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# Accounting Roundup

## Year in Review — 2009



To our clients, colleagues, and other friends:

Welcome to the 2009 edition of *Accounting Roundup: Year in Review*. In 2009, standard setters and regulators continued to focus on volatility in the credit and financial markets by addressing topics such as fair value measurements and impairments. There were also significant changes to other aspects of accounting, such as the consolidation model for variable interest entities and revenue recognition for multiple-element arrangements.

One of the most significant developments in 2009 was the launch of the FASB Codification on July 1. Although not intended to change current practice, the Codification is a structural overhaul to U.S. GAAP that changes from a standards-based model (with thousands of individual standards) to a topically based model (with roughly 90 topics). The 90 topics are organized by ASC number and are updated with an Accounting Standards Update (ASU). ASUs will replace accounting changes that historically were issued as FASB Statements, FASB Interpretations (FINs), FASB Staff Positions (FSPs), or other types of FASB standards. The Codification is the single source of nongovernmental authoritative U.S. GAAP for interim and annual periods ending after September 15, 2009. At that time, it supersedes all authoritative literature in Levels A–D of the U.S. GAAP hierarchy.

In addition, in 2009, standard setters made significant efforts in converging accounting standards. The FASB and IASB have worked closely on many projects to more closely align U.S. GAAP and IFRSs. The SEC also made several announcements rekindling the discussion of whether U.S. companies would prepare financial statements in accordance with IFRSs. This topic was also a focus at the AICPA National Conference in December.

The AICPA held its annual National Conference on Current SEC and PCAOB Developments earlier this month. During this conference, the SEC, PCAOB, FASB, IASB, and others provided financial professionals with updates on new developments, regulations, and current priorities. For more information about the conference, see Deloitte's [December 17, 2009, Heads Up](#).

*Accounting Roundup: Year in Review* summarizes final guidance that affects reporting and disclosures for this reporting season. With the exception of guidance issued in December (marked with an asterisk in the article title), proposed guidance, such as exposure drafts and invitations to comment, is not included. Please see our 2009 monthly and quarterly issues of *Accounting Roundup* for more information about these documents.

For more information about a topic, click one of the blue links, which are underlined. The links provide access to useful resources, such as the Web sites of the relevant standard setters, including the [FASB](#), [GASB](#), [SEC](#), [PCAOB](#), [AICPA](#), and [IASB](#).

So what will be the focus for 2010? Convergence to one set of global accounting standards will continue to be a priority. The FASB and IASB have been working together on projects related to financial instruments, revenue recognition, and leasing, and will continue to focus on these projects in 2010. We encourage you to keep up to date on the actions of the regulators and standard setters during 2009 through our *Accounting Roundup* series, *EITF Snapshot* series, *Heads Up* articles, and *Dbriefs* webcasts. Please join us for our upcoming *Dbriefs* webcast on January 13, 2010: [Year-End Reporting Issues: An Update on Current Issues and Items on the Horizon](#).

We hope that *Accounting Roundup: Year in Review* will be helpful to you this financial reporting season. As always, we welcome your feedback. Please send questions and comments to [accountingstandards@deloitte.com](mailto:accountingstandards@deloitte.com).

Happy New Year,

Deloitte & Touche LLP



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## Fair Value

### FASB Issues Guidance on Measuring Fair Value of Certain Alternative Investments

**AFFECTS:** All entities.

**SUMMARY:** On September 30, 2009, the FASB issued [ASU 2009-12](#) (previously exposed for comments as proposed FSP FAS 157-g) to provide guidance on measuring the fair value of certain alternative investments. The ASU amends ASC 820 to offer investors a practical expedient for measuring the fair value of investments in certain entities that calculate net asset value per share.

**NEXT STEPS:** The ASU is effective for the first reporting period (including interim periods) ending after December 15, 2009; early adoption is permitted.

**OTHER RESOURCES:** Deloitte's [October 1, 2009, Heads Up](#). ●

### FASB Issues ASU Regarding Measuring Liabilities at Fair Value

**AFFECTS:** All entities.

**SUMMARY:** In August 2009, the FASB issued [ASU 2009-05](#) (previously exposed for comments as proposed FSP FAS 157-f) to provide guidance on measuring the fair value of liabilities under ASC 820. The ASU clarifies that the quoted price for an identical liability, when traded as an asset in an active market, is also a Level 1 measurement for that liability when no adjustment to the quoted price is required. In the absence of a Level 1 measurement, an entity must use one or more of the following valuation techniques to estimate fair value (in a manner consistent with the principles in ASC 820):

A valuation technique that uses a quoted price:

- Of an identical liability when traded as an asset.
- Of a similar liability or of a similar liability when traded as an asset.

Another valuation technique (e.g., a market approach or an income approach), including one of the following:

- A technique based on the amount an entity would pay to transfer the identical liability.
- A technique based on the amount an entity would receive to enter into an identical liability.

**NEXT STEPS:** The ASU is effective for the first interim or annual reporting period beginning after the ASU's issuance.

**OTHER RESOURCES:** Deloitte's [August 28, 2009, Heads Up](#). ●

### FASB Issues Guidance on Measuring Fair Value When Market Activity Declines

**AFFECTS:** All entities.

**SUMMARY:** On April 9, 2009, the FASB issued [FSP FAS 157-4](#) (codified in ASC 820-10), which provides guidance on (1) estimating the fair value of an asset or liability (financial and nonfinancial) when the volume and level of activity for the asset or liability have significantly decreased and (2) identifying transactions that are not orderly. Despite early press reports, the guidance does not change the objective of fair value measurements when market activity declines. To the contrary, the guidance emphasizes that "[f]air value is the price that would be received to sell an asset or paid to transfer a liability in an **orderly transaction** (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under **current market conditions**" (emphasis added). This emphasis reinforces that fair value is a current market-based measurement and not an entity-specific or hypothetical future market-based measurement.

**NEXT STEPS:** The guidance is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. However, it must be adopted concurrently with amendments to ASC 320-10-35 (FSP FAS 115-2 and FAS 124-2) (see [FASB Issues Guidance on Other-Than-Temporary Impairments](#) article below).

**OTHER RESOURCES:** Deloitte's [April 14, 2009, Heads Up](#). ●



## FASB Issues Guidance on Interim Fair Value Disclosures

**AFFECTS:** Public entities.

**SUMMARY:** On April 9, 2009, the FASB issued [FSP FAS 107-1 and APB 28-1](#) (codified in ASC 825-10-50), which expands the fair value disclosures required for all financial instruments within the scope of ASC 825-10-50 to interim periods for publicly traded entities. The guidance also requires entities to disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments in financial statements on an interim basis and to highlight any changes in the methods and significant assumptions from prior periods. It does not require interim disclosures of credit or market risks also discussed in ASC 825-10-50.

**NEXT STEPS:** The guidance is effective for interim and annual periods ending after June 15, 2009. Early adoption is permitted for periods ending after March 15, 2009, provided that an entity also early adopts the amendments to ASC 820-10 (FSP FAS 157-4) (see [FASB Issues Guidance on Measuring Fair Value When Market Activity Declines](#) article above) and ASC 320-10-35 (FSP FAS 115-2 and FAS 124-2) (see [FASB Issues Guidance on Other-Than-Temporary Impairments](#) article below).

**OTHER RESOURCES:** Deloitte's [April 14, 2009, Heads Up](#). ●

## IASB Amends Financial Instrument Disclosures

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On March 5, 2009, the IASB issued amendments to IFRS 7 that require enhanced disclosures about fair value measurements and liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosures and "require entities to provide additional disclosures about the relative reliability of fair value measurements."

