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2010

## Checklists and illustrative financial statements : corporations, September 2010

American Institute of Certified Public Accountants (AICPA)

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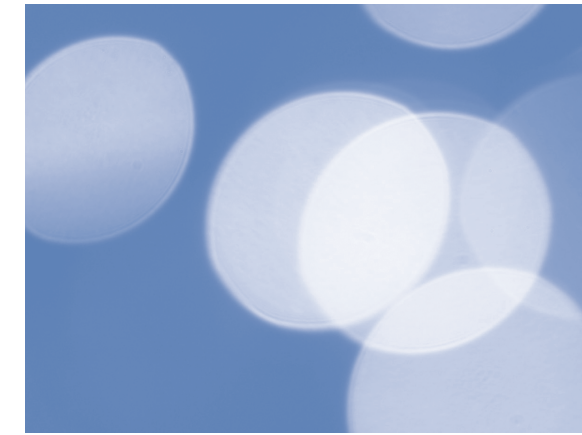
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CHECKLISTS & ILLUSTRATIVE FINANCIAL STATEMENTS

# Corporations

SEPTEMBER 2010



0089310



CHECKLISTS & ILLUSTRATIVE FINANCIAL STATEMENTS

# Corporations

SEPTEMBER 2010

*Checklists and Illustrative Financial Statements for Corporations* 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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AICPA®

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# FSP Section 6000

## *Checklists and Illustrative Financial Statements for Corporations*

### 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 the Financial Accounting Standards Board *Accounting Standards Codification*<sup>™</sup> 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](mailto:A&APublications@aicpa.org) or write to

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

## General

.01 This publication includes the following information:

- **Financial Statements and Notes Checklist (FSP section 6100)**—For use by preparers of financial statements and by practitioners who audit, review, or compile them as they evaluate the adequacy of disclosures.
- **Auditors' Report Checklist (FSP section 6200)**—For use by auditors in reporting on audited financial statements.
- **Accountants' Reports on Compiled or Reviewed Financial Statements Checklist (FSP section 6300)**—For use by accountants in reporting on compiled or reviewed financial statements.
- **Illustrative Financial Statement Formats (FSP section 6400)**—Formats commonly used to present financial statements.
- **Illustrative Financial Statements, Notes, and Auditor's Report (FSP section 6500).**

.02 These checklists and illustrative materials are intended to be used in connection with engagements of nonpublic entities and are not intended to be used in connection with audits of public entities that are required to be audited under standards set by the Public Company Accounting Oversight Board.

.03 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, review, or compile them. 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 (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 commercial corporations in preparing financial statements in conformity with U.S. GAAP. The checklist does not include disclosures that are applicable only to entities in specific industries (such as insurance entities or not-for-profit entities); nor does it include disclosures prescribed by guidance whose applicability to commercial corporations is considered to be unlikely.

.04 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.

.05 The AICPA Accounting and Auditing Publications staff has included guidance from the Financial Accounting Standards Board (FASB) *Accounting Standards Codification*<sup>™</sup> (ASC) as it existed on September 30, 2010. Questions are derived primarily from the content of the "Presentation" (section 45) and "Disclosure" (section 50) 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 commercial corporation 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 for which "Presentation" and "Disclosure" paragraphs were deemed too specific for this general publication and, where noted, users are urged to consult FASB ASC as necessary.

.06 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.

.07 In some cases, this checklist uses the terms *Additional Presentation Information* and *Additional Disclosure Information* to further illustrate an item. In such cases, the information contained under those headings



continues to be authoritative guidance and is included to further clarify a presentation or disclosure requirement or to add useful information.

.08 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)
- Statement 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)
- Statement on Standards for Accounting and Review Services No. 19, *Compilation and Review Engagements* (AICPA, *Professional Standards*, vol. 2, AR sec. 60)
- Interpretation No. 31, “Preparation of Financial Statements for Use by an Entity’s Auditors,” of AR section 100, *Compilation and Review of Financial Statements* (AICPA, *Professional Standards*, vol. 2, AR sec. 9100 par. .136–.137)

.09 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.

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

- |           |  |
|-----------|--|
| AR=       | Reference to a section number in AICPA <i>Professional Standards</i> for compilation and review standards                                |
| AU=       | Reference to a section number in AICPA <i>Professional Standards</i> for U.S. auditing standards that are applicable to nonissuers       |
| AUD=      | Reference to a section number in AICPA <i>Technical Practice Aids</i> , Statements of Position—Auditing and Attestation                  |
| FASB ASC= | Reference to a topic, subtopic, section, or paragraph in Financial Accounting Standards Board <i>Accounting Standards Codification</i> ™ |

.11 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 in FASB ASC 105, *Generally Accepted Accounting Principles*. On the effective date of this statement, FASB ASC became the authoritative source of U.S. accounting and reporting standards for non-governmental entities, in addition to guidance issued by the Securities and Exchange Commission (SEC). At that time, FASB ASC superseded 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 became nonauthoritative. This statement was effective for financial statements issued for interim and annual periods ending after September 15, 2009. See the FASB website at [www.fasb.org](http://www.fasb.org) for further information.

## Instructions

.12 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 commercial corporations. Those listed in the “Broad Transactions” section are required when circumstances dictate.

.13 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.

.14 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). For reviewed or compiled financial statements, a “No” response that is material to the financial statements may warrant a departure from a standard report as discussed in paragraphs .50–.58 of AR section 100. If a “No” response is indicated, the Accounting and Auditing Publications staff recommends 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).

.15 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 regarding where the disclosure is located in the financial statements and a cross-reference to the 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 regarding why the disclosure was not made (for example, because the item was not considered to be material to the financial statements)

.16 This checklist includes guidance mandatorily effective for annual reporting periods ending on or before September 30, 2010. Recognizing that many entities have December 31 year-ends, this checklist also includes guidance issued through September 30, 2010, which 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 not yet mandatorily effective for annual reporting periods ending on or before September 30, 2010, is described in footnotes within each section of the checklist where applicable.

.17 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 in the related checklist questions denoted with a "B" reference. Checklist questions pertaining to guidance issued through September 30, 2010, which 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 where provided.

.18 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.

.19 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 are urged to 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 are encouraged to tailor them as required to meet specific circumstances of each particular engagement. As an additional resource, users may call the AICPA Technical Hotline at 1-877-242-7212.

.20 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 your comments to [AandAPublications@aicpa.org](mailto:AandAPublications@aicpa.org).

## Recognition

.21

### AICPA Staff

Dave Arman, CPA  
*Technical Manager*  
*Accounting and Auditing Publications*

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# FSP Section 6100

## *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 225-210)   | _____ |
|     | 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)   | _____ |

*Place ✓ by  
Sections Applicable*

|      |  |       |
|------|--|-------|
| 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)                                       | _____ |
| 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 350-20)                                  | _____ |
| N.   | Property, Plant, and Equipment (FASB ASC 360-10)   | _____ |
| O.   | Discontinued Operations (FASB ASC 205-20)  | _____ |
| 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 470-30)                                   | _____ |
| 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 505-50)                       | _____ |
| G.   | Customer Payments and Incentives (FASB ASC 605-50)   | _____ |

*Place ✓ by  
Sections Applicable*

- 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 715-10) \_\_\_\_\_
  - H. Employee Stock Ownership Plans (FASB ASC 718-40) \_\_\_\_\_
  - I. Insurance Costs (FASB ASC 720-20) \_\_\_\_\_
  - J. Advertising Costs (FASB ASC 720-35) \_\_\_\_\_
  - K. Research and Development Expenses (FASB ASC 730-10) \_\_\_\_\_
  - L. Research and Development Arrangements (FASB ASC 730-20) \_\_\_\_\_
  - M. Income Taxes (FASB ASC 740-10) \_\_\_\_\_
  - N. Intraproduct Tax Allocations (FASB ASC 740-20) \_\_\_\_\_
  - O. Income Taxes—Other Considerations or Special Areas (FASB ASC 740-30) \_\_\_\_\_
  - P. 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 Flows Hedges (FASB ASC 815-30) \_\_\_\_\_
  - K. Net Investments Hedges (FASB ASC 815-35) \_\_\_\_\_
  - L. Contracts in Entity’s Own Equity (FASB ASC 815-40) \_\_\_\_\_
  - M. Weather Derivatives (FASB ASC 815-40) \_\_\_\_\_
  - 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. Leases—Overall (Lessees) (FASB ASC 840-10) \_\_\_\_\_
  - U. Operating Leases (Lessees) (FASB ASC 840-20) \_\_\_\_\_

*Place ✓ by  
Sections Applicable*

|     |   |       |
|-----|---|-------|
| V.  | Capital Leases (Lessees) (FASB ASC 840-30)              | _____ |
| W.  | Sale-Leaseback Transactions (Lessees) (FASB ASC 840-40) | _____ |
| X.  | Leases—Overall (Lessors) (FASB ASC 840-10)              | _____ |
| Y.  | Operating Leases (Lessors) (FASB ASC 840-20)            | _____ |
| Z.  | Capital Leases (Lessors) (FASB ASC 840-30)              | _____ |
| AA. | Nonmonetary Transactions (FASB ASC 845-10)              | _____ |
| BB. | Related Party Disclosures (FASB ASC 850-10)             | _____ |
| CC. | Reorganizations (FASB ASC 852-10 and FASB ASC 852-20)   | _____ |
| DD. | Subsequent Events (FASB ASC 855-10)                     | _____ |
| EE. | Transfers and Servicing (FASB ASC 860-10)               | _____ |
| FF. | Sales of Financial Assets (FASB ASC 860-20)             | _____ |
| GG. | Secured Borrowing and Collateral (FASB ASC 860-30)      | _____ |
| HH. | Servicing Assets and Liabilities (FASB ASC 860-50)      | _____ |

## I. Presentation

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>A. Presentation of Financial Statements (FASB ASC 205-10)</b>   |            |           |            |
| <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?<br>[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?<br>[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?<br>[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?<br>[FASB ASC 205-10-50-1] | _____      | _____     | _____      |



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

|                                  | <b>BALANCE SHEET TITLE</b> |             |             |             |
|----------------------------------|----------------------------|-------------|-------------|-------------|
|                                  | <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           |
| <b>Total entities</b>            | <b>500</b>                 | <b>500</b>  | <b>600</b>  | <b>600</b>  |

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)

See "Discontinued Operations" (FASB ASC 205-20)

**C. Presentation of the Balance Sheet** (FASB ASC 210-10)

*Disclosure*

|   |       |       |       |
|---|-------|-------|-------|
| 1. 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?<br>[FASB ASC 210-10-50-1] | _____ | _____ | _____ |
|---|-------|-------|-------|

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>D. Presentation of Offsetting in the Balance Sheet</b> (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?<br>[FASB ASC 210-20-45-2]   | _____      | _____     | _____      |
| <b>E. Presentation of Comprehensive Income</b> (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?<br>[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 where the components of other comprehensive income (OCI) are presented?<br>[FASB ASC 220-10-45-5]   | _____      | _____     | _____      |
| 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?<br>[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?<br>[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.)<br>[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?<br>[FASB ASC 220-10-45-11]  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[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?"<br>[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?<br>[FASB ASC 220-10-45-14]   | _____      | _____     | _____      |
| Interim-Period Reporting  |            |           |            |
| 10. Has the entity properly presented a total for comprehensive income in condensed financial statements of interim periods?<br>[FASB ASC 220-10-45-18]   | _____      | _____     | _____      |
| <b>F. Presentation of the Income Statement (FASB ASC 225-10)</b>  |            |           |            |
| <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?<br>[FASB ASC 225-10-45-1]                              | _____      | _____     | _____      |
| <b>G. Presentation of Extraordinary and Unusual Items in the Income Statement (FASB ASC 225-20)</b>   |            |           |            |
| <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?<br>[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?<br>[FASB ASC 225-20-45-10]   | _____      | _____     | _____      |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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.)<br>[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?<br>[FASB ASC 225-20-45-12]  | _____      | _____     | _____      |
| Adjustment of Amounts Reported in Prior Periods   |            |           |            |
| 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?<br>[FASB ASC 225-20-45-13]   | _____      | _____     | _____      |
| Presentation of Unusual or Infrequently Occurring Items   |            |           |            |
| 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), ( <i>a</i> ) as a separate component of income from continuing operations and ( <i>b</i> ) accompanied by disclosure of the nature and financial effects of each event?<br>[FASB ASC 225-20-45-16]   | _____      | _____     | _____      |
| <i>Disclosure</i>   |            |           |            |
| Unusual or Infrequently Occurring Items   |            |           |            |
| 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?<br>[FASB ASC 225-20-50-3]   | _____      | _____     | _____      |
| Interim Reporting   |            |           |            |
| 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?<br>[FASB ASC 225-20-50-4]   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>H. Presentation of the Statement of Cash Flows (FASB ASC 230-10)</b>  |            |           |            |
| <i>Presentation</i>  |            |           |            |
| Cash and Cash Equivalents  |            |           |            |
| 1. Has the entity properly presented the change during the period in cash and cash equivalents and present an explanation for the change?<br>[FASB ASC 230-10-45-4]  | _____      | _____     | _____      |
| Cash Flows From Investing Activities   |            |           |            |
| 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?<br>[FASB ASC 230-10-45-11]   | _____      | _____     | _____      |
| Cash Flows From Operating Activities   |            |           |            |
| 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?<br>[FASB ASC 230-10-45-17(e)]  | _____      | _____     | _____      |
| 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?<br>[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?<br>[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?<br>[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.)<br>[FASB ASC 230-10-45-24] | _____      | _____     | _____      |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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)?<br>[FASB ASC 230-10-45-25]   | _____      | _____     | _____      |
| Reconciliation of Net Income and Net Cash Flow From Operating Activities  |            |           |            |
| 9. 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?<br>[FASB ASC 230-10-45-28]   | _____      | _____     | _____      |
| 10. 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?<br>[FASB ASC 230-10-45-29]   | _____      | _____     | _____      |
| 11. 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?<br>[FASB ASC 230-10-45-30]   | _____      | _____     | _____      |
| 12. 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?<br>[FASB ASC 230-10-45-31] | _____      | _____     | _____      |

Yes      No      N/A

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           |
| <b>Total entities</b> | <b>500</b>  | <b>500</b>  | <b>600</b>  | <b>600</b>  |

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

*Disclosure*

Cash Equivalents Policy

13. 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

14. 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

15. 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]
16. 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]

Yes      No      N/A

**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**

|                                 | <b>Number of Companies</b> |             |             |             |
|---------------------------------|----------------------------|-------------|-------------|-------------|
|                                 | <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         |
| Nature of operations            | 365                        | 363         | 376         | 286         |
| Earnings per share calculation  | 297                        | 300         | 351         | 368         |
| Accounts receivable             | 349                        | 333         | 381         | 386         |
| Advertising costs               | 244                        | 250         | 293         | 288         |
| Employee benefits               | 229                        | 195         | 217         | 185         |
| Research and development costs  | 185                        | 172         | 228         | 224         |
| Credit risk concentrations      | 181                        | 190         | 213         | 211         |
| Fiscal years                    | 150                        | 145         | 165         | 168         |
| Environmental costs             | 129                        | 131         | 145         | 144         |
| Capitalization of interest      | 98                         | 86          | 102         | 92          |

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

*Disclosure*

What to Disclose

- Has the entity properly disclosed, in the summary or notes, information to 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]



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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]   | _____      | _____     | _____      |
| Avoid Duplicate Details of Disclosures   |            |           |            |
| 3. 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   |            |           |            |
| 4. 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? [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]).

|  | <b>ACCOUNTING CHANGES</b>  |             |             |             |
|--|----------------------------|-------------|-------------|-------------|
|  | <b>Number of Companies</b> |             |             |             |
|  | <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          |

*(continued)*

|   |   |   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|---|---|------------|-----------|------------|
| 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. Has the entity properly presented, if a change in reporting entity results in financial statements that are, in effect, the statements of a different reporting entity, the change, retrospectively applied to all periods presented?  
[FASB ASC 250-10-45-21]

\_\_\_\_\_

*Disclosure*

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): (*Note:* 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.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?  | _____      | _____     | _____      |
| 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?<br>[FASB ASC 250-10-50 par. 1–2]   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 250-10-50-3]   | _____      | _____     | _____      |
| Change in Accounting Estimate <sup>1</sup>  |            |           |            |
| 4. 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; however, if the effect of a change in the estimate is material, is it disclosed?)<br>[FASB ASC 250-10-50-4] | _____      | _____     | _____      |

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<sup>1</sup> 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.

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 5. Has the entity properly disclosed when, the entity effects a change in estimate by changing an accounting principle, the disclosures required by FASB ASC 250-10-50 paragraphs 1-3 made?<br>[FASB ASC 250-10-50-4]   | _____      | _____     | _____      |
| 6. Has the entity properly disclosed if a change in estimate 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 whenever the financial statements of the period of change are presented?<br>[FASB ASC 250-10-50-4]     | _____      | _____     | _____      |
| Change in Reporting Entity  |            |           |            |
| 7. Has the entity properly disclosed when there has been a change in the reporting entity, in the financial statements of the period of the change, a description of the nature of the change and the reason for it?<br>[FASB ASC 250-10-50-6]  | _____      | _____     | _____      |
| 8. Has the entity properly disclosed 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 for all periods presented?<br>[FASB ASC 250-10-50-6]                                  | _____      | _____     | _____      |
| 9. Has the entity properly disclosed 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 whenever the financial statements of the period of change are presented?<br>[FASB ASC 250-10-50-6] | _____      | _____     | _____      |
| Correction of an Error in Previously Issued Financial Statements  |            |           |            |
| 10. Has the entity properly disclosed when financial statements are restated to correct an error, 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?<br>[FASB ASC 250-10-50-7]   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 11. 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.)<br>[FASB ASC 250-10-50 par. 8 and 10] | _____      | _____     | _____      |
| 12. Has the entity properly disclosed the following disclosures of 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?<br>[FASB ASC 250-10-50-9]   | _____      | _____     | _____      |
| <b>Error Correction Related to Prior Interim Periods of the Current Fiscal Year</b>   |            |           |            |
| 13. Has the entity properly disclosed, if the entity prepares interim reporting and an adjustment related to a prior period of the current fiscal year has been made, 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?<br>[FASB ASC 250-10-50-11]  | _____      | _____     | _____      |
| <b>K. Presentation of Changing Prices (FASB ASC 255-10)</b>   |            |           |            |
| <i>Disclosure</i>   |            |           |            |
| 1. Although not required, has the entity properly disclosed, as encouraged, supplementary information on the effects of changing prices?<br>[FASB ASC 255-10-50-1]  | _____      | _____     | _____      |

Yes      No      N/A

**L. Presentation of Earnings Per Share (FASB ASC 260-10)<sup>2</sup>**

*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?<br>[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?<br>[FASB ASC 260-10-50-2] | _____ | _____ | _____ |

<sup>2</sup> 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> |
|---|------------|-----------|------------|
| <b>M. Presentation Regarding Interim Reporting (FASB ASC 270-10)<sup>3</sup></b>  |            |           |            |
| <i>Disclosure</i>   |            |           |            |
| 1. Has the 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?  | _____      | _____     | _____      |

<sup>3</sup> 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 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 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](http://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.

## Corporations

|   | <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?<br>[FASB ASC 270-10-50-1]   | _____      | _____     | _____      |



|   | <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?<br>[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 been made?<br>[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?<br>[FASB ASC 270-10-50-4]  | _____      | _____     | _____      |
| 5. Has the entity properly disclosed extraordinary items separately and including in the determination of net income for the period in which the occurred?<br>[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?<br>[FASB ASC 270-10-50-6]  | _____      | _____     | _____      |
| <b>N. Presentation Regarding Income Taxes for Interim Reporting</b><br>(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?<br>[FASB ASC 275-10-50-2]   | _____ | _____ | _____ |
| 2. Has the entity properly disclosed, if the entity operates in more than one business, information indicating the relative importance of its operations in each business and the basis for this determination (assets, revenues, and earnings)?<br>[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?<br>[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 possible 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?<br>[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.)<br>[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?<br>[FASB ASC 275-10-50 par. 16 and 20]   | _____      | _____     | _____      |
| <b>P. Presentation Regarding Segment Reporting (FASB ASC 280-10)</b>  |            |           |            |

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#### 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.

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#### *Disclosure*

#### Operating Segments—Disclosure Requirements—General Information

- Has the public entity properly disclosed the following for each period for which an income statement is presented:

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <p><i>a.</i> 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)?</p>   | _____      | _____     | _____      |
| <p><i>b.</i> Types of products and services from which each reportable segment derives its revenues?<br/>[FASB ASC 280-10-50-21]</p>  | _____      | _____     | _____      |
| <p>Operating Segments—Disclosure Requirements—Information About Profit or Loss and Assets</p>   |            |           |            |
| <p>2. Has the public entity properly disclosed a measure of profit or loss and total assets for each reportable segment?<br/>[FASB ASC 280-10-50-22]</p>  | _____      | _____     | _____      |
| <p>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?</p>  |            |           |            |
| <p><i>a.</i> Revenues from external customers?</p>  | _____      | _____     | _____      |
| <p><i>b.</i> Revenues from transactions with other operating segments of the reporting entity?</p>  | _____      | _____     | _____      |
| <p><i>c.</i> Interest revenue?</p>  | _____      | _____     | _____      |
| <p><i>d.</i> Interest expense?</p>  | _____      | _____     | _____      |
| <p><i>e.</i> Depreciation, depletion, and amortization expense?</p>   | _____      | _____     | _____      |
| <p><i>f.</i> Unusual items as described in FASB ASC 225-20-45-16?</p>   | _____      | _____     | _____      |
| <p><i>g.</i> Equity in the net income of investees accounted for by the equity method?</p>  | _____      | _____     | _____      |
| <p><i>h.</i> Income tax expense or benefit?</p>   | _____      | _____     | _____      |
| <p><i>i.</i> Extraordinary items?</p>   | _____      | _____     | _____      |
| <p><i>j.</i> Significant noncash items other than depreciation, depletion, and amortization expense?<br/>[FASB ASC 280-10-50-22]</p>  | _____      | _____     | _____      |
| <p>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.)<br/>[FASB ASC 280-10-50 par. 22–24]</p> | _____      | _____     | _____      |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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. The amount of investment in equity method investees?  | _____      | _____     | _____      |
| ii. 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?<br>[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?<br>[FASB ASC 280-10-50-26]   | _____      | _____     | _____      |
| Operating Segments—Disclosure Requirements—Information About Profit or Loss and Assets—Measurement   |            |           |            |
| 7. Has the public entity properly disclosed an explanation of the measurements of segment profit or loss and segment assets that discloses the following for each reportable segment:  |            |           |            |
| a. The basis of accounting for any transactions between reportable segments?   | _____      | _____     | _____      |
| b. 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?  | _____      | _____     | _____      |
| c. The nature of any differences between the measurements of the reportable segments' assets and the reporting entity's consolidated assets?   | _____      | _____     | _____      |
| 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?<br>[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 with all significant reconciling items separately identified and described?<br>[FASB ASC 280-10-50 par. 30-31] | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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.<br>[FASB ASC 280-10-50 par. 32–33] | _____      | _____     | _____      |
| 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?<br>[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?<br>[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?<br>[FASB ASC 280-10-50-40]  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?  |            |           |            |
| a. 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?  | _____      | _____     | _____      |
| b. Revenues from external customers attributed to an individual foreign country, if material?  | _____      | _____     | _____      |
| c. The basis for attributing revenues from external customers to individual countries?   | _____      | _____     | _____      |
| d. 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? | _____      | _____     | _____      |
| e. Long-lived assets as described above in an individual foreign country, if material?<br>[FASB ASC 280-10-50-41]  | _____      | _____     | _____      |
| 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)?<br>[FASB ASC 280-10-50-42]   | _____      | _____     | _____      |

## II. Assets

### A. Receivables (FASB ASC 310-10)<sup>4, 5</sup>

#### *Presentation*

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<sup>4</sup> 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](http://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.

<sup>5</sup> See footnote 3.

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>Loans or Trade Receivables</b>   |            |           |            |
| 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? ( <i>Note:</i> Major categories of loans or trade receivables should be presented separately either in the balance sheet or in the notes to the financial statements.)<br>[FASB ASC 310-10-45-2]  | _____      | _____     | _____      |
| <b>Foreclosed or Repossessed Assets</b>   |            |           |            |
| 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? ( <i>Note:</i> 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.)<br>[FASB ASC 310-10-45-3] | _____      | _____     | _____      |
| <b>Allowances</b>   |            |           |            |
| 3. Has the entity properly presented allowances for uncollectible receivables as deductions from the related receivables?<br>[FASB ASC 310-10-45-4]   | _____      | _____     | _____      |
| <b>Unearned Discounts</b>   |            |           |            |
| 4. 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?<br>[FASB ASC 310-10-45-8]   | _____      | _____     | _____      |
| <b>Receivables from Officers, Employees, or Affiliates</b>  |            |           |            |
| 5. 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?”<br>[FASB ASC 310-10-45-13]  | _____      | _____     | _____      |
| <i>Disclosure</i>   |            |           |            |
| <b>Loans or Trade Receivables</b>   |            |           |            |
| 6. 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)?   | _____      | _____     | _____      |

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|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[FASB ASC 310-10-50-2]                                 | _____      | _____     | _____      |
| 7. 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?<br>[FASB ASC 310-10-50-3]  | _____      | _____     | _____      |
| 8. 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?<br>[FASB ASC 310-10-50-4] | _____      | _____     | _____      |
| Nonaccrual and Past Due Loans and Trade Receivables  |            |           |            |
| 9. Has the entity properly disclosed the following in the accounting policy note disclosure:   |            |           |            |
| a. The policy for placing loans and trade receivables, if applicable, on nonaccrual status (or discontinuing accrual of interest)?   | _____      | _____     | _____      |
| b. The policy for recording payments received on nonaccrual loans and trade receivables, if applicable?  | _____      | _____     | _____      |
| c. The policy for resuming accrual of interest?  | _____      | _____     | _____      |
| d. The policy for charging off uncollectible loans and trade receivables?  | _____      | _____     | _____      |
| e. 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)?<br>[FASB ASC 310-10-50-6]   | _____      | _____     | _____      |
| 10. 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?<br>[FASB ASC 310-10-50-7]  | _____      | _____     | _____      |
| 11. Has the entity properly disclosed the recorded investment in loans, and trade receivables, if applicable, past due 90 days or more and still accruing?<br>[FASB ASC 310-10-50-7]   | _____      | _____     | _____      |



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Accounting Policies for Credit Losses and Doubtful Accounts  |            |           |            |
| 12. 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? ( <i>Note</i> : The entity may also include a discussion of risk elements relevant to particular categories of financial instruments.)<br>[FASB ASC 310-10-50-9] | _____      | _____     | _____      |
| Allowance for Credit Losses Related to Loans   |            |           |            |
| 13. 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?<br>[FASB ASC 310-10-50-12]  | _____      | _____     | _____      |
| Impaired Loans   |            |           |            |
| 14. 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 <i>impaired loan</i> in paragraphs 16 and 17 of FASB ASC 310-10-35:   |            |           |            |
| <i>a.</i> As of the date of each statement of financial position presents, the total recorded investment in the impaired loans at the end of each period and   |            |           |            |
| <i>i.</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?   | _____      | _____     | _____      |
| <i>ii.</i> 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?  | _____      | _____     | _____      |
| <i>b.</i> The creditor’s policy for recognizing interest income on impaired loans, including how cash receipts are recorded?   | _____      | _____     | _____      |
| <i>c.</i> 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?<br>[FASB ASC 310-10-50 par. 15–16]  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| Loss Contingencies  |            |           |            |
| 15. 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?<br>[FASB ASC 310-10-50-22]  | _____      | _____     | _____      |
| Risks and Uncertainties   |            |           |            |
| 16. 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.)<br>[FASB ASC 275-10-50-16; 310-10-50-25]   | _____      | _____     | _____      |
| <b>B. Nonrefundable Fees and Other Costs (FASB ASC 310-20)</b>  |            |           |            |
| <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?<br>[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?<br>[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.)<br>[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?<br>[FASB ASC 310-20-50-1]                             | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 5. Has the entity properly disclose, if the entity anticipates prepayments in applying the interest method, the policy and any significant assumptions underlying the prepayment estimates?<br>[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.)<br>[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)?<br>[FASB ASC 310-20-50-4]   | _____      | _____     | _____      |
| <b>C. Loans and Debt Securities Acquired With Deteriorated Credit Quality (FASB ASC 310-30)</b>  |            |           |            |
| <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 require payments receivable in excess of the amount of its cash flows expected at acquisition?<br>[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?<br>[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?  | _____      | _____     | _____      |

|   |   | <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]   | _____      | _____     | _____      |
| <b>D. Troubled Debt Restructurings by Creditors (FASB ASC 310-40)</b> |   |            |           |            |
| <i>Disclosure</i> <sup>6</sup>  |   |            |           |            |
| 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, in a consistent manner? ( <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] | _____      | _____     | _____      |

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<sup>6</sup> See footnote 3.

