *Life and Health Insurance Entities* (2010) should not be made by reference to the illustrative financial statements but by a careful reading to the specified authoritative literature. The illustrative financial statements reflect many of the minimum disclosure requirements for a life and health insurance entity but do not include all of the amounts or transactions discussed in other chapters of the guide or that might be found in practice. For example, the illustrative notes indicate the subject matter generally required to be disclosed, but they should be expanded, reduced, or otherwise modified to suit individual circumstances based on a careful reading of the specified authoritative literature.

.02 The illustrative financial statements do not include other transactions not unique to life and health insurance entities, such as disclosures about segments, employee benefit plans, certain risks and uncertainties, or postemployment benefits other than pensions. Preparers and auditors should consult authoritative guidance on presenting such other information.

.03 The illustrative financial statements do not reflect rules and releases of the Securities and Exchange Commission (SEC) that, for SEC registrants, have an authority similar to other officially established accounting principles. SEC Regulation S-X, Article 7, *Insurance Companies*, should be referred to.

.04 The illustrative financial statements also do not reflect the impact of laws and regulations of the insurance entity's state of domicile. The impact on the financial statements of such laws and regulations vary by state. Many states require conformity with the codification of statutory accounting practices in the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual* to the extent it does not conflict with its own state laws and regulations. Refer to the NAIC *Accounting Practices and Procedures Manual*, NAIC *Annual Statement Instructions*, and specific state laws and regulations to determine the impact of codification and individual state laws and regulations.

.05 These illustrative statements are not intended to include items that should be accounted for under the requirements of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 815, *Derivatives and Hedging*, and FASB ASC 820, *Fair Value Measurements and Disclosures*, and therefore do not reflect the requirements of these Topics. Practitioners should refer to these Topics for guidance on reporting derivative instruments and hedging activities and fair value measurements.

.06 Life and health insurance entities generally present unclassified balance sheets.

Note: The illustrative financial statements and notes included in this checklist have been updated to reflect FASB ASC. However, in FASB's Notice to Constituents, it suggests the use of plain English in financial statement footnotes to describe broad FASB ASC topic references. They suggest a reference similar to "as required by the Derivatives and Hedging topic of FASB *Accounting Standards Codification*." Entities might consider revising their financial statement references to reflect this plain English referencing, rather than the use of specific FASB ASC references. We have provided these detailed references as a resource for our users.

.07

ABC LIFE INSURANCE COMPANY
Balance Sheet*
December 31, 20X1 and 20X0
(Amounts in thousands)

	20X1	20X0
Assets		
Investments:		
Debt and equity securities:		
Fixed maturities, held to maturity, at amortized cost (estimated fair value: \$47,830 in 20X1 and \$45,255 in 20X0)	\$ 44,864	\$ 46,310
Fixed maturities, available for sale, at estimated fair value (amortized cost: \$247,525 in 20X1 and \$219,565 in 20X0)	255,893	214,563
Trading account securities, at estimated fair value (cost: \$4,220 in 20X1 and \$4,419 in 20X0)	3,950	4,190
Mortgage loans	79,258	106,692
Real estate	6,410	6,147
Policy loans	43,549	51,013
Short-term investments	7,515	6,321
Total investments	441,439	435,236
Cash and cash equivalents	5,285	3,343
Accrued investment income	6,660	8,026
Premiums due and other receivables, ¹ net of allowance of \$4,500 and \$2,100 for doubtful accounts	1,647	1,092
Reinsurance receivable on paid and unpaid losses	596	407
Reinsurance receivable related to contract holder liabilities	5,714	3,048
Deferred policy acquisition costs	38,936	36,429
Property and equipment, net of accumulated depreciation	501	420
Other assets	152	158
Separate account assets	732	525
Total assets	\$501,662	\$488,684
Liabilities		
Future policy benefits	\$345,887	\$341,207
Guaranteed interest contracts	21,342	23,555
Policyholders funds on deposit	49,408	46,202
Unpaid claims	5,418	4,737

(continued)

* Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that applies broadly to financial and nonfinancial assets and liabilities and improves the consistency, comparability, and reliability of the measurements. FASB ASC 820 codifies and simplifies existing guidance for developing measurements and improves disclosures about the measurements. Additionally, FASB ASC 825, *Financial Instruments*, improves financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. For additional information, see the FASB website at www.fasb.org.

¹ FASB ASC 310-10-50 requires, among other things, that the summary of significant accounting policies include the basis for accounting for trade receivables, and the classification and method of accounting for other receivables. It also requires that a description of the accounting policies and methodology the entity used to estimate its allowance for doubtful accounts be included in the notes to the financial statements. Such a description should identify the factors that influenced management's judgment and may also include discussion of risk elements relevant to particular categories of financial instruments. In addition, FASB ASC 310-10-50-6 requires that the summary of significant accounting policies include the policy for charging off uncollectible trade receivables.

FASB ASC 310-10-45 contains other presentation and disclosure requirements that may apply to the financial statements of insurance entities.