**NEXT STEPS:** The amendments are effective for annual periods beginning on or after January 1, 2009; however, comparative disclosures in the first year of adoption are not required.

**OTHER RESOURCES:** For more information, see the [press release](#) on the IASB's Web site. ●

## Valuation Resource Group Discusses Four Topics at February 5 Meeting

**AFFECTS:** All entities.

**SUMMARY:** On February 5, 2009, the Valuation Resource Group (VRG) held a public meeting with the FASB to discuss the following fair value measurement topics:

- SEC's study of mark-to-market accounting.
- Proposed guidance on liability measurement in accordance with ASC 820.
- AICPA draft issues paper on ASC 820 valuation considerations for interests in alternative investments.
- Goodwill impairment considerations.

**OTHER RESOURCES:** Deloitte's [February 12, 2009, Heads Up](#). ●

## SEC Finalizes Study of Mark-to-Market Accounting

**AFFECTS:** All entities.

**SUMMARY:** On December 30, 2008, the SEC submitted to Congress a detailed [report](#) and recommendations regarding mark-to-market accounting (the "report"). The report responds to the congressional mandate in Section 133 of the Emergency Economic Stabilization Act of 2008 that the SEC conduct a study of mark-to-market accounting standards in consultation with the Federal Reserve Board and the secretary of the Treasury.

The report, which is the result of a joint effort by the staff of the SEC's Office of the Chief Accountant and its Division of Corporation Finance, analyzes accounting standards both in terms of how to measure fair value (as described in ASC 820) and in the broader context of when assets or liabilities are measured at fair value. More specifically, the report addresses six key issues:



1. The effect of fair value accounting standards on financial institutions' balance sheets.
2. The effect of fair value accounting on bank failures in 2008.
3. The effect of fair value accounting on the quality of financial information available to investors.
4. The process the FASB follows to develop accounting standards.
5. Alternatives to fair value accounting standards.
6. The advisability and feasibility of modifications to fair value accounting standards.

**NEXT STEPS:** The report concludes that existing mark-to-market or fair value accounting requirements should not be suspended and recommends measures to improve the application of such requirements. It also recommends that the FASB reassess the current accounting model for financial asset impairments.

**OTHER RESOURCES:** Deloitte's [January 9, 2009, Heads Up](#). ●

## Consolidations

### FASB Issues Proposed ASU on Deferral of Statement 167 for Interests in Certain Entities\*

**AFFECTS:** All entities.

**SUMMARY:** On December 4, 2009, the FASB issued a [proposed ASU](#) that would indefinitely defer the effective date of Statement 167 for a reporting enterprise's interest in entities that have all the attributes outlined in ASC 946-10-15-2 or for which it is industry practice to issue financial statements in accordance with ASC 946. In addition, to qualify for the deferral, the reporting enterprise cannot have an obligation to fund losses of the entity that could potentially be significant and cannot absorb a disproportionate share of the entity's actual losses. The indefinite deferral would also apply to a reporting enterprise's interest in a mutual fund that is required to comply with, or that is operated in accordance with, Rule 2a-7 of the Investment Company Act of 1940.

The FASB also agreed to change how a decision maker or service provider determines whether its fee is a variable interest under paragraph B22 of Interpretation 46(R), as amended by Statement 167.

**NEXT STEPS:** Comments on the proposed ASU are due by January 6, 2009.

**OTHER RESOURCES:** Deloitte's [November 11, 2009, Heads Up](#) and [December 4, 2009, Heads Up](#). ●

### FASB Amends Guidance Related to Variable Interest Entities

**AFFECTS:** All entities.

**SUMMARY:** On June 12, 2009, the FASB issued [Statement 167](#), which amends the consolidation guidance that applies to VIEs. The amendments will significantly affect the overall consolidation analysis under ASC 810-10. While the FASB's discussions leading up to the issuance of Statement 167 focused extensively on structured finance entities, the amendments to the consolidation guidance affect all entities and enterprises currently within the scope of ASC 810-10, as well as qualifying special-purpose entities that are currently outside the scope of ASC 810-10. Accordingly, an enterprise will need to carefully reconsider its previous ASC 810-10 conclusions, including (1) whether an entity is a VIE, (2) whether the enterprise is the VIE's primary beneficiary, and (3) what type of financial statement disclosures are required.

**NEXT STEPS:** Statement 167 is effective as of the beginning of the first fiscal year that begins after November 15, 2009 (calendar-year-end companies must adopt the standard as of January 1, 2010). Early adoption is prohibited.

**OTHER RESOURCES:** Deloitte's [June 16, 2009, Heads Up](#). ●

## SEC Issues Staff Accounting Bulletin on Business Combinations and Consolidations

See article in [Business Combinations](#) section below.

## Investments in Debt and Equity Securities

### FASB Issues Guidance on Other-Than-Temporary Impairments

**AFFECTS:** All entities.

**SUMMARY:** On April 9, 2009, the FASB issued [FSP FAS 115-2 and FAS 124-2](#) (codified in ASC 320-10-35), which modifies the existing OTTI model for investments in debt securities. Under the new guidance, the primary change to the OTTI model for debt securities is the change in focus from an entity's intent and ability to hold a security until recovery. Instead, an OTTI is triggered if (1) an entity has the intent to sell the security, (2) it is more likely than not that it will be required to sell the security before recovery, or (3) it does not expect to recover the entire amortized cost basis of the security.

In addition, the new guidance changes the presentation of an OTTI in the income statement if the only reason for recognition is a credit loss (i.e., the entity does not expect to recover its entire amortized cost basis). That is, if the entity has the intent to sell the security or it is more likely than not that it will be required to sell the security, the entire impairment (amortized cost basis over fair value) will be recognized in earnings. However, 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, but the security has suffered a credit loss, the impairment charge will be separated into the credit loss component, which is recorded in earnings, and the remainder of the impairment charge, which is recorded in other comprehensive income.

**NEXT STEPS:** The new guidance is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. However, it must be adopted concurrently with the amendments to ASC 820-10 (FSP FAS 157-4) (see [FASB Issues Guidance on Measuring Fair Value When Market Activity Declines](#) article above).

**OTHER RESOURCES:** Deloitte's [April 14, 2009, Heads Up](#). ●

### SEC Issues Staff Accounting Bulletin on Other-Than-Temporary Impairments

**AFFECTS:** SEC registrants.

**SUMMARY:** On April 13, 2009, the SEC's Office of the Chief Accountant and Division of Corporation Finance issued [SAB 111](#). In light of the issuance of FSP FAS 115-2 and FAS 124-2 (codified in ASC 320-10-35) (see [FASB Issues Guidance on Other-Than-Temporary Impairments](#) article above), the SAB "amends Topic 5.M to exclude debt securities from its scope."

**OTHER RESOURCES:** For more information, see the [press release](#) on the SEC's Web site. ●

### FASB Issues Amendments to OTTI Model for Certain Investments in Securitizations

**AFFECTS:** Entities with beneficial interests in certain securitized financial assets.

**SUMMARY:** On January 12, 2009, the FASB issued [FSP EITF 99-20-1](#) (codified in ASC 325-40), finalizing its short-term project to revise OTTI guidance on beneficial interests in securitized financial assets that are within the scope of ASC 325-40. The scope of ASC 325-40 includes many types of beneficial interests in securitization transactions, such as asset-backed securities, mortgage-backed securities, collateralized debt obligations, commercial mortgage-backed securities, and interest-only strips that (1) do not have a high-quality rating or (2) can be contractually prepaid or otherwise settled so that the holder would not recover substantially all of its investment. The amendments to ASC 325-40 more closely align its OTTI guidance with ASC 320-10-35.