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Loan Restructured Into Two (or More) Loan Agreements   |            |           |            |
| 3. 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]  | _____      | _____     | _____      |
| <b>E. Investments—Debt and Equity Securities (FASB ASC 320-10)</b>   |            |           |            |
| <i>Presentation</i>  |            |           |            |
| Balance Sheet Classification   |            |           |            |
| 1. 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]   | _____      | _____     | _____      |
| 2. Has the entity properly presented, if the entity presents a classified statement of financial position, 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]                                       | _____      | _____     | _____      |
| Income Statement Classification  |            |           |            |
| 3. 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  |            |           |            |
| 4. Has the entity properly presented, in a period in which the entity determines that a security's decline in fair value below its amortized costs basis is other than temporary, the total other-than-temporary impairment in the statement of earning with an offset for the amount of the total other-than-temporary impairment that is recognized in OCI, in accordance with FASB ASC 310-10-35-34D? [FASB ASC 320-10-45-8A] | _____      | _____     | _____      |

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|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Other Comprehensive Income   |            |           |            |
| 5. 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.)<br>[FASB ASC 320-10-45-9]  | _____      | _____     | _____      |
| Other Than Temporary Impairment  |            |           |            |
| 6. 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?<br>[FASB ASC 320-10-45-9A]  | _____      | _____     | _____      |
| Cash Flow Presentation   |            |           |            |
| 7. 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?<br>[FASB ASC 320-10-45-11]   | _____      | _____     | _____      |
| 8. 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?<br>[FASB ASC 320-10-45-11]  | _____      | _____     | _____      |
| <i>Disclosure</i>  |            |           |            |
| General  |            |           |            |
| 9. 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.)<br>[FASB ASC 320-10-50-1B] | _____      | _____     | _____      |
| Securities Classified as Available for Sale  |            |           |            |
| 10. 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?   | _____      | _____     | _____      |
| b. Aggregate fair value?   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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.)<br>[FASB ASC 320-10-50 par. 2-4] | _____      | _____     | _____      |
| 11. 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?<br>[FASB ASC 320-10-50-5]  | _____      | _____     | _____      |

Impairment of Securities

12. 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:

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|   | <u>Yes</u>                             | <u>No</u>                              | <u>N/A</u>                             |
|---|--|--|--|
| <p><i>a.</i> 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 position<sup>7</sup> for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer.),</p> <p style="padding-left: 20px;"><i>i.</i> the aggregate related fair value of investments with unrealized losses?</p> <p style="padding-left: 20px;"><i>ii.</i> the aggregate amount of unrealized losses (that is, the amount by which cost basis exceeds fair value)?</p> <p><i>b.</i> 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? (See FASB ASC 320-10-50-6 for example disclosures.)<br/>[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>13. 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.)<br/>[FASB ASC 320-10-50-8A]</p>  | <p>_____</p>                           | <p>_____</p>                           | <p>_____</p>                           |
| <p>14. 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>                           |

<sup>7</sup> 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



|   | <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?<br>[FASB ASC 320-10-50-8B]   | _____      | _____     | _____      |
| <b>Sales, Transfers, and Related Matters That Occurred During the Period</b>  |            |           |            |
| 15. 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?   | _____      | _____     | _____      |

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|           |   | <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?<br>[FASB ASC 320-10-50-9]   | _____      | _____     | _____      |
| 16.       | 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?<br>[FASB ASC 320-10-50 par. 10–11]  | _____      | _____     | _____      |
| <b>F.</b> | <b>Investments—Equity Method and Joint Ventures</b> (FASB ASC 323-10)   |            |           |            |
|           | <i>Disclosure</i>   |            |           |            |
|           | General   |            |           |            |
| 1.        | 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?  | _____      | _____     | _____      |
| 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.)   | _____      | _____     | _____      |

|   |   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|---|------------|-----------|------------|
| 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?<br>[FASB ASC 323-10-50-3]   | _____      | _____     | _____      |
| <b>G. Cost Method Investments (FASB ASC 325-20)</b> |   |            |           |            |
| <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)?  | _____      | _____     | _____      |
| 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> ?  | _____      | _____     | _____      |
| 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> ?<br>[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:

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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 disclose the amount of those investments accounted for under the fair value method included in the aggregate amount?<br>[FASB ASC 325-30-45-1]   | _____      | _____     | _____      |
| <b>Life Settlement Contract—Income Statement</b>   |            |           |            |
| 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?  | _____      | _____     | _____      |
| b. Presenting the aggregate of the investment income in life settlement contracts and parenthetically disclose the investment income from those investments accounted for under the fair value method that are included in the aggregate amount?<br>[FASB ASC 325-30-45-3]   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 325-30-45-4]   | _____      | _____     | _____      |
| <b>Life Settlement Contract—Statement of Cash Flows</b>  |            |           |            |
| 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?<br>[FASB ASC 325-30-45-5]   | _____      | _____     | _____      |
| <i>Disclosure</i>  |            |           |            |
| <b>General</b>   |            |           |            |
| 5. Has the entity properly disclosed when contractual restrictions on the ability to surrender a policy exist?<br>[FASB ASC 325-30-50-1]   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| Life Settlement Contract  |            |           |            |
| 6. Has the entity properly disclosed its accounting policy for life settlement contracts including the classification of cash receipts and cash disbursements in 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.)<br>[FASB ASC 325-30-50 par. 2-3]  | _____      | _____     | _____      |
| Life Settlement Contract—Investment Method  |            |           |            |
| 7. 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?<br>[FASB ASC 325-30-50-4]   | _____      | _____     | _____      |
| 8. 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?<br>[FASB ASC 325-30-50-5]  | _____      | _____     | _____      |
| 9. 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.)<br>[FASB ASC 325-30-50-6] | _____      | _____     | _____      |
| Life Settlement Contract—Fair Value Method  |            |           |            |
| 10. 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?<br>[FASB ASC 325-30-50-7]   | _____      | _____     | _____      |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 11. 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:         |            |           |            |
| 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?<br>[FASB ASC 325-30-50-8]  | _____      | _____     | _____      |
| 12. 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?<br>[FASB ASC 325-30-50-9]              | _____      | _____     | _____      |
| 13. Has the investor (entity) properly disclosed the following for each reporting period presented in the income statement:  |            |           |            |
| a. The gains or losses recognized during the period on investments sold during the period?   | _____      | _____     | _____      |
| b. The unrealized gains or losses recognized during the period on investments that are still held at the date of the statement of financial position?<br>[FASB ASC 325-30-50-10]   | _____      | _____     | _____      |
| <b>I. Inventory (FASB ASC 330-10)</b>  |            |           |            |
| <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?<br>[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)?<br>[FASB ASC 330-10-50-2] | _____      | _____     | _____      |
| Goods Stated Above Cost  |            |           |            |
| 3. Has the entity properly disclosed if goods are stated above cost?<br>[FASB ASC 330-10-50-3]   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| Stating Inventories at Sales Prices   |            |           |            |
| 4. Has the entity properly disclosed if goods are stated at sales prices?<br>[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?<br>[FASB ASC 330-10-50-5]   | _____      | _____     | _____      |
| <b>J. Capitalized Advertising Costs (FASB ASC 340-20)</b>   |            |           |            |
| <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?<br>[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?<br>[FASB ASC 340-20-50-1]  | _____      | _____     | _____      |
| <b>K. Insurance Contracts That Do Not Transfer Insurance Risks (FASB ASC 340-30)</b>  |            |           |            |
| <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?<br>[FASB ASC 340-30-45-1]  | _____      | _____     | _____      |

## Corporations

|  | <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. 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) shall be 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?<br>[FASB ASC 340-30-50-2]   | _____      | _____     | _____      |
| <b>L. Goodwill (FASB ASC 350-20)</b>  |            |           |            |
| <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?<br>[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?<br>[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?<br>[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): <sup>8</sup>   |            |           |            |
| 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?   | _____      | _____     | _____      |

<sup>8</sup> 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.

## Corporations

|   |   | <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?<br>[FASB ASC 350-20-50-1]  | _____      | _____     | _____      |
| <b>Goodwill Impairment Loss</b>                                     |   |            |           |            |
| 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?<br>[FASB ASC 350-20-50-2] | _____      | _____     | _____      |
| <b>M. General Intangibles Other Than Goodwill (FASB ASC 350-20)</b> |   |            |           |            |
| <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.)<br>[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?<br>[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? \_\_\_\_\_

## Corporations

|   | <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?<br>[FASB ASC 350-30-50-2]   | _____      | _____     | _____      |
| <b>Disclosures Relating to Impairment Loss</b>  |            |           |            |
| 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?<br>[FASB ASC 350-30-50-3]  | _____      | _____     | _____      |
| <b>Renewal or Extension of an Intangible Asset's Legal or Contractual Life</b>  |            |           |            |
| 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?<br>[FASB ASC 350-30-50-4] | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>N. Property, Plant, and Equipment (FASB ASC 360-10)</b>  |            |           |            |
| <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?<br>[FASB ASC 360-10-45-4]  | _____      | _____     | _____      |
| Impairment of Long-Lived Assets—Impairment of Long-Lived Assets Classified as Held and Used—Presentation of Disposal Gains or Losses in Continuing Operations   |            |           |            |
| 2. 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.)<br>[FASB ASC 360-10-45-5] | _____      | _____     | _____      |
| Change of Classification After Balance Sheet Date but Before Issuance of Financial Statements   |            |           |            |
| 3. 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?<br>[FASB ASC 360-10-45-13]   | _____      | _____     | _____      |
| <i>Disclosure</i>   |            |           |            |
| 4. 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?<br>[FASB ASC 360-10-50-1]   | _____      | _____     | _____      |
| 5. Is the following information disclosed in the notes to the financial statements that include the period in which an impairment loss is recognized:   |            |           |            |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[FASB ASC 360-10-50-2]   | _____      | _____     | _____      |
| <b>O. Discontinued Operations (FASB ASC 205-20)</b>  |            |           |            |
| <i>Presentation</i>  |            |           |            |
| 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?<br>[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?<br>[FASB ASC 205-20-45-3] | _____      | _____     | _____      |
| 3. Has the entity properly presented the results of operations of a component classified as held for sale in discontinued operations in the period(s) in which they occur?<br>[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?<br>[FASB ASC 205-20-45-3]   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[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 it separately in the current period in discontinued operations?<br>[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?<br>[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.)<br>[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:  |            |           |            |
| <i>a.</i> 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?  | _____      | _____     | _____      |
| <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?   | _____      | _____     | _____      |
| <i>c.</i> If applicable, amounts of revenue and pretax profit or loss reported in discontinued operations?  | _____      | _____     | _____      |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <i>d.</i> If applicable, the segment in which the long-lived asset (disposal group) is reported under FASB ASC 280?<br>[FASB ASC 205-20-50-1]   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 205-20-50-2]  | _____      | _____     | _____      |
| Change to a Plan of Sale  |            |           |            |
| 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 paragraph 360-10-35-44 or 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?<br>[FASB ASC 205-20-50-3] | _____      | _____     | _____      |
| Continuing Cash Flows   |            |           |            |
| 12. Has the entity properly disclosed the following, for each discontinued operation that generates continuing cash flows:  |            |           |            |
| <i>a.</i> The nature of the activities that give rise to continuing cash flows?   | _____      | _____     | _____      |
| <i>b.</i> The period of time continuing cash flows are expected to be generated?  | _____      | _____     | _____      |
| <i>c.</i> The principal factors used to conclude that the expected continuing cash flows are not direct cash flows of the disposed component?<br>[FASB ASC 205-20-50-4]   | _____      | _____     | _____      |
| Adjustments to Previously Reported Amounts  |            |           |            |
| 13. 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?<br>[FASB ASC 205-20-50-5]   | _____      | _____     | _____      |



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Continuing Involvement by Ongoing Entity   |            |           |            |
| 14. 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.)<br>[FASB ASC 205-20-50-6] | _____      | _____     | _____      |

**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?  | _____ | _____ | _____ |
| 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?<br>[FASB ASC 405-30-50-1] | _____ | _____ | _____ |

**B. Asset Retirement and Environmental Obligations (FASB ASC 410-20)**

*Presentation*

|   |       |       |       |
|---|-------|-------|-------|
| 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.)<br>[FASB ASC 410-20-45-1] | _____ | _____ | _____ |
|---|-------|-------|-------|

*Disclosure*

|  |       |       |       |
|--|-------|-------|-------|
| 2. 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?     | _____ | _____ | _____ |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[FASB ASC 410-20-50-1] | _____      | _____     | _____      |
| 3. Has the entity properly disclosed, if the fair value of an asset retirement obligation cannot be reasonably estimated, that fact and the reasons therefore?<br>[FASB ASC 410-20-50-2]  | _____      | _____     | _____      |
| <b>C. Asset Retirement and Environmental Obligations—<br/>Environmental Obligations (FASB ASC 410-30)</b>   |            |           |            |
| <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.)<br>[FASB ASC 410-30-45-3]  | _____      | _____     | _____      |
| 2. Has the entity properly presented environmental remediation costs as a charge against operations, rather than non-operating expenses?<br>[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?<br>[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?<br>[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.)<br>[FASB ASC 410-30-50-4]  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[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?<br>[FASB ASC 410-30-50-8]   | _____      | _____     | _____      |
| 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?<br>[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?  | _____      | _____     | _____      |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| v. The estimated time frame for resolution of the contingency?<br>[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?<br>[FASB ASC 410-30-50-11]   | _____      | _____     | _____      |
| 11. Has the entity properly disclosed the following encouraged, but not required, items in the income statement:  |            |           |            |
| a. The amount recognized for environmental remediation loss contingencies in each period?   | _____      | _____     | _____      |
| b. The amount of any recovery from third parties that is credited to environmental remediation costs in each period?  | _____      | _____     | _____      |
| c. The income statement caption in which environmental remediation costs and credits are included?<br>[FASB ASC 410-30-50-12]   | _____      | _____     | _____      |
| 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?<br>[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?<br>[FASB ASC 410-30-50-17]         | _____      | _____     | _____      |
| <b>D. Exit or Disposal Cost Obligations (FASB ASC 420-10)</b>   |            |           |            |
| <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?<br>[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?<br>[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?"<br>[FASB ASC 420-10-45-3]                               | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 4. Has the entity properly presented accretion expense separately from interest cost in the income statement?<br>[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?   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 420-10-50-1]   | _____      | _____     | _____      |

Yes    No    N/A**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> |
| <b>Loss Contingencies</b>                      |                     |             |             |             |
| 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          |
| <b>Gain Contingencies</b>                      |                     |             |             |             |
| 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          |
| Charitable contribution carryforward           | 7                   | 5           | 7           | 6           |
| Potential tax refund                           | 4                   | 4           | 12          | 5           |
| Other—described                                | 6                   | 3           | 6           | 5           |

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?                                | _____ | _____ | _____ |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| iii. An obligation to maintain working capital?                    | _____      | _____     | _____      |
| iv. An obligation to restrict dividends?<br>[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?  | _____ | _____ | _____ |
| 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?<br>[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?<br>[FASB ASC 440-10-50-4]   | _____ | _____ | _____ |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[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?<br>[FASB ASC 440-10-50-6]  | _____      | _____     | _____      |
| <b>F. Loss Contingencies (FASB ASC 450-20)<sup>9</sup></b>   |            |           |            |
| <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.)<br>[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.)<br>[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?   | _____      | _____     | _____      |

<sup>9</sup> See footnote 3.



|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| b. An exposure to loss exists in excess of the amount accrued pursuant to the provisions of FASB ASC 450-20-30-1?<br>[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:   |            |           |            |
| 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?<br>[FASB ASC 450-20-50-4]  | _____      | _____     | _____      |
| 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?<br>[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.)<br>[FASB ASC 450-20-50-6] | _____      | _____     | _____      |
| <b>Losses Arising After the Date of the Financial Statements</b>  |            |           |            |
| 7. 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?<br>[FASB ASC 450-20-50-9]  | _____      | _____     | _____      |
| <b>G. Gain Contingencies (FASB ASC 450-30)</b>  |            |           |            |
| <i>Disclosure</i>   |            |           |            |
| 1. Has the entity properly disclosed, with care to avoid any misleading implications about likelihood of realization, any gain contingencies?<br>[FASB ASC 450-30-50-1]   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>H. Guarantees (FASB ASC 460-10)</b>   |            |           |            |
| <i>Disclosure</i> <sup>10</sup>  |            |           |            |
| Information About Each Guarantee or Group of Similar Guarantees—Loss Contingencies   |            |           |            |
| 1. Has the entity properly disclosed the existence of a loss contingency, even through 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.)<br>[FASB ASC 460-10-50-2] | _____      | _____     | _____      |
| 2. 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   |            |           |            |
| 3. 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?  | _____      | _____     | _____      |

<sup>10</sup> 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

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| c. If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, is that fact disclosed?  | _____      | _____     | _____      |
| 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?<br>[FASB ASC 460-10-50-4]  | _____      | _____     | _____      |

Product Warranties

|  |       |       |       |
|--|-------|-------|-------|
| 4. 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?  | _____ | _____ | _____ |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| ii. the aggregate reductions in that liability for payments made (in cash or in kind) under the warranty?  | _____      | _____     | _____      |
| 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?<br>[FASB ASC 460-10-50-8]  | _____      | _____     | _____      |
| <b>I. Debt—Overall</b> (FASB ASC 470-10)<br><i>Presentation</i>  |            |           |            |

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**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.

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*Disclosure*

## Disclosure of Long-Term Obligations

- |  |       |       |       |
|--|-------|-------|-------|
| 1. 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?<br>[FASB ASC 470-10-50-1]   | _____ | _____ | _____ |
| 2. 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)?<br>[FASB ASC 470-10-50-2] | _____ | _____ | _____ |

## Subjective Acceleration Clauses

- |  |       |       |       |
|--|-------|-------|-------|
| 3. Has the entity properly disclosed any long term debt agreements subject to a subjective acceleration clauses unless the likelihood of the acceleration of the due date is remote?<br>[FASB ASC 470-10-50-3] | _____ | _____ | _____ |
|--|-------|-------|-------|

## Short-Term Obligations Expected to be Refinanced

- |  |       |       |       |
|--|-------|-------|-------|
| 4. 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?<br>[FASB ASC 470-10-50-4] | _____ | _____ | _____ |
|--|-------|-------|-------|

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Summary Disclosure of Securities Outstanding   |            |           |            |
| 5. 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]"?)<br>[FASB ASC 470-10-50-5]   | _____      | _____     | _____      |
| <b>J. Debt—Debt with Conversion and Other Options</b> (FASB ASC 470-20) <sup>11</sup>  |            |           |            |
| <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?<br>[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?<br>[FASB ASC 470-20-45-2]  | _____      | _____     | _____      |
| Own-Share Lending Arrangements Issued in Contemplation of Convertible Debt Issuance  |            |           |            |
| 3B. ( <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.)<br>["Pending Content" in FASB ASC 470-20-45-2A] | _____      | _____     | _____      |
| <i>Disclosure</i>  |            |           |            |
| Own-Share Lending Arrangements Issued in Contemplation of Convertible Debt Issuance  |            |           |            |

<sup>11</sup> 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](http://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.

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 4B. (ASU No. 2009-15) 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?   | _____      | _____     | _____      |
| 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?<br>["Pending Content" in FASB ASC 470-20-50-2A]  | _____      | _____     | _____      |
| 5B. (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> ?<br>["Pending Content" in FASB ASC 470-20-50-2B]   | _____      | _____     | _____      |
| 6B. (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.)<br>["Pending Content" in FASB ASC 470-20-50-2C] | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| Cash Conversion Options <sup>12</sup>   |            |           |            |
| 7. Has the entity properly disclosed, as of each date for which a statement of financial position is presented, the following:  |            |           |            |
| a. The carrying amount of the equity component?   | _____      | _____     | _____      |
| b. The principal amount, unamortized discount, and net carrying amount for the liability component?<br>[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:   |            |           |            |
| a. The remaining period over which any discount on the liability component will be amortized?   | _____      | _____     | _____      |
| b. The conversion price and the number of shares on which the aggregate consideration to be delivered upon conversion is determined?  | _____      | _____     | _____      |
| c. 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. The terms of those derivative transactions?  | _____      | _____     | _____      |
| ii. How those derivative transactions relate to the instruments (within the scope of the cash conversions subsections of FASB ASC 470-20-50)?   | _____      | _____     | _____      |
| iii. The number of shares underlying the derivative transactions?   | _____      | _____     | _____      |
| iv. The reasons for entering into those derivative transactions?<br>[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:  |            |           |            |
| a. The effective interest rate on the liability component for the period?   | _____      | _____     | _____      |
| b. 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?<br>[FASB ASC 470-20-50-6]  | _____      | _____     | _____      |

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<sup>12</sup> 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> |
|--|------------|-----------|------------|
| <b>K. Participating Mortgage Loans (FASB ASC 470-30)</b>   |            |           |            |
| <i>Presentation</i>  |            |           |            |
| 1. Has the entity properly included the amortization of the debt discount relating to the participation liability in interest expense?<br>[FASB ASC 470-30-45-1]   | _____      | _____     | _____      |
| 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.)<br>[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?<br>[FASB ASC 470-30-50-1]   | _____      | _____     | _____      |
| <b>L. Debt Modifications and Extinguishments (FASB ASC 470-50)<sup>13, 14</sup></b>  |            |           |            |
| <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?<br>[FASB ASC 470-50-50-1] | _____      | _____     | _____      |

<sup>13</sup> 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.

<sup>14</sup> See footnote 4.



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <p>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?<br/>[“Pending Content” in FASB ASC 470-50-50-1]</p> | _____      | _____     | _____      |
| <p><b>M. Troubled Debt Restructuring by Debtors (FASB ASC 470-60)</b></p> <p><i>Disclosure</i></p>   |            |           |            |
| <p>1. Has the entity properly disclosed the following, related to a troubled debt restructuring occurring during the current period:</p>   |            |           |            |
| <p>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.)</p>  | _____      | _____     | _____      |
| <p>b. Aggregate gain on restructuring of payables?</p>   | _____      | _____     | _____      |
| <p>c. Aggregate net gain or loss on transfers of assets recognized during the period?</p>  | _____      | _____     | _____      |
| <p>d. Per-share amount of the aggregate gain on restructuring of payables?<br/>[FASB ASC 470-60-50-1]</p>  | _____      | _____     | _____      |
| <p>2. Has the entity properly disclosed the following, related to periods after a troubled debt restructuring:</p>   |            |           |            |
| <p>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?</p>  | _____      | _____     | _____      |
| <p>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?<br/>[FASB ASC 470-60-50-2]</p>  | _____      | _____     | _____      |

Yes      No      N/A

**N. Distinguishing Liabilities from Equity (FASB ASC 480-10)<sup>15</sup>**

*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](http://www.fasb.org) for the presentation items relevant to your entity.

*Disclosure*

**Additional Disclosure Information**

For those entities for which FASB Statement No. 150 applies, please reference FASB ASC at [www.fasb.org](http://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]   |       |       |       |

<sup>15</sup> 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.
- 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](http://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> |
|---|------------|-----------|------------|
| 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:   |            |           |            |
| <i>a.</i> 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?  | _____      | _____     | _____      |
| <i>b.</i> 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”)?         | _____      | _____     | _____      |
| <i>c.</i> The maximum amount that the issuer could be required to pay to redeem the instrument by physical settlement, if applicable?   | _____      | _____     | _____      |
| <i>d.</i> The maximum number of shares that could be required to be issued, if applicable?  | _____      | _____     | _____      |
| <i>e.</i> 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?   | _____      | _____     | _____      |
| <i>f.</i> 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?<br>[FASB ASC 480-10-50-2] | _____      | _____     | _____      |

Yes      No      N/A**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           |
| <b>Total entities</b>               | <b>16</b>   | <b>500</b>  | <b>600</b>  | <b>600</b>  |

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

*Presentation*

## Receivables for Issuance of Equity

- Has the entity properly presented a note received as a contribution to equity as an offset against stock in the equity section? (*Note:* 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]

\_\_\_\_\_

*Disclosure*

- 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? (*Note:* 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]
- Has the entity properly disclosed information about the pertinent rights and privileges of the various securities outstanding, including mandatory redemption requirements, in summary form? (*Note:* 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 example of disclosures.)  
[FASB ASC 505-10-50-3]

\_\_\_\_\_

\_\_\_\_\_

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| Securities With Preferences   |            |           |            |
| 4. 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?<br>[FASB ASC 505-10-50-4] | _____      | _____     | _____      |
| 5. Has the entity properly disclosed the following on the face of the balance sheet or in the notes to the financial statements:  |            |           |            |
| a. The aggregate or per-share amounts at which preferred stock may be called or are subject to redemption through sinking-fund operations or otherwise?   | _____      | _____     | _____      |
| b. The aggregate and per-share amounts of arrearages in cumulative preferred dividends?<br>[FASB ASC 505-10-50-5]   | _____      | _____     | _____      |
| Convertible Securities  |            |           |            |
| 6. 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:   |            |           |            |
| a. 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)?   | _____      | _____     | _____      |
| 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)?<br>[FASB ASC 505-10-50-6]   | _____      | _____     | _____      |
| 7. 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?<br>[FASB ASC 505-10-50-7]   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 8. 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?<br>[FASB ASC 505-10-50-8]  | _____      | _____     | _____      |
| 9. 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?<br>[FASB ASC 505-10-50-9]  | _____      | _____     | _____      |
| 10. 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.)<br>[FASB ASC 505-10-50-10] | _____      | _____     | _____      |
| 11. 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?<br>[FASB ASC 505-10-50-11]  | _____      | _____     | _____      |

**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> |
|--|-------------|-------------|-------------|-------------|
| <b>Common Stock</b>  |             |             |             |             |
| 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           |
| <b>Total presentations</b>   | <b>340</b>  | <b>350</b>  | <b>398</b>  | <b>405</b>  |

*(continued)*

|   |            |            | <u>Yes</u> | <u>No</u>  | <u>N/A</u> |
|---|------------|------------|------------|------------|------------|
| <b>Preferred Stock</b>  |            |            |            |            |            |
| Cost of treasury stock shown as stockholders' equity deduction                      | —          | —          | —          | 3          |            |
| Other   | —          | —          | 1          | 2          |            |
| <b>Total presentations</b>  | —          | —          | <b>1</b>   | <b>5</b>   |            |
| <b>Number of Entities</b>   |            |            |            |            |            |
| Disclosing treasury stock   | 340        | 350        | 398        | 408        |            |
| Not disclosing treasury stock   | 160        | 150        | 202        | 192        |            |
| <b>Total entities</b>   | <b>500</b> | <b>500</b> | <b>600</b> | <b>600</b> |            |
| 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] \_\_\_\_\_

Disclosures Relating to Allocation of Repurchase Price

- 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)**

*Presentation*

- 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] \_\_\_\_\_

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <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?<br>[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?<br>[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]).

|                       | <b>INCOME STATEMENT TITLE</b> |             |             |             |
|-----------------------|-------------------------------|-------------|-------------|-------------|
|                       | <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           |
| <b>Total entities</b> | <b>500</b>                    | <b>500</b>  | <b>600</b>  | <b>600</b>  |

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

### A. Revenue Recognition—Products (FASB ASC 605-15)

#### *Presentation*

##### 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?<br>[FASB ASC 605-15-45-1] | _____ | _____ | _____ |
|---|-------|-------|-------|

### B. Revenue Recognition—Services (FASB ASC 605-20)

#### *Disclosure*

- |  |       |       |       |
|--|-------|-------|-------|
| 1. Has the entity properly disclosed the amount of revenue and expense recognized from advertising barter transactions for each income statement period presented?<br>[FASB ASC 605-20-50-1] | _____ | _____ | _____ |
|--|-------|-------|-------|



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>C. Multiple Element Arrangements (FASB ASC 605-25)</b>  |            |           |            |
| <i>Disclosure</i> <sup>16</sup>  |            |           |            |
| 1. Has the entity properly disclosed the following in regard to revenue arrangements with multiple deliverables:   |            |           |            |
| 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?<br>[FASB ASC 605-25-50-1]             | _____      | _____     | _____      |
| <b>D. Milestone Method Revenue Recognition (FASB ASC 605-28)</b>   |            |           |            |
| <i>Disclosure</i> <sup>17</sup>  |            |           |            |

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#### 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.