	<u>20X1</u>	<u>20X0</u>
Policyholders dividends	2,335	3,450
Amounts held in escrow and accrued expenses	4,977	4,562
Deferred federal income taxes	1,412	1,027
Other liabilities	253	4,465
Separate account liabilities	<u>732</u>	<u>525</u>
Total liabilities	<u>431,764</u>	<u>429,730</u>
Commitments and contingencies (Note 12)		
Shareholders' Equity		
Capital stock: authorized—5,000,000 shares of \$2 par value; 3,341,624 shares issued and outstanding	6,683	6,683
Retained earnings	57,776	55,522
Accumulated other comprehensive income	<u>5,439</u>	<u>(3,251)</u>
Total shareholders' equity	<u>69,898</u>	<u>58,954</u>
Total liabilities and shareholders' equity	<u><u>\$501,662</u></u>	<u><u>\$488,684</u></u>

See accompanying notes to financial statements.

ABC LIFE INSURANCE COMPANY
Statement of Income
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	20X1	20X0
Premiums and Other Revenues		
Premiums:		
Life and annuity premiums	\$24,833	\$24,783
Accident and health premiums	10,141	9,153
Other premiums	20	43
Contract holder fees	1,961	1,844
Net investment income	32,998	35,141
Net realized gains (losses) on investments and other	4,222	(2,670)
Total premiums and other revenues	74,175	68,294
Benefits and Other Expenses		
Policyholder benefits	39,158	30,815
Interest credited to policyholder accounts	4,363	4,156
General expenses	4,288	4,984
Amortization of deferred policy acquisition costs	1,276	1,305
Underwriting, acquisition, and insurance expenses	18,029	17,266
Policyholders' dividends	4,665	6,898
Total benefits and expenses	71,779	65,424
Income before income taxes	2,396	2,870
Income taxes:		
Current	1,547	601
Deferred	(1,405)	540
Total income taxes	142	1,141
Net income	2,254	1,729
Net income per common share	.67	.52
Dividends per common share	—	.98

See accompanying notes to financial statements.

.09

ABC LIFE INSURANCE COMPANY
Statement of Comprehensive Income (Loss)
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	20X1	20X0
Net income	\$ 2,254	\$ 1,729
Other comprehensive income (loss)	8,690	(1,730)
Total comprehensive income (loss)	\$10,944	\$ (1)

See Note 5 to the financial statements for information about other comprehensive income (loss).

.10

ABC LIFE INSURANCE COMPANY
Statement of Changes in Shareholders' Equity
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	<u>Capital Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareholders' Equity</u>
Balance at January 1, 20X0	\$6,683	\$57,068	\$(1,521)	\$62,230
Net income for 20X0	—	1,729	—	1,729
Shareholders' dividends	—	(3,275)	—	(3,275)
Other comprehensive income (loss)	—	—	(1,730)	(1,730)
Balance at December 31, 20X0	6,683	55,522	(3,251)	58,954
Net income for 20X1	—	2,254	—	2,254
Other comprehensive income	—	—	8,690	8,690
Balance at December 31, 20X1	<u>\$6,683</u>	<u>\$57,776</u>	<u>\$ 5,439</u>	<u>\$69,898</u>

See accompanying notes to financial statements.

.11

ABC LIFE INSURANCE COMPANY
Statements of Cash Flows
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	20X1	20X0
Cash flows from operating activities:		
Net income	\$ 2,254	\$ 1,729
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest credited to universal life policies	7,927	10,445
Accrual of discount on investments, net	(976)	(1,328)
Net realized (gains) losses on investments	(4,222)	2,670
Depreciation and amortization	3,041	3,534
Amortization of deferred policy acquisition costs	1,276	1,305
Deferred federal income taxes	(2,538)	540
Change in operating assets and liabilities: Accrued investment income	1,366	880
Capitalization of deferred policy acquisition costs	(3,783)	(6,645)
Policy liabilities	(3,440)	(16,234)
Other items, net	(644)	3,269
Net cash provided by operating activities	261	165
Cash flows from investing activities:		
Cost of investments purchased:		
Fixed maturities and equity securities	(228,053)	(122,495)
Mortgage loans and real estate	(921)	—
Proceeds from investments sold, redeemed, or matured:		
Fixed maturities and equity securities	206,051	95,177
Mortgage loans and real estate	27,970	18,621
Policy loans, net	2,320	6,468
Short-term investments, net	409	15,446
Net cash provided by investing activities	7,776	13,217
Cash flows from financing activities:		
Dividends to shareholders	—	(3,275)
Receipts from universal life policies credited to contract holder account balances	7,918	8,365
Return of contract holder account balances on universal life policies	(4,165)	(3,718)
Withdrawals from interest-sensitive contracts	(9,848)	(13,046)
Cash used in financing activities	(6,095)	(11,674)
Net increase in cash and cash equivalents	1,942	1,708
Cash and cash equivalents, beginning of year	3,343	1,635
Cash and cash equivalents, end of year	\$ 5,285	\$ 3,343
Supplemental cash flow information:		
Income taxes paid	\$ 1,205	\$ 785

See accompanying notes to financial statements.