**NEXT STEPS:** The new guidance is effective prospectively for interim and annual periods ending after December 15, 2008. Retrospective application to a prior interim or annual period is prohibited.

**OTHER RESOURCES:** Deloitte's [January 16, 2009, Heads Up](#). ●

## Revenue

### Guidance on Material Modifications to Revenue Arrangements With Multiple Deliverables

**AFFECTS:** Entities that engage in multiple-element revenue arrangements.

**SUMMARY:** [ASU 2009-13](#) (formerly EITF Issue 08-1) amends the guidance in ASC 605-25 on multiple-element revenue arrangements. However, ASU 2009-13 does not specify how to account for a revenue arrangement that was accounted for under ASC 605-25 (before the ASU's amendments) if it is materially modified and now subject to the ASU's guidance.

Informal discussions with the SEC staff have indicated that it would be appropriate to account for materially modified revenue arrangements by allocating to the deliverables (in periods both before and after the modification) the arrangement consideration on a relative-selling-price basis. Any amount of revenue allocated to previously delivered items that is in excess of the revenue actually recognized in the periods that preceded the modification is recognized in its entirety in the period in which the modification occurs. In applying such an approach, an entity would aim to "true-up" deferred revenue to reflect the amount that would have been deferred had the guidance in the ASU been effective at the time the contract was executed.

**OTHER RESOURCES:** Deloitte's [November 11, 2009, \*Financial Reporting Alert\*](#).

### FASB Issues ASUs on Revenue Arrangements With Multiple Deliverables and Software Revenue Recognition

In October 2009, the FASB issued [ASU 2009-13](#) on multiple-deliverable revenue arrangements and [ASU 2009-14](#) on software revenue recognition. Both ASUs were consensus of the EITF and ratified by the FASB.

#### ASU 2009-13 (Formerly Issue 08-1)

**AFFECTS:** Entities that enter into revenue arrangements consisting of multiple deliverables.

**SUMMARY:** ASU 2009-13 codifies the consensus in Issue 08-1, which supersedes Issue 00-21 (codified in ASC 605-25). The ASU was issued in response to practice concerns related to the accounting for revenue arrangements with multiple deliverables under Issue 00-21 and applies to all deliverables in contractual arrangements in all industries in which a vendor will perform multiple revenue-generating activities, except when some or all deliverables in a multiple-deliverable arrangement are within the scope of other, more specific sections of the Codification (e.g., ASCs 840, 952, 360-20 (pre-Codification guidance from Statements 13, 45, and 66) and other sections of ASC 605 on revenue recognition (e.g., pre-Codification guidance from SOPs 81-1 and 97-2)).

Specifically, the ASU addresses the unit of accounting for arrangements involving multiple deliverables. It also addresses how arrangement consideration should be allocated to the separate units of accounting, when applicable. However, guidance on determining when the criteria for revenue recognition are met and on how an entity should recognize revenue for a given unit of accounting is located in other sections of the Codification (e.g., SAB Topic 13). Although the ASU retains the criteria from Issue 00-21 for when delivered items in a multiple-deliverable arrangement should be considered separate units of accounting, it removes the previous separation criterion under Issue 00-21 that objective and reliable evidence of the fair value of any undelivered items must exist for the delivered items to be considered a separate unit or separate units of accounting.

**NEXT STEPS:** The ASU is effective for fiscal years beginning on or after June 15, 2010. Entities can elect to apply the ASU (1) prospectively to new or materially modified arrangements after its effective date or (2) retrospectively for all periods presented. Early adoption is permitted; however, if the entity elects prospective application and early adopts the ASU after its first interim reporting period, it must also do the following in the period of adoption: (1) retrospectively apply the ASU as of the beginning of that fiscal year and (2) disclose the effect of the retrospective adjustments on the prior interim periods' revenue, income before taxes, net income, and earnings per share.

**OTHER RESOURCES:** Deloitte's [September 2009 \*EITF Snapshot\*](#) and [October 1, 2009, \*Heads Up\*](#).

## ASU 2009-14 (Formerly Issue 09-3)

**AFFECTS:** Entities that sell tangible products containing both hardware elements and software elements that are currently within the scope of ASC 985-605 (SOP 97-2).

**SUMMARY:** ASU 2009-14 amends ASC 985-605 and ASC 985-605-15-3 (Issue 03-5) to exclude from their scope all tangible products containing both software and nonsoftware components that function together to deliver the product's essential functionality. That is, the entire product (including the software deliverables and nonsoftware deliverables) would be outside the scope of ASC 985-605 and would be accounted for under other accounting literature (e.g., ASC 605-25 (as amended by ASU 2009-13)). The ASU includes factors that entities should consider when determining whether the software and nonsoftware components function together to deliver the product's essential functionality and are thus outside the revised scope of ASC 985-605. In addition, the ASU includes examples illustrating how entities would apply the revised scope provisions.

**NEXT STEPS:** The ASU is effective for fiscal years beginning on or after June 15, 2010. Entities can elect to apply the ASU (1) prospectively to new or materially modified arrangements after its effective date or (2) retrospectively for all periods presented. Early adoption is permitted; however, if the entity elects prospective application and early adopts the ASU **after** its first interim reporting period, it must also do the following in the period of adoption: (1) retrospectively apply the ASU as of the beginning of that fiscal year and (2) disclose the effect of the retrospective adjustments on the prior interim periods' revenue, income before taxes, net income, and earnings per share.

**OTHER RESOURCES:** Deloitte's [September 2009 EITF Snapshot](#) and [October 23, 2009, Heads Up](#). ●

## IFRIC Issues Interpretation on Customer Contributions

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On January 29, 2009, the IFRIC issued Interpretation 18, which addresses the accounting for transfers of assets from customers. The interpretation focuses on the power and utilities industry, clarifying the requirements of IFRSs for certain customer deposit agreements. In certain agreements, a customer provides an item of property, plant, and equipment to the entity (or, in some cases, cash to build an item of property, plant, and equipment) "that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water)."

The interpretation clarifies:

- The "circumstances in which the definition of an asset [under the IASB Framework] is met."
- "Recognition of the asset and the measurement of its cost on initial recognition."
- Identification of the entity's obligation to provide one or more separately identifiable services in exchange for the transferred asset.
- Recognition of revenue when the service obligation or obligations are performed.
- Accounting when the customer transfers cash to acquire an asset instead of transferring a physical asset.

**NEXT STEPS:** The interpretation is effective prospectively for transfers of assets received on or after July 1, 2009. Limited retrospective application is permitted.

**OTHER RESOURCES:** A [press release](#) announcing the interpretation is available on the IASB's Web site. ●

## Business Combinations

### FASB Issues Guidance on Assets Acquired and Liabilities Assumed in a Business Combination That Arise From Contingencies

**AFFECTS:** All entities except not-for-profit organizations, combinations between entities under common control, and formations of joint ventures.

**SUMMARY:** On April 1, 2009, the FASB issued [FSP FAS 141\(R\)-1](#) (codified in ASC 805) to address concerns raised by preparers, auditors, and members of the legal profession about the “application of Statement 141(R) [ASC 805] to assets and liabilities arising from contingencies in a business combination.” The new guidance establishes a model similar to the one entities previously used to account for preacquisition contingencies. Under the new guidance, an acquirer is required to recognize at fair value an “asset acquired or liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of that asset or liability can be determined during the measurement period.” If the acquisition-date fair value cannot be determined, the acquirer applies the recognition criteria in ASC 450 to determine whether the contingency should be recognized as of the acquisition date or after it.