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<sup>16</sup> 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 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](http://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.

<sup>17</sup> 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 it 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](http://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> |
|--|------------|-----------|------------|
| <b>E. Gains and Losses—Revenue Recognition (FASB ASC 605-40)</b>   |            |           |            |
| <i>Presentation</i>  |            |           |            |
| 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 225-50? [FASB ASC 605-40-45-1]   | _____      | _____     | _____      |
| <b>F. Principal Agent Considerations—Revenue Recognition (FASB ASC 605-45)</b>   |            |           |            |
| <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]   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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]        | _____      | _____     | _____      |
| 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] | _____      | _____     | _____      |
| <b>G. Customer Payments and Incentives (FASB ASC 605-50)</b>  |            |           |            |
| <i>Presentation</i>   |            |           |            |

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#### 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] | _____ | _____ | _____ |
|---|-------|-------|-------|

## VI. Expenses

### A. Compensation (FASB ASC 710-10)

#### *Presentation*

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#### 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.

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|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <i>Disclosure</i>  |            |           |            |
| 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 <sup>18</sup> and does <i>not</i> accrue a liability because the amount cannot be reasonably estimated, that fact?<br>[FASB ASC 710-10-50-1]  | _____      | _____     | _____      |
| <b>B. Nonretirement Postemployment Benefits (FASB ASC 712-10)</b>  |            |           |            |
| <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?<br>[FASB ASC 712-10-50-2]   | _____      | _____     | _____      |
| <b>C. Defined Benefit Plans—Compensation (FASB ASC 715-20)<sup>19, 20</sup></b>  |            |           |            |
| <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?<br>[FASB ASC 715-20-45-2] | _____      | _____     | _____      |

<sup>18</sup> 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:

- 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.

<sup>19</sup> 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.

<sup>20</sup> 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](http://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> |
|--|------------|-----------|------------|
| 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.)<br>[FASB ASC 715-20-45-3] | _____      | _____     | _____      |
| 3. If the entity presents a classified statement of financial position, has the entity properly presented the asset for an overfunded plan as a noncurrent asset?<br>[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 section, “Public Entity Disclosures,” 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:

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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)?   | _____      | _____     | _____      |
| (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?   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| (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?   | _____      | _____     | _____      |
| 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 entity's 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?  | _____      | _____     | _____      |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <i>j.</i>  |            |           |            |
| 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>i.</i>  |            |           |            |
| Assumed discount rates (refer to FASB ASC 715-30-35-45 for a discussion of representationally faithful disclosure)?  | _____      | _____     | _____      |
| <i>ii.</i>   |            |           |            |
| Rates of compensation increase (for pay-related plans)?  | _____      | _____     | _____      |
| <i>iii.</i>  |            |           |            |
| Expected long term rates of return on plan assets?   | _____      | _____     | _____      |
| <i>k.</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>l.</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>m.</i>  |            |           |            |
| The nature and effect of significant nonroutine events, such as amendments, combinations, divestitures, curtailments, and settlements?   | _____      | _____     | _____      |
| <i>n.</i>  |            |           |            |
| 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?   | _____      | _____     | _____      |
| <i>o.</i>  |            |           |            |
| 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?  | _____      | _____     | _____      |
| <i>p.</i>  |            |           |            |
| The amount of net periodic benefit cost recognized?<br>[FASB ASC 715-20-50-5]  | _____      | _____     | _____      |



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 4B. <b>(ASU No. 2010-06) Note:</b> ASU No. 2010-06 affects FASB ASC 715-20-50-5, question 4A, preceding, in the following manner: Throughout the paragraph, the term <i>major category</i> was replaced with the term <i>class</i> . 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.<br>[“Pending Content” in FASB ASC 715-20-50-5]   | _____      | _____     | _____      |
| 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)? <sup>21</sup> ( <b>Note:</b> Estimated contributions may be presented in the aggregate by combining [a] contributions required by regulations or laws, [b] discretionary contributions, and [c] noncash contributions.)<br>[FASB ASC 715-20-50-7] | _____      | _____     | _____      |
| Disclosures Related to Expected Rate of Return on Plan Assets  |            |           |            |
| 6. Has the entity properly disclosed, 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, the beginning and more recently assumed rate, or a properly weighted combination of the two?<br>[FASB ASC 715-20-50-8]   | _____      | _____     | _____      |
| Disclosures Related to Japanese Governmental Settlement Transactions   |            |           |            |

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### 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.

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#### *Public Entity Disclosure*

##### Disclosures by Public Entities

- 7A. Has the 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: (**Note:** 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.)

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

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?   | _____      | _____     | _____      |
| 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?   | _____      | _____     | _____      |

Yes      No      N/A

**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

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? (*Note:* 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:

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| (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, 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?   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?  | _____      | _____     | _____      |
| 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? | _____      | _____     | _____      |
| j. 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?  | _____      | _____     | _____      |
| k. 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?           | _____      | _____     | _____      |
| l. 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?   | _____      | _____     | _____      |
| m. 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?  | _____      | _____     | _____      |
| n. 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?        | _____      | _____     | _____      |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| o. 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?   | _____      | _____     | _____      |
| p. 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?   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 715-20-50-1]  | _____      | _____     | _____      |
| 7B. <b>(ASU No. 2010-06) Note:</b> ASU No. 2010-06 affects FASB ASC 715-20-50-1, question 7A, in the following manner: (a) throughout the paragraph, the term <i>major category</i> was replaced with the term <i>class</i> 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, 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 entity properly aggregated the disclosures, as required by FASB ASC 715-20-50, for all of the entity's 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)?<br>[FASB ASC 715-20-50-2]  | _____      | _____     | _____      |

Yes      No      N/A

**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
- 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 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)?<sup>22</sup> 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]

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





|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>E. Defined Contribution Plans (FASB ASC 715-70)</b>  |            |           |            |
| <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.)<br>[FASB ASC 715-70-50-1]                              | _____      | _____     | _____      |
| <b>F. Multiemployer Plans (FASB ASC 715-80)</b>   |            |           |            |
| <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.)<br>[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> ?<br>[FASB ASC 715-80-50-2]  | _____      | _____     | _____      |
| <b>G. Stock Compensation (FASB ASC 718-10)</b>  |            |           |            |
| <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?   | _____      | _____     | _____      |

## Corporations

|      |   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|------|---|------------|-----------|------------|
| d.   | the cash flow effects resulting from share-based payment arrangements?<br>[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  |            |           |            |
| 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?   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| ii. 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  |            |           |            |
| 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? | _____      | _____     | _____      |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| (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.) | _____      | _____     | _____      |
| (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?  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <i>i.</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?  | _____      | _____     | _____      |
| <i>j.</i> 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?   | _____      | _____     | _____      |
| <i>k.</i> If not separately disclosed elsewhere, the amount of cash used to settle equity instruments granted under share-based payment arrangements?  | _____      | _____     | _____      |
| <i>l.</i> 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?<br>[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

- 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]

Issuance of Shares or the Sale of Shares to an Employee Stock Ownership Plan

- 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]

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <i>Disclosure</i>   |            |           |            |
| 3. Has the entity properly disclosed the following information about the plan, if the entity sponsors an employee stock ownership 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.)   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 718-40-50-1]  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>I. Insurance Costs (FASB ASC 720-20)</b>  |            |           |            |
| <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, <sup>23</sup> if it is at least reasonably possible that a loss has been incurred? [FASB ASC 720-20-50-1] | _____      | _____     | _____      |
| <b>J. Advertising Costs (FASB ASC 720-35)</b>  |            |           |            |
| <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]   | _____      | _____     | _____      |
| <b>K. Research and Development Expenses (FASB ASC 730-10)</b>  |            |           |            |
| <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]     | _____      | _____     | _____      |
| <b>L. Research and Development Arrangements (FASB ASC 730-20)</b>  |            |           |            |
| <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]  | _____      | _____     | _____      |

<sup>23</sup> See questions 3–6 of the “Loss Contingencies (FASB ASC 450-20)” section.

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 2. Has the entity properly disclosed, separately, each research and development arrangement 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.)<br>[FASB ASC 730-20-50-3]   | _____      | _____     | _____      |
| <b>M. Income Taxes (FASB ASC 740-10)</b>  |            |           |            |
| <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.)<br>[FASB ASC 740-10-45-4]   | _____      | _____     | _____      |
| 2. Has the entity properly presented 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?<br>[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.)<br>[FASB ASC 740-10-45-6]   | _____      | _____     | _____      |
| Deferred Tax Accounts Not Related to an Asset or Liability  |            |           |            |
| 4. 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?<br>[FASB ASC 740-10-45-9]   | _____      | _____     | _____      |
| Tax Accounts, Other Than Deferred—Unrecognized Tax Benefits   |            |           |            |
| 5. If the entity presents a classified statement of financial position, has the entity properly presented and 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.)<br>[FASB ASC 740-10-45-11] | _____      | _____     | _____      |



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 6. 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]   | _____      | _____     | _____      |
| 7. 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? <sup>24</sup> [FASB ASC 740-10-45-13]   | _____      | _____     | _____      |
| Income Statement Presentation of Certain Measurement Changes to Income Tax Accounts—Changes in Tax Laws or Rates   |            |           |            |
| 8. 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   |            |           |            |
| 9. Has the entity properly presented changes as a result of a 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*

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**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.

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Statement of Financial Position Related Disclosures

|  |       |       |       |
|--|-------|-------|-------|
| 10. 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]                 | _____ | _____ | _____ |

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<sup>24</sup> 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.

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 11. Has the entity properly disclosed the net change in the total valuation allowance during the year?<br>[FASB ASC 740-10-50-2]   | _____      | _____     | _____      |
| 12. 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?<br>[FASB ASC 740-10-50-3]   | _____      | _____     | _____      |
| 13. 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?<br>[FASB ASC 740-10-50-4] | _____      | _____     | _____      |
| Statement of Financial Position Related Disclosures—Nonpublic Entities   |            |           |            |
| 14. 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.)<br>[FASB ASC 740-10-50-8]   | _____      | _____     | _____      |
| Income Statement Related Disclosures   |            |           |            |
| 15. 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])?<br/>[FASB ASC 740-10-50-9]</p> | _____      | _____     | _____      |
| <p>16. 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?<br/>[FASB ASC 740-10-50-10]</p>   | _____      | _____     | _____      |
| <p>Income Tax Expense Compared to Statutory Expectations—Nonpublic Entities</p>  |            |           |            |
| <p>17. 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.)<br/>[FASB ASC 740-10-50-13]</p>   | _____      | _____     | _____      |
| <p>Income Tax Expense Compared to Statutory Expectations—All Entities</p>  |            |           |            |
| <p>18. 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?<br/>[FASB ASC 740-10-50-14]</p>   | _____      | _____     | _____      |
| <p>Unrecognized Tax Benefit Related Disclosures</p>  |            |           |            |
| <p>19. 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>  | _____      | _____     | _____      |

## Corporations

|   | <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?<br>[FASB ASC 740-10-50-15]   | _____      | _____     | _____      |
| Entities With Separately Issued Financial Statements That Are Members of a Consolidated Tax Return  |            |           |            |
| 20. 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?<br>[FASB ASC 740-10-50-17]  | _____      | _____     | _____      |
| Policy-Related Disclosures—Interest and Penalty Recognition Policies  |            |           |            |
| 21. 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.)<br>[FASB ASC 740-10-50-19] | _____      | _____     | _____      |
| Policy-Related Disclosures—Investment Tax Credit Recognition Policy   |            |           |            |
| 22. 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.)<br>[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  |            |           |            |
| 23. 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)?<br>[FASB ASC 740-10-50-6]   | _____      | _____     | _____      |
| Income Tax Expense Compared to Statutory Expectations   |            |           |            |
| 24. 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.)<br>[FASB ASC 740-10-50-12] | _____      | _____     | _____      |
| Unrecognized Tax Benefit Related Disclosures  |            |           |            |
| 25. 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?<br>[FASB ASC 740-10-50-15A]   | _____      | _____     | _____      |
| Public Entities Not Subject to Income Tax   |            |           |            |
| 26. 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?<br>[FASB ASC 740-10-50-16]  | _____      | _____     | _____      |

|  |  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|--|------------|-----------|------------|
| <b>N. Intraperiod Tax Allocations (FASB ASC 740-20)</b>                        |  |            |           |            |
| <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?<br>[FASB ASC 740-20-45-2]  | _____      | _____     | _____      |
| <b>O. Income Taxes—Other Considerations or Special Areas (FASB ASC 740-30)</b> |  |            |           |            |
| 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?  | _____      | _____     | _____      |
| 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.) | _____      | _____     | _____      |
| 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?<br>[FASB ASC 740-30-50-2]   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>P. Income Taxes—Interim Reporting (FASB ASC 740-270)</b>   |            |           |            |
| <i>Disclosure</i>   |            |           |            |
| 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?<br>[FASB ASC 740-270-50-1] | _____      | _____     | _____      |

## VII. Broad Transactions

### A. Business Combinations (FASB ASC 805-10)<sup>25</sup>

#### *Disclosure*

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

- Has the entity properly disclosed, as the acquirer in a business combination, 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:

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<sup>25</sup> 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)

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 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](http://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.

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?  | _____      | _____     | _____      |
| 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?<br>[FASB ASC 805-10-50-1; "Pending Content" in FASB ASC 805-10-50-2] | _____      | _____     | _____      |
| 2. 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?<br>[FASB ASC 805-10-50-3]  | _____      | _____     | _____      |



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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, 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.)<br>[FASB ASC 805-10-50-4] | _____      | _____     | _____      |

The Financial Effects of Adjustments That Relate to Business Combinations That Occurred in the Current or Previous Reporting Periods<sup>26</sup>

|   |       |       |       |
|---|-------|-------|-------|
| 4. 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?<br>[FASB ASC 805-10-50-6]   | _____ | _____ | _____ |

Other Disclosures

|   |       |       |       |
|---|-------|-------|-------|
| 5. 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?<br>[FASB ASC 805-10-50-7] | _____ | _____ | _____ |
|---|-------|-------|-------|

**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

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<sup>26</sup> 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.

## Corporations

|    |   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|----|---|------------|-----------|------------|
| 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:   |            |           |            |
|    | <i>a.</i> For indemnification assets, all of the following:   |            |           |            |
|    | <i>i.</i> The amount recognized as of the acquisition date?   | _____      | _____     | _____      |
|    | <i>ii.</i> A description of the arrangement and the basis for determining the amount of the payment?  | _____      | _____     | _____      |
|    | <i>iii.</i> 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.)   | _____      | _____     | _____      |
|    | <i>b.</i> 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>i.</i> The fair value of the receivables?  | _____      | _____     | _____      |
|    | <i>ii.</i> The gross contractual amounts receivable?  | _____      | _____     | _____      |
|    | <i>iii.</i> The best estimate at the acquisition date of the contractual cash flows not expected to be collected?   | _____      | _____     | _____      |
|    | <i>c.</i> 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)?   | _____      | _____     | _____      |
|    | <i>d.</i> For contingencies (included in the footnote that describes the business combination),   |            |           |            |
|    | <i>i.</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? | _____      | _____     | _____      |
|    | <i>ii.</i> 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)?  | _____      | _____     | _____      |
|    | <i>e.</i> For each business combination in which the entity holds less than 100 percent of the equity interests in the acquiree at the acquisition date,  |            |           |            |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[FASB ASC 805-20-50-1]  | _____      | _____     | _____      |
| 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 805-20-50-1, in the aggregate?<br>[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.)<br>[FASB ASC 805-20-50-3] | _____      | _____     | _____      |
| <b>C. Goodwill or Gain From Bargain Purchase, Including Consideration Transferred (FASB ASC 805-30)</b>   |            |           |            |
| <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?   | _____      | _____     | _____      |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?  | _____      | _____     | _____      |
| 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?<br>[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?<br>[FASB ASC 805-30-50-2]  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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.)<br>[FASB ASC 805-30-50-3] | _____      | _____     | _____      |

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: |       |       |       |
| <i>a.</i> 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>i.</i> Any changes in the recognized amounts, including any differences arising upon settlement?  | _____ | _____ | _____ |
| <i>ii.</i> Any changes in the range of outcomes (undiscounted) and the reasons for those changes?  | _____ | _____ | _____ |
| <i>iii.</i> The fair value disclosures required by paragraphs 1–3 of FASB ASC 820-10-50?   | _____ | _____ | _____ |
| <i>b.</i> 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?<br>[FASB ASC 805-30-50-4]  | _____ | _____ | _____ |

**D. Business Combinations—Related Issues** (FASB ASC 805-50)

*Presentation*

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?<br>[FASB ASC 805-50-45-2] | _____ | _____ | _____ |
|---|-------|-------|-------|

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[FASB ASC 805-50-45-4]  | _____      | _____     | _____      |
| <i>Transactions Between Entities Under Common Control—Comparative Financial Statement Presentation in Prior Years</i>   |            |           |            |
| 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.)<br>[FASB ASC 805-50-45-5] | _____      | _____     | _____      |
| <i>Disclosure</i>   |            |           |            |
| <i>Transactions Between Entities Under Common Control<sup>27</sup></i>  |            |           |            |
| 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.)<br>[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:   |            |           |            |
| a. 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?   | _____      | _____     | _____      |
| b. The method of accounting for the transfer of net assets or exchange of equity interests?<br>[FASB ASC 805-50-50-3]   | _____      | _____     | _____      |
| <b>E. Collaborative Arrangements (FASB ASC 808-10)</b>  |            |           |            |
| <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.)   |            |           |            |
| a. Information about the nature and purpose of its collaborative arrangements?  | _____      | _____     | _____      |
| b. Its rights and obligations under the collaborative arrangements?   | _____      | _____     | _____      |

<sup>27</sup> 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> |
|--|------------|-----------|------------|
| c. The accounting policy for collaborative arrangements in accordance with FASB ASC 235, <i>Notes to Financial Statements</i> ?  | _____      | _____     | _____      |
| d. The income statement classification and amounts attributable to transactions arising from the collaborative arrangement between participants for each period an income statement is presented?<br>[FASB ASC 808-10-50-1]  | _____      | _____     | _____      |
| <b>F. Consolidation (FASB ASC 810-10)<sup>28</sup></b>   |            |           |            |
| <i>Presentation</i>  |            |           |            |
| <i>Procedures</i>  |            |           |            |
| 1. Has the parent properly presented its consolidated financial statements with intra-entity balances and transactions eliminated?<br>[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?<br>[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?<br>[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.)<br>[FASB ASC 810-10-45-5] | _____      | _____     | _____      |

<sup>28</sup> 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](http://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.

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[FASB ASC 810-10-45-10]  | _____      | _____     | _____      |
| 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?<br>[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?<br>[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?<br>[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.)<br>[FASB ASC 810-10-45-16] <sup>29</sup>   | _____      | _____     | _____      |

<sup>29</sup> 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.



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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 other comprehensive income at the consolidated amounts, which include amounts attributable to the owners of the parent and the noncontrolling interest?<br>[FASB ASC 810-10-45-19] | _____      | _____     | _____      |

*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? ( <i>Note:</i> In most cases this can be made apparent by the headings or other information in the financial statements.)<br>[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:  |       |       |       |
| <i>a.</i> Separately, on the face of the consolidated financial statements, both of the following:  |       |       |       |
| <i>i.</i> The amounts of consolidated net income and consolidated comprehensive income?   | _____ | _____ | _____ |
| <i>ii.</i> The related amounts on each attributable to the parent and the noncontrolling interest?  | _____ | _____ | _____ |
| <i>b.</i> 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>i.</i> Income from continuing operations?  | _____ | _____ | _____ |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| ii. Discontinued operations?   | _____      | _____     | _____      |
| iii. Extraordinary items?  | _____      | _____     | _____      |
| 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.) | _____      | _____     | _____      |
| 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?<br>[FASB ASC 810-10-50-1A]  | _____      | _____     | _____      |
| Deconsolidation of a Subsidiary  |            |           |            |
| 13. Has the entity properly disclosed the following, as a parent entity, if a subsidiary has been deconsolidated:  |            |           |            |
| a. The amount of any gain or loss recognized in accordance with FASB ASC 810-10-40-5?  | _____      | _____     | _____      |
| 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?  | _____      | _____     | _____      |
| 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?  | _____      | _____     | _____      |
| 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?   | _____      | _____     | _____      |
| e. Information that enables users of the parent's financial statements to assess the inputs used to develop the fair value in item (d)?  | _____      | _____     | _____      |
| f. The nature of continuing involvement with the subsidiary or entity acquiring the group of assets after it has been deconsolidated or derecognized?  | _____      | _____     | _____      |
| g. Whether the transaction that resulted in the deconsolidation or derecognition was with a related party?   | _____      | _____     | _____      |
| h. Whether the former subsidiary or entity acquiring a group of assets will be a related party after deconsolidation?<br>["Pending Content" in FASB ASC 810-10-50-1B]  | _____      | _____     | _____      |

|  | <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):                      |            |           |            |

## Corporations

|  | <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 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? (*Note:* 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

20. Has the 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?

|       |       |       |
|-------|-------|-------|
| _____ | _____ | _____ |
|-------|-------|-------|

|       |       |       |
|-------|-------|-------|
| _____ | _____ | _____ |
|-------|-------|-------|

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[FASB ASC 810-10-50-12] | _____      | _____     | _____      |

Aggregation of Certain Disclosures—The Primary Beneficiary of a VIE

|   |       |       |       |
|---|-------|-------|-------|
| 21. Has the entity properly disclosed the following, if the entity is the primary beneficiary of a VIE:   |       |       |       |
| 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?<br>[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

|  |       |       |       |
|--|-------|-------|-------|
| 22. Has the 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: (Note: 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?  | _____ | _____ | _____ |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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]).<br>[FASB ASC 810-10-50-15] | _____      | _____     | _____      |

## Aggregation of Certain Disclosures—Scope-Related Disclosures

|  |       |       |       |
|--|-------|-------|-------|
| 23. 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): |       |       |       |
| a. The number of legal entities to which that guidance is not being applied?   | _____ | _____ | _____ |
| b. The reason why the information required to apply that guidance is not available?  | _____ | _____ | _____ |
| c. The nature, purpose, size (if available), and activities of the legal entities?   | _____ | _____ | _____ |
| d. The nature of the reporting entity's involvement with the legal entities?   | _____ | _____ | _____ |
| e. The reporting entity's maximum exposure to loss because of its involvement with the legal entities?   | _____ | _____ | _____ |
| f. The amount of income, expense, purchases, sales, or other measure of activity between the reporting entity and the legal entities for all periods presented?<br>[FASB ASC 810-10-50-16]   | _____ | _____ | _____ |

## Aggregation of Certain Disclosures—Nontransferor Sponsor or Nontransferor Servicer of a Qualifying Special-Purpose Entity

|  |       |       |       |
|--|-------|-------|-------|
| 24. 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?<br>[FASB ASC 810-10-50-17] | _____ | _____ | _____ |
| 25. 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?  |       |       |       |
| a. The nature, purpose, size, and activities of the QSPE, including how the entity is financed?  | _____ | _____ | _____ |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| b. 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?  | _____      | _____     | _____      |
| c. 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).   | _____      | _____     | _____      |
| 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>   |            |           |            |
| 26. <b>(Public and nonpublic entities that have applied ASU No. 2009-17)</b> 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]  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Variable Interest Entities—Primary Beneficiary of a Variable Interest Entity   |            |           |            |
| 27. <i>(Public and nonpublic entities that have applied ASU No. 2009-17)</i> Has the entity properly disclosed, if it is the primary beneficiary of a VIE, all of the following: ( <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 obligations, the disclosures that follow are not required.) |            |           |            |
| 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  |            |           |            |
| 28. <i>(Public and nonpublic entities that have applied ASU No. 2009-17)</i> 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?  | _____      | _____     | _____      |



|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <p>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.)</p> | _____      | _____     | _____      |
| <p>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?</p>   | _____      | _____     | _____      |
| <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

29. (*Public and nonpublic entities that have applied ASU No. 2009-17*) 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: (*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 obligation, the disclosures that follow are not required.)
- 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.)

\_\_\_\_\_

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <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 style="margin-left: 20px;">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 style="margin-left: 20px;">ii. The primary reason for providing the support?</p>  | _____      | _____     | _____      |
| <p>d. 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?<br/>[“Pending Content” in FASB ASC 810-10-50-5A]</p>  | _____      | _____     | _____      |
| <p>30. <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: 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.)</i><br/>[“Pending Content” in FASB ASC 810-10-50-9]</p> | _____      | _____     | _____      |
| <p><b>G. Derivatives and Hedging (FASB ASC 815-10)<sup>30</sup></b></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?<br/>[FASB ASC 815-10-45-2]</p>  | _____      | _____     | _____      |

<sup>30</sup> 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  
(continued)

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>Income Statement Classification—Derivative Instruments Held for Trading Purposes</b>  |            |           |            |
| 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?<br>[FASB ASC 815-10-45-9]   | _____      | _____     | _____      |
| <b>Cash Flow Statement Classification—Derivative Instruments With a Financing Element</b>  |            |           |            |
| 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?<br>[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?<br>[FASB ASC 815-10-50-1]   | _____      | _____     | _____      |

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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](http://www.fasb.org).

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 810-10-65-5.