ABC LIFE INSURANCE COMPANY
Notes to Financial Statements
Years Ended December 31, 20X1 and 20X0

1. Organization and Significant Accounting Policies

Organization. ABC Life Insurance Company (ABC or the company) is a stock life insurance company incorporated in the state of ABC that offers individual life, disability income, long-term care, annuity, and investment products. ABC does business in the continental United States, with a concentration in New York, New Jersey, and Connecticut.

Basis of presentation. The significant accounting policies followed by ABC that materially affect financial reporting are summarized as follows. The accompanying financial statements have been prepared in accordance with GAAP that differ from statutory accounting practices (SAP) used for regulatory authorities. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments. Fixed maturity securities available for sale consist of bonds, notes, and redeemable and nonredeemable preferred stock not classified as either trading or held to maturity, and are reported at estimated fair value. Unrealized holding gains and losses, net of tax, on available-for-sale securities are reported as a net amount in other comprehensive income. Deferred policy acquisition cost offsets for universal life type contracts and amounts attributable to certain participating contracts are recorded as a separate component of accumulated other comprehensive income. Fixed maturity securities held to maturity consist of bonds, notes, redeemable and nonredeemable preferred stock which the insurance company has the intent and ability to hold to maturity, and are reported at amortized cost and adjusted for amortization of premium or discount. Declines in fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary have resulted in write-downs of the individual securities to their fair value. The related write-downs have been included in earnings as realized losses. Trading account securities consist of bonds, notes, and redeemable and nonredeemable preferred stock, and common stock held principally for resale in the near term, and are recorded at their estimated fair values. Realized and unrealized gains and losses on trading account securities are included in other income.

Mortgage loans on real estate are carried at unpaid balances and are adjusted for amortization of premium or discount, less allowance for losses. Real estate held for sale is carried at the lower of depreciated cost or fair value less estimated selling costs. Real estate classified as held-for-sale is no longer depreciated. Real estate, including real estate acquired in satisfaction of debt, is carried at depreciated cost. Impaired real estate is written down to fair value with the impairment loss being included in net realized gains (losses) on investments and other. Upon foreclosure (including in-substance foreclosure), the carrying value of the property is recorded at the lower of cost or fair value (less selling costs if to be sold), which becomes its new cost basis. The estimated fair value for real estate is determined based upon independent appraisals and other available information about the property, which may take into consideration a number of factors, including (i) discounted cash flows, (ii) sales of comparable properties, (iii) geographic location of property and related market conditions, and (iv) disposition costs.

Foreclosed properties are actively managed by the company in order to maximize their value. Subsequent to foreclosure, the carrying value of the property is periodically evaluated and a valuation allowance is established, if necessary, to reflect any additional amounts considered unrecoverable upon sale. At the time of the sale, the difference between the sales price and the carrying value is recorded as a realized gain or loss. Policy loans are carried at unpaid balances. Short-term investments are stated at amortized cost, which approximates fair value.

Provisions for impairments of securities classified as held to maturity are included in net realized gains (losses) on investments and other. Realized gains and losses are determined by specific identification.

Cash and cash equivalents. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents are highly liquid financial instruments with an original maturity of three months or less.

Deferred policy acquisition costs. Commissions and other costs of acquiring traditional life insurance, universal life insurance and investment products, and accident and health insurance, that vary with and are primarily related to the production of new and renewal business, have been deferred. Traditional life insurance and accident and health insurance acquisition costs are being amortized over the premium-paying period of the related policies using assumptions consistent with those used in computing future policy benefit liabilities. For universal life-type contracts and investment contracts that include significant surrender charges or that yield significant revenues from sources other than the investment of contract holders' funds, the deferred contract acquisition cost amortization is matched to the recognition of gross profit.

Otherwise, deferred policy acquisition costs on investment contracts are amortized using an accounting method that recognizes acquisition costs as expenses at a constant rate applied to net policy liabilities. The effect on the deferred acquisition costs (DAC) asset that would result from realization of unrealized gains (losses) is recognized with an offset to accumulated other comprehensive income in consolidated shareholders' equity as of the balance sheet date.

FASB ASC 944-30 provides guidance on accounting by insurance enterprises for DAC on internal replacements of insurance and investment contracts. The FASB ASC glossary defines *internal replacement* as a modification in product benefits, features, rights, or coverages that occurs by a contract exchange; by amendment, endorsement, or rider to a contract; or by the election of a benefit, feature, right, or coverage within the contract.

If an internal replacement modification substantially changes a contract, then the DAC is written off immediately through income and any new deferrable costs associated with the new replacement are deferred. If a contract modification does not substantially change the contract, the DAC amortization on the original contract will continue and any acquisition costs associated with the related modification are immediately expensed.

Adoption of FASB ASC 944-30 resulted in a reduction to DAC and value of business acquired on January 1, 2007, and an acceleration of the amortization period relating primarily to the company's group life and health insurance contracts that contain certain rate reset provisions. Prior to the adoption of FASB ASC 944-30, DAC on such contracts was amortized over the expected renewable life of the contract. Upon adoption of FASB ASC 944-30, DAC on such contracts is to be amortized over the rate reset period. The impact as of January 1, 2007, was a cumulative effect adjustment of \$XXX,XXX net of income tax of \$XXX,XXX, which was recorded as a reduction to retained earnings.