**NEXT STEPS:** The new guidance is effective for business combinations whose acquisition date is at or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

**OTHER RESOURCES:** Deloitte’s [April 2, 2009, Heads Up](#). ●

### FASB Issues Statement on Not-for-Profit Mergers and Acquisitions

**AFFECTS:** Not-for-profit entities.

**SUMMARY:** On May 22, 2009, the FASB issued [Statement 164](#) (codified in ASC 958). The Statement’s objective is to improve the “relevance, representational faithfulness, and comparability” of a not-for-profit entity’s financial reporting “about a combination with one or more other not-for-profit entities, businesses, or nonprofit activities.”

The Statement provides guidance on how a not-for-profit entity:

- Determines whether a combination is a merger or an acquisition
- Applies the carryover method in accounting for a merger
- Applies the acquisition method in accounting for an acquisition, including determining which of the combining entities is the acquirer
- Determines what information to disclose to enable users of financial statements to evaluate the nature and financial effects of a merger or an acquisition.

The Statement also establishes an effective date for certain requirements and amendments of ASC 350, ASC 810, and ASC 805 that apply to not-for-profit entities but that did not apply to not-for-profit entities upon their initial effective date.

**NEXT STEPS:** ASC 958 (Statement 164) is effective prospectively for mergers that occur at or after the beginning of an initial reporting period that begins on or after December 15, 2009, and for acquisitions that occur at or after the beginning of the first annual reporting period beginning on or after December 15, 2009. Early adoption is prohibited.

**OTHER RESOURCES:** Deloitte’s [June 2, 2009, Heads Up](#). ●

### SEC Issues Staff Accounting Bulletin on Business Combinations and Consolidations

**AFFECTS:** SEC registrants.

**SUMMARY:** On June 4, 2009, the SEC issued [SAB 112](#), which amends or rescinds portions of the SEC’s interpretive guidance to conform it with ASC 805 and ASC 810. ●

## Income Taxes

### Accounting Implications of Tax Law Change for Businesses and Home Buyers

**AFFECTS:** Entities with net operating losses (NOLs) in 2008 and 2009.

**SUMMARY:** On November 6, 2009, President Obama signed into law the Worker, Homeownership, and Business Assistance Act of 2009, which includes a temporary five-year NOL carryback provision. Taxpayers that intend to carry back their NOLs beyond the two-year “normal” carryback period should consider:

- Whether it is necessary to adjust an existing valuation allowance to take into account the additional carryback capacity. (If the loss to be carried back was not previously benefited and the related deferred tax asset was instead offset by a valuation allowance, an adjustment to that valuation allowance will be necessary.)
- The appropriate financial statement disclosures (not just for the period of enactment, but also in periods before the enactment as part of the discussion of the potential effects of proposed legislation on the company).

Pursuant to ASC 740, any adjustment to deferred tax liabilities and assets for the effect of a change in tax laws or rates is included in income from continuing operations for the period that includes the enactment date. Therefore, under the new act, any required adjustment to the valuation allowance will be included in income from continuing operations in the period that includes November 6, 2009.

**OTHER RESOURCES:** For more information, see the [article](#) on Deloitte’s Web site. ●

### FASB Provides Guidance on Accounting for Uncertainty in Income Taxes and Eliminates Certain Disclosure Requirements for All Nonpublic Entities

**AFFECTS:** All entities.

**SUMMARY:** In September 2009, the FASB issued [ASU 2009-06](#), which provides guidance on accounting for uncertainty in income taxes and disclosure amendments for nonpublic entities. ASU 2009-06 signals the end of the FASB’s deferral, for certain nonpublic entities, of the accounting for tax positions under the pre-Codification guidance in Interpretation 48. The ASU provides guidance on (1) what constitutes a tax position for a pass-through or not-for-profit entity, (2) determining when an income tax is attributed to the reporting entity or its owners, and (3) application of accounting for uncertainty in income taxes to a group of related entities composed of both taxable and nontaxable entities. The ASU also eliminates the disclosure requirements of ASC 740-10-50-15(a) and 15(b) for nonpublic entities.

**NEXT STEPS:** The ASU is effective for interim and annual periods ending after September 15, 2009, for entities currently applying the guidance in ASC 740 on accounting for uncertainty in income taxes. For entities that have deferred this guidance, the ASU is effective upon initial adoption of the guidance from Interpretation 48.

**OTHER RESOURCES:** Deloitte’s [September 3, 2009, Heads Up](#). ●

### FASB Issues FSP FIN 48-3 (Codified in ASC 740-10) on Deferral of Income Tax Guidance

**AFFECTS:** Nonpublic enterprises.

**SUMMARY:** On December 30, 2008, the FASB issued [FSP FIN 48-3](#) (codified in ASC 740-10), which defers the effective date of ASC 740-10 for certain nonpublic enterprises “to the annual financial statements for fiscal years beginning after December 15, 2008.” For enterprises not eligible for the initial deferral, ASC 740-10 was effective for fiscal years beginning after December 15, 2006.

The guidance requires an enterprise that chooses to defer the implementation of ASC 740-10 to explicitly disclose this election in its financial statements. In addition, such an enterprise must disclose its current “accounting policy for evaluating uncertain tax positions for each set of financial statements” to which the deferral applies. Nonpublic enterprises are eligible for the deferral unless either of the following applies:

- The “nonpublic enterprise is a consolidated entity of a public enterprise that applies U.S. GAAP.”
- Before the issuance of the guidance, the nonpublic enterprise had “issued a full set of U.S. GAAP annual financial statements using the recognition, measurement, and disclosure requirements of Interpretation 48 [ASC 740-10].”

**NEXT STEPS:** The deferral of the effective date of ASC 740-10 is intended to give the FASB time to develop guidance on the application by pass-through entities and not-for-profit organizations. The deferred effective date also allows the Board to amend the disclosure requirements of ASC 740-10 for nonpublic enterprises. The FASB is expected to expose for comment an ASU that would:

- Limit the disclosure requirements for nonpublic enterprises.
- Specify application guidance for pass-through entities and not-for-profit organizations.

**OTHER RESOURCES:** Deloitte’s [January 5, 2009, Heads Up](#). ●

## Pensions and Other Postretirement Benefits

### Financial Reporting Considerations Related to Pensions and Other Postretirement Benefits

**AFFECTS:** All entities.

**SUMMARY:** The ongoing volatility in the financial markets continues to affect an entity’s pension and other postretirement benefit calculations and disclosures. Of particular concern for this year-end reporting season is the effect of the current economic environment on (1) the measurement of an entity’s pension and other postretirement benefit obligations and plan assets and (2) an entity’s disclosures regarding key underlying assumptions about critical accounting estimates.

**OTHER RESOURCES:** Deloitte’s [November 6, 2009, Financial Reporting Alert](#). ●

### FASB Expands Disclosures About Postretirement Plan Assets

**AFFECTS:** Entities with postretirement benefit plan assets.

**SUMMARY:** On December 30, 2008, the FASB issued [FSP FAS 132\(R\)-1](#) (codified in ASC 715-20), which requires more detailed disclosures about employers’ plan assets, including employers’ investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair value of plan assets. The guidance also:

- Updates the disclosure examples in ASC 715-20 to illustrate the required additional disclosures, including those associated with fair value measurement.
- Includes a technical correction restoring the requirement for nonpublic entities to disclose net periodic benefit costs.