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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):   |            |           |            |
| <i>a.</i> Its objectives for holding or issuing those instruments?   | _____      | _____     | _____      |
| <i>b.</i> The context needed to understand those objectives?   | _____      | _____     | _____      |
| <i>c.</i> Its strategies for achieving those objectives?   | _____      | _____     | _____      |
| <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.)<br>[FASB ASC 815-10-50-1A]   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 815-10-50-1B] | _____      | _____     | _____      |
| 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> ):  |            |           |            |
| <i>a.</i> Derivative instruments (and nonderivative instruments) used for risk management purposes, distinguished between each of the following:   |            |           |            |
| <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?  | _____      | _____     | _____      |
| <i>ii.</i> Derivative instruments used as economic hedges and for other purposes related to the entity’s risk exposure?  | _____      | _____     | _____      |
| <i>b.</i> Derivative instruments used for other purposes?<br>[FASB ASC 815-10-50-2]  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 8. Has the entity properly disclosed the purpose of any derivative instruments not designated as hedging instruments under FASB ASC 815-20?<br>[FASB ASC 815-10-50-4]   | _____      | _____     | _____      |
| 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)?<br>[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?<br>[FASB ASC 815-10-50-4B]  | _____      | _____     | _____      |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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:  |            |           |            |
| 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.)

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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)? | _____      | _____     | _____      |
| 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]   | _____ | _____ | _____ |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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]                             | _____      | _____     | _____      |
| 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: |            |           |            |
| a. The nature of the credit derivative, including all of the following:  |            |           |            |
| i. The approximate term of the credit derivative?  | _____      | _____     | _____      |
| ii. The reasons for entering into the credit derivative?   | _____      | _____     | _____      |
| iii. The events or circumstances that would require the seller to perform under the credit derivative?   | _____      | _____     | _____      |
| iv. The current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the credit derivative?  | _____      | _____     | _____      |
| v. If the entity uses internal groupings for the purposes of item (iv), how those groupings are determined and used for managing risk?   | _____      | _____     | _____      |
| b. 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?  | _____      | _____     | _____      |
| c. 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?   | _____      | _____     | _____      |
| d. 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?  | _____      | _____     | _____      |
| e. The fair value of the credit derivative as of the date of the statement of financial position?  | _____      | _____     | _____      |



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <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?  | _____      | _____     | _____      |
| <i>g.</i> 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?<br>[FASB ASC 815-10-50-4K]   | _____      | _____     | _____      |
| <b>16B. (ASU No. 2010-11, Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives)</b><br><i>Note:</i> ASU No. 2010-11 affects FASB ASC 815-10-50-4K, question 16A, preceding, in the following manner:  |            |           |            |
| <i>a.</i> The "Pending Content" included in FASB ASC 815-10-50-4K includes minor wording changes which do not significantly impact the disclosure requirements; and  | _____      | _____     | _____      |
| <i>b.</i> 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.  |            |           |            |
| <b>Qualitative Disclosures</b>   |            |           |            |
| 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.)<br>[FASB ASC 815-10-50-5] | _____      | _____     | _____      |
| <b>Unconditional Purchase Obligations</b>  |            |           |            |
| 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?<br>[FASB ASC 815-10-50-6]  | _____      | _____     | _____      |

|  | <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]   | _____      | _____     | _____      |
| <b>H. Embedded Derivatives (FASB ASC 815-15)</b>   |            |           |            |
| <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?<br>[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)?<br>[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?<br>[FASB ASC 815-15-50-3] | _____      | _____     | _____      |
| <b>I. Fair Value Hedging (FASB ASC 815-25)</b>  |            |           |            |
| <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?<br>[FASB ASC 815-25-50-1]   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>J. Cash Flow Hedges (FASB ASC 815-30)</b>   |            |           |            |
| <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:                          |            |           |            |
| <i>a.</i> 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?                                   | _____      | _____     | _____      |
| <i>b.</i> 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?   | _____      | _____     | _____      |
| <i>c.</i> 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?  | _____      | _____     | _____      |
| <i>d.</i> 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> |
|---|------------|-----------|------------|
| <b>K. Net Investment Hedges (FASB ASC 815-35)</b>   |            |           |            |
| <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?<br>[FASB ASC 815-35-50-2] | _____      | _____     | _____      |
| <b>L. Contracts in Entity’s Own Equity (FASB ASC 815-40)</b>  |            |           |            |
| <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 <b>or liabilities as long as the contracts remain classified as assets or liabilities</b> ?<br>[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> ?<br>[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?<br>[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?<br>[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]  | _____      | _____     | _____      |
| <b>M. Weather Derivatives (FASB ASC 815-40)</b>   |            |           |            |
| <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]   | _____      | _____     | _____      |
| <b>N. Fair Value Measurements and Disclosures (FASB ASC 820-10)<sup>31</sup></b>  |            |           |            |
| <i>Disclosure</i>   |            |           |            |

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### 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]

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- 1A. Has the entity properly disclosed information that enables users of its financial statements to assess both of the following:

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<sup>31</sup> 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.

*(continued)*

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[FASB ASC 820-10-50-1]  | _____      | _____     | _____      |
| <b>1B. (ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements)</b> 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?<br>["Pending Content" in FASB ASC 820-10-50-1]   | _____      | _____     | _____      |
| <b>2A.</b> 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)?  | _____      | _____     | _____      |

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 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](http://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.

## Corporations

|   | <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.)<br/>[“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?<br/>[“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?<br/>[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?<br/>[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)?<br/>[“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>   | _____      | _____     | _____      |

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|  | <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)?<br>[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)?<br>["Pending Content" in FASB ASC 820-10-50-6A]   | _____      | _____     | _____      |
| <b>Relation to Other Disclosure Requirements</b>  |            |           |            |
| 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?<br>[FASB ASC 820-10-50-9]  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>O. Financial Instruments (FASB ASC 825-10)</b>  |            |           |            |
| <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 |            |           |            |
| a. 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  | _____      | _____     | _____      |
| b. presenting two separate line items to display the fair value and non-fair-value carrying amounts?<br>[FASB ASC 825-10-45 par. 1–2]  | _____      | _____     | _____      |
| Fair Value Option—Statement of Cash Flows  |            |           |            |
| 2. 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?<br>[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.

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<br>Period Are: | And Disclosures for Prior<br>Periods Were: | Then Disclosures for Prior<br>Periods Presented in<br>Comparative Statements Are: |
|---|--|---|
| Optional                                      | Optional                                   | Optional  |
| Optional                                      | Required                                   | Optional  |
| Required                                      | Optional                                   | Optional  |
| Required                                      | Required                                   | Required  |

[FASB ASC 825-10-50 par. 3–7]

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Transactions   |            |           |            |
| 1. Has the entity properly <i>not</i> made disclosure if the requirements of FASB ASC 825-10-50 paragraphs 10–16 for the following items:  |            |           |            |
| <i>a.</i> 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?   | _____      | _____     | _____      |
| <i>b.</i> Substantively extinguished debt subject to the disclosure requirements of FASB ASC 405-20?   | _____      | _____     | _____      |
| <i>c.</i> Insurance contracts, other than financial guarantees and investment contracts, as discussed in FASB ASC 944-20?  | _____      | _____     | _____      |
| <i>d.</i> Lease contracts as defined in FASB ASC 840, <i>Leases</i> ?  | _____      | _____     | _____      |
| <i>e.</i> Warranty obligations?  | _____      | _____     | _____      |
| <i>f.</i> Unconditional purchase obligations as defined in FASB ASC 440-10-50-2?   | _____      | _____     | _____      |
| <i>g.</i> Investments accounted for under the equity method in accordance with the requirements of FASB ASC 323, <i>Investments—Equity Method and Joint Ventures</i> ?   | _____      | _____     | _____      |
| <i>h.</i> Noncontrolling interests and equity investments in consolidated subsidiaries?  | _____      | _____     | _____      |
| <i>i.</i> Equity instruments issued by the entity and classified in stockholders’ equity in the statement of financial position?<br>[FASB ASC 825-10-50-8]   | _____      | _____     | _____      |
| Fair Value of Financial Instruments  |            |           |            |
| 2. Has the entity properly made the following disclosures:   |            |           |            |
| <i>a.</i> 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?  | _____      | _____     | _____      |
| <i>b.</i> The method or methods and significant assumptions used to estimate the fair value of financial instruments?  | _____      | _____     | _____      |
| <i>c.</i> 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?<br>[FASB ASC 825-10-50-10]  | _____      | _____     | _____      |
| 3. Has the entity properly disclosed fair value in the notes together with the related carrying amount in a form that clarifies both ( <i>a</i> ) whether the fair value and carrying amount represent assets or liabilities and ( <i>b</i> ) how the carrying amounts relate to what is reported in the statement of financial position?<br>[FASB ASC 825-10-50-11] | _____      | _____     | _____      |

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|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 4. 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?<br>[FASB ASC 825-10-50-12]  | _____      | _____     | _____      |
| 5. 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 210-25-45?<br>[FASB ASC 825-10-50-15] | _____      | _____     | _____      |
| 6. 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:  |            |           |            |
| <i>a.</i> 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?   | _____      | _____     | _____      |
| <i>b.</i> The reasons why it is not practicable to estimate fair value?<br>[FASB ASC 825-10-50-16]   | _____      | _____     | _____      |
| <b>Concentration of Credit Risk</b>  |            |           |            |
| 7. 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 also applies to derivatives.<br>[FASB ASC 825-10-50-20]                                  | _____      | _____     | _____      |
| 8. 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, <i>Compensation—Retirement Benefits.</i> )   |            |           |            |



|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| a. Information about the (shared) activity, region, or economic characteristic that identifies the concentration?   | _____      | _____     | _____      |
| b. 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? | _____      | _____     | _____      |
| c. 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?  | _____      | _____     | _____      |
| d. 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?<br>[FASB ASC 825-10-50-21]  | _____      | _____     | _____      |

Market Risk of All Financial Instruments

|   |       |       |       |
|---|-------|-------|-------|
| 9. 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?<br>[FASB ASC 825-10-50-23]  | _____ | _____ | _____ |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| Fair Value Option—Required Disclosures as of Each Date for Which an Interim or Annual Statement of Financial Position Is Presented   |            |           |            |
| 10. 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:  |            |           |            |
| 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?  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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 non-accrual 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] | _____      | _____     | _____      |
| Fair Value Option—Required Disclosures for Each Period for Which an Interim or Annual Income Statement Is Presented   |            |           |            |
| 11. 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:   |            |           |            |
| a. 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.)   | _____      | _____     | _____      |
| b. A description of how interest and dividends are measured and where they are reported in the income statement?  | _____      | _____     | _____      |
| c. 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?   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <p><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?<br/>[FASB ASC 825-10-50-30]</p>   | _____      | _____     | _____      |
| <b>Fair Value Option—Other Required Disclosures</b>  |            |           |            |
| <p>12. 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?<br/>[FASB ASC 825-10-50-31]</p>   | _____      | _____     | _____      |
| <p>13. 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:</p> <p><i>a.</i> Qualitative information about the nature of the event?</p> <p><i>b.</i> 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?<br/>[FASB ASC 825-10-50-32]</p>  | _____      | _____     | _____      |
| <b>P. Financial Instruments—Registration Payment Arrangements (FASB ASC 825-20)</b>  |            |           |            |
| <i>Disclosure</i>  |            |           |            |
| <p>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.)</p> <p><i>a.</i> The nature of the registration payment, including all of the following:</p> <p style="margin-left: 20px;"><i>i.</i> The approximate term of the arrangement?</p> <p style="margin-left: 20px;"><i>ii.</i> The financial instrument(s) subject to the arrangement?</p> <p style="margin-left: 20px;"><i>iii.</i> The events or circumstances that would require the issuer to transfer consideration under the arrangement?</p> <p><i>b.</i> Any settlement alternatives contained in the terms of the registration payment arrangement, including the party that controls the settlement alternatives?</p> | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?<br>[FASB ASC 825-20-50 par. 1-2]   | _____      | _____     | _____      |
| <b>Q. Foreign Currency Transactions (FASB ASC 830-20)</b>   |            |           |            |
| <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?<br>[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?<br>[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.)<br>[FASB ASC 830-20-50-2] | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| Effects of Rate Changes on Results of Operations  |            |           |            |
| 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.)<br>[FASB ASC 830-20-50-3] | _____      | _____     | _____      |
| <b>R. Foreign Currency Matters—Translation of Financial Statements</b><br>(FASB ASC 830-30)   |            |           |            |
| <i>Disclosure</i>   |            |           |            |
| Analysis of Changes in Cumulative Translation Adjustment  |            |           |            |
| 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.)<br>[FASB ASC 830-30-50-1]  | _____      | _____     | _____      |
| 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?<br>[FASB ASC 830-30-50-2]   | _____      | _____     | _____      |
| <b>S. Capitalization of Interest</b> (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?<br>[FASB ASC 835-20-50-1]  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>T. Leases—Overall (Lessees) (FASB ASC 840-10)</b>  |            |           |            |
| <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.)<br>[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?<br>[FASB ASC 840-10-50-1]  | _____      | _____     | _____      |
| 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:   |            |           |            |
| <i>a.</i> The basis on which contingent rental payments are determined?   | _____      | _____     | _____      |
| <i>b.</i> The existence and terms of renewal or purchase options and escalation clauses?  | _____      | _____     | _____      |
| <i>c.</i> Restrictions imposed by lease agreements, such as those concerning dividends, additional debt, and further leasing?<br>[FASB ASC 840-10-50-2]   | _____      | _____     | _____      |
| <b>U. Operating Leases (Lessees) (FASB ASC 840-20)</b>  |            |           |            |
| <i>Presentation</i>   |            |           |            |
| 1. Has the entity properly presented rental costs in the lessee’s income from continuing operations?<br>[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.)<br>[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 ( <i>a</i> ) 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 ( <i>b</i> ) the total of minimal rentals to be received in the future under noncancelable subleases as of the date of the latest balance sheet presented?<br>[FASB ASC 840-20-50-2] | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>V. Capital Leases (Lessees) (FASB ASC 840-30)</b>  |            |           |            |
| <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?<br>[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?<br>[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?<br>[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?<br>[FASB ASC 840-30-50-1]   | _____      | _____     | _____      |



|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>W. Sale-Leaseback Transactions (Lessees) (FASB ASC 840-40)</b>   |            |           |            |
| <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?<br>[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?<br>[FASB ASC 840-40-50-2]  | _____      | _____     | _____      |
| <b>X. Leases—Overall (Lessors) (FASB ASC 840-10)</b>  |            |           |            |
| <i>Disclosure</i>   |            |           |            |
| 1. Has the entity properly disclosed the nature and extent of leasing transactions with related parties?<br>[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?<br>[FASB ASC 840-10-50-4]  | _____      | _____     | _____      |
| 3. Has the entity properly disclosed ( <i>a</i> ) its accounting policy for contingent rental income, and ( <i>b</i> ) 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?<br>[FASB ASC 840-10-50-5] | _____      | _____     | _____      |
| <b>Y. Operating Leases (Lessors) (FASB ASC 840-20)</b>  |            |           |            |
| <i>Presentation</i>   |            |           |            |
| 1. Has the entity properly presented leased property with or near property, plant, and equipment in the balance sheet?<br>[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?<br>[FASB ASC 840-20-45-3]   | _____      | _____     | _____      |
| <i>Disclosure</i>   |            |           |            |
| 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?<br>[FASB ASC 840-20-50-4]  | _____      | _____     | _____      |
| <b>Z. Capital Leases (Lessors) (FASB ASC 840-30)</b>  |            |           |            |
| <i>Presentation</i>   |            |           |            |
| 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?<br>[FASB ASC 840-30-45-4]   | _____      | _____     | _____      |
| 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?<br>[FASB ASC 840-30-45-5] | _____      | _____     | _____      |
| <i>Disclosure</i>   |            |           |            |
| 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:  |            |           |            |

|  | <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?<br>[FASB ASC 840-30-50-4]   | _____      | _____     | _____      |
| <b>Leveraged Leases</b>  |            |           |            |
| 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?<br>[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?<br>[FASB ASC 840-30-50-6] | _____      | _____     | _____      |
| <b>AA. Nonmonetary Transactions (FASB ASC 845-10)</b>  |            |           |            |
| <i>Disclosure</i>  |            |           |            |
| 1. Has the entity properly disclosed the following, related to non-monetary 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?<br>[FASB ASC 845-10-50-1]  | _____      | _____     | _____      |
| 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)?<br>[FASB ASC 845-10-50-2]   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[FASB ASC 845-10-50-3]   | _____      | _____     | _____      |
| <b>BB. Related Party Disclosures (FASB ASC 850-10)</b>   |            |           |            |
| <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):  |            |           |            |
| a. The nature of the relationship(s) involved?   | _____      | _____     | _____      |
| b. 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?  | _____      | _____     | _____      |
| c. 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?   | _____      | _____     | _____      |
| d. 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?   | _____      | _____     | _____      |
| e. If the entity issues separate financial statements <i>and</i> is a member of a group that files a consolidated tax return,  |            |           |            |
| 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?  | _____      | _____     | _____      |
| ii. 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?<br>[FASB ASC 850-10-50-1] | _____      | _____     | _____      |
| 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)?<br>[FASB ASC 850-10-50-2]  | _____      | _____     | _____      |
| 3. Has the entity properly disclosed, if necessary to understand the relationship, the name of the related party?<br>[FASB ASC 850-10-50-3]  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[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?<br>[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?<br>[FASB ASC 850-10-50-6] | _____      | _____     | _____      |

**CC. Reorganizations** (FASB ASC 852-10 and FASB ASC 852-20)

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**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.

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**DD. Subsequent Events** (FASB ASC 855-10)<sup>32</sup>

*Disclosure*

**Dates Through Which Subsequent Events Have Been Evaluated**

1. Has the entity properly disclosed the following regarding subsequent events:
  - a. The date through which subsequent events have been evaluated? \_\_\_\_\_

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<sup>32</sup> 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 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](http://www.fasb.org).

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[FASB ASC 855-10-50-1]  | _____      | _____     | _____      |
| Nonrecognized Subsequent Events  |            |           |            |
| 2. Has the entity properly disclosed the following regarding nonrecognized 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?<br>[FASB ASC 855-10-50-2]   | _____      | _____     | _____      |
| 3. Has the entity considered disclosing, regarding significant nonrecognized 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)?<br>[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?<br>[FASB ASC 855-10-50-4]  | _____      | _____     | _____      |
| <b>EE. Transfers and Servicing (FASB ASC 860-10)<sup>33</sup></b>  |            |           |            |
| <i>Disclosure</i>  |            |           |            |

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#### Additional Disclosure Information

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

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- |  |       |       |       |
|--|-------|-------|-------|
| 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?<br>[FASB ASC 860-10-50-1] | _____ | _____ | _____ |
| 1B. ( <i>ASU No. 2009-16</i> ) This paragraph has been superseded by ASU No. 2009-16.<br>["Pending Content" in FASB ASC 860-10-50-1]   | _____ | _____ | _____ |

#### *Public Entity Disclosures*

#### Public Entities—Disclosure Objectives

- 2A. Has the entity properly disclosed the following:

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<sup>33</sup> See footnote 4.

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[FASB ASC 860-10-50-3]  | _____      | _____     | _____      |
| 2B. (ASU No. 2009-16) Has the 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?<br>[“Pending Content” in FASB ASC 860-10-50-3]   | _____      | _____     | _____      |
| 3A. Has the 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? (Note: 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.)<br>[FASB ASC 860-10-50-4] | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 3B. (ASU No. 2009-16) Has the 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?<br>["Pending Content" in FASB ASC 860-10-50-4]   | _____      | _____     | _____      |
| Public Entities—Aggregation of Certain Disclosures  |            |           |            |
| 4B. (ASU No. 2009-16) Has the 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?<br>["Pending Content" in FASB ASC 860-10-50-4A]  | _____      | _____     | _____      |
| 5A. Has the 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?  | _____      | _____     | _____      |
| b. A distinguishment between transfers to qualifying special-purpose entities accounted for as sales and all other transactions accounted for as sales?<br>[FASB ASC 860-10-50-5] <sup>34</sup>   | _____      | _____     | _____      |

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<sup>34</sup> "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.



Yes      No      N/A

**FF. Sales of Financial Assets (FASB ASC 860-20)<sup>35</sup>**

*Disclosure*

**Additional Disclosure Information**

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

Nonpublic Entities—Financial Assets Securitized<sup>36</sup>

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.)

\_\_\_\_\_

d. 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]

\_\_\_\_\_

1B. (ASU No. 2009-16) Has the entity properly disclosed the following, for each income statement period presented, the following:

<sup>35</sup> See footnote 4.

<sup>36</sup> 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> |
|---|------------|-----------|------------|
| a. 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?                 | _____      | _____     | _____      |
| b. 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?"  | _____      | _____     | _____      |
| c. 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:  |            |           |            |
| i. Discount rates?  | _____      | _____     | _____      |
| ii. Expected prepayments including the expected weighted-average life of prepayable financial assets?   | _____      | _____     | _____      |
| iii. Anticipated credit losses, including expected static pool losses?  | _____      | _____     | _____      |
| d. For the initial fair value measurements in item (a), the valuation technique(s) used to measure fair value?  | _____      | _____     | _____      |
| e. Cash flows between a transferor and transferee, including (i) proceeds from new transfers, (ii) proceeds from collections re-invested 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] | _____      | _____     | _____      |

Nonpublic Entities—Interests That Continue to Be Held<sup>37</sup>

- 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:
- |  |       |       |       |
|--|-------|-------|-------|
| a. Its accounting policies for subsequently measuring those interest, including the methodology used in determining their fair value?  | _____ | _____ | _____ |
| b. 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? | _____ | _____ | _____ |

<sup>37</sup> See footnote 36.

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| c. 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?   | _____      | _____     | _____      |
| d. A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test?  | _____      | _____     | _____      |
| e. For the securitized assets and any other financial assets that it manages together with them,  |            |           |            |
| 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?  | _____      | _____     | _____      |
| ii. delinquencies at the end of the period?   | _____      | _____     | _____      |
| iii. credit losses, net of recoveries, during the period?<br>[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:  |            |           |            |
| 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: |            |           |            |
| i. The total principal amount outstanding?  | _____      | _____     | _____      |
| ii. The amount that has been derecognized?  | _____      | _____     | _____      |
| iii. The amount that continues to be recognized in the statement of financial position?   | _____      | _____     | _____      |
| 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?  | _____      | _____     | _____      |
| 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?   | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?   | _____      | _____     | _____      |
| b. The entity's 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 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.)  | _____      | _____     | _____      |
| 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.)<br>["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?<br>[FASB ASC 860-20-50-5] <sup>38</sup> | _____ | _____ | _____ |
|--|-------|-------|-------|

<sup>38</sup> "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> |
|---|------------|-----------|------------|
| <i>Public Entity Disclosures</i>  |            |           |            |
| Public Entities   |            |           |            |
| 4A. If specific disclosures are required elsewhere in FASB ASC for a particular form of the transferor’s continuing involvement, has the 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? ( <i>Note:</i> 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.)<br>[FASB ASC 860-20-50-7] | _____      | _____     | _____      |
| 4B. ( <i>ASU No. 2009-16</i> ) This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-20-50-7]  | _____      | _____     | _____      |
| Public Entities—Disclosures for Each Income Statement Presented   |            |           |            |
| <i>Presentation</i>   |            |           |            |
| 5A. Has the 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?<br>[FASB ASC 860-20-50-8]   | _____      | _____     | _____      |
| 5B. ( <i>ASU No. 2009-16</i> ) This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-20-50-8]  | _____      | _____     | _____      |
| Public Entities—Disclosures for Each Statement of Financial Position Presented  |            |           |            |
| 6A. Has the 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:  |            |           |            |

## Corporations

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 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?  | _____      | _____     | _____      |
| 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?   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?  | _____      | _____     | _____      |
| e. Information about the asset quality of transferred financial assets and any other financial assets that it manages together with them?<br>[FASB ASC 860-20-50-9]  | _____      | _____     | _____      |
| 6B. (ASU No. 2009-16) This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-20-50-9]  | _____      | _____     | _____      |
| <b>GG. Secured Borrowing and Collateral (FASB ASC 860-30)<sup>39</sup></b>   |            |           |            |
| <i>Presentation</i>  |            |           |            |
| 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?<br>[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?<br>[FASB ASC 860-30-45-2]  | _____      | _____     | _____      |

<sup>39</sup> See footnote 36.

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

FASB ASC 860-30-50 contains disclosures for both nonpublic and public companies. See the following section, "Public Entity Disclosures," 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:

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]



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <i>Nonpublic Entities—Restricted Assets</i>  |            |           |            |
| 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?<br>[FASB ASC 860-30-50-2]   | _____      | _____     | _____      |
| 4B. (ASU No. 2009-16) This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-30-50-2]  | _____      | _____     | _____      |
| <i>Public Entity Disclosure</i>  |            |           |            |
| <i>Public Entities—Collateral</i>  |            |           |            |
| 5A. Has the 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?<br>[FASB ASC 860-30-50-4]  | _____      | _____     | _____      |
| 5B. (ASU No. 2009-16) This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-30-50-4]  | _____      | _____     | _____      |
| <i>Public Entities—Secured Borrowings</i>  |            |           |            |
| 6A. Has the 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?<br>[FASB ASC 860-30-50-5] | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 6B. (ASU No. 2009-16) This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-30-50-5]   | _____      | _____     | _____      |
| <b>HH. Servicing Assets and Liabilities (FASB ASC 860-50)<sup>40</sup></b>  |            |           |            |
| <i>Presentation</i>   |            |           |            |
| 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?<br>[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?<br>[FASB ASC 860-50-45-2] | _____      | _____     | _____      |
| <i>Disclosure</i>   |            |           |            |

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#### Additional Disclosure Information

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

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#### Nonpublic Entities—All Servicing Assets and Servicing Liabilities

- |   |       |       |       |
|---|-------|-------|-------|
| 3A. 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? (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.) | _____ | _____ | _____ |

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<sup>40</sup> See footnote 36.

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <p>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?<br/>[FASB ASC 860-50-50-2]</p>   | _____      | _____     | _____      |
| <p>3B. (ASU No. 2009-16) Has the entity properly disclosed the following regarding all servicing assets and servicing liabilities:</p>   |            |           |            |
| <p>a. Management’s basis for determining its classes of servicing assets and servicing liabilities?</p>  | _____      | _____     | _____      |
| <p>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?</p>   | _____      | _____     | _____      |
| <p>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?</p>  | _____      | _____     | _____      |
| <p>d. Quantitative and qualitative information about the assumptions used to estimate fair value?</p>  | _____      | _____     | _____      |
| <p>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?<br/>[“Pending Content” in FASB ASC 860-50-50-2]</p> | _____      | _____     | _____      |
| <p>Nonpublic Entities—Servicing Assets and Servicing Liabilities Subsequently Measured at Fair Value</p>   |            |           |            |
| <p>4A. Has the entity properly disclosed the following regarding all servicing assets and servicing liabilities subsequently measured at fair value:</p>   |            |           |            |
| <p>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:</p>   |            |           |            |
| <p>i. The beginning and ending balances?</p>   | _____      | _____     | _____      |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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.)<br>[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?  | _____      | _____     | _____      |
| 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?   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>["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?  | _____      | _____     | _____      |

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|  | <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?<br>[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?  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?   | _____      | _____     | _____      |
| 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 stratums 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?<br>[“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?<br>[FASB ASC 860-50-50-5] <sup>41</sup>   | _____      | _____     | _____      |
| <i>Public Entity Disclosures</i>   |            |           |            |
| Public Entities—All Servicing Assets and Servicing Liabilities   |            |           |            |
| 7A. Has the entity properly disclosed the following for all servicing assets and servicing liabilities: <sup>42</sup>  |            |           |            |
| 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?  | _____      | _____     | _____      |

<sup>41</sup> 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.