Deferred sales inducements. Costs related to sales inducements offered on sales to new customers, principally on investment contracts and primarily in the form of additional credits to the customer's account value or enhancements to interest credited for a specified period, which are beyond amounts currently being credited to existing contracts, are deferred and recorded as other assets. All other sales inducements are expensed as incurred and included in interest credited to contract holders' funds. Deferred sales inducements are amortized to income using the same methodology and assumptions as DAC, and are included in interest credited to contract holders' funds. Deferred sales inducements are periodically reviewed for recoverability and written down when necessary.

Property and equipment. Property and equipment are reported at cost, net of accumulated depreciation of \$501,000 and \$420,000 in 20X1 and 20X0, respectively. Property and equipment are depreciated using the straight line method over their estimated useful lives.

Future policy benefits and expenses. The liabilities for traditional life insurance and accident and health insurance contract benefits and expenses are computed using a net level premium method including assumptions about investment yields, mortality, withdrawals, and other assumptions based on ABC's experience modified as necessary to reflect anticipated trends and to include provisions for possible unfavorable deviations. Liability interest assumptions are graded and range from 3 percent to 10 percent. Benefit liabilities for traditional life insurance contracts include certain deferred profits on limited-payment policies that are being

recognized in income over the contract term. Contract benefit claims are charged to expense in the period that the claims are incurred.

The accrued account balance for nontraditional life insurance and investment contracts is computed as deposits net of withdrawals made by the contract holder, plus amounts credited based on contract specifications, less contract fees and charges assessed, plus any additional interest. Interest crediting rates for universal life and investment products range from 5.50 percent to 9.25 percent.

Included in contract holders' account balances is a provision for contract holder dividends. Benefit liabilities for contract holders' account balances are computed under a retrospective deposit method and represent contract account balances before applicable surrender charges. Contract benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related contract account balances. Interest crediting rates for universal life and investment products range from 5.50 percent to 9.25 percent. Benefits and expenses are charged against the account balance to recognize costs as incurred over the estimated lives of the contracts. Expenses include interest credited to contract account balances and benefits paid in excess of contract account balances.

Minimum guarantees. The company issues variable annuity contracts through separate accounts where the company contractually guarantees to the contract holder total deposits made to the contract less any partial withdrawals plus a minimum return. This guarantee includes benefits that are payable in the event of death, annuitization, or at specified dates during the accumulation period.

Accounting policy for health liabilities. Unpaid claims on accident and health policies represent the estimated liability for benefit expenses both reported but not paid and incurred but not reported to ABC through December 31. ABC does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liabilities for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Income taxes. Federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year. Deferred income taxes have been provided for temporary differences between the tax basis of assets and liabilities calculated using the criteria of FASB ASC 740, *Income Taxes*, and their reported amounts in the financial statements using enacted income tax rates and laws. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company did not have any accrued and recognized interest or penalties associated with unrecognized tax benefits for the years ending December 31, 20X1 and 20X0.²

Reinsurance. In the normal course of business, the company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance entities or reinsurers under excess coverage and coinsurance contracts. The company retains a maximum of \$400,000 of coverage per individual life. Amounts paid or deemed to have been paid for reinsurance contracts are recorded as reinsurance receivable.

Insurance premium revenues. Traditional life premiums, which include those products with fixed and guaranteed premiums and benefits and consist principally of whole life insurance contracts, limited-payment life insurance contracts, and certain annuities with life contingencies, are generally recognized as revenue when due. Revenues on universal life and investment-type contracts consist of contract charges against contract holders' funds for the cost of insurance, administration, surrender charges, actuarial margin, and other fees. Accident and health insurance premiums are recognized as revenue pro rata over the terms of the contracts.

Separate accounts. Separate account assets and liabilities generally represent funds maintained in accounts to meet specific investment objectives of contract holders who bear the investment risk. Investment income and investment gains and losses accrue directly to such contract holders. The assets supporting the variable

² Because these standards are not insurance industry specific, transition and adoption specifics are excluded.

portion of both traditional variable annuities and variable contracts with guarantees are carried at fair value and reported as summary total separate account assets with an equivalent summary total reported for liabilities. Amounts assessed against the contract holders for mortality, administrative, and other services are included in revenue and changes in liabilities for minimum guarantees are included in policyholder benefits in the statement of operations. Separate account net investment income, net investment gains and losses, and the related liability changes are offset within the same line item in the statement of operations.

Business risks and uncertainties. The development of liabilities for future policy benefits for the company’s products requires management to make estimates and assumptions regarding mortality, morbidity, lapse, expense, and investment experience. Such estimates are primarily based on historical experience and future expectations of mortality, morbidity, expense, persistency, and investment assumptions. Actual results could differ materially from those estimates. Management monitors actual experience and, if circumstances warrant, revises its assumptions and the related future policy benefit estimates.