The FASB hopes that the guidance addresses financial statement users’ concerns “about the lack of transparency surrounding the types of assets and associated risks in an employer’s defined benefit pension or other postretirement plan and [addresses] events in the economy and markets that could have a significant effect on the value of plan assets.”

**NEXT STEPS:** An entity must provide the required disclosures in its financial statements for fiscal years ending after December 15, 2009. The technical correction became effective on December 30, 2008.

**OTHER RESOURCES:** Deloitte’s [January 9, 2009, Heads Up](#). ●



## Transfers and Servicing of Financial Assets

### FASB Issues New Standard on Transfers of Financial Assets

**AFFECTS:** All entities.

**SUMMARY:** On June 12, 2009, the FASB issued [Statement 166](#), which amends the derecognition guidance in ASC 860. Statement 166 reflects the Board's response to issues entities have encountered when applying ASC 860. In addition, Statement 166 addresses concerns expressed by the SEC, members of Congress, and financial statement users about the accounting and disclosures required by ASC 860 in the wake of the subprime mortgage crisis and the deterioration in the global credit markets. The Board believes the amendments will improve the accounting for transfers of financial assets.

**NEXT STEPS:** Statement 166 is effective for financial asset transfers occurring after the beginning of an entity's first fiscal year that begins after November 15, 2009 (thus, calendar-year-end companies must adopt it on January 1, 2010). Early adoption is prohibited.

**OTHER RESOURCES:** Deloitte's [June 16, 2009, Heads Up](#). ●

## Debt (Issuer Accounting)

### FASB Issues ASU on Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing

**AFFECTS:** Entities that enter into a share-lending arrangement on their own shares in contemplation of a convertible debt offering or other financing (e.g., an equity financing) in which the share-lending arrangement is classified in equity.

**SUMMARY:** This ASU ([ASU 2009-15](#)) was a consensus of the EITF and ratified by the FASB. The ASU requires an entity that enters into a share-lending arrangement on its own shares (that are classified in equity pursuant to other authoritative accounting guidance) in contemplation of a convertible debt issuance (or other financing) to initially measure the share-lending arrangement at fair value and treat it as an issuance cost and to exclude the shares borrowed under the share-lending arrangement from basic and diluted EPS. In addition, under the ASU, if it becomes **probable** that the share-lending arrangement counterparty will default on the arrangement (not return the entity's shares within the specified period), the issuing entity should record a loss in current earnings that is equal to the fair value of the shares outstanding less any recoveries. The entity will continue to adjust the loss until actual default. The ASU also requires entities to provide certain disclosures about the share-lending arrangement.

**NEXT STEPS:** The ASU is effective for **new** share-lending arrangements issued in periods beginning on or after July 15, 2009. For all other share-lending arrangements, the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2009. The ASU should be applied retrospectively to arrangements that are outstanding on its effective date.

**OTHER RESOURCES:** Deloitte's [June 2009 EITF Snapshot](#). ●

### CAQ Issues White Paper on Loan Modifications

**AFFECTS:** Entities involved with loan modifications.

**SUMMARY:** On December 23, 2008, the CAQ released a [white paper](#) discussing the "modifications of residential mortgage loans that qualify as troubled debt restructurings." The CAQ states that "this nonauthoritative paper highlights certain issues that have arisen about the accounting for loan modifications" and "does not establish new GAAP and is not intended to serve as a substitute for relevant authoritative accounting guidance." Rather, the white paper articulates "certain existing requirements of GAAP . . . as well as common accounting practices related to the specific issues discussed."

**OTHER RESOURCES:** For more information, see [CAQ Alert #2008-90](#) on the CAQ's Web site. ●

## Derivatives and Hedging Activities

### SEC Provides Temporary Exemptions for Eligible Credit Default Swaps

**AFFECTS:** Entities with investments in certain credit default swaps.

**SUMMARY:** On January 14, 2009, the SEC issued [interim temporary final rules](#) to allow for certain exemptions from provisions of the Securities Act for eligible credit default swaps that are registered or cleared by a central counterparty (as long as that counterparty satisfies the conditions in the temporary rules). The purpose of the exemptions is to encourage investors to use central counterparties while allowing the SEC to “provide oversight to” the credit default swap market.

**NEXT STEPS:** The interim final temporary rules are effective from January 22, 2009, to September 25, 2009.

**OTHER RESOURCES:** For more information, see the [press release](#) on the SEC’s Web site. ●

### IASB Issues Amendments to Clarify Accounting for Embedded Derivatives

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On March 12, 2009, the IASB issued amendments to IFRIC 9 and IAS 39 to clarify the accounting for embedded derivatives upon reclassification out of the “fair value through profit or loss” category, as permitted by the October 2008 amendments to IAS 39.

As currently drafted, IFRIC 9 prohibits the reassessment of the separation of an embedded derivative after the inception of the contract “unless there is . . . a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.” The clarification amends IFRIC 9 to also allow such reassessment when “there is a reclassification of a financial asset out of the ‘fair value through profit or loss’ category.”

**NEXT STEPS:** The amendments are effective retrospectively for annual periods ending on or after June 30, 2009.

**OTHER RESOURCES:** A [press release](#) announcing the amendments is available on the IASB’s Web site. ●

### IASB Amends IAS 32 to Clarify Rights Issues

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On October 8, 2009, the IASB issued an amendment to IAS 32 to clarify the classification of rights issues. Previous practice was to account for rights issues that are denominated in a currency other than the functional currency of the issuer as derivative liabilities. The amendment requires an entity to classify such rights issues as equity regardless of whether the currency is the entity’s functional currency, provided that the rights issues are “offered pro rata to all of an entity’s existing shareholders on the exercise of which the entity will receive a fixed amount of cash for a fixed number of the entity’s own equity instruments.”

**NEXT STEPS:** The amendment is effective for annual periods beginning on or after February 1, 2010; early adoption is permitted.

**OTHER RESOURCES:** For more information, see the [press release](#) on the IASB’s Web site. ●

### GASB Issues Derivative Instruments Guide

**AFFECTS:** Governmental entities.

**SUMMARY:** On April 21, 2009, the GASB issued a guide consisting of Q&As on derivative-instrument-related issues associated with the application of Statement 53.

**OTHER RESOURCES:** For more information, see the [press release](#) on the GASB’s Web site. ●

## Financial Instruments

### IASB Issues IFRS on Classification and Measurement of Financial Assets

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On November 12, 2009, the IASB issued IFRS 9, which represents the first part of a three-part project to replace the current guidance on financial instruments in IAS 39. IFRS 9 requires, among other things, that an entity classify a financial asset at either amortized cost or fair value, depending on the entity's business model and the contractual cash flow characteristics of the asset.

**NEXT STEPS:** IFRS 9 is effective for annual periods beginning on or after January 1, 2013; early adoption is permitted.

**OTHER RESOURCES:** Deloitte's [November 17, 2009, Heads Up](#). ●

## Share-Based Payments

### FASB Proposes ASU Regarding Impact of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Primarily Trades\*

**AFFECTS:** Entities that issue share-based payment awards with exercise prices in currencies that are different from the entity's functional currency and the payroll currency of the employees.

**SUMMARY:** On December 17, 2009, the FASB issued a [proposed ASU](#) regarding the impact of denominating the exercise price of a share-based payment award in the currency of the market in which the underlying equity security primarily trades.