<sup>42</sup> 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.

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|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?  | _____      | _____     | _____      |
| 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?<br>[FASB ASC 860-50-50-7]   | _____      | _____     | _____      |
| 7B. <i>(ASU No. 2009-16)</i> This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-50-50-7]   | _____      | _____     | _____      |
| 8A. Has the 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?<br>[FASB ASC 860-50-50-8]   | _____      | _____     | _____      |
| 8B. <i>(ASU No. 2009-16)</i> This paragraph has been superseded by ASU No. 2009-16.<br>[“Pending Content” in FASB ASC 860-50-50-8]   | _____      | _____     | _____      |
| 9A. Has the 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:  |            |           |            |



|  | <u>Yes</u>   | <u>No</u>  | <u>N/A</u>   |
|--|--|--|--|
| <p><i>a.</i> 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:</p> <p>i. The beginning and ending balances?</p> <p>ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and servicing obligations that result from transfers of financial assets)?</p> <p>iii. Disposals?</p> <p>iv. Amortization?</p> <p>v. Application of valuation allowance to adjust carrying value of servicing assets?</p> <p>vi. Other-than-temporary impairments?</p> <p>vii. Other changes that affect the balance and a description of those changes?</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><i>b.</i> 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?</p>  | <p>_____</p>   | <p>_____</p>   | <p>_____</p>   |
| <p><i>c.</i> 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?</p>   | <p>_____</p>   | <p>_____</p>   | <p>_____</p>   |
| <p><i>d.</i> 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?<br/>[FASB ASC 860-50-9]</p>  | <p>_____</p>   | <p>_____</p>   | <p>_____</p>   |

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|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 9B. (ASU No. 2009-16) This paragraph has been superseded by ASU No. 2009-16.<br>["Pending Content" in FASB ASC 860-50-50-9] | _____      | _____     | _____      |

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# FSP Section 6200

## *Auditors' Reports Checklist*

.01 This checklist has been developed by the staff of the Accounting and Auditing Publications Team of the AICPA as a nonauthoritative practice aid. This checklist contains the basic requirements for reporting on an audit of the financial statements in accordance with generally accepted auditing standards (GAAS).

.02 The Public Company Accounting Oversight Board (PCAOB) establishes standards for audits of *issuers*, as that term is defined by the Sarbanes-Oxley Act of 2002, or whose audit is prescribed by the rules of the Securities and Exchange Commission. Other entities are referred to as *nonissuers*. This checklist does *not* address PCAOB standards. However, the auditor may be engaged to audit and report on the effectiveness of an entity's internal control over financial reporting in accordance with PCAOB auditing standards. In those cases, the auditor should modify this checklist considering the guidance in PCAOB standards. Refer to Interpretation No. 18, "Reference to PCAOB Standards in an Audit Report on a Nonissuer," of AU section 508, *Reports on Audited Financial Statements* (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .89–.92). If the auditor is engaged to audit both an entity's financial statements and management's assessment of the effectiveness of internal control over financial reporting in accordance with PCAOB auditing standards, refer to paragraphs .85–.98 of PCAOB Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements* (AICPA, *PCAOB Standards and Related Rules, Standards*, AU-P sec. 320), for the audit reports that should be used.

.03 Explanation of References:

AU= Reference to section number in AICPA *Professional Standards* (vol. 1)

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <b>The Auditor's Standard Report</b>  |            |           |            |
| 1. Is the report addressed to the entity whose financial statement are being audited or to its board of directors or stockholders?<br>[AU 508.09] | _____      | _____     | _____      |

The following table identifies the address mentioned in the Independent Auditor's Report for 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]).

### ADDRESSEE OF AUDITORS' REPORTS

|                                     | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Board of Directors and Stockholders | 488         | 484         | 576         | 572         | 561         |
| Stockholders                        | 4           | 8           | 7           | 17          | 12          |
| Board of Directors                  | 5           | 5           | 12          | 7           | 20          |
| Company                             | 2           | 2           | 4           | 3           | 6           |
| Other or no addressee               | 1           | 1           | 1           | 1           | 1           |
| <b>Total Entities</b>               | <b>500</b>  | <b>500</b>  | <b>600</b>  | <b>600</b>  | <b>600</b>  |

2008–2009 based on 500 entities surveyed; 2005–2007 based on 600 entities surveyed.

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 2. Do the titles of each financial statement appear in the introductory paragraph of the report?<br>[AU 508.06; AU 623.05]  | _____      | _____     | _____      |
| 3. If the financial statements include a separate statement of changes in stockholders' equity accounts, it is identified in the introductory paragraph of the report?<br>[AU 508.06] | _____      | _____     | _____      |

The following table identifies the location of the independent auditor's report in relation to the financial statements and notes for 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]).

**PRESENTATION IN ANNUAL REPORT**

|   | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Follows financial statements and notes  | 377         | 132         | 157         | 179         | 193         |
| Precedes financial statements and notes | 123         | 368         | 443         | 420         | 406         |
| Between financial statements and notes  | —           | —           | —           | 1           | 1           |
| <b>Total Entities</b>                   | <b>500</b>  | <b>500</b>  | <b>600</b>  | <b>600</b>  | <b>600</b>  |

2008–2009 based on 500 entities surveyed; 2005–2007 based on 600 entities surveyed.

|  |       |       |       |
|--|-------|-------|-------|
| 4. When applicable, does the auditor's report state that the auditor has formed an opinion, on the basis of an audit performed in accordance with GAAS, that the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the entity? <sup>1</sup><br>[AU 508.07] | _____ | _____ | _____ |
| 5. Does the auditor's standard report contain the following basic elements:  |       |       |       |
| a. A title that includes the word <i>independent</i> ? <sup>2</sup><br>[AU 508.08; AU 623.05]  | _____ | _____ | _____ |
| b. A statement that the financial statements identified in the report were audited?<br>[AU 508.08; AU 623.05]  | _____ | _____ | _____ |
| c. A statement that the financial statements are the responsibility of the entity's management and that the auditor's responsibility is to express an opinion on the financial statements based on his or her audit?<br>[AU 508.08; AU 623.05]   | _____ | _____ | _____ |

<sup>1</sup> When reporting on financial statements prepared in conformity with a comprehensive basis of accounting other than *generally accepted accounting principles* (GAAP), as defined in paragraph .04 of AU section 623, *Special Reports* (AICPA, *Professional Standards*, vol. 1), the independent auditor's report will also include the elements listed.

<sup>2</sup> AU section 504, *Association With Financial Statements* (AICPA, *Professional Standards*, vol. 1), provides additional guidance on reporting when the auditor is not independent.

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <i>d.</i> A statement that the audit was conducted in accordance with GAAS and an identification of the United States of America as the country of origin of those standards (for example, auditing standards generally accepted in the United States of America or U.S. generally accepted auditing standards)?<br>[AU 508.08; AU 9508.59; AU 623.05]   | _____      | _____     | _____      |
| <i>e.</i> 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?<br>[AU 508.08; AU 623.05]  | _____      | _____     | _____      |
| <i>f.</i> A statement that an audit includes (i) examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, (ii) assessing the accounting principles used and significant estimates made by management, and (iii) evaluating the overall financial statement presentation?<br>[AU 508.08; AU 623.05]       | _____      | _____     | _____      |
| <i>g.</i> A statement that the auditor believes that his or her audit provides a reasonable basis for his or her opinion?<br>[AU 508.08; AU 623.05]  | _____      | _____     | _____      |
| <i>h.</i> An opinion regarding whether the financial statements present fairly, in all material respects, the financial position of the 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 generally accepted accounting principles (GAAP)?<br>[AU 508.08; AU 623.05] | _____      | _____     | _____      |
| <i>i.</i> Identification of the basis of presentation and, if that basis is an other comprehensive basis of accounting, <sup>3</sup> that fact and a reference to the note to the financial statements that describes the basis of presentation?<br>[AU 508.08; AU 623.05]   | _____      | _____     | _____      |
| <i>j.</i> The manual or printed signature of the auditor's firm?<br>[AU 508.08; AU 623.05]   | _____      | _____     | _____      |

<sup>3</sup> Reporting on financial statements prepared in conformity with an other comprehensive basis of accounting (OCBOA) is addressed in AU section 623. 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.

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| k. The date of the audit report? <sup>4</sup><br>[AU 508.08; AU 530.05; AU 623.05]  | _____      | _____     | _____      |
| 6. Is the report dated no earlier than the date on which the auditor has obtained sufficient competent audit evidence to support the opinion on the financial statements?<br>[AU 530.01 and .05]  | _____      | _____     | _____      |
| 7. 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?<br>[AU 623.05]   | _____      | _____     | _____      |
| 8. 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, <i>Special Reports</i> [AICPA, <i>Professional Standards</i> , vol. 1, AU sec. 9623 par. .96-.98], provides an example report.)<br>[AU 544.04; AU 9623.96-.98] | _____      | _____     | _____      |
| <b>Consideration of Additional or Explanatory Language</b>  |            |           |            |
| 9. Does the report include appropriate language for the following situations:   |            |           |            |
| a. Only one basic financial statement is presented and there are no scope limitations?<br>[AU 508.33-.34]   | _____      | _____     | _____      |
| b. Audited and unaudited financial statements are presented in comparative form?<br>[AU 504.15-.17]   | _____      | _____     | _____      |

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<sup>4</sup> Per paragraph .05 of AU section 530, *Dating of the Independent Auditor's Report* (AICPA, *Professional Standards*, vol. 1), the independent auditor has two 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.

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| c. Different opinions are expressed on comparative financial statements?<br>[AU 508.67]   | _____      | _____     | _____      |
| 10. Has an explanatory paragraph (or other explanatory language) been added to the standard report in any of the following conditions:  |            |           |            |
| a. The auditor's opinion is based in part on the report of another auditor, indicating a division of responsibility, and if so, does the auditor's standard report refer to the report of the auditor in expressing the opinion?<br>[AU 508.11-.12; AU 543.09]  | _____      | _____     | _____      |
| b. The auditor's opinion covers prior periods and included the work of another auditor who has ceased operations?<br>[AU 9508.60-.75]   | _____      | _____     | _____      |
| c. The auditor's opinion covers prior periods and included the work of another auditor whose report is not presented?<br>[AU 508.74]  | _____      | _____     | _____      |
| d. 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?<br>[AU 508.11 and .14-.15]   | _____      | _____     | _____      |
| e. 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, and if so, does (i) the report include an explanatory paragraph, following the opinion paragraph, to reflect that conclusion, and (ii) 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? <sup>5</sup><br>[AU 341.12; AU 508.11] | _____      | _____     | _____      |
| f. There has been a material change between periods in accounting principles or in the method of their application and the auditor's report identifies the nature of the change and refer the reader to the note in the financial statements that discusses the change in detail? ( <i>Note:</i> The auditor's concurrence with a change is implicit unless he or she takes exception to the changes in expressing his or her opinion as to the fair presentation of the financial statements in conformity with GAAP.)<br>[AU 508.11 and .17]  | _____      | _____     | _____      |

<sup>5</sup> 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.

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|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| g. Certain circumstances relating to reports on comparative financial statements exist?<br>[AU 508.11]   | _____      | _____     | _____      |
| h. Selected quarterly financial data required by Securities and Exchange Commission Regulation S-K has been omitted or has not been reviewed and, if so, does the report include an additional paragraph stating that fact?<br>[AU 508.11; AU 722.50]  | _____      | _____     | _____      |
| i. Supplementary information required by the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB), or the Federal Accounting Standards Advisory Board (FASAB) has been omitted, the presentation of such information departs materially from FASB, GASB, or FASAB guidelines, the auditor is unable to complete prescribed procedures with respect to such information, or the auditor is unable to remove substantial doubts about whether the supplementary information conforms to FASB, GASB, or FASAB guidelines?<br>[AU 508.11; AU 558A.02]                         | _____      | _____     | _____      |
| j. Other information in a document containing audited financial statements is materially inconsistent with information appearing in the financial statements?<br>[AU 508.11; AU 550A.04]   | _____      | _____     | _____      |
| k. To emphasize a matter regarding the financial statements and is the matter being emphasized disclosed in the financial statements' and presented in a separate paragraph that avoids use of phrases such as "with the foregoing (following) explanation?" ( <i>Note</i> : Such matters may include [i] that the entity is a component of a larger business enterprise, [ii] that the entity has significant transactions with related parties, or [iii] unusually important subsequent events. Further note that this is not an exhaustive list of circumstances.)<br>[AU 508.11 and .19; AU 9410.18; AU 9342.03] | _____      | _____     | _____      |
| l. To indicate that the work of a specialist was used in an audit? ( <i>Note</i> : 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. [Paragraph .16 of AU section 336, <i>Using the Work of a Specialist</i> (AICPA, <i>Professional Standards</i> , vol. 1)])<br>[AU 336.16]  | _____      | _____     | _____      |



|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <p><i>m.</i> When 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, “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 [AICPA, <i>Professional Standards</i>, vol. 1, AU sec. 9508 par. 85–.88], provides an example report.)<br/>[AU 9508.85–.88]</p> | _____      | _____     | _____      |
| <p><i>n.</i> When 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? (<i>Note:</i> Not required—Interpretation No. 18 of AU section 508 provides an example report.)<br/>[AU 9508.89–.92]</p>  | _____      | _____     | _____      |

**Considerations for Financial Statements Presented in Conformity With International Financial Reporting Standards (IFRSs)<sup>6</sup>**

|   |       |       |       |
|---|-------|-------|-------|
| <p>11. When the auditor reports on financial statements presented in conformity with 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?<br/>[AU 9508.93–.97]</p>  | _____ | _____ | _____ |
| <p>12. When the auditor reports on financial statements presented both in conformity with IFRSs and a jurisdictional variant of 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 IFRSs as issued by the IASB and with IFRSs as endorsed by [<i>insert name of endorsing country or economic union</i>]?<br/>[AU 9508.93–.97]</p> | _____ | _____ | _____ |

<sup>6</sup> 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, *Reports on Audited Financial Statements* (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .93–.97), provides that, when the 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.

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 13. When the auditor reports on financial statements presented in conformity with a jurisdictional variation of IFRSs such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with IFRSs as issued by the IASB, a variation of the standard report that reflects the guidance in 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 for financial statements prepared for more than limited distribution in the United States?<br>[AU 9508.93-.97] | _____      | _____     | _____      |
| <b>Considerations of Internal Control Related Matters</b>  |            |           |            |
| 14. Is the reporting form, content, and timing discussed in paragraphs .17-.26 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 entity's internal control over financial reporting identified in an audit of financial statements? <sup>7</sup><br>[AU 325.17-.26]   | _____      | _____     | _____      |
| <b>Considerations of Subsequent Events</b>   |            |           |            |
| 15. 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?<br>[AU 530.03-.05]   | _____      | _____     | _____      |
| <b>Considerations of Independence Related Matters</b>  |            |           |            |
| 16. If the accountant is not independent, has he or she followed one of the two reporting alternatives available:  |            |           |            |
| a. Disclaiming the opinion with respect to the financial statements and specifically stating that he or she is not independent?  | _____      | _____     | _____      |

<sup>7</sup> Auditors are required to communicate control deficiencies identified during an audit that are *significant deficiencies* or *material weaknesses* as defined by AU section 325, *Communicating Internal Control Related Matters Identified in an Audit* (AICPA, *Professional Standards*, vol. 1), 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. In October 2008, the Auditing Standards Board (ASB) issued Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (AICPA, *Professional Standards*, vol. 1, AU sec. 325), to eliminate differences within the AICPA's Audit and Attest Standards resulting from the issuance of Statement on Standards for Attestation Engagements No. 15, *An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements* (AICPA, *Professional Standards*, vol. 1, AT sec. 501). SAS No. 115 supersedes SAS No. 112, *Communicating Internal Control Related Matters Identified in an Audit*. SAS No. 115 is effective for audits of financial statements for periods ending on or after December 15, 2009.

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <p><i>b.</i> Issuing a compilation report in accordance with Statements on Standards for Accounting and Review Services indicating the lack of independence (nonpublic entities only)?<br/>[AU 504.05 and .09–.10; AR 100.21 and .48]</p>  | _____      | _____     | _____      |
| <b>Auditor's Report Dating Considerations</b>  |            |           |            |
| <p>17. 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?<br/>[AU 530.01]</p>  | _____      | _____     | _____      |
| <b>Considerations of The Presentation of Comparative Periods</b>   |            |           |            |
| <p>18. 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,</p>  |            |           |            |
| <p><i>a.</i> does the report include an explanatory paragraph, following the opinion paragraph that refers to the change?</p>  | _____      | _____     | _____      |
| <p><i>b.</i> 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?<br/>[AU 508.05–.06 and .12–.13]</p>  | _____      | _____     | _____      |
| <p><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 that an explanatory paragraph about consistency be included in the auditor's report.)<br/>[AU 420.08]</p> | _____      | _____     | _____      |
| <p>19. 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,</p>  |            |           |            |
| <p><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?</p>  | _____      | _____     | _____      |
| <p><i>b.</i> does the explanatory paragraph disclose</p>   |            |           |            |
| <p><i>i.</i> the date of the auditor's previous report?</p>  | _____      | _____     | _____      |
| <p><i>ii.</i> the type of opinion previously expressed?</p>  | _____      | _____     | _____      |
| <p><i>iii.</i> the circumstances or events that caused the auditor to express a different opinion?</p>   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[AU 508.11e, .68-.69 and .72-.73]   | _____      | _____     | _____      |
| 20. 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?<br>[AU 508.11e and .74]                    | _____      | _____     | _____      |

#### Considerations of a Qualified Report<sup>8</sup>

|   |       |       |       |
|---|-------|-------|-------|
| 21. 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?<br>[AU 508.22] | _____ | _____ | _____ |
| 22. If a qualified opinion is to be expressed because of a scope limitation, <sup>9</sup>   |       |       |       |
| a. are all of the substantive reasons for the qualification disclosed in one or more explanatory paragraphs preceding the opinion paragraph?  | _____ | _____ | _____ |
| b. such as <i>except for</i> or <i>with the exception of</i> ?  | _____ | _____ | _____ |

<sup>8</sup> Consult the topical index of the U.S. Auditing Standards section of *Professional Standards* under "Departure From Standard Report" for additional information.

Readers may also wish to refer to Technical Questions and Answers (TIS) section 1400.31, "GAAP Departure for FASB ASC 810" (AICPA, *Technical Practice Aids*), for assistance in determining the implications on the auditor's report if the reporting entity does not consolidate a variable interest entity.

<sup>9</sup> 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 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.

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 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?<br>[AU 318.76; AU 508.22–.32]  | _____      | _____     | _____      |
| 23. 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 <sup>10</sup>   |            |           |            |
| 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?   | _____      | _____     | _____      |
| b. 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?<br>[AU 314.109]                           | _____      | _____     | _____      |
| 24. If an opinion is disclaimed because of a scope limitation,   |            |           |            |
| a. are all of the substantive reasons for the disclaimer stated in a separate paragraph or paragraphs?   | _____      | _____     | _____      |
| b. does the report state that the scope of the audit was not sufficient to warrant the expression of an opinion?   | _____      | _____     | _____      |
| c. does the report avoid identifying procedures that were performed?   | _____      | _____     | _____      |
| d. is the scope paragraph omitted?   | _____      | _____     | _____      |
| e. in conformity with GAAP, are they described in the report?<br>[AU 508.62–.63]   | _____      | _____     | _____      |
| 25. 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?<br>[AU 508.35] | _____      | _____     | _____      |
| 26. 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?   | _____      | _____     | _____      |

<sup>10</sup> Consult the topical index of the U.S. Auditing Standards section of *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> |
|--|------------|-----------|------------|
| 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?<br>[AU 508.21; AU 508.37–39]  | _____      | _____     | _____      |
| 27. 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?<br>[AU 508.21; .58–.60; and .62]  | _____      | _____     | _____      |
| 28. 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?<br>[AU 9410.15]  | _____      | _____     | _____      |
| 29. 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)?<br>[AU 317.18]  | _____      | _____     | _____      |
| <b>Considerations of Communication With Management</b>   |            |           |            |
| 30. 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: |            |           |            |
| a. Modifying the audit opinion on the basis of a scope limitation?   | _____      | _____     | _____      |
| b. Obtaining legal advice about the consequences of different courses of action?   | _____      | _____     | _____      |
| c. Communicating with an appropriate third party (for example, a regulator)?   | _____      | _____     | _____      |
| d. Withdrawing from the engagement?<br>[AU 380.63]   | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 31. 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?<br>[AU 380.39] | _____      | _____     | _____      |

**Consideration of Other Information Presented In a Document Containing Audited Financial Statements<sup>11</sup>**

|   |       |       |       |
|---|-------|-------|-------|
| 32. If information accompanies the basic financial statements in an auditor-submitted document, does the report on the accompanying information   |       |       |       |
| a. state that the audit is performed for the purpose of forming an opinion on the basic financial statements taken as a whole?  | _____ | _____ | _____ |
| b. specifically identify the accompanying information?  | _____ | _____ | _____ |
| c. state that the accompanying information is presented for purposes of additional analysis and is not part of the basic financial statements?  | _____ | _____ | _____ |
| d. state whether the accompanying information is subject to the auditing procedures applied in an audit of the basic financial statements?  | _____ | _____ | _____ |
| e. the appropriate expression of opinion (if subject to audit procedures) or disclaimer (if not subject to audit procedures)?<br>[AU 551.06-.11]  | _____ | _____ | _____ |
| f. a statement that the supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements?  | _____ | _____ | _____ |
| g. a statement that, in addition to the auditing procedures applied in the audit, the supplementary information has been subjected to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America? | _____ | _____ | _____ |

<sup>11</sup> In February 2010, the ASB issued SAS No. 118, *Other Information in Documents Containing Audited Financial Statements*, (AICPA, *Professional Standards*, vol. 1, AU sec. 550); SAS No. 119, *Supplementary Information in Relation to the Financial Statements as a Whole* (AICPA, *Professional Standards*, vol. 1, AU sec. 551); and SAS No. 120, *Required Supplementary Information* (AICPA, *Professional Standards*, vol. 1, AU sec. 558). These SASs amend or supersede AU section 550A, *Other Information in Documents Containing Audited Financial Statements*; AU section 551A, *Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents*; and AU section 558A, *Required Supplementary Information* (AICPA, *Professional Standards*, vol. 1), respectively. Collectively, these statements address the auditor's responsibilities with respect to information that is required by a designated standard setter (that is, the Financial Accounting Standards Board, Governmental Accounting Standards Board, Federal Accounting Standards Advisory Board, and the International Accounting Standards Board) 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.

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|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| <p><i>h.</i> a statement that, in the auditor's opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole, if the auditor issues an unqualified opinion on the financial statements and the auditor has concluded that the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole?</p>  | _____      | _____     | _____      |
| <p><i>i.</i> if the auditor issues a qualified opinion on the financial statements and the qualification has an effect on the supplementary information, a statement that, in the auditor's opinion, except for the effects on the supplementary information of (refer to the paragraph in the auditor's report explaining the qualification), such information is fairly stated, in all material respects, in relation to the financial statements as a whole?</p>   | _____      | _____     | _____      |
| <p><i>j.</i> a statement that the auditor does not express an opinion on the supplementary information if the auditor's report on the audited financial statements contains an adverse opinion or a disclaimer of opinion?</p>  | _____      | _____     | _____      |
| <p><i>k.</i> do the statements required in (a)–(j) appear in a separate report when the audited financial statements are not presented with the supplementary information?<br/>[AU 551.09–.12]</p>  | _____      | _____     | _____      |
| <p>33. 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 550A, <i>Other Information in Documents Containing Audited Financial Statements</i> (AICPA, <i>Professional Standards</i>, vol. 1), 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?<br/>[AU 550A.07; AU 558A.09]</p> | _____      | _____     | _____      |
| <p>34. If other information contained in annual reports and other client-prepared documents described in AU section 550A 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?<br/>[AU 508.11<i>h</i>; AU 550A.04]</p>  | _____      | _____     | _____      |
| <p>35. If other information contained in annual reports and other client-prepared documents described in AU section 550A 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</p> <p><i>a.</i> requested that the client revise the other information to eliminate the material consistency?</p>   | _____      | _____     | _____      |



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <p><i>b.</i> 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?<br/>[AU 550A.04]</p>  | _____      | _____     | _____      |
| <p>36. 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</p>   |            |           |            |
| <p><i>a.</i> requested that the client revise the accompanying information to eliminate the material misstatement?</p>   | _____      | _____     | _____      |
| <p><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?<br/>[AU 551A.09]</p>  | _____      | _____     | _____      |
| <p>37. 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 paragraph .08 of AU section 558A, <i>Required Supplementary Information</i> (AICPA, <i>Professional Standards</i>, vol. 1)?<br/>[AU 558A.08]</p> | _____      | _____     | _____      |
| <p>38. 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 550A paragraph .07?<br/>[AU 558A.09]</p>  | _____      | _____     | _____      |
| <p>39. 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?<br/>[AU 558A.08]</p>   | _____      | _____     | _____      |

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|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 40. If required supplementary information is included in a client-prepared document and the auditor has not subjected to the procedures described in AU section 558A, is the information either marked "unaudited" or has the auditor included an explanatory paragraph in the report disclaiming an opinion on the information? [AU 558.08; AU 558A.03] | _____      | _____     | _____      |

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## FSP Section 6300

# *Accountants' Reports on Compiled or Reviewed Financial Statements Checklist*

**Note:** In December 2009, the Accounting and Review Service Committee, a senior technical committee of the AICPA, issued Statement on Standards for Accounting and Review Services (SSARS) No. 19, *Compilation and Review Engagements* (AICPA, *Professional Standards*, vol. 2, AR sec. 60). SSARS No. 19 is effective for compilations and reviews of financial statements for periods ending on or after December 15, 2010. However, early application is permitted only with respect to permitting an accountant to disclose the reasons for a lack of independence in a compilation report, as discussed in paragraph 2.21 of SSARS No. 19 (AR sec. 80 par. .21). Significant changes to SSARSs include the following:

- The introduction of the term *review evidence* to the review literature. This change to the review literature clarifies that a review requires the accumulation of review evidence to provide a reasonable basis for obtaining limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in accordance with the applicable financial reporting framework. The standard states that evidence from analytical procedures and inquiries will ordinarily provide that evidence but that the accountant should use professional judgment in making that determination.
- 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 removal of the prohibition against allowing an accountant to include a description in the accountant's compilation report regarding the reason(s) for an independence impairment.
- The recodification of SSARS literature into separate sections for compilation and review engagements.

This checklist has been updated to reflect the new reporting standards in SSARS No. 19 but not its recodification of existing standards.

.01 This checklist has been developed by the staff of the Accounting and Auditing Publications Team of the AICPA as a nonauthoritative practice aid. Additionally, the *AICPA Compilation and Review Alert: Compilation and Review Developments* (available at [www.cpa2biz.com](http://www.cpa2biz.com)) is published annually to provide CPAs with an update on recent practice issues and professional standards that affect compilation and review engagements. The alert is an *other compilation and review publication* as defined in AR section 50, *Standards for Accounting and Review Services* (AICPA, *Professional Standards*, vol. 2). Other compilation and review publications have no authoritative status; however, they may help the accountant understand and apply the SSARS.