The company’s investments are primarily comprised of fixed maturity securities, equity securities, real estate, and mortgage loans. Significant changes in prevailing interest rates and geographic conditions may adversely affect the timing and amount of cash flows on such investments and their related values. In addition, the value of these investments is often derived from an appraisal, an estimate or opinion of value. A significant decline in the fair value of these investments could have an adverse effect on the company’s balance sheet.

The company regularly invests in mortgaged backed securities (MBS) and other securities subject to prepayment and call risk. Significant changes in prevailing interest rates may adversely affect the timing and amount of cash flows on such securities. In addition, the amortization of market premium and accretion of market discount for MBS is based on historical experience and estimates of future payment speeds on the underlying mortgage loans. Actual prepayment speeds will differ from original estimates and may result in material adjustments to amortization or accretion recorded in future periods.

Codification. The NAIC revised the *Accounting Practices and Procedures Manual* in a process referred to as codification. Codification became effective on January 1, 2001. The company’s state of domicile has adopted the provisions of the revised manual effective January 1, 2001. The revised manual has changed to some extent, prescribed SAP, and has resulted in changes to the company’s statutory-basis financial statements. The cumulative effect of changes in accounting principles adopted to conform to the revised *Accounting Practices and Procedures Manual* of \$XXX,XXX has been reported as an adjustment to increase (decrease) surplus in the company’s statutory-basis financial statements as of January 1, 2001.

Guaranty funds. Guaranty fund (and other) assessments are accrued at the time the events occur on which assessments are expected to be based.

2. Earnings Per Common Share

Basic and diluted earnings per common share are as follows.

<i>(Thousands, except per common share data)</i>	<i>Income (Numerator)</i>	<i>Shares (Denominator)</i>	<i>Per Common Share Amount</i>
<i>20X1</i>			
Net income	<u>2,254</u>		
Income applicable to common ownership	2,254	3,342	.67
<i>20X0</i>			
Net income	<u>1,729</u>		
Income applicable to common ownership	1,729	3,342	.52

3. Investments

In reporting disclosures about investments in securities, entities should comply with the requirements of FASB ASC 320, *Investments—Debt and Equity Securities*; FASB ASC 323, *Investments—Equity Method and Joint Ventures*; and FASB ASC 325, *Investments—Other*.

4. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Short-term investments. For those short-term instruments amortized cost is a reasonable estimate of fair value.

Investment securities and trading account assets. For securities held for trading purposes and marketable equity securities held for investment purposes, fair values are based on quoted market prices or dealer quotes. For other securities held as investments, fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Mortgage loans on real estate and policy loans. The fair value of mortgage loans on real estate is estimated using discounted cash flows. The fair value of policy loans is estimated by discounting the future cash flows using reasonable assumptions for mortality and repayments and using the current rates at which similar loans would be made to contract holders with similar credit ratings and the same remaining maturities.

The estimated fair values of ABC's mortgage loans on real estate and policy loans are as follows.

	20X1		20X0	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	<i>(Amounts in thousands)</i>			
Mortgage loans on real estate	\$79,258	\$83,506	\$106,692	\$112,027
Policy loans	43,549	60,000	51,013	59,000

5. Accumulated Other Comprehensive Income

Accumulated other comprehensive income (loss) represents cumulative gains and losses on items that are not reflected in earnings. The balances and activity for the years 20X1 and 20X0 are as follows.

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Changes in net unrealized gains (losses) on investment securities:		
Net unrealized gains (losses) arising during the period	\$13,324	\$(1,873)
Reclassification adjustment for gains (losses) included in net earnings	46	(300)
Changes in net unrealized gains (losses) on investment securities	13,370	(2,173)
Adjustments for:		
Policyholder liabilities, deferred acquisition costs and deferred federal income taxes	(4,680)	443
Total other comprehensive income (loss)	<u>\$ 8,690</u>	<u>\$(1,730)</u>

6. Income Taxes

Significant components for income tax expense attributable to continuing operations are as follows.

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Current income tax expense	\$1,547	\$601
Deferred income tax (benefit) expense	(1,405)	540
Total income tax expense	<u>\$142</u>	<u>\$1,141</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax liabilities and assets are as follows.

	<u>December 31,</u> <u>20X1</u>	<u>December 31,</u> <u>20X0</u>
	<i>(Amounts in thousands)</i>	
Deferred tax liabilities:		
Deferred policy acquisition costs	\$13,131	\$12,297
Future policy benefits	—	512
Accrual of discount on bonds	924	1,982
Other	<u>3,641</u>	<u>1,024</u>
Total deferred tax liabilities	<u>17,696</u>	<u>15,815</u>
Deferred tax assets:		
Policyholder dividends	8,067	8,224
Future policy benefits	851	—
Deferred policy acquisition costs	2,078	1,561
Investment valuation allowance	1,087	1,651
Retirement plan accruals	1,917	497
Tax credits and loss carryforwards	1,820	1,945
Investment income differences	574	556
Other	<u>406</u>	<u>354</u>
Total deferred tax assets	<u>16,800</u>	<u>14,788</u>
Valuation allowance for deferred tax assets	<u>(516)</u>	<u>—</u>
Net deferred tax assets	<u>16,284</u>	<u>14,788</u>
Net deferred tax liabilities	<u>\$ 1,412</u>	<u>\$ 1,027</u>

A valuation allowance has been established due to the uncertainty of realized certain tax credits and loss carryforwards, and a portion of other deferred tax assets.