The proposed ASU addresses whether an entity should classify a share-based payment award as equity or a liability if the award's exercise price is denominated in the currency in which the underlying security trades and that currency is different from the (1) entity's functional currency, (2) functional currency of the foreign operation for which the employee provides services, and (3) payroll currency of the employee.

At its November 19, 2009, meeting, the Task Force reached a consensus that would create an additional exception to liability classification under ASC 718-10. That exception applies to share-based payments with exercise prices denominated in currencies of the market in which "substantial portions" of the entity's equity securities trade.

**NEXT STEPS:** This Issue would be effective for interim and annual periods beginning on or after December 15, 2010, and would be applied prospectively. Affected entities would be required to record a cumulative catch-up adjustment for all awards outstanding as of the beginning of the annual period in which this Issue is adopted. Comments on the proposed ASU are due by February 12, 2010.

**OTHER RESOURCES:** Deloitte's [November 2009 EITF Snapshot](#). ●

### IASB Amends Accounting for Share-Based Payments

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On June 18, 2009, the IASB issued amendments to IFRS 2 that "clarify the accounting for group cash-settled share-based payment transactions." Because the amendments incorporate guidance from IFRIC Interpretations 8 and 11, the IASB has withdrawn those two standards.

**NEXT STEPS:** The amendments are effective for annual periods beginning on or after January 1, 2010, and must be applied retrospectively. Early adoption is permitted.

**OTHER RESOURCES:** For more information, see the [press release](#) on the IASB's Web site. ●

## Receivables

### FASB Issues Proposed ASU Regarding Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset\*

**AFFECTS:** Entities that modify a loan that is currently accounted for under ASC 310-30 as part of a pool of loans that, when acquired, had deteriorated in credit quality.

**SUMMARY:** On December 17, 2009, the FASB issued a [proposed ASU](#) on the effect of a loan modification when a loan is part of a pool accounted for as a single asset. The proposed ASU would amend ASC 310-30, which allows an entity to group two or more acquired loans (other than debt securities) with common risk characteristics into a pool and account for the pool as a single asset. ASC 310-30-40-1 requires that loans within the pool remain in place unless “the investor sells, forecloses, or otherwise receives assets in satisfaction of the loan, or the loan is written off.”

At its November 19, 2009, meeting, the Task Force reached a consensus that a modification to a loan that is part of a pool accounted for under ASC 310-30 should not result in removal of the loan from the pool. Such modifications would include those that would otherwise qualify as a troubled debt restructuring had the loan not been part of a pool. The basis for this consensus is the guidance in ASC 310-30 specifying that the unit of accounting is the pool of loans and that the integrity of the pool should be maintained.

**NEXT STEPS:** The proposed ASU would be effective for the first interim or annual reporting period beginning after issuance, and would be applied prospectively. Early application would be permitted as long as the entity has not issued financial statements in that fiscal year. Comments on the proposed ASU are due by February 12, 2010.

**OTHER RESOURCES:** Deloitte’s [November 2009 EITF Snapshot](#). ●

## Related Parties

### IASB Revises IAS 24 on Related-Party Disclosures

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** In November 2009, the IASB issued IAS 24 (revised), which contains:

- A partial exemption for government-related entities under which these entities are only required to disclose information about related-party transactions that are individually and collectively significant.
- A simplified definition of “related party” that includes illustrative examples.

**NEXT STEPS:** The standard is effective for annual periods beginning on or after January 1, 2011; early adoption is permitted.

**OTHER RESOURCES:** For more information, see the [press release](#) on the IASB’s Web site. ●

## Other Accounting

### FASB Proposes ASU on Casino Base Jackpot Liabilities\*

**AFFECTS:** Entities that operate as casinos and that are within the scope of ASC 924 (formerly AICPA Audit and Accounting Guide, *Casinos*).

**SUMMARY:** On December 17, 2009, the FASB issued a [proposed ASU](#) on casino base jackpot liabilities that would amend ASC 924. The proposed ASU addresses diversity in practice in the accounting for base jackpots on gaming machines. For nonprogressive jackpots, payouts are fixed on the basis of a gaming machine’s predetermined pay table and the base jackpot is a fixed payout amount shown on this table. For progressive jackpots, payouts increase in value as more customers play the machine(s) and the base jackpot is the reset amount after a jackpot is paid out (e.g., a progressive jackpot that is reset to \$100,000 after each jackpot is won).

ASC 924 is not clear on whether, if a casino entity can avoid payout of the base jackpot (e.g., upon removal of a gaming machine from the casino floor), the casino entity is required to accrue any amounts before the base jackpot is won. At its November 19, 2009, meeting, the Task Force reached a consensus-for-exposure that would preclude a casino entity from accruing base jackpots before they are won as long as the entity can avoid payout of the base jackpot (e.g., upon removal of the machine from the casino floor). Therefore, the proposed ASU would amend the guidance on recognizing base jackpots in ASC 924-605-25-2.

**NEXT STEPS:** This Issue would be effective for interim and annual reporting periods beginning on or after December 15, 2010, and would be applied prospectively. A cumulative catch-up adjustment would be recorded in retained earnings as of the beginning of the period in which this Issue is adopted. Comments on the proposed ASU are due by February 12, 2010.

**OTHER RESOURCES:** Deloitte's [November 2009 EITF Snapshot](#). ●

## FASB Issues Proposed ASU on the Definition of Deferred Acquisition Costs of Insurance Entities\*

**AFFECTS:** Insurance entities that are within the scope of ASC 944 (formerly Statement 60).

**SUMMARY:** On December 17, 2009, the FASB issued a [proposed ASU](#) on accounting for costs associated with acquiring or renewing insurance contracts. At its November 19, 2009, meeting, the Task Force reached a consensus that would limit the costs an entity can include in deferred acquisition costs (DAC) to those that are "directly related to" the acquisition of new and renewal insurance contracts. The Task Force also clarified that direct costs only include those that result in a successful acquisition of a policy and exclude all costs incurred for unsuccessful efforts. In addition, the Task Force noted that the principle for capitalizing costs under this Issue would be similar to the principle for capitalizing loan origination fees under ASC 310-20 (formerly Statement 91). For example, the portion of an underwriter's salary that is allocated to unsuccessful contract acquisitions should be **excluded** from DAC. The proposed ASU also would require that an entity include only actual costs, not costs expected to be incurred, in DAC.

**NEXT STEPS:** The proposed ASU would be effective for interim and annual reporting periods beginning on or after December 15, 2010, and would be applied prospectively; however, the Issue would provide an option for retrospective application. Early adoption would be permitted. Comments on the proposed ASU are due by February 12, 2010.

**OTHER RESOURCES:** Deloitte's [November 2009 EITF Snapshot](#). ●

## FASB Issues Technical Corrections and Other Changes to the Codification

**AFFECTS:** All entities.

**SUMMARY:** In September 2009, the FASB issued the following five ASUs containing amendments and technical corrections to certain SEC references in the Codification:

- [ASU 2009-07, Accounting for Various Topics](#).
- [ASU 2009-08, Earnings per Share](#).
- [ASU 2009-09, Accounting for Investments — Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees](#).
- [ASU 2009-10, Financial Services — Broker and Dealers: Investments — Other](#).
- [ASU 2009-11, Extractive Activities — Oil and Gas](#). ●

## FASB Issues Statement on Codification and Hierarchy of Generally Accepted Accounting Principles

**AFFECTS:** All entities.

**SUMMARY:** On June 29, 2009, the FASB issued [Statement 168](#) (codified in ASC 105). The FASB notes that "the FASB Accounting Standards Codification™ (Codification) will become the source of authoritative U.S. [GAAP] recognized by the FASB to be applied by nongovernmental entities. . . . Once the Codification is in effect, all of its content will carry the same level of authority, effectively superseding Statement 162. In other words, the GAAP hierarchy will be modified to include only two levels of GAAP: authoritative and nonauthoritative."