.02 This checklist is not intended to address all the considerations if an auditor is engaged to compile or review special-purpose financial statements prepared to comply with a contractual agreement or regulatory provision that specifies a special basis of presentation. In most circumstances, these financial statements are intended solely for the use of the parties to the agreement, regulatory bodies, or other specified parties. Refer to paragraphs .59–.68 of AR section 100, *Compilation and Review of Financial Statements* (AICPA, *Professional Standards*, vol. 2), and Interpretation No. 28, “Special-Purpose Financial Statements to Comply With Contractual Agreements or Regulatory Provisions,” of AR section 100 (AICPA, *Professional Standards*, vol. 2, AR sec. 9100 par. .109–.119) for guidance about how the accountant should modify the standard compilation or review report when reporting on these special-purpose financial statements.

.03 Explanation of References:

SSARS = AICPA Statement on Standards for Accounting and Review Services

AR = Reference to section number in AICPA *Professional Standards* (vol. 2)

.04 This checklist is divided into three parts. Part I should be used by accountants engaged to report on compiled financial statements or accountants that submit compiled financial statements to a client that are or reasonably might be expected to be used by a third party. Part II should be used by accountants that submit compiled financial statements to a client that are not reasonably expected to be used by a third party. Part III should be used if the accountant performs a review of financial statements. Paragraph .04 of AR section 100 defines the terms *compilation of financial statements* and *review of financial statements*.

.05 Checklist Questionnaire:

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <b>Part I—For Engagements to Report on Compiled Financial Statements or for Accountants That Submit Compiled Financial Statements to a Client That Are or Reasonably Might Be Expected to Be Used by a Third Party</b>   |            |           |            |
| 1. Is the compilation report appropriately worded to state   |            |           |            |
| a. a compilation is performed in accordance with SSARSs issued by the AICPA?   | _____      | _____     | _____      |
| b. a compilation is limited to presenting in the form of financial statements information that is the representation of management? (See paragraph .03 of AR section 300, <i>Compilation Reports on Financial Statements Included in Certain Prescribed Forms</i> , for reporting on financial statements included in a prescribed form, and the form calls for departure from generally accepted accounting principals [GAAP].) | _____      | _____     | _____      |
| c. the financial statements are not audited or reviewed and, accordingly, the accountant does not express an opinion or any other form of assurance on them?   | _____      | _____     | _____      |
| d. a signature of the accounting firm or the accountant, as appropriate?   | _____      | _____     | _____      |
| e. the date of the compilation report (that is, the date of the completion of the compilation)?<br>[AR 100.13–.17]   | _____      | _____     | _____      |
| 2. Does the report exclude a description of any other procedures that the accountant might have performed before or during the engagement?<br>[AR 100.13]  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 3. If the accountant chooses to emphasize a matter disclosed in the financial statements, such as a subsequent event that has material impact, is the explanatory information presented in a separate paragraph of the accountant's report?<br>[AR 100.54 and .76]   | _____      | _____     | _____      |
| 4. If the accountant chooses to indicate the origin of the accounting principles used to prepare the financial statements (either International Financial Reporting Standards [IFRSs] or a particular country of origin), does that indication appear in an emphasis of matter paragraph?<br>[AR 9100.94 and .130–.135]                    | _____      | _____     | _____      |
| 5. For compiled financial statements that contain departures <sup>1</sup> from GAAP or, where applicable, an other comprehensive basis of accounting (OCBOA),  |            |           |            |
| a. if the departure is the omission of substantially all required disclosures, does the accountant's report clearly indicate such omission?<br>[AR 100.19–.21]   | _____      | _____     | _____      |
| b. if compiled financial statements that omit substantially all of the disclosures required by GAAP include disclosures about only a few matters, are such disclosures labeled "Selected Information—Substantially All Disclosures Required by GAAP (or, where applicable, OCBOA) Are Not Included?"<br>[AR 100.19]                        | _____      | _____     | _____      |
| c. if compiled financial statements that omit substantially all required disclosures are prepared on a basis of accounting other than GAAP, and if such financial statements do not include disclosure of the basis of accounting used, does the accountant's report disclose the basis of accounting? <sup>2</sup><br>[AR 100.20 and .22] | _____      | _____     | _____      |
| d. if compiled financial statements that omit substantially all required disclosures have an emphasis of matter paragraph, is the matter discussed part of the financial information that management has presented? ( <i>Note:</i> An emphasis of matter paragraph should not be used in lieu of management disclosures.)<br>[AR 100.55]   | _____      | _____     | _____      |
| e. if compiled financial statements contain a departure from GAAP or, where applicable, OCBOA, does the accountant modify his or her report to disclose the departure in a separate paragraph?<br>[AR 100.56–.58]  | _____      | _____     | _____      |

<sup>1</sup> Other than departures required by a prescribed form or related instructions when the accountant issues an AR section 300, *Compilation Reports on Financial Statements Included in Certain Prescribed Forms* (AICPA, *Professional Standards*, vol. 2), compilation report on financial statements included in a prescribed form.

<sup>2</sup> AU section 623, *Special Reports* (AICPA, *Professional Standards*, vol. 1), paragraphs .09–.10 provide guidance on evaluating the adequacy of disclosure in financial statements prepared in conformity with an other comprehensive basis of accounting.

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <p>i. If the effects of the departure on the financial statements are determined by management or are known as a result of the accountant's procedures, are these effects also disclosed in the modified report?<br/>[AR 100.57]</p>   | _____      | _____     | _____      |
| <p>ii. If the effects of the departure on the financial statements are not determined, does the accountant state this in his or her report?<br/>[AR 100.57]</p>  | _____      | _____     | _____      |
| <p>6. If the accountant is not independent with respect to the not-for-profit entity (NFP), does the last paragraph of the compilation report state, "I am (We are) not independent with respect to XYZ organization," and does the report exclude the reason for the lack of independence? (<i>Note:</i> SSARS No. 19 removes the prohibition against allowing an accountant to include a description in the accountant's compilation report regarding the reason[s] for an independence impairment. Early implementation of this guidance in SSARS No. 19 is permitted.)<br/>[AR 100.23]</p> | _____      | _____     | _____      |
| <p>7. Does each page of the financial statements compiled by the accountant include a reference such as "See Accountant's Compilation Report?"<br/>[AR 100.15]</p>   | _____      | _____     | _____      |
| <p>8. If the financial statements do not appropriately disclose an uncertainty, including an uncertainty about an entity's ability to continue as a going concern or an inconsistency in the application of accounting principles, does the report include a separate paragraph that discloses such matters?<br/>[AR 100.57 fn 30; AR 100.69-.72]</p>  | _____      | _____     | _____      |
| <p>9. If the financial statements appropriately disclose an uncertainty, including an uncertainty about an entity's ability to continue as a going concern, but the accountant further decides to include an emphasis of a matter paragraph with respect to the uncertainty in the accountant's compilation or review report, does the report use the language in Interpretation No. 29, "Reporting on an Uncertainty, Including an Uncertainty About an Entity's Ability to Continue as a Going Concern," of AR section 100 (AR sec. 9100 par. .120-.129)?<br/>[AR 9100.123 and .127]</p>     | _____      | _____     | _____      |
| <p>10. If the basic financial statements are accompanied by information presented for supplementary analysis purposes, does the accountant clearly indicate the degree of responsibility, if any, he or she is taking with respect to such information?<br/>[AR 100.83]</p>  | _____      | _____     | _____      |
| <p>11. When the accountant compiles both the basic financial statements and other data presented only for supplementary analysis purposes, does the compilation report or the separate report on the other data state that</p> <p>a. the other data accompanying the financial statements are presented only for supplementary analysis purposes?</p>  | _____      | _____     | _____      |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| b. the information has been compiled from information that is the representation of management, without audit or review?   | _____      | _____     | _____      |
| c. the accountant does not express an opinion or any other form of assurance on such data?<br>[AR 100.83]  | _____      | _____     | _____      |
| 12. If the client does not provide a representation letter, were the matters discussed in paragraphs .86–.90 of AR section 100 considered in deciding whether it is appropriate to issue a compilation report?<br>[AR 100.86–.90]  | _____      | _____     | _____      |
| 13. If an audit or review engagement is changed to a compilation, does the report omit reference to (a) the original engagement, (b) any auditing or review procedures that might have been performed, and (c) any scope limitation that results in the changed engagement?<br>[AR 100.91]                 | _____      | _____     | _____      |
| 14. If comparative financial statements are presented, does the accountant's report cover each period presented?<br>[AR 200.02]  | _____      | _____     | _____      |
| 15. If compiled financial statements that omit substantially all of the disclosures required by GAAP are presented with the comparative financial statements that previously included all disclosures, do all the periods presented also omit such disclosures?<br>[AR 200.05]                             | _____      | _____     | _____      |
| a. If the prior-period financial statements do not omit the required disclosures and the accountant is requested to compile statements for the same period that do omit those disclosures, does the accountant's compilation report include an additional paragraph that indicates                         |            |           |            |
| i. the nature of the previous service rendered (compilation, review, or audit)?  | _____      | _____     | _____      |
| ii. the date of the previous report?<br>[AR 200.30–.31]  | _____      | _____     | _____      |
| 16. For comparative statements, if the level of service performed by the continuing accountant on the current-period financial statements is the same as, or higher than, that performed on the prior period financial statements presented, is the report on the prior period updated?<br>[AR 200.08–.10] | _____      | _____     | _____      |
| 17. For comparative statements, if the level of service performed by the continuing accountant on the current-period financial statements is lower than that performed on the prior period financial statements  |            |           |            |
| a. does the report on the current period include a separate paragraph that describes the responsibility assumed for the prior period?  | _____      | _____     | _____      |
| b. is the report on the current period accompanied by or combined with a reissued report on the prior period financial statements?<br>[AR 200.08 and .11–.12]  | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 18. If the report requires a changed reference to a departure from GAAP regarding the prior period presented, does the report indicate  |            |           |            |
| <i>a.</i> the date of the previous report?  | _____      | _____     | _____      |
| <i>b.</i> description of the circumstances or events underlying the change?   | _____      | _____     | _____      |
| <i>c.</i> if applicable, that the prior-period financial statements are changed?<br>[AR 200.14-.15]   | _____      | _____     | _____      |
| 19. For comparative statements, if the current-period financial statements are compiled and the prior period financial statements are audited and the audit report is not reissued, does the current-period report include a separate paragraph that contains the following:  |            |           |            |
| <i>a.</i> A statement that the prior-period financial statements were audited previously?   | _____      | _____     | _____      |
| <i>b.</i> The date of the previous report?  | _____      | _____     | _____      |
| <i>c.</i> The type of opinion previously expressed?   | _____      | _____     | _____      |
| <i>d.</i> If the opinion is other than unqualified, the substantive reasons therefore?  | _____      | _____     | _____      |
| <i>e.</i> The fact that no auditing procedures were performed after the date of the previous report?<br>[AR 200.29]   | _____      | _____     | _____      |
| 20. If the financial statements of a prior period have been restated  |            |           |            |
| <i>a.</i> if the successor accountant is not engaged to report on the prior year financial statements and the predecessor accountant does not reissue his or her report, does the introductory paragraph of the report indicate that a predecessor accountant reported on the financial statements of the prior period before restatement?  | _____      | _____     | _____      |
| <i>b.</i> if the successor accountant is engaged to compile or review the restatement adjustment(s), does the report indicate that the adjustment(s) were applied to restate prior-year financial statements that were reported on by another accountant?<br>[AR 200.25-.27]  | _____      | _____     | _____      |
| 21. When the accountant becomes aware of information that relates to financial statements previously compiled and reported on by himself or herself, and that information was not known to the accountant at the date of the report, has the accountant followed the guidance provided in paragraphs .77-.82 of AR section 100 to determine whether the accountant should take action to prevent further use of the accountant's report or the financial statements?<br>[AR 100.77-.82] | _____      | _____     | _____      |

**Predecessor's Compilation Report**

22. If the predecessor accountant does not reissue his or her compilation or review report on the prior-period financial statements, does the successor accountant



|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| a. make appropriate reference in his or her report to the predecessor's report in accordance with paragraphs .16-.19 of AR section 200, <i>Reporting on Comparative Financial Statements?</i> ( <i>Note:</i> The accountant should not name the predecessor accountant unless the predecessor's practice was acquired by, or merged with, that of the successor accountant.) | _____      | _____     | _____      |
| b. perform a compilation, review, or audit of the prior period statements and report on them accordingly?<br>[AR 200.16-.19]   | _____      | _____     | _____      |

**Part II—If the Accountant Submits Compiled Financial Statements to a Client That Are Not Reasonably Expected to Be Used by a Third Party**

|  |       |       |       |
|--|-------|-------|-------|
| 1. Has one of the following two options been performed:  |       |       |       |
| a. Issue a compilation report in accordance with the reporting requirements discussed in paragraphs .13-.23 of AR section 100 and therefore comply with the requirements of part I of this checklist?                                      | _____ | _____ | _____ |
| b. Document an understanding with the entity through the use of an engagement letter, preferably signed by management, regarding the services to be performed and the limitations on the use of those financial statements?<br>[AR 100.24] | _____ | _____ | _____ |
| 2. If the option to document an understanding is followed, does the documentation of the understanding include the following descriptions or statements:   |       |       |       |
| a. The nature and limitations of the services to be performed?   | _____ | _____ | _____ |
| b. A compilation is limited to presenting in the form of financial statements information that is the representation of management?  | _____ | _____ | _____ |
| c. The financial statements will not be audited or reviewed?   | _____ | _____ | _____ |
| d. No opinion or any other form of assurance on the financial statements will be provided?   | _____ | _____ | _____ |
| e. Management has knowledge about the nature of the procedures applied and the basis of accounting and assumptions used in the preparation of the financial statements?  | _____ | _____ | _____ |
| f. Acknowledgement of management's representation and agreement that the financial statements are not to be used by third parties?   | _____ | _____ | _____ |
| g. The engagement cannot be relied upon to disclose errors, fraud, or illegal acts?<br>[AR 100.25]   | _____ | _____ | _____ |
| 3. If applicable, does the documentation of the understanding address the following matters:   |       |       |       |
| a. Material departures from GAAP or OCBOA may exist and the effects of those departures, if any, on the financial statements may not be disclosed?   | _____ | _____ | _____ |

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| b. Substantially all disclosures (and statement of cash flows, if applicable) required by GAAP or OCBOA may be omitted?  | _____      | _____     | _____      |
| c. Lack of independence?   | _____      | _____     | _____      |
| d. Refer to supplementary information?<br>[AR 100.25]  | _____      | _____     | _____      |
| 4. Is a reference included on each page of the financial statements restricting their use such as "Restricted for Management's Use Only," or "Solely for the information and use by the management of [name of entity] and not intended to be and should not be used by any other party?"<br>[AR 100.26] | _____      | _____     | _____      |

### Part III—For Review Engagements

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**Note:** An accountant is precluded from issuing a review report on the financial statements of an NFP with respect to which he or she is not independent.  
[AR 100.53]

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|   |       |       |       |
|---|-------|-------|-------|
| 1. Is the review report appropriately worded to state that  |       |       |       |
| a. a review has been performed in accordance with SSARs issued by the AICPA?  | _____ | _____ | _____ |
| b. all information included in the financial statements is the representation of the management of the NFP?   | _____ | _____ | _____ |
| c. a review consists principally of inquiries of NFP personnel and analytical procedures applied to financial data?   | _____ | _____ | _____ |
| d. a review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole and, accordingly, no such opinion is expressed?  | _____ | _____ | _____ |
| e. the accountant is not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with GAAP or, where applicable, with OCBOA, other than those modifications, if any, indicated in the report? | _____ | _____ | _____ |
| f. a signature of the accounting firm or the accountant, as appropriate?  | _____ | _____ | _____ |
| g. the date of the review report (that is, the date of the completion of the review procedures)?<br>[AR 100.46 and .49–.50]   | _____ | _____ | _____ |
| 2. Does the report exclude a description of any other procedures that the accountant might have performed before or during the engagement?<br>[AR 100.46]   | _____ | _____ | _____ |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 3. If the accountant chooses to emphasize a matter disclosed in the financial statements, such as a subsequent event that has material impact, is the explanatory information presented in a separate paragraph of the accountant's report?<br>[AR 100.54 and .76]  | _____      | _____     | _____      |
| 4. If the accountant chooses to indicate the origin of the accounting principles used to prepare the financial statements (either IFRSs or a particular country of origin), does that indication appear in the third paragraph of the standard review report?<br>[AR 9100.94 and .130-.135]   | _____      | _____     | _____      |
| 5. If the accountant is not independent, is a disclaimer expressed and is a compilation report the highest level of service performed?<br>[AR 100.23 and .53]   | _____      | _____     | _____      |
| 6. For reviewed financial statements that contain departures from GAAP or, where applicable, OCBOA (including the omission of required disclosures), is the accountant's report modified to disclose the departure?<br>[AR 100.56-.58]  | _____      | _____     | _____      |
| <i>a.</i> If the effects of the departure are determined by management or are known as a result of the accountant's procedures, are these effects also disclosed in the modified report?<br>[AR 100.57]   | _____      | _____     | _____      |
| <i>b.</i> If the effects of the departure are not determined, does the accountant state this in his or her modified report?<br>[AR 100.57]  | _____      | _____     | _____      |
| 7. If the financial statements do not appropriately disclose an uncertainty, including an uncertainty about an entity's ability to continue as a going concern or an inconsistency in the application of accounting principles, does the report include a separate paragraph that discloses such matters?<br>[AR 100.57 fn 30; AR 100.69-.72]   | _____      | _____     | _____      |
| 8. If the financial statements appropriately disclose an uncertainty, including an uncertainty about an entity's ability to continue as a going concern, but the accountant further decides to include an emphasis of a matter paragraph with respect to the uncertainty in the accountant's compilation or review report, does the report use the language in Interpretation No. 29 of AR section 100?<br>[AR 9100.123 and .127] | _____      | _____     | _____      |
| 9. Does each page of the financial statements include a reference such as "See Accountant's Review Report?"<br>[AR 100.48]  | _____      | _____     | _____      |
| 10. When the basic financial statements are accompanied by other data presented only for supplementary analysis purposes, does the review report or the separate report on the other data state that  |            |           |            |
| <i>a.</i> the review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformance with GAAP?  | _____      | _____     | _____      |

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| b. the other data accompanying the financial statements are presented only for supplementary analysis purposes?  | _____      | _____     | _____      |
| c. if the other data was reviewed  |            |           |            |
| i. the other data have been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements?  | _____      | _____     | _____      |
| ii. the accountant did not become aware of any material modifications that should be made to such data?  | _____      | _____     | _____      |
| d. if the other data was compiled  |            |           |            |
| i. the other data were compiled from information that is the representation of management, without audit or review?  | _____      | _____     | _____      |
| ii. the accountant does not express an opinion or any other form of assurance on such data?<br>[AR 100.83]   | _____      | _____     | _____      |
| 11. Did the client provide a representation letter? ( <i>Note:</i> If the answer is "no" the accountant is prohibited from issuing a review report. A compilation report may be appropriate in limited circumstances.)<br>[AR 100.51]  | _____      | _____     | _____      |
| 12. If an audit engagement is changed to a review, does the report omit reference to: (a) the original engagement, (b) any auditing or review procedures that may have been performed, (c) any scope limitation that resulted in the changed engagement?<br>[AR 100.91]  | _____      | _____     | _____      |
| 13. If comparative financial statements are presented, does the accountant's report cover each period presented?<br>[AR 200.02]  | _____      | _____     | _____      |
| 14. For comparative statements, if the level of service performed by the continuing accountant on the current-period financial statements is the same as, or higher than, that performed on the prior period financial statements, is the continuing accountant's report on the prior period updated?<br>[AR 200.08-.10] | _____      | _____     | _____      |
| 15. For comparative statements, if the level of service performed by the continuing accountant on the current-period financial statements is lower than that performed on the prior period financial statements  |            |           |            |
| a. does the report on the current period include a separate paragraph that describes the responsibility assumed for the prior period?  | _____      | _____     | _____      |
| b. is the report on the current period accompanied by or combined with a reissued report on the prior period financial statements, which states that the accountant has not performed any procedures in connection with that review engagement after the date of his review report?<br>[AR 200.08 and .11-.12]           | _____      | _____     | _____      |

|   | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| 16. If the report requires a changed reference to a departure from GAAP regarding the prior period presented, does the report indicate  |            |           |            |
| <i>a.</i> the date of the previous report?  | _____      | _____     | _____      |
| <i>b.</i> a description of the circumstances or events underlying the change?   | _____      | _____     | _____      |
| <i>c.</i> if applicable, that the prior-period financial statements are changed?<br>[AR 200.14-.15 ]  | _____      | _____     | _____      |
| 17. If the financial statements of a prior period have been restated  |            |           |            |
| <i>a.</i> if the successor accountant is not engaged to report on the prior year financial statements and the predecessor accountant does not reissue his or her report, does the introductory paragraph of the report indicate that a predecessor accountant reported on the financial statements of the prior period before restatement?  | _____      | _____     | _____      |
| <i>b.</i> if the successor accountant is engaged to compile or review the restatement adjustment(s), does the report indicate that the adjustment(s) were applied to restate prior-year financial statements that were reported on by another accountant?<br>[AR 200.25-.27]  | _____      | _____     | _____      |
| 18. If the current-period financial statements are reviewed and the financial statements of the prior period presented are audited and the audit report is not reissued, does the current-period report include a separate paragraph that contains the following:   |            |           |            |
| <i>a.</i> A statement that the prior-period financial statements were audited previously?   | _____      | _____     | _____      |
| <i>b.</i> The date of the previous report?  | _____      | _____     | _____      |
| <i>c.</i> The type of opinion expressed previously?   | _____      | _____     | _____      |
| <i>d.</i> If the opinion is other than unqualified, the substantive reasons therefore?  | _____      | _____     | _____      |
| <i>e.</i> The fact that no auditing procedures were performed after the date of the previous report?<br>[AR 200.29]   | _____      | _____     | _____      |
| 19. When the accountant becomes aware of information that relates to financial statements previously reviewed and reported on by himself or herself, and that information was not known to the accountant at the date of the report, has the accountant followed the guidance provided in paragraphs .77-.82 of AR section 100 to determine whether the accountant should take action to prevent further use of the accountant's report or the financial statements?<br>[AR 100.77-.82] | _____      | _____     | _____      |

**Predecessor's Review Report**

20. If the predecessor accountant does not reissue his or her compilation or review report on the prior-period financial statements, does the successor accountant

## Corporations

|  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| <i>a.</i> make appropriate reference in the report to the predecessor's report in accordance with paragraphs .16-.19 of AR section 200? ( <i>Note:</i> The accountant should not name the predecessor accountant unless the predecessor's practice was acquired by, or merged with, that of the successor accountant.) | _____      | _____     | _____      |
| <i>b.</i> perform a compilation, review, or audit of the statements of the prior period and report on them accordingly?<br>[AR 200.16-.19]   | _____      | _____     | _____      |

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# FSP Section 6400

## *Illustrative Financial Statement Formats*<sup>1</sup>

.01 Generally accepted accounting principles (GAAP) do not require that specific formats be used in the presentation of financial statements. Nonetheless, several formats have come to represent common practice among financial statement preparers. The model illustrative financial statement formats included in this section do not represent comprehensive formats for all situations, but rather are general guidelines that may be tailored to fit the requirements of a wide variety of individual circumstances and situations. Furthermore, the illustrative financial statements do not include all disclosures and presentation items promulgated.

### Basic Financial Statements

.02 The minimum financial statement presentation required to present fairly an entity's financial position, results of operations, and cash flows in conformity with GAAP is outlined in AU section 551A, *Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents* (AICPA, *Professional Standards*, vol. 1). According to AU section 551A, the basic financial statements that are generally covered by an auditor's report include

- a balance sheet,
- a statement of income,
- a statement of retained earnings or changes in stockholders' equity,
- a statement of cash flows,
- description of accounting policies,
- notes to financial statements, and
- schedules and explanatory material that are identified as being part of the basic financial statements. (Schedules and explanatory material may be considered either as part of the basic financial statements or as supplementary information.)

### The Balance Sheet

.03 *Title.* The entities surveyed in the AICPA's *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]), generally use the title *balance sheet* for the statement showing assets, liabilities, and stockholder's equity. Other titles frequently used by those entities include *statement of financial position* and *statement of financial condition*.

.04 *Balance Sheet Format.* Commonly used balance sheet formats include the account form, the report form, and the financial position form. The account form shows total assets on the left-hand side equal to the sum of liabilities and equity on the right-hand side. The report form shows a downward sequence of either total assets minus total liabilities equal to equity or total assets equal to total liabilities plus equity. The

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<sup>1</sup> The illustrative financial statement formats included in this section have been updated to reflect Financial Accounting Standards Board (FASB) *Accounting Standards Codification*<sup>™</sup> (ASC). However, in the FASB ASC'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 the 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 in the 2009 editions as a learning tool to familiarize constituents with FASB ASC.

financial position form, a variation of the report form, shows noncurrent assets added to and noncurrent liabilities deducted from working capital to arrive at a balance equal to equity.

.05 The following table summarizes the balance sheet format used by 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]).

| <b>BALANCE SHEET FORMAT</b> |             |             |             |             |             |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
|                             | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| Report form                 | 437         | 523         | 524         | 523         | 504         |
| Account form                | 63          | 74          | 76          | 74          | 96          |
| Financial position form     | —           | —           | —           | —           | —           |
| <b>Total Entities</b>       | <b>500</b>  | <b>600</b>  | <b>600</b>  | <b>600</b>  | <b>600</b>  |

2008–2009 based on 500 entities surveyed; 2005–2007 based on 600 entities surveyed.

.06 Examples of the account form and financial position form of balance sheet are included as exhibits 1–2 of this section.

## Statement of Income

.07 *Title.* The entities surveyed for the AICPA's *Accounting Trends & Techniques* 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]), generally use the term *income* in the title of their presentations of the results of operations. Another term used by entities is *earnings*. The Securities and Exchange Commission requires the word *operations* in the title when there is a loss in the current period.

.08 *Income Statement Format.* Commonly used income statement formats include the single-step form and the multistep form. The single-step format groups the components of net income into two categories: (a) revenues and gains and (b) expenses and losses. The difference between the two subtotals is net income or loss for the period. The multiple-step format shows various intermediate components of net income. Generally, operating results are presented separately from nonoperating results (for example, costs and expenses are deducted from sales followed by nonoperating revenues, gains, expenses, and losses, and are grouped by type or function). Intermediate components of net income that are frequently presented in multiple-step statements are gross profit, income from operations, and other income and expenses.

.09 The following table summarizes the income statement format used by 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]).

| <b>INCOME STATEMENT FORMAT</b>                                  |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| <b>Single-Step Form:</b>  |             |             |             |             |             |
| Income tax shown as separate last item                          | 76          | 82          | 94          | 82          | 105         |
| Income tax listed among operating items                         | —           | —           | —           | —           | —           |
| <b>Multistep Form:</b>  |             |             |             |             |             |
| Costs and expenses deducted from sales to show operating income | 247         | 235         | 218         | 224         | 216         |
| Costs deducted from sales to show gross margin                  | 177         | 183         | 288         | 294         | 279         |
| <b>Total Entities</b>   | <b>500</b>  | <b>500</b>  | <b>600</b>  | <b>600</b>  | <b>600</b>  |

2008–2009 based on 500 entities surveyed; 2005–2007 based on 600 entities surveyed.



.10 Examples of the single-step and multiple-step income statement formats are included as exhibits 3–4 of this section.