A reconciliation of federal income tax expense as presented in the financial statements and income taxes calculated using the statutory corporate tax rate follows.

	<u>20X1</u>	<u>20X0</u>
	<i>(Amounts in thousands)</i>	
Income from operations	<u>\$2,396</u>	<u>\$2,870</u>
Application of income tax rate	838	1,005
Small company deduction for life insurance companies	(556)	(496)
Policyholders' share of income (loss) in excess of (less than) dividends paid	(264)	752
Dividend received deduction	(3)	(50)
Other	<u>127</u>	<u>(70)</u>
Total tax expense	<u>\$ 142</u>	<u>\$1,141</u>

Reconciliation of Unrecognized Tax Benefits

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Beginning Balance	\$XXX	\$XXX
Prior period position increases	XXX	XXX
Prior period position decreases	(XXX)	(XXX)
Current period position increases	XXX	XXX
Current period position decreases	(XXX)	(XXX)
Decreases relating to settlements with taxing authorities	(XXX)	(XXX)
Reductions due to a lapse of applicable statute of limitations	(XXX)	(XXX)
Ending balance	XXX	XXX

None of the aforementioned unrecognized tax benefits, if recognized, would affect the effective tax rate. Additionally, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of December 31, 20X1. No interest or penalties were recognized in the statement of operations or the statement of financial position for the years ending December 31, 20X1 and 20X0. Tax years that remain subject to examination by major tax jurisdictions include the years ending December 31, 19X8–20X1.

7. Financial Instruments With Off-Balance Sheet Risk and Concentration of Credit Risk

At December 31, 20X1, ABC held unrated or less-than-investment grade corporate debt securities of \$8,000,000, net of allowance for losses, with an aggregate market value of \$7,500,000. Those holdings amounted to 4 percent of ABC's corporate debt securities investments and less than 2 percent of total assets. The holdings of less-than-investment grade securities are widely diversified and of satisfactory quality based on ABC's investment policies and credit standards. ABC also invests in mortgage loans principally involving commercial real estate. At December 31, 20X1, 3 percent of such mortgages (\$2,000,000) involved properties located in California and Arizona. Such investments consist of first mortgage liens on completed income-producing properties, and mortgages on individual properties do not exceed \$300,000.

8. Liability for Unpaid Claims

The liability for unpaid claims and claim adjustment expenses is based on the estimated amount payable on claims reported prior to the balance sheet date that have not yet been settled, claims reported subsequent to the balance sheet date that have been incurred during the period then ended, and an estimate (based on prior experience) of incurred but unreported claims relating to such period.

Activity in the liability for unpaid claims and claim adjustment expenses for the company's health and disability coverages is summarized as follows.

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Balance, beginning of year	\$ 4,737	\$ 7,669
Less: reinsurance recoverables	296	1,018
Net balance, beginning of year	<u>4,441</u>	<u>6,651</u>
Amount incurred, related to prior years	\$ (297)	\$ 313
Current year	<u>26,197</u>	<u>25,671</u>
Total	25,900	25,984
Amount paid, related to prior years	6,923	8,937
Current year	<u>18,303</u>	<u>19,257</u>
Total	<u>25,226</u>	<u>28,194</u>

(continued)

	<u>20X1</u>	<u>20X0</u>
	<i>(Amounts in thousands)</i>	
Net balance, end of year	5,115	4,441
Plus: reinsurance recoverables	<u>303</u>	<u>296</u>
Balance, end of year	<u>\$ 5,418</u>	<u>\$ 4,737</u>

As a result of changes in estimates of insured events in prior years, the provision of claims and claim adjustment expenses (net of reinsurance recoveries of \$(7,000) and \$722,000 in 20X1 and 20X0, respectively) decreased by \$297,000 in 20X1 reflecting lower-than-anticipated losses on _____, and increased by \$313,000 in 20X0 reflecting higher-than-anticipated losses and related expenses for claims for _____.

9. Minimum Guarantees

The following summarizes the liabilities for guarantees on variable contracts reflected in the general account.

	<i>Minimum Guaranteed Death Benefit (MGDB)</i>	<i>Guaranteed Minimum Accumulation Benefit (GMAB)</i>	<i>Guaranteed Minimum Income Benefit (GMIB)</i>	<i>Totals</i>
Balance at January 1	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
Incurred guarantee benefits ³	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Paid guarantee benefits	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>	<u>X,XXX,XXX</u>
Balance at December 31, 20XX ⁴	<u>\$X,XXX,XX</u>	<u>\$X,XXX,XX</u>	<u>\$X,XXX,XX</u>	<u>\$X,XXX,XX</u>

The minimum guaranteed death benefit (MGDB) liability is established equal to a benefit ratio multiplied by the cumulative contract charges earned, plus accrued interest less contract benefit payments. The benefit ratio is calculated as the estimated present value of all expected contract benefits divided by the present value of all expected contract charges. The company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

The following assumptions and methodology were used to determine the MGDB liability at December 31, 20XX:

- Data used was 1,000 stochastically generated investment performance scenarios.
- Mean investment performance assumption was XX.
- Volatility assumption was XX.
- Mortality was assumed to be 90 percent of the Annuity 2000 table.
- Lapse rates vary by contract type and duration and range from 1 percent to 20 percent, with an average of 3 percent.
- Discount rate was XX percent.