**NEXT STEPS:** ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

**OTHER RESOURCES:** Deloitte's [May 20, 2009, Heads Up](#). ●

## FASB Issues Statement on Subsequent Events

**AFFECTS:** All entities.

**SUMMARY:** On May 28, 2009, the FASB issued [Statement 165](#) (codified in ASC 855), which provides guidance on management's assessment of subsequent events. Historically, management had relied on U.S. auditing literature for guidance on assessing and disclosing subsequent events. The new guidance represents the inclusion of guidance on subsequent events in the accounting literature and is directed specifically to management, since management is responsible for preparing an entity's financial statements. However, the new guidance is not expected to significantly change practice because it is similar to that in AU Section 560, with some important modifications. The guidance clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date "through the date that the financial statements are issued or are available to be issued." Management must perform its assessment for both interim and annual financial reporting periods.

**NEXT STEPS:** The new guidance is effective prospectively for interim and annual periods ending after June 15, 2009.

**OTHER RESOURCES:** Deloitte's [June 3, 2009, Heads Up](#). ●

## XBRL 2009 Taxonomies Released

**AFFECTS:** Entities that file an XBRL exhibit.

**SUMMARY:** On April 20, 2009, XBRL US released the [2009 US GAAP Taxonomies](#) for public use. Once the SEC formally accepts the 2009 taxonomies, entities that provide an interactive data file (i.e., an XBRL exhibit) in SEC filings will use these taxonomies to prepare their exhibit. Note that most entities in the first phase-in group established by the final rule must provide the XBRL exhibit in their June 2009 Form 10-Q filing. Entities are permitted, however, to submit the exhibit in earlier filings.

**OTHER RESOURCES:** Deloitte's [February 6, 2009, Heads Up](#). ●

## COSO Releases Paper on the Role of the Board of Directors in Enterprise Risk Management

**AFFECTS:** All entities.

**SUMMARY:** On September 1, 2009, COSO released a [paper](#) regarding the role of the board of directors in enterprise risk management, a role that has become increasingly important in the current financial crisis. The paper lists the following four directives (extracted from COSO's *Enterprise Risk Management — Integrated Framework*) that can contribute to effective board oversight:

- Understand the entity's risk philosophy and concur with the entity's risk appetite.
- Know the extent to which management has established effective enterprise risk management of the organization.
- Review the entity's portfolio of risk and consider it against the entity's risk appetite.
- Be apprised of the most significant risks and whether management is responding appropriately.

**OTHER RESOURCES:** For more information, see the [press release](#) on COSO's Web site. ●

## COSO Issues Guidance on Monitoring Internal Control Systems

**AFFECTS:** Entities and their auditors.

**SUMMARY:** On February 4, 2009, COSO issued a new three-volume series on monitoring internal control systems. The new series builds on two earlier COSO publications, *Internal Control — Integrated Framework*, first published in 1992, and *Internal Control Over Financial Reporting — Guidance for Smaller Public Companies*, published in 2006.



The new guidance is intended to (1) help organizations improve the effectiveness and efficiency of their internal control systems, (2) illustrate how monitoring can be incorporated into an organization's internal control processes, and (3) help management and others either recognize and build effective monitoring or identify and correct weaknesses when monitoring is ineffective.

**OTHER RESOURCES:** Deloitte's [February 12, 2009, Heads Up](#). Also see the [press release](#) on the publication on COSO's Web site. ●

## AICPA Issues Technical Practice Aid on Fair Value Measurement Disclosures for Master Trusts

**AFFECTS:** Entities with employee benefit plans that hold investments under master trust arrangements.

**SUMMARY:** In May 2009, the AICPA issued a [TPA](#) that addresses fair value measurement disclosure requirements for employee benefit plans that hold investments under master trust arrangements. The TPA clarifies that the disclosures required by ASC 815 for employee benefit plan financial statements are "required for individual investments under a master trust arrangement and **are not** required for the plan's total interest in the master trust" (emphasis added). ●

## AICPA Issues Technical Practice Aid on Prospective Unlocking

**AFFECTS:** Insurance enterprises.

**SUMMARY:** In December 2008, the AICPA issued a [TPA](#) to address the application of ASC 944-20 to long-duration insurance contracts that include provisions allowing "premium rate increases by class of customer." The TPA clarifies that an insurance company is not permitted to "unlock" its original ASC 944-20 assumptions after contract inception for "collected, approved, or expected premium rate increases for the contracts previously described in situations other than in premium deficiency." Rather, under ASC 944-20, an insurance company is required to (1) determine its best-estimate assumptions at contract inception and (2) continue to use these assumptions in future periods unless a premium deficiency exists. ●

## AICPA Issues Technical Practice Aid on Nonregistered Investment Partnerships

**AFFECTS:** Nonregistered investment partnerships.

**SUMMARY:** In January 2009, the AICPA issued a [TPA](#) to address how a nonregistered investment partnership should account for cumulative unrealized gains (losses), carried interest, and clawback obligations in accordance with U.S. GAAP if the partnership agreement does not allow or does not require recognition "until a specified date or time . . . or until the occurrence of a specific event." The TPA provides guidance on how each item should be presented as of the entity's reporting date. ●

## AICPA Issues Technical Practice Aid on Determining Financial Statement Preparer

**AFFECTS:** Accountants providing compilation and review services.

**SUMMARY:** In December 2008, the AICPA issued a [TPA](#) on determining whether an accountant whose work "results in or contributes to the existence of financial statements" can be considered to have prepared those financial statements. AR Section 100 defines "submission of financial statements" as "presenting to a client or third parties financial statements that the accountant has prepared either manually or through the use of computer software." Therefore, an accountant must determine that it has prepared financial statements before submitting "unaudited financial statements of a nonissuer to his or her client or third parties." When determining whether he or she has prepared financial statements, an accountant may consider the following:

- How the financial statements were created.
- Whether the accountant was engaged by the client to prepare financial statements or was reasonably expected to prepare financial statements as part of the professional services engagement.
- How much work an accountant "contributed to the existence of the financial statements."
- The location of the "underlying accounting information" (e.g., on the accountant's computer). ●



## AICPA Issues Technical Practice Aid on Credit Unions

**AFFECTS:** Credit unions.

**SUMMARY:** In March 2009, the AICPA issued a [TPA](#) to provide guidance on (1) financial reporting issues stemming from recent activities of the National Credit Union Administration and (2) the evaluation of investments in corporate credit unions for other-than-temporary impairment. ●

## SEC Matters

### SEC Exposes Proposed Rule on Shareholder Director Nominations for Second Comment Period\*

**AFFECTS:** SEC registrants.

**SUMMARY:** On December 14, 2009, the SEC exposed [Proposed Rule 33-9086](#) for a second comment period. The proposed rule, originally issued in June 2009, would give shareholders certain rights to nominate directors on corporate boards.