.11 *Comprehensive Income*. Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 220, *Comprehensive Income*, requires that reporting entities report comprehensive income and its components in a financial statement that is displayed with the same prominence as other financial statements. FASB ASC 220 does not require a specific format for the statement that presents comprehensive, but provides examples of several different formats. Two such formats—one for a combined statement of income and comprehensive income and another for a separate statement of comprehensive income—are included as exhibits 5–6 of this section.

## Statements of Retained Earnings or Stockholder's Equity

.12 Although separate statements of retained earnings and statements of stockholder's equity are common presentations for public entities, their use by nonpublic entities is much less frequent. Because of the less complex capital structure of most nonpublic entities and the fact that their securities are not frequently transferred, many have found that the required disclosures can often be made without presenting separate statements. In most cases the only change in stockholder's equity of a nonpublic entity is the change in retained earnings resulting from net income (or loss). That change can usually be adequately disclosed in the statement of income or in the balance sheet.

.13 When nonpublic entities do experience changes in other components of stockholder's equity (for example, issuance of stock, purchase of treasury stock, and stock splits) disclosure is often made in the notes to the financial statements or in a separate statement of changes in stockholder's equity.

.14 An example of a combined statement of income and retained earnings is included as exhibit 7 of this section.

.15 FASB ASC 220-10-55 provides examples of presentations of comprehensive income and its components in the statement of changes in equity.

## Statement of Cash Flows

.16 FASB ASC 230, *Statement of Cash Flows*, requires that a statement of cash flows be included as part of a full set of financial statements for all business enterprises that report both financial position and results of operations. The primary purpose of a statement of cash flows is to provide relevant information about the cash receipts and cash payments of an entity during a period.

.17 A statement of cash flows classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities. Entities may report cash flows from operating activities directly by showing major classes of operating cash receipts and payments (the direct method) or by reporting net cash flows from operating activities indirectly by adjusting net income to reconcile it to net cash flow from operating activities (the indirect or reconciliation method). If the direct method is used, a reconciliation of net income and net cash flow from operating activities is required to be provided in a separate schedule.

.18 Examples of the statements of cash flow prepared using the indirect method and the direct method are included as exhibits 8–9 of this section.

## Notes to Financial Statements

.19 Authoritative pronouncements mandate many types of disclosures but do not mandate the manner of presentation. Some disclosures are best presented in separate notes rather than in the basic financial statements. Descriptions of accounting policies and notes to financial statements are recognized in AU section 551A as components of the "basic financial statements" necessary for a fair presentation in accordance with GAAP. Thus, notes are an integral part of financial statements. They should be used to present material disclosures required by generally accepted accounting principles that are not otherwise presented on the face of the statements.

## Exhibit 1

Account Form

## ABC COMPANY AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 20X1, and 20X0

|   | <u>20X1</u>      | <u>20X0</u>      |
|---|------------------|------------------|
| Assets  |                  |                  |
| Current Assets:   |                  |                  |
| Cash and cash equivalents   | \$XXX,XXX        | \$XXX,XXX        |
| Marketable securities (Note )   | XXX,XXX          | XXX,XXX          |
| Notes and accounts receivable:  |                  |                  |
| Notes receivable, less unearned finance charges (20—\$XXX,XXX;<br>20—\$XXX,XXX)                     | XXX,XXX          | XXX,XXX          |
| Accounts receivable   | XXX,XXX          | XXX,XXX          |
|   | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Less: Allowance for doubtful accounts   | XXX,XXX          | XXX,XXX          |
|   | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Inventories, at lower of average cost or market:  |                  |                  |
| Finished goods  | XXX,XXX          | XXX,XXX          |
| Work in process   | XXX,XXX          | XXX,XXX          |
| Raw materials and supplies  | XXX,XXX          | XXX,XXX          |
|   | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Prepaid expenses  | XXX,XXX          | XXX,XXX          |
| Total current assets  | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Investment in affiliated company at cost plus equity in undistributed<br>earnings since acquisition | XXX,XXX          | XXX,XXX          |
| Cash surrender value of life insurance  | XXX,XXX          | XXX,XXX          |
| Property, plant, and equipment, at cost:  |                  |                  |
| Land  | XXX,XXX          | XXX,XXX          |
| Buildings   | XXX,XXX          | XXX,XXX          |
| Machinery, equipment, and furniture and fixtures  | XXX,XXX          | XXX,XXX          |
|   | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Less: Accumulated depreciation (Note )  | XXX,XXX          | XXX,XXX          |
|   | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Goodwill  | XXX,XXX          | XXX,XXX          |
| Patents   | XXX,XXX          | XXX,XXX          |
| Other assets and deferred charges   | XXX,XXX          | XXX,XXX          |
| Total assets  | <u>\$XXX,XXX</u> | <u>\$XXX,XXX</u> |

*(continued)*

|  | <u>20X1</u>             | <u>20X0</u>             |
|--|-------------------------|-------------------------|
| Liabilities and Shareholders' Equity   |                         |                         |
| Current Liabilities:   |                         |                         |
| Notes payable (Note )  | \$XXX,XXX               | \$XXX,XXX               |
| Current portion of mortgage loan payable   | XXX,XXX                 | XXX,XXX                 |
| Current portion of obligations under capital leases  | XXX,XXX                 | XXX,XXX                 |
| Accounts payable—trade   | XXX,XXX                 | XXX,XXX                 |
| Dividends payable  | XXX,XXX                 | XXX,XXX                 |
| Income taxes payable (Notes )  | XXX,XXX                 | XXX,XXX                 |
| Other accounts payable and accrued expenses  | <u>XXX,XXX</u>          | <u>XXX,XXX</u>          |
| Total current liabilities  | <u>XXX,XXX</u>          | <u>XXX,XXX</u>          |
| Mortgage payable (Note )   | XXX,XXX                 | XXX,XXX                 |
| Obligation under capital leases (Note )  | XXX,XXX                 | XXX,XXX                 |
| Deferred income tax credits (Note )  | XXX,XXX                 | XXX,XXX                 |
| Minority interest  | XXX,XXX                 | XXX,XXX                 |
| Redeemable preferred stock (Note ):—% cumulative, no par<br>value—XXX shares authorized; XXX shares issued and outstanding | XXX,XXX                 | XXX,XXX                 |
| Common stock, no par value—XXX shares authorized; XXX shares<br>issued at stated value of \$XX a share                     | XXX,XXX                 | XXX,XXX                 |
| Capital in excess of stated value  | XXX,XXX                 | XXX,XXX                 |
| Retained earnings  | XXX,XXX                 | XXX,XXX                 |
| Accumulated other comprehensive income   | <u>XXX,XXX</u>          | <u>XXX,XXX</u>          |
| Less: XXX shares of common stock in treasury, at cost  | <u>XXX,XXX</u>          | <u>XXX,XXX</u>          |
| Total stockholders' equity   | <u>XXX,XXX</u>          | <u>XXX,XXX</u>          |
| Total liabilities and stockholders' equity   | <u><u>\$XXX,XXX</u></u> | <u><u>\$XXX,XXX</u></u> |

.21

## Exhibit 2

Financial Position Format

## ABC COMPANY AND SUBSIDIARIES

## Consolidated Statements of Financial Position

December 31, 20X1, and 20X0

|  | <u>20X1</u>      | <u>20X0</u>      |
|--|------------------|------------------|
| Current Assets:  |                  |                  |
| Cash and cash equivalents  | \$XXX,XXX        | \$XXX,XXX        |
| Marketable debt and equity securities (Note )  | XXX,XXX          | XXX,XXX          |
| Notes and accounts receivable, less estimated doubtful accounts<br>(Note )               | XXX,XXX          | XXX,XXX          |
| Inventories (Note )  | XXX,XXX          | XXX,XXX          |
| Prepaid expenses   | XXX,XXX          | XXX,XXX          |
| Total current assets   | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Less: Current liabilities:   |                  |                  |
| Notes and accounts payable and accrued expenses (Note )                                  | XXX,XXX          | XXX,XXX          |
| Income taxes (Note )   | XXX,XXX          | XXX,XXX          |
| Total current liabilities  | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Working capital  | XXX,XXX          | XXX,XXX          |
| Marketable equity securities (Note )   | XXX,XXX          | XXX,XXX          |
| Equity in affiliated companies (Note )   | XXX,XXX          | XXX,XXX          |
| Property, plant, and equipment, at cost less accumulated depreciation<br>(Note )         | XXX,XXX          | XXX,XXX          |
| Deferred charges and other assets  | XXX,XXX          | XXX,XXX          |
| Working capital and other assets   | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Deductions:  |                  |                  |
| Long term debt (Note )   | XXX,XXX          | XXX,XXX          |
| Minority interest in consolidated subsidiary companies                                   | XXX,XXX          | XXX,XXX          |
|  | <u>XXX,XXX</u>   | <u>XXX,XXX</u>   |
| Excess of assets over liabilities  | <u>\$XXX,XXX</u> | <u>\$XXX,XXX</u> |
| Shareholders' equity:  |                  |                  |
| Common stock, \$XX par value—authorized XXX shares; issued and<br>outstanding XXX shares | \$XXX,XXX        | \$XXX,XXX        |
| Capital in excess of par value   | XXX,XXX          | XXX,XXX          |
| Retained earnings  | XXX,XXX          | XXX,XXX          |
| Accumulated other comprehensive income   | XXX,XXX          | XXX,XXX          |
| Total stockholders' equity   | <u>\$XXX,XXX</u> | <u>\$XXX,XXX</u> |

.22

Exhibit 3

Single-Step Income Statement

ABC COMPANY AND SUBSIDIARIES

Consolidated Statements of Income

for the Two Years Ended December 31, 20X1, and 20X0

|   | <i>Year Ended December 31,</i> |                  |
|---|--------------------------------|------------------|
|   | <u>20X1</u>                    | <u>20X0</u>      |
| Sales and other revenue:                      |                                |                  |
| Net sales                                     | \$XXX,XXX                      | \$XXX,XXX        |
| Other income                                  | XXX,XXX                        | XXX,XXX          |
| Equity in net earnings of affiliate           | XXX,XXX                        | XXX,XXX          |
|   | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Cost and expenses:                            |                                |                  |
| Cost of goods sold                            | XXX,XXX                        | XXX,XXX          |
| Selling, general, and administrative expenses | XXX,XXX                        | XXX,XXX          |
| Depreciation and amortization                 | XXX,XXX                        | XXX,XXX          |
| Interest expense                              | XXX,XXX                        | XXX,XXX          |
| Provision for income taxes                    | XXX,XXX                        | XXX,XXX          |
|   | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Net income                                    | <u>\$XXX,XXX</u>               | <u>\$XXX,XXX</u> |
| Earnings per share data:                      |                                |                  |
| Basic   | <u>\$ X.XX</u>                 | <u>\$ X.XX</u>   |
| Diluted                                       | <u>\$ X.XX</u>                 | <u>\$ X.XX</u>   |

## Exhibit 4

Multi-Step Income Statement

## ABC COMPANY AND SUBSIDIARIES

## Consolidated Statements of Income

for the Two Years Ended December 31, 20X1, and 20X0

|  | <i>Year Ended December 31,</i> |                  |
|--|--------------------------------|------------------|
|  | <u>20X1</u>                    | <u>20X0</u>      |
| Net sales  | \$XXX,XXX                      | \$XXX,XXX        |
| Other operating revenue                            | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Cost of goods sold                                 | XXX,XXX                        | XXX,XXX          |
| Selling and administrative expenses                | XXX,XXX                        | XXX,XXX          |
| Depreciation and amortization                      | XXX,XXX                        | XXX,XXX          |
| Other costs and operating expenses                 | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Income from operations                             | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Other income:                                      |                                |                  |
| Interest income                                    | XXX,XXX                        | XXX,XXX          |
| Miscellaneous other income                         | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Other deductions:                                  |                                |                  |
| Interest cost incurred and commitment fee on loans | XXX,XXX                        | XXX,XXX          |
| Interest cost capitalized                          | (XXX,XXX)                      | (XXX,XXX)        |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Income before income taxes                         | XXX,XXX                        | XXX,XXX          |
| Provision for income taxes (Note )                 | XXX,XXX                        | XXX,XXX          |
| Net income   | <u>\$XXX,XXX</u>               | <u>\$XXX,XXX</u> |
| Earnings per common share (Note )                  | <u>\$ X.XX</u>                 | <u>\$ X.XX</u>   |

.24

Exhibit 5

Combined Statement of Income and Comprehensive Income

ABC COMPANY AND SUBSIDIARIES

Consolidated Statement of Income and Comprehensive Income

Year Ended December 31, 20X1

|  |                |                  |
|--|----------------|------------------|
| Sales and other revenue:   |                |                  |
| Net sales  |                | \$XXX,XXX        |
| Other income   |                | <u>XXX,XXX</u>   |
|  |                | XXX,XXX          |
| Cost and expenses:   |                |                  |
| Cost of goods sold   |                | XXX,XXX          |
| Selling, general, and administrative expenses                                  |                | XXX,XXX          |
| Depreciation and amortization  |                | XXX,XXX          |
| Interest expense   |                | <u>XXX,XXX</u>   |
|  |                | XXX,XXX          |
| Income from operations before tax  |                | XXX,XXX          |
| Provision for income taxes   |                | —                |
|  |                | <u>(XXX,XXX)</u> |
| Income before extraordinary item   |                | XXX,XXX          |
| Extraordinary item, net of tax   |                | <u>(XXX,XXX)</u> |
| Net income   |                | <u>XXX,XXX</u>   |
| Other comprehensive income, net of tax:  |                |                  |
| Foreign currency translation adjustments                                       |                | XXX,XXX          |
| Unrealized gains on securities   |                |                  |
| Unrealized holding gains arising during period                                 | \$XX,XXX       |                  |
| Less: reclassification adjustment for gains included in net income             | <u>(X,XXX)</u> | XX,XXX           |
| Defined benefit pension plans: <sup>2</sup>                                    |                |                  |
| Prior service cost arising during period                                       | <u>(X,XXX)</u> | _____            |
| Net loss arising during period   | <u>(X,XXX)</u> | _____            |
| Less: amortization of prior service cost included in net periodic pension cost | <u>XXX</u>     | <u>(X,XXX)</u>   |
| Other comprehensive income   |                | XX,XXX           |
| Comprehensive income   |                | <u>\$ XX,XXX</u> |

(continued)

<sup>2</sup> This illustrates the gross display. Alternatively, a net display can be used, with disclosure of the gross amounts (prior service cost and net loss for the defined benefit pension plans less amortization of prior service cost) in the notes to financial statements.

The components of other comprehensive income may be displayed before income taxes with one aggregate amount presented for the income tax expense (or benefit) relating to all items of comprehensive income. In that case, the comprehensive income section (the portion of the statement following "net income") might appear as follows:

|  |                |                        |
|--|----------------|------------------------|
| Other comprehensive income, before tax:  |                |                        |
| Foreign currency translation adjustments                                       |                | \$XX,XXX               |
| Unrealized gains on securities   |                |                        |
| Unrealized holding gains arising during period                                 | \$XX,XXX       |                        |
| Less: reclassification adjustment for gains included in net income             | <u>(X,XXX)</u> | XX,XXX                 |
| Defined benefit pension plans: <sup>3</sup>                                    |                |                        |
| Prior service cost arising during period                                       | <u>(X,XXX)</u> |                        |
| Net loss arising during period   | <u>(X,XXX)</u> |                        |
| Less: amortization of prior service cost included in net periodic pension cost | <u>XXX</u>     | <u>(X,XXX)</u>         |
| Other comprehensive income, before tax   |                | XX,XXX                 |
| Provision for income taxes related to items of other comprehensive income      |                | <u>(X,XXX)</u>         |
| Other comprehensive income, net of tax   |                | <u><u>\$XX,XXX</u></u> |

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<sup>3</sup> See footnote 2.



.25

**Exhibit 6**  
**Separate Statement of Comprehensive Income**  
**ABC COMPANY AND SUBSIDIARIES**  
**Consolidated Statement of Comprehensive Income**  
**Year Ended December 31, 20X1**

|  |                  |                         |
|--|------------------|-------------------------|
| Net income   |                  | <u>\$XXX,XXX</u>        |
| Other comprehensive income, net of tax   |                  |                         |
| Foreign currency translation adjustments                                       |                  | XXX,XXX                 |
| Unrealized gains on securities   |                  |                         |
| Unrealized holding gains arising during period                                 | \$XXX,XXX        |                         |
| Less: reclassification adjustment for gains included in net income             | <u>(XXX,XXX)</u> | XXX,XXX                 |
| Defined benefit pension plans: <sup>4</sup>                                    |                  |                         |
| Prior service cost arising during period                                       | <u>(X,XXX)</u>   |                         |
| Net loss arising during period   | <u>(X,XXX)</u>   |                         |
| Less: amortization of prior service cost included in net periodic pension cost | <u>XXX</u>       | <u>(X,XXX)</u>          |
| Other comprehensive income   |                  | <u>XXX,XXX</u>          |
| Comprehensive income   |                  | <u><u>\$XXX,XXX</u></u> |

*Note:* As in exhibit 5, the components of other comprehensive income may be displayed in the separate statement of comprehensive income before income taxes with one aggregate amount presented for the income tax expense (or benefit) relating to all a items of comprehensive income. In that case, the statement would appear as follows:

|  |                  |                         |
|--|------------------|-------------------------|
| Net income   |                  | <u>\$XXX,XXX</u>        |
| Other comprehensive income, before tax   |                  |                         |
| Foreign currency translation adjustments                                       |                  | XXX,XXX                 |
| Unrealized gains on securities   |                  |                         |
| Unrealized holding gains arising during period                                 | \$XXX,XXX        |                         |
| Less: reclassification adjustment for gains included in net income             | <u>(XXX,XXX)</u> | XXX,XXX                 |
| Defined benefit pension plans: <sup>5</sup>                                    |                  |                         |
| Prior service cost arising during period                                       | <u>(X,XXX)</u>   |                         |
| Net loss arising during period   | <u>(X,XXX)</u>   |                         |
| Less: amortization of prior service cost included in net periodic pension cost | <u>XXX</u>       | <u>(X,XXX)</u>          |
| Other comprehensive income, before tax   |                  | XXX,XXX                 |
| Provision for income taxes related to items of other comprehensive income      |                  | <u>(XXX,XXX)</u>        |
| Comprehensive income   |                  | <u><u>\$XXX,XXX</u></u> |

<sup>4</sup> See footnote 2.

<sup>5</sup> See footnote 2.

## Exhibit 7

Statement Income and Retained Earnings

## ABC COMPANY AND SUBSIDIARIES

## Consolidated Statements of Income and Retained Earnings

for the Two Years Ended December 31, 20X1, and 20X0

|  | <i>Year Ended December 31,</i> |                  |
|--|--------------------------------|------------------|
|  | <u>20X1</u>                    | <u>20X0</u>      |
| Net sales  | \$XXX,XXX                      | \$XXX,XXX        |
| Other income   | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Costs and expenses:                                    |                                |                  |
| Cost of goods sold                                     | XXX,XXX                        | XXX,XXX          |
| Selling and administrative expenses                    | XXX,XXX                        | XXX,XXX          |
| Depreciation and amortization                          | XXX,XXX                        | XXX,XXX          |
| Research and development expenses                      | XXX,XXX                        | XXX,XXX          |
| Interest expenses (Note )                              | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Income before income taxes                             | XXX,XXX                        | XXX,XXX          |
| Provision for income taxes (Note )                     | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Income before equity in net earnings of affiliate      | XXX,XXX                        | XXX,XXX          |
| Equity in net earnings of affiliated companies (Note ) | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Net income   | XXX,XXX                        | XXX,XXX          |
| Retained earnings at beginning of year                 | XXX,XXX                        | XXX,XXX          |
|  | <u>XXX,XXX</u>                 | <u>XXX,XXX</u>   |
| Dividends declared:                                    |                                |                  |
| Convertible preferred stock (\$.XX per share)          | (XXX,XXX)                      | (XXX,XXX)        |
| Common stock (20—\$.XX per share; 20—\$.XX per share)  | (XXX,XXX)                      | (XXX,XXX)        |
|  | <u>(XXX,XXX)</u>               | <u>(XXX,XXX)</u> |
| Retained earnings at end of year                       | \$XXX,XXX                      | \$XXX,XXX        |
| Earnings per common share—basic (Note)                 | <u>\$ X.XX</u>                 | <u>\$ X.XX</u>   |
| Earnings per common share-diluted (Note)               | <u>\$ X.XX</u>                 | <u>\$ X.XX</u>   |

.27

Exhibit 8

**Statement of Cash Flows—Direct Method**

**ABC COMPANY AND SUBSIDIARIES**

**Consolidated Statement of Cash Flows**

**for the Year Ended December 31, 20X1**

|   |            |            |
|---|------------|------------|
| Cash flows from operating activities:   |            |            |
| Cash received from customers  | \$XXX,XXX  |            |
| Cash paid to suppliers and employees  | (XXX,XXX)  |            |
| Dividend received from investee   | XXX,XXX    |            |
| Interest received   | XXX,XXX    |            |
| Interest paid (net of amount capitalized)   | (XXX,XXX)  |            |
| Income taxes paid   | (XXX,XXX)  |            |
| Insurance proceeds received   | (XXX,XXX)  |            |
| Cash paid to settle lawsuit   | (XXX,XXX)  |            |
| Net cash provided by operating activities   |            | \$ XXX,XXX |
| Cash flows from investing activities:   |            |            |
| Proceeds from sale of plant and equipment   | XXX,XXX    |            |
| Payment received on note receivable   | XXX,XXX    |            |
| Capital expenditures  | (XXX,XXX)  |            |
| Net cash used in investing activities   |            | (XXX,XXX)  |
| Cash flows from financing activities:   |            |            |
| Net borrowings under loan agreements  | XXX,XXX    |            |
| Principle payments under capital lease obligation                                 | (XXX,XXX)  |            |
| Proceeds from issuance of long term debt  | XXX,XXX    |            |
| Proceeds from issuance of common stock  | XXX,XXX    |            |
| Dividends paid  | (XXX,XXX)  |            |
| Net cash provided by financing activities   |            | XXX,XXX    |
| Net increase in cash and cash equivalents   |            | XXX,XXX    |
| Cash and cash equivalents at beginning of year                                    |            | XXX,XXX    |
| Cash and cash equivalents at end of year  |            | \$ XXX,XXX |
| <b>Reconciliation of net income to net cash provided by operating activities:</b> |            |            |
| Net income  |            | \$XXX,XXX  |
| Adjustments to reconcile net income to net cash provided by operating activities: |            |            |
| Depreciation and amortization   | \$ XXX,XXX |            |
| Provision for losses on trade accounts receivable                                 | XXX,XXX    |            |
| Gain on sale of plant and equipment   | (XXX,XXX)  |            |
| Undistributed earnings of investee  | (XXX,XXX)  |            |
| Payment received on installment note receivable for sale of inventory             | XXX,XXX    |            |
| Increase in interest and income taxes payable                                     | XXX,XXX    |            |
| Increase in deferred taxes  | XXX,XXX    |            |
| Increase in other liabilities   | XXX,XXX    |            |
| Total adjustments   |            | XXX,XXX    |
| Net cash provided by operating activities   |            | \$ XXX,XXX |
| Noncash financing activities:   |            |            |
| Equipment capital leases  | XXX,XXX    |            |
| Conversion of preferred stock to common stock                                     | XXX,XXX    |            |

## Exhibit 9

Statement of Cash Flows—Indirect Method

## ABC COMPANY AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

## For the Year Ended December 31, 20X1

|   |            |                          |
|---|------------|--------------------------|
| Cash flows from operating activities:   |            |                          |
| Net income  |            | \$ XXX,XXX               |
| Adjustments to reconcile net income to net cash provided by operating activities: |            |                          |
| Depreciation and amortization   | \$ XXX,XXX |                          |
| Provision for losses on trade accounts receivable                                 | XXX,XXX    |                          |
| Gain on sale of plant and equipment   | (XXX,XXX)  |                          |
| Undistributed earnings of investee  | (XXX,XXX)  |                          |
| Payment received on note receivable   | XXX,XXX    |                          |
| Increase in interest and income taxes payable                                     | XXX,XXX    |                          |
| Increase in deferred taxes  | XXX,XXX    |                          |
| Increase in other liabilities   | XXX,XXX    |                          |
| Total adjustments   |            | <u>XXX,XXX</u>           |
| Net cash provided by operating activities   |            | <u>XXX,XXX</u>           |
| Cash flows from investing activities:   |            |                          |
| Proceeds from sale of plant and equipment   | XXX,XXX    |                          |
| Payment received on note receivable   | XXX,XXX    |                          |
| Capital expenditures  | (XXX,XXX)  |                          |
| Net cash used in investing activities   |            | <u>(XXX,XXX)</u>         |
| Cash flows from financing activities:   |            |                          |
| Net borrowings under loan agreements  | XXX,XXX    |                          |
| Principal payments under capital lease obligation                                 | (XXX,XXX)  |                          |
| Proceeds from issuance of long term debt  | XXX,XXX    |                          |
| Proceeds from issuance of common stock  | XXX,XXX    |                          |
| Dividends paid  | (XXX,XXX)  |                          |
| Net cash provided by financing activities   |            | <u>XXX,XXX</u>           |
| Net increase in cash and cash equivalents   |            | <u>XXX,XXX</u>           |
| Cash and cash equivalents at beginning of year                                    |            | <u>XXX,XXX</u>           |
| Cash and cash equivalents at end of year  |            | <u><u>\$ XXX,XXX</u></u> |
| <b>Supplemental Disclosures:</b>  |            |                          |
| Cash paid during the year for:  |            |                          |
| Interest (net of amounts capitalized)   | \$ XXX,XXX |                          |
| Income taxes  | XXX,XXX    |                          |
| Noncash activities:   |            |                          |
| Capital lease obligations for equipment   | \$ XXX,XXX |                          |
| Stock issued for employee stock plans   | \$ XXX,XXX |                          |

## FSP Section 6500

# *Illustrative Financial Statements, Notes, and Auditor's Report*

### General

.01 The following illustrative auditor's report and financial statements demonstrate financial statement formats and disclosures appropriate for commercial corporations. These illustrations are not intended to represent the only appropriate presentation and disclosure formats, however. Corporations are urged to develop financial statement formats that are appropriate for their individual circumstances and consistent with the accounting and reporting practices promulgated. Furthermore, the illustrative financial statements do not include all disclosures and presentation items promulgated. Additional examples of financial statements and disclosures can be found in the AICPA publication *Accounting Trends & Techniques*, 2010, 64th edition (product no. 0099010 [paperback] or WAT-XX [online]).