Guaranteed minimum accumulation benefits are considered to be derivatives under FASB ASC 944-815 and are recognized at fair value through earnings.

The guaranteed minimum income benefit (GMIB) liability is established equal to a benefit ratio multiplied by the cumulative contract charges earned, plus accrued interest less contract benefit payments. The benefit

³ For guaranteed minimum accumulation benefits, incurred guarantee benefits incorporates all changes in fair value other than amounts resulting from paid guarantee benefits.

⁴ Included in the total reserve balance are reserves for variable annuity death benefits of \$XXX,XXX, variable annuity income benefits of \$XXX,XXX and other guarantees of \$XXX,XXX.

ratio is calculated as the estimated present value of all expected contract benefits divided by the present value of all expected contract charges. The company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised. The assumptions used for calculating the GMIB liability at December 31, 20XX, are consistent with those used for calculating the MGDB liability. Underlying assumptions for the liability related to income benefits include assumed future annuitization elections based on factors such as the extent of benefit to the potential annuitant, eligibility conditions and the annuitant's attained age. In addition, the calculation of the GMIB liability assumes X percent of the potential annuitizations that would be beneficial to the contract holder will be elected.

10. Reinsurance

The company utilizes indemnity reinsurance agreements to reduce its exposure to large losses in all aspects of its insurance business. Such reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the company as direct insurer of the risks reinsured. The company evaluates the financial strength of potential reinsurers and continually monitors the financial condition of reinsurers. The following tables include premium amounts ceded or assumed to or from other companies.

	<u>Direct Amount</u>	<u>Ceded to Other Companies</u>	<u>Assumed from Other Companies</u>	<u>Net Amount</u>
	<i>(Amounts in thousands)</i>			
<u>20X1</u>				
Premiums:				
Life insurance	\$2,090	\$560	\$3,330	\$4,860
Accident and health	1,440	1,290	—	150
Annuities	<u>3,130</u>	<u>—</u>	<u>70</u>	<u>3,200</u>
Total earned premiums	<u>\$6,660</u>	<u>\$1,850</u>	<u>\$3,400</u>	<u>\$8,210</u>
<u>20X0</u>				
Premiums:				
Life insurance	\$2,080	\$520	\$3,680	\$5,240
Accident and health	1,510	1,370	—	140
Annuities	<u>1,840</u>	<u>—</u>	<u>30</u>	<u>1,870</u>
Total earned premiums	<u>\$5,430</u>	<u>\$1,890</u>	<u>\$3,710</u>	<u>\$7,250</u>

11. Separate Accounts

At December 31, 20X0 and 20X1, the company had the following variable contracts with guarantees. The company's variable annuity contracts may offer more than one type of guarantee in each contract; therefore, the sum of amounts listed exceeds the total account balances of variable annuity contracts' separate accounts with guarantees.

Return of net deposits plus a minimum return:

In the event of death

Account value	\$XXX	\$XXX
Net amount at risk ⁵	\$XXX	\$XXX
Average attained age of contract holders	XX	XX
Range of guaranteed minimum return rates	X-X%	X-X%

(continued)

⁵ Defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

Return of net deposits plus a minimum return:

At annuitization

Account value	\$XXX	\$XXX
Net amount at risk ⁶	\$XXX	\$XXX
Weighted average period remaining until expected annuitization	XX	XX
Range of guaranteed minimum return rates	X-X%	X-X%

Accumulation at specified date

Account value	\$XXX	\$XXX
Net amount at risk ⁷	\$XXX	\$XXX
Range of guaranteed minimum return rates	X-X%	X-X%

Account balances of contracts with guarantees were invested in variable separate accounts as follows:

<i>Asset Type</i>	<i>December 31, 20X0</i>	<i>December 31, 20X1</i>
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$	\$
Obligations of states of the United States and political subdivisions of the states		
Corporate debt securities:		
—Investment grade		
—Noninvestment grade		
Foreign debt securities		
Mortgage-backed securities		
Equity securities (including mutual funds) ⁸		
Real estate		
Mortgage loans		
Derivative financial instruments		
Cash and cash equivalents		
Total	\$X,XXX,XXX	\$X,XXX,XXX

Assets transferred from the general account to the separate accounts are recognized at fair value to the extent of third party contract holders' proportionate interest in separate accounts when the arrangement meets applicable criteria (FASB ASC 944-80-25-2). The gains recognized assets transferred to the separate accounts during 20X1 and 20X0 were XX,XXX and XX,XXX, respectively.

⁶ Defined as the present value of the minimum guaranteed annuity payments determined in accordance with the terms of the contract in excess of the current account balance.

⁷ Defined as the present value of the guaranteed minimum accumulation balance in excess of the current account balance.