**NEXT STEPS:** Comments on the proposed rule are due by January 19, 2010.

**OTHER RESOURCES:** For more information, see the [press release](#) on the SEC's Web site. ●

### SEC Communications Available\*

**AFFECTS:** SEC registrants.

**SUMMARY:** The following new communications are available on the SEC's Web site:

- *Updated SEC Financial Reporting Manual* — Updates to the FRM include amendments to Topic 6, "Foreign Private Issuers & Foreign Businesses"; changes related to PCAOB deregistration; and revisions to references as a result of the FASB Accounting Standards Codification.
- *Slide Presentation: Areas of Frequent SEC Comments — Financial Institutions* — This slide presentation summarizes (1) frequent areas of comment in the SEC staff's review of financial institutions' filings and (2) suggestions for enhanced disclosure.
- *SEC FY 2009 Performance and Accountability Report* — The annual report for the SEC's fiscal year ended September 30, 2009, describes the agency's performance measures, financial statements, systems and controls, compliance with laws and regulations, and actions taken or planned. ●

### SEC Observations and Expectations About Executive Compensation Disclosures

**AFFECTS:** SEC registrants.

**SUMMARY:** In a [speech](#) on November 9, 2009, at the 4th Annual Proxy Disclosure Conference in San Francisco, Shelley Parratt, deputy director of the SEC's Division of Corporation Finance, discussed the SEC's observations of entities' disclosures about executive compensation. Ms. Parratt emphasized that entities should focus on (1) an analysis of how and why they made their compensation decisions and (2) performance targets. She stated that for 2010, "any company that waits until it receives staff comments to comply with the disclosure requirements should be prepared to amend its filings if it does not materially comply with the rules." In addition, Ms. Parratt encouraged entities to start thinking about how they would "gather the additional information necessary" to comply with the proxy disclosure requirements of [Proposed Rule 33-9052](#), since these requirements may be in place during the upcoming proxy season. ●

### SEC Further Defers Section 404(b) Requirement for Nonaccelerated Filers

**AFFECTS:** Nonaccelerated filers and their auditors.

**SUMMARY:** On October 2, 2009, the SEC announced that it will allow nonaccelerated filers an additional six-month deferral (from years ending on or after December 15, 2009, to years ending on or after June 15, 2010) from complying with SEC rules issued in response to Section 404(b) of the Sarbanes-Oxley Act of 2002 (the "Act"). These rules require that issuers' "annual reports include an auditor's attestation report on the issuer's internal control over financial reporting."

The SEC also released the results of the [cost-benefit study](#) conducted by its Office of Economic Analysis, which indicated that the 2007 reforms (i.e., management guidance issued by the SEC and PCAOB Auditing Standard 5) had reduced the cost of Section 404 compliance. The SEC, in granting the additional deferral, determined it to be appropriate and reasonable to allow more time for nonaccelerated filers and their auditors to better plan for the required auditor attestation.

Calendar-year-end issuers must now comply with the Section 404(b) requirement as of December 31, 2010. All issuers are nevertheless currently required to include management's report on ICFR in all annual reports on Form 10-K, in accordance with Section 404(a) of the Act.

**OTHER RESOURCES:** Deloitte's [October 2, 2009, Financial Reporting Alert](#). Also see the [press release](#) on the SEC's Web site. ●

## SEC Staff Releases Observations Based on Review of Interactive Data Financial Statements

**AFFECTS:** SEC registrants.

**SUMMARY:** On October 6, 2009, the staff of the SEC's Office of Interactive Disclosure released [observations](#) based on its initial review of interactive data files submitted by the first phase-in group of filers. The summary identifies "certain matters filers should consider as they prepare future submissions to further improve the quality of those submissions." Topics covered include:

- Issues entities may encounter when trying to conform the interactive data (XBRL) files to the HTML/ASCII financial statements.
- Using appropriate standard elements and context references (which differentiate the elements) within the taxonomy and creating new elements only when necessary.
- Ensuring that negative values and decimal attributes (i.e., whether amounts are accurately rounded) are entered correctly.

The observations are the staff's views and are not rules, regulations, or statements of the SEC. ●

## SEC Issues Staff Accounting Bulletin to Revise Guidance on Oil- and Gas-Producing Activities

**AFFECTS:** SEC registrants that engage in oil- and gas-producing activities.

**SUMMARY:** On October 30, 2009, the SEC issued [SAB 113](#), which revises SAB Topic 12 "to make the relevant interpretive guidance consistent with current authoritative accounting and auditing guidance" and the SEC's [final rule](#) on modernization of oil and gas reporting, which was issued on December 31, 2008. Amendments include:

- "[C]hanging the price used in determining quantities of oil and gas reserves;
- [E]liminating the option to use post-quarter-end prices to evaluate write-offs of excess capitalized costs under the full cost method of accounting;
- [R]emoving the exclusion of unconventional methods used in extracting oil and gas from oil sands or shale as an oil and gas producing activity; and,
- [R]emoving certain questions and interpretative guidance which are no longer necessary."

**NEXT STEPS:** The amendments must be applied prospectively to registration statements filed on or after January 1, 2010 (or Forms 10-K and 20-F for fiscal years ending on or after December 31, 2009), except for the technical amendment to Topic 3, which must be applied retroactively in conjunction with the application of Final Rule 33-9026.

**OTHER RESOURCES:** For more information, see the [press release](#) on the SEC's Web site. ●

## SEC Staff Issues Bulletin on Shareholder Proposals

**AFFECTS:** SEC registrants.

**SUMMARY:** On October 27, 2009, the staff of the Division of Corporation Finance issued a [legal bulletin](#) that provides guidance on the application of Rule 14a-8 to certain shareholder proposals. Specifically, the bulletin addresses:

- The “application of Rule 14a-8(i)(7) to proposals relating to risk.”
- The “application of Rule 14a-8(i)(7) to proposals focusing on succession planning for a company's chief executive officer (CEO).”
- The “manner in which shareholder proponents and companies can notify us that they will be submitting correspondence in connection with a no-action request.” ●

## SEC Issues Final Rule Adopting Updated EDGAR Filer Manual

**AFFECTS:** SEC registrants.

**SUMMARY:** On July 28, 2009, the SEC issued a [final rule](#) adopting revisions to the EDGAR Filer Manual regarding the 2009 U.S. GAAP Taxonomy, the Schedule of Investments Taxonomy, and the filer support hours of operation. The Code of Federal Regulations will incorporate the updated manual by reference. The final rule became effective on August 4, 2009.

In addition, on October 26, 2009, the SEC issued a [final rule](#) adopting more revisions to the EDGAR Filer Manual. According to the final rule, the revisions will:

- “[E]nforce additional XBRL validation requirements to improve the quality of XBRL exhibits.”
- “[A]llow filers to electronically submit the withdrawal of application for exemptive or other relief from the Investment Companies Act as submission types APP WD and APP WD/A.”
- “[A]llow filers to add Subject Company related information for the submission types F-6, F-6/A, F-6EF, and F-6POS.”

The final rule became effective on October 30, 2009. ●

## SEC Announces James L. Kroeker as SEC Chief Accountant

**SUMMARY:** On August 25, 2009, SEC Chairman Mary Schapiro announced the appointment of James L. Kroeker as the chief accountant in the SEC’s Office of the Chief Accountant. In this role, Mr. Kroeker will oversee accounting interpretations, professional practice issues, and international accounting matters. Mr. Kroeker joined the SEC as deputy chief accountant in February 2007. Formerly, he had worked as a partner at Deloitte & Touche LLP in the firm’s National Office Accounting Standards & Communications Group.

**OTHER RESOURCES:** For more information, see the [press release](#) on the SEC’s Web site. ●

## SEC Sends Letter to Broker-Dealer CEOs

**AFFECTS:** Broker-dealers.

**SUMMARY:** On August 31, 2009, SEC Chairman Mary L. Schapiro sent a [letter](#) to CEOs of broker-dealer firms reminding them of their responsibilities “