.02

#### Sample Auditor's Report

##### Independent Auditor's Report

To the stockholders of

ABC Company:

We have audited the accompanying consolidated balance sheets of ABC Company as of December 31, 20X1, and 20X0, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. [*Optional: An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we express no such opinion.*] An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the consolidated financial position of ABC Company as of December 31, 20X1, and 20X0, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

[Signature]

[Date]

## ABC COMPANY AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 20X1, and 20X0

*(In thousands, except share data)*

|   | <u>20X1</u>     | <u>20X0</u>     |
|---|-----------------|-----------------|
| <b>Assets</b>   |                 |                 |
| <b>Current Assets:</b>  |                 |                 |
| Cash and cash equivalents   | \$ 663          | \$ 590          |
| Marketable debt and equity securities (Note 3)  | 6,283           | 4,632           |
| Accounts receivable (Note 4)  | 24,138          | 23,211          |
| Inventories (Note 5)  | 20,152          | 21,825          |
| Current deferred tax assets (Note 12)   | 503             | 449             |
| Other current assets  | 908             | 333             |
| Total Current Assets  | <u>52,647</u>   | <u>51,040</u>   |
| Property, Plant, and Equipment, at cost, net (Note 6)                                 | 11,302          | 11,683          |
| Deferred Tax Assets (Note 12)   | 1,009           | 714             |
| Other Assets (Note 7)   | 1,264           | 1,258           |
| Total Assets  | <u>\$66,222</u> | <u>\$64,695</u> |
| <b>Liabilities and Stockholders' Equity</b>   |                 |                 |
| <b>Current Liabilities:</b>   |                 |                 |
| Short term borrowings (Note 8)  | \$ 4,875        | \$ 6,960        |
| Current maturities of long term debt (Note 9)   | 633             | 399             |
| Accounts payable—trade  | 9,033           | 9,888           |
| Accrued payroll and employee benefits   | 5,341           | 4,393           |
| Other accrued liabilities   | 1,552           | 1,639           |
| Total Current Liabilities   | <u>21,434</u>   | <u>23,279</u>   |
| Long term Debt (Note 9)   | 12,517          | 11,189          |
| Other Long term Liabilities   | 675             | 797             |
| Commitments and Contingent Liabilities (Note 14)                                      | —               | —               |
| Total Liabilities   | <u>34,626</u>   | <u>35,265</u>   |
| <b>Stockholders' Equity (Note 10):</b>  |                 |                 |
| Class A Common stock, issued 5,094,370 shares in 20X1 and<br>5,089,370 shares in 20X0 | 51              | 51              |
| Paid-in capital   | 17,559          | 17,559          |
| Retained earnings   | 11,967          | 10,598          |
| Accumulated other comprehensive income  | 2,298           | 1,501           |
| Treasury stock—at cost, Class A Common stock, 128,000<br>shares                       | (279)           | (279)           |
| Total Stockholders' Equity  | <u>31,596</u>   | <u>29,430</u>   |
| Total Liabilities and Stockholders' Equity  | <u>\$66,222</u> | <u>\$64,695</u> |

The accompanying notes are an integral part of the consolidated financial statements.

.04

**ABC COMPANY AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
**For the Two Years Ended December 31, 20X1, and 20X0**  
*(In thousands, except share data)*

|   | 20X1      | 20X0      |
|---|-----------|-----------|
| <b>Net Sales</b>                              | \$131,383 | \$117,131 |
| Costs of goods sold                           | 117,885   | 103,333   |
| Selling, general, and administrative expenses | 11,223    | 10,707    |
| Interest expense                              | 1,420     | 1,033     |
| Other (income) expense                        | (278)     | (138)     |
| Total Costs and Expenses                      | 130,250   | 114,935   |
| Income Before Income Taxes                    | 1,133     | 2,196     |
| Income Tax Benefit (Note 12)                  | (236)     | (524)     |
| <b>Net Income</b>                             | \$ 1,369  | \$ 2,720  |
| <b>Earnings Per Common Share</b> (Note 11)    | \$ 0.XX   | \$ 0.XX   |

The accompanying notes are an integral part of the consolidated financial statements.

.05

**ABC COMPANY AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the Two Years Ended December 31, 20X1, and 20X0**  
*(In thousands)*

|  |       |         |
|--|-------|---------|
| <b><u>20X1</u></b>   |       |         |
| Net income   |       | \$1,369 |
| Other comprehensive income, net of tax   |       |         |
| Unrealized gains on securities   |       |         |
| Unrealized holding gains arising during period (net of income taxes of \$317)                    | \$967 |         |
| Less: reclassification adjustment for gains included in net income (net of income taxes of \$57) | (170) | 797     |
| Comprehensive income   |       | \$2,166 |
| <b><u>20X0</u></b>   |       |         |
| Net income   |       | \$2,720 |
| Other comprehensive income, net of tax   |       |         |
| Unrealized gains on securities   |       |         |
| Unrealized holding gains arising during period (net of income taxes of \$41)                     | \$164 |         |
| Less: reclassification adjustment for gains included in net income (net of income taxes of \$31) | (122) | 42      |
| Comprehensive income   |       | \$2,762 |

The accompanying notes are an integral part of the consolidated financial statements.

.06

**ABC COMPANY AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the Two Years Ended December 31, 20X1, and 20X0**

(In thousands)

|  | <u>20X1</u>    | <u>20X0</u>     |
|--|----------------|-----------------|
| <b>Cash Flows From Operating Activities:</b>   |                |                 |
| Net income   | \$1,369        | \$2,720         |
| Adjustments to reconcile net income to net cash provided (used) by operating activities: |                |                 |
| Deferred income taxes  | (350)          | (614)           |
| Depreciation and amortization  | 1,387          | 1,466           |
| (Gain) loss on sales of marketable securities  | 336            | (76)            |
| Gain on sale of property, plant, and equipment   | (266)          | (318)           |
| Change in operating assets and liabilities:  |                |                 |
| Accounts receivable  | (927)          | (5,280)         |
| Inventory  | 1,673          | (2,120)         |
| Other current assets   | (575)          | 25              |
| Other noncurrent assets  | (6)            | 154             |
| Accounts payable—trade   | (855)          | 1,263           |
| Accrued payroll and employee benefits  | 948            | 177             |
| Other current liabilities  | (87)           | (119)           |
| Other liabilities  | (122)          | (192)           |
| Net Cash Provided (Used) by Operating Activities   | <u>2,525</u>   | <u>(2,914)</u>  |
| <b>Cash Flows From Investing Activities:</b>   |                |                 |
| Proceeds from sales of marketable securities   | 983            | 587             |
| Purchases of marketable securities   | (1,436)        | (491)           |
| Proceeds from sale of property, plant, and equipment                                     | 2,983          | 1,054           |
| Capital expenditures on property, plant, and equipment                                   | <u>(3,303)</u> | <u>(1,420)</u>  |
| Net Cash Provided (Used) by Investing Activities   | <u>773</u>     | <u>(270)</u>    |
| <b>Cash Flows From Financing Activities:</b>   |                |                 |
| (Repayments) proceeds of revolving agreement borrowings                                  | (2,085)        | 3,710           |
| Repayment of long term debt  | (463)          | (543)           |
| Proceeds from issuance of long term debt   | <u>869</u>     | <u>        </u> |
| Net Cash Provided (Used) by Financing Activities   | <u>(1,679)</u> | <u>3,167</u>    |
| Net Increase (Decrease) in Cash and Cash Equivalents                                     | 73             | (17)            |
| Cash and Cash Equivalents at Beginning of Year   | 590            | 607             |
| Cash and Cash Equivalents at End of Year   | <u>\$ 663</u>  | <u>\$ 590</u>   |
| <b>Supplemental Disclosures of Cash Flow Information:</b>                                |                |                 |
| Interest Paid  | \$1,453        | \$ 967          |
| Income Taxes Paid  | \$ 94          | \$ 39           |

During 20X1 and 20X0, the Company financed certain capital expenditures and related maintenance agreements totaling \$2,040,500 and \$207,500, respectively, through the issuance of capital leases.

The accompanying notes are an integral part of the consolidated financial statements.



.07

**ABC COMPANY AND SUBSIDIARIES**  
**Consolidated Statements of Stockholders' Equity**  
**For the Two Years Ended December 31, 20X1, and 20X0**  
*(In thousands)*

|                                   | <i>Class A<br/>Common<br/>Stock</i> | <i>Paid-in<br/>Capital</i> | <i>Retained<br/>Earnings</i> | <i>Accumulated<br/>Other<br/>Comprehensive<br/>Income</i> | <i>Treasury<br/>Stock</i> | <i>Total</i>    |
|-----------------------------------|-------------------------------------|----------------------------|------------------------------|---|---------------------------|-----------------|
| <b>Balance, January 1, 20X0</b>   | \$51                                | \$17,559                   | \$ 7,878                     | \$1,459   | \$(279)                   | \$26,668        |
| Net Income                        |                                     |                            | 2,720                        |   |                           | 2,720           |
| Other comprehensive income        |                                     |                            |                              | 42  |                           | 42              |
| <b>Balance, December 31, 20X0</b> | 51                                  | 17,559                     | 10,598                       | 1,501   | (279)                     | 29,430          |
| Net Income                        |                                     |                            | 1,369                        |   |                           | 1,369           |
| Other comprehensive income        |                                     |                            |                              | 797   |                           | 797             |
| <b>Balance, December 31, 20X1</b> | <u>\$51</u>                         | <u>\$17,559</u>            | <u>\$11,967</u>              | <u>\$2,298</u>  | <u>\$(279)</u>            | <u>\$31,596</u> |

The accompanying notes are an integral part of the consolidated financial statements.

.08

**ABC COMPANY AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Note 1: Summary of Significant Accounting Policies**

*Nature of Operations.* ABC Company is engaged in the manufacture, fabrication, and distribution of rail, construction, and tubular products.

The Company's rail business provides a full line of new and used rail, trackwork, and accessories to railroads, mines, and industry. The Company also designs and produces bonded rail joints, power rail, track fasteners, catenary systems, coverboards, and special accessories for mass transit and other rail systems.

The Company's construction business sells and rents steel sheet piling and H-bearing pile for foundation and earth retention requirements and pile driving equipment and accessories for driving piling. In addition, the Company sells bridge decking, expansion joints, sign structures, and other products for highway construction and repair.

The Company's tubular business supplies pipe and pipe coatings for pipelines and utilities. Additionally, the Company manufactures spiralweld pipe for water transmission lines, foundation piling, slurry lines, and many other applications. The Company also produces pipe-related products for special markets, including water wells and irrigation.

The Company markets its products directly in all major industrial areas of the United States through a national sales force.

*Basis of Financial Statement Presentation.* The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany transactions and accounts have been eliminated.

*Cash Equivalents.* Holdings of highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

*Inventories.* Inventories are valued at the lower of the last-in, first-out (LIFO) cost or market except for other inventories which are valued at average cost or market, whichever is lower. Other inventories represented 11 percent of total inventory in 20X1 and 20X0.

*Property, Plant, and Equipment.* Property, plant, and equipment are recorded at cost less depreciation and amortization. Depreciation and amortization are primarily accounted for on the straightline method based on estimated useful lives. The amortization of leasehold improvements is based on the shorter of the lease term or the life of the improvement. Betterments and large renewals which extend the life of the asset are capitalized whereas maintenance and repairs and small renewals are expensed as incurred.

*Environmental Remediation.* The Company accrues environmental remediation costs if it is probable that an asset has been impaired or a liability incurred at the financial statement date and the amount can be reasonably estimated. Environmental compliance costs are expensed as incurred. Certain environmental costs are capitalized based on estimates and depreciated over their useful lives.

*Sales.*<sup>1</sup> Revenue is recognized in the financial statements (and the customer billed) either when materials are shipped from stock or when the vendor bills the Company for the order. Net sales are arrived at by deducting discounts, freight, and sales taxes from gross sales.

*Income Taxes.* The Company uses the asset and liability method as identified in Financial Accounting Standards Board Statement No. 109, *Accounting for Income Taxes*.

*Estimates.* The preparation of financial statements in conformity with generally accepted accounting principles 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.

## Note 2: Related-Party Transactions

The Company has an agreement with DEF Company whereby DEF will provide certain management services to the Company through 20X5 in return for an annual fee plus agreed-upon allocated and out-of-pocket expenses. The Company's chairman and CEO is also the chairman and principal shareholder of DEF. The services provided include consultation and direct management assistance with respect to operations, strategic planning, and other aspects of the business of the Company. Fees and expenses paid to DEF for these services under the agreement amounted to \$146,000 and \$169,000 for the years ended December 31, 20X1, and 20X0, respectively.

During the years ended December 31, 20X1, and 20X0, the Company paid approximately \$84,000 and \$76,000, respectively, in fees to charter an aircraft owned by a company in which the chairman and CEO is the principal shareholder.

A member of the Company's Board of Directors served as a consultant to the Company on various strategic and business issues. Fees paid for such services by the Company during the years ended December 31, 20X1, and 20X0 were \$43,000 and \$56,000, respectively.

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<sup>1</sup> In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangement—a consensus of the FASB Emerging Issues Task Force*. 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 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.

**Note 3: Marketable Debt and Equity Securities\***

Investments in marketable debt and equity securities at December 31, 20X1, and 20X0, are as follows:

|                           | <u>Cost</u>    | <u>Gross<br/>Unrealized<br/>Gain</u> | <u>Gross<br/>Unrealized<br/>Losses</u> | <u>Estimated<br/>Fair<br/>Value</u> |
|---------------------------|----------------|--------------------------------------|--|-------------------------------------|
| <b>December 31, 20X1:</b> |                |                                      |  |                                     |
| Available for sale:       |                |                                      |  |                                     |
| U. S. Treasury notes      | \$4,163        | \$—                                  | \$—                                    | \$4,163                             |
| Corporate debt securities | 961            | 253                                  | 58                                     | 1,156                               |
| Equity securities         | <u>302</u>     | <u>729</u>                           | <u>67</u>                              | <u>964</u>                          |
| Total                     | <u>\$5,426</u> | <u>\$982</u>                         | <u>\$125</u>                           | <u>\$6,283</u>                      |
| <b>December 31, 20X0:</b> |                |                                      |  |                                     |
| Available for sale:       |                |                                      |  |                                     |
| U.S. Treasury notes       | \$2,767        | \$—                                  | \$—                                    | \$2,767                             |
| Corporate debt securities | 1,219          | 64                                   | 57                                     | 1,226                               |
| Equity securities         | <u>831</u>     | <u>117</u>                           | <u>309</u>                             | <u>639</u>                          |
| Total                     | <u>\$4,817</u> | <u>\$181</u>                         | <u>\$366</u>                           | <u>\$4,632</u>                      |

U.S. Treasury notes, and the corporate debt securities, mature in 20X2. The change in net unrealized holding gains on securities available for sale in the amount of \$1,042,000 and \$52,000 have been charged to other comprehensive income for the years ended December 31, 20X1, and 20X0, respectively. The cost of securities sold is based on the specific identification method.

Proceeds from the sale of available for sale securities during 20X1 and 20X0 were \$— and \$—, respectively. Gross gains of \$— and \$—, and gross losses of \$— and \$— were realized on sales of available for sale securities during 20X1 and 20X0, respectively.

Total gains for securities with net gains in accumulated other comprehensive income were \$— and \$— during 20X1 and 20X0, respectively. Total losses for securities with net losses in accumulated other comprehensive income were \$— and \$— during 20X1 and 20X0, respectively.

**Note 4: Accounts Receivable**

At 20X1 and 20X0, accounts receivable comprises the following:

| <i>(In thousands)</i>                 | <u>20X1</u>     | <u>20X0</u>     |
|---------------------------------------|-----------------|-----------------|
| Trade receivables                     | \$24,983        | \$23,936        |
| Less: Allowance for doubtful accounts | 900             | 808             |
| Plus: other receivables               | <u>55</u>       | <u>83</u>       |
| Total                                 | <u>\$24,138</u> | <u>\$23,211</u> |

Credit is extended to customers only after an evaluation of the customer's financial condition. Generally, collateral is not required.

\* The following disclosures for investments in marketable debt and equity securities are presented to help practitioners ensure compliance with the disclosure requirements of FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, as amended, and are not necessarily relevant or properly tailored to the financial statements presented in this section.

**Note 5: Inventories**

At 20X1 and 20X0, inventories are comprised of the following:

| <i>(In thousands)</i>                          | <u>20X1</u>            | <u>20X0</u>            |
|--|------------------------|------------------------|
| Finished goods                                 | \$16,785               | \$14,248               |
| Work in process                                | 3,343                  | 7,121                  |
| Raw materials                                  | <u>1,330</u>           | <u>1,485</u>           |
| Total current cost                             | <u>21,458</u>          | <u>22,854</u>          |
| Less: Reserve for decline to market value      | 300                    | 300                    |
| Less: Reduction of costs to LIFO stated values | <u>1,006</u>           | <u>729</u>             |
| Total  | <u><u>\$20,152</u></u> | <u><u>\$21,825</u></u> |

**Note 6: Property, Plant, and Equipment**

At 20X1 and 20X0, property, plant, and equipment is comprised of the following:

| <i>(In thousands)</i>  | <u>20X1</u>            | <u>20X0</u>            |
|--|------------------------|------------------------|
| Land   | \$ 3,350               | \$ 3,350               |
| Land improvements and leaseholds   | 1,934                  | 2,546                  |
| Buildings  | 1,282                  | 2,404                  |
| Machinery and equipment (including \$3,864 and \$2,057 of equipment under capitalized leases in 20X1 and 20X0, respectively) | 11,931                 | 15,712                 |
| Rental pile driving equipment  | 3,126                  | 3,436                  |
| Construction in progress   | <u>158</u>             | <u>111</u>             |
| Total  | 21,781                 | 27,559                 |
| Less:  |                        |                        |
| Accumulated depreciation   | 9,647                  | 15,317                 |
| Accumulated amortization   | <u>832</u>             | <u>559</u>             |
| Net property, plant, and equipment   | <u><u>\$11,302</u></u> | <u><u>\$11,683</u></u> |

Property, plant, and equipment include certain capitalized leases. The following is a schedule, by year, of the future minimum payments under these leases, together with the present value of the net minimum payments as of December 31, 20X1:

| <i>(In thousands)</i>  | <u>Amount</u>         |
|--|-----------------------|
| Year ending December 31,   |                       |
| 20X2   | \$ 859                |
| 20X3   | 832                   |
| 20X4   | 783                   |
| 20X5   | 588                   |
| 20X6 and thereafter  | <u>747</u>            |
| Total minimum lease payments   | 3,809                 |
| Less amount representing interest                                      | <u>659</u>            |
| Total present value of minimum payments                                | 3,150                 |
| Less current portion of such obligations                               | <u>633</u>            |
| Long term obligations with interest rates ranging from 6.92% to 11.42% | <u><u>\$2,517</u></u> |

**Note 7: Other Assets**

At December 31, 20X1 and 20X0, other assets include notes receivable and accrued interest totaling \$948,000 and \$786,500, respectively, from investors in a private corporation. The notes, which are recorded at face value, are due if there is a change in ownership of the private corporation or March 31, 20X5, whichever occurs earlier. Additionally, the Company owns stock in the private corporation which is recorded at historical cost of \$96,500.

**Note 8: Short Term Borrowings**

Effective November 1, 20X1, the Company renegotiated its \$22,500,000 revolving credit agreement. The interest rate is, at the Company's option, based on the prime rate, the domestic certificate of deposit rate (CD rate) or the Euro-bank rate. The interest rates are adjusted quarterly based on the fixed charge coverage ratio defined in the agreement. The ranges are prime to prime plus 0.25 percent, the CD rate plus 0.45 percent to the CD rate plus 1.125 percent, and the Euro-bank rate plus 0.45 percent to the Euro-bank rate plus 1.125 percent. Borrowings under the agreement, which expires July 1, 20X7, are secured by accounts receivable and inventory.

This agreement includes financial covenants requiring a minimum net worth, a fixed charge coverage ratio, a leverage ratio and a current ratio. The agreement also places restrictions on dividends, investments, capital expenditures, indebtedness, and sales of certain assets. As of December 31, 20X1, the Company was in compliance with all of the agreement's covenants. At December 31, 20X1, the Company had borrowed \$14,875,000 under the agreement of which \$10,000,000 was classified as long term (see Note 9). Under the agreement, the Company had approximately \$7,061,000 in unused borrowing commitment at December 31, 20X1. At December 31, 20X1, \$12,485,000 was available for future dividend payments.

**Note 9: Long Term Debt and Related Matters**

Long term debt at December 31, 20X1, and 20X0, consists of the following:

| <i>(In thousands)</i>   | <u>20X1</u>     | <u>20X0</u>     |
|---|-----------------|-----------------|
| Revolving Credit Agreement with weighted average interest rate of 6.57% at December 31, 20X1, and 7.33% at December 31, 20X0, expiring July 1, 20X7       | \$10,000        | \$10,000        |
| Lease obligations payable in installments through 20Y0 with a weighted average interest rate of 8.0% at December 31, 20X1, and 9.45% at December 31, 20X0 | 3,150           | 1,588           |
| Subtotal  | <u>13,150</u>   | <u>11,588</u>   |
| Less current maturities   | 633             | 399             |
| Total   | <u>\$12,517</u> | <u>\$11,189</u> |

The \$10,000,000 revolving credit borrowings included in long term debt were obtained under the revolving loan agreement discussed in Note 8 and are subject to the same terms and conditions. This portion of the borrowings is classified as long term because the Company does not anticipate reducing the borrowings below \$10,000,000 during 20...

The maturities of long term debt for each of the succeeding 5 years subsequent to December 31, 20X1, are as follows: 20X2—\$633,000; 20X3—\$656,000; 20X4—\$661,000; 20X5—\$10,515,000; and 20X6 and beyond—\$685,000.

**Note 10: Stockholders' Equity**

At December 31, 20X1, and 20X0, the number of authorized and issued Class A and Class B shares and the related par value and dividends paid are as follows:

| <i>(In thousands, except share data)</i>  | <u>20X1</u> | <u>20X0</u> |
|---|-------------|-------------|
| Class A common stock, authorized          | 10,000      | 10,000      |
| Class B common stock, authorized          | 696         | 696         |
| Class A common stock, issued              | 5,094       | 5,089       |
| Class B common stock, issued              | —           | —           |
| Class A common stock, outstanding         | 4,966       | 4,961       |
| Class B common stock, outstanding         | —           | —           |
| Class A common stock, per share par value | \$ 0.01     | \$ 0.01     |
| Class B common stock, per share par value | \$ 0.01     | \$ 0.01     |
| Cash dividends paid on common stock       | —           | —           |

The Class A and B stock are identical except the Class B stock does not have stockholder voting rights and such stockholders are entitled to one vote per share on issues such as consolidation or merger of the Company. Class B is convertible on demand into Class A stock on a share-for-share basis.

**Note 11: Earnings Per Common Share**

Earnings per common share are computed by dividing net income by the average number of Class A Common shares outstanding during the year. The weighted average number of Class A Common shares outstanding during the year ended December 31, 20X1, were approximately — and approximately — during the year ended 20X0.

**Note 12: Income Taxes**

At December 31, 20X1, the Company has available net operating loss carryforwards of approximately \$3,900,000 for federal income tax purposes that expire 20X9. The federal carryforwards resulted from losses generated in 20XX. The tax benefit of net operating loss carryforwards available for state income tax purposes was approximately \$400,000 as of December 31, 20X1. The Company also has *alternative* minimum federal tax credit carryforwards at December 31, 20X1, of approximately \$500,000. For financial purposes, a valuation allowance of \$100,000 has been recognized to offset the deferred tax assets related to the state income carryforwards. 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 as of December 31, 20X1, and 20X0, are as follows:

| <i>(In thousands)</i>            | <u>20X1</u>           | <u>20X0</u>           |
|----------------------------------|-----------------------|-----------------------|
| Deferred tax liabilities:        |                       |                       |
| Depreciation                     | \$ 614                | \$ 301                |
| Other—net                        | (31)                  | 34                    |
| Deferred tax liabilities         | <u>583</u>            | <u>335</u>            |
| Deferred tax assets:             |                       |                       |
| Net operating loss carryforwards | 1,709                 | 2,248                 |
| Tax credit carryforwards         | 486                   | 443                   |
| Other—net                        | —                     | 157                   |
| Total gross deferred tax assets  | 2,195                 | 2,848                 |
| Less: Valuation allowance        | <u>100</u>            | <u>1,350</u>          |
| Deferred tax assets, net         | <u>2,095</u>          | <u>1,498</u>          |
| Net deferred tax assets          | <u><u>\$1,512</u></u> | <u><u>\$1,163</u></u> |

The valuation allowance for deferred tax assets was reduced by \$1,249,550 and \$1,187,000 during 20X1 and 20X0, respectively.

Significant components of the provision for income taxes are as follows:

| <i>(In thousands)</i>    | <u>20X1</u>    | <u>20X0</u>    |
|--------------------------|----------------|----------------|
| Current:                 |                |                |
| Federal                  | \$ 51          | \$ 41          |
| State                    | <u>63</u>      | <u>49</u>      |
| Total current            | <u>114</u>     | <u>90</u>      |
| Deferred:                |                |                |
| Federal                  | (170)          | (591)          |
| State                    | <u>(180)</u>   | <u>(23)</u>    |
| Total deferred           | <u>(350)</u>   | <u>(614)</u>   |
| Total income tax benefit | <u>\$(236)</u> | <u>\$(524)</u> |

The reconciliation of the federal statutory income tax rate to the effective tax rate is as follows:

|  | <u>20X1</u>    | <u>20X0</u>    |
|--|----------------|----------------|
| Statutory federal income tax rate              | 34.0%          | 34.0%          |
| State income taxes, net of federal tax benefit | (3.0)          | 0.7            |
| Nondeductible expenses                         | 3.0            | 3.1            |
| Net operating loss                             | (22.9)         | (28.6)         |
| Change in valuation reserve                    | (30.2)         | (25.5)         |
| Prior period tax                               | —              | (11.5)         |
| Other  | <u>(1.7)</u>   | <u>3.9</u>     |
|  | <u>(20.8)%</u> | <u>(23.9)%</u> |

#### Note 13: Rental and Lease Information

The Company leases certain plant facilities, office facilities, and equipment. Rental expense for the years ended December 31, 20X1, and 20X0, amounted to \$933,500 and \$846,500, respectively.

At December 31, 20X1, the Company is committed to total minimal rental payments under all non-cancellable operating leases of \$708,500. Generally, these leases include escalation clauses.

The minimum future rental commitments are payable as follows: 20X2—\$431,500; 20X3—\$188,500; 20X4—\$43,500; 20X5—\$35,000; and 20X6—\$10,000.

#### Note 14: Commitments and Contingent Liabilities

The Company is subject to laws and regulations relating to the protection of the environment. Though it is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly any future remediation and other compliance efforts, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition, competitive position or capital expenditures of the Company. However, the Company's efforts to comply with increasingly stringent environmental regulations may have an adverse effect on the Company's future earnings.

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company.

At December 31, 20X1, the Company had outstanding letters of credit of approximately \$564,000. These commitments are not reflected as liabilities on the Company's consolidated balance sheet.

**Note 15: Risks and Uncertainties**

The Company's future operating results may be affected by a number of factors. The Company is dependent upon a number of major suppliers. If a critical supplier had operational problems or ceased making material available to the Company, operations could be adversely affected. In particular, approximately 70 percent of the materials sold by the construction products segment are purchased from one supplier. The Company's operations are in part dependent on governmental funding of infrastructure projects. Significant changes in the level of government funding of these projects could have a favorable or unfavorable impact on the operating results of the Company. The Company's operations results may also be affected by the weather.

**Note 16: Fair Values of Financial Instruments<sup>2</sup>**

The following methods and assumptions were used to estimate the fair value of financial instruments:

*Cash and Cash Equivalents.* The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

*Accounts Receivable and Accounts Payable.* The carrying amount of accounts receivable and accounts payable in the balance sheet approximates fair value.

*Short Term and Long Term Debt.* The carrying amount of the revolving credit facility approximates fair value.

The carrying amounts of the Company's financial instruments at December 31, 20X1, approximate fair value.

**Note 17: Subsequent Events<sup>3</sup>**

Upon evaluation, the Company notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be issued.

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<sup>2</sup> 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.

<sup>3</sup> See footnote 2.



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