⁸ The insurance enterprise may want to consider disclosing mutual funds by investment objective or other meaningful groupings that are useful in understanding the nature of the guarantee risk.

12. Guaranty Fund Assessments

At December 31, 20X1 and 20X0, ABC has recorded \$45,000 and \$67,000, respectively, in liabilities related to guaranty fund (and other) assessments which are included in other liabilities in the balance sheet. At December 31, 20X1 and 20X0, the carried liability was reduced by recoverables for related premium tax offsets and policy surcharges in the amount of \$25,000 and \$35,000, respectively. The period over which the assessments are expected to be paid and the recorded premium tax offsets and policy surcharges are expected to be realized is up to five and four years, respectively.

13. Statutory Financial Information

Under the law of ABC state, the state of incorporation, the maximum dividend that may be paid (without prior approval of the ABC state insurance department), in any 12 month period is the greater of (a) net investment income for the preceding calendar year or (b) 10 percent of contract holders' surplus at the end of the preceding calendar year. In general, net investment income for dividend purposes is interpreted by the insurance department to be the statutory pretax net investment income including net realized capital losses but excluding net realized capital gains. The maximum permissible amount of dividends for 20X3, based on statutory net investment income for 20X1, is \$20,000.

The company, which is domiciled in ABC state, prepares its statutory financial statements in accordance with accounting principles and practices prescribed or permitted by the ABC state insurance department, which (state of domicile) recognizes for determining solvency under the (state of domicile) insurance law. The commissioner of the state of domicile insurance department has the right to permit other practices that may deviate from prescribed practices. Prescribed SAP are those practices that are incorporated directly or by reference in state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in (state of domicile). Permitted SAP encompass all accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future.

Note: Although the following reconciliation to statutory financial information is not required to be disclosed in financial statements prepared in conformity with GAAP, insurance entities sometimes include such disclosures to facilitate use of those financial statements for purposes of filing with state regulatory authorities. The second disclosure on variances from NAIC SAP (defined as follows) and permitted accounting practices is required under FASB ASC 944-505-50.

The following reconciles ABC's statutory net income and statutory surplus and capital stock determined in accordance with accounting practices prescribed or permitted by the insurance department of Connecticut with net earnings (loss) and equity on a GAAP basis.

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Statutory net income	\$ 3,572	\$ 2,719
Adjustments:		
Future policy benefits and policyholders' account balances	572	894
Deferred policy acquisition costs	60	40
Deferred federal income tax (expense) benefit	(1,405)	540
Valuation of investments	115	270
Postretirement benefits	272	354
Other, net	(932)	(3,088)
GAAP net income	<u>\$ 2,254</u>	<u>\$ 1,729</u>
Statutory surplus and capital stock	\$65,388	\$54,505
Adjustments:		
Asset valuation reserves	(1,054)	(1,972)

(continued)

	<u>20X1</u>	<u>20X0</u>
	<i>(Amounts in thousands)</i>	
Statutory surplus, capital stock and asset valuation reserves	(875)	(967)
Fixed income securities	(29,472)	(27,905)
Future policy benefits and policyholders' account balances	115	270
Deferred federal income taxes	(1,412)	(1,027)
Valuation of investments	772	891
Deferred policy acquisition costs	38,936	36,429
Postretirement benefits	(2,272)	(2,354)
Other, net	<u>(228)</u>	<u>1,084</u>
GAAP equity	<u>\$69,898</u>	<u>\$58,954</u>

The company's statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the [state of domicile] insurance department. [State of domicile] has adopted the NAIC *Accounting Practices and Procedures Manual* as the basis of its SAP, except that it has retained the prescribed practice of writing off goodwill immediately to statutory surplus in the year of acquisition.

In addition, the commissioner of [state of domicile] insurance department has the right to permit other specific practices that may deviate from prescribed practices. The commissioner has permitted the company to record its home office property at estimated fair value instead of at depreciated cost, as required by NAIC SAP. This accounting practice increased statutory capital and surplus by \$X million and \$X million at December 31, 20X1 and 20X0, respectively, over what it would have been had the permitted practice not been allowed. The company's statutory capital and surplus, including the effects of the permitted practice, was \$X million and \$X million at December 31, 20X1 and 20X0, respectively.

Had the company amortized its goodwill over ten years and recorded its home office property at depreciated cost, in accordance with NAIC SAP, the company's capital and surplus would have been \$X million and \$X million at December 31, 20X1 and 20X0, respectively.

14. Commitments and Contingencies

Future minimum rental payments, principally for administrative offices, under noncancellable operating leases at December 31, 20X1, are as follows: 20X2, \$1,113,000; 20X3, \$1,064,000; 20X4, \$1,011,000; 20X5, \$976,000; 20X6, \$976,000; and \$3,906,000 thereafter. Rental expense was \$1,164,000 in 20X1 and \$1,184,000 in 20X0.

ABC is named as defendant in a number of legal actions arising primarily from claims made under insurance contracts or in connection with previous reinsurance agreements. These actions have been considered in establishing its contract benefit liability. Management and its legal counsel are of the opinion that the settlement of these actions will not have a material effect on ABC's financial position or results of operations.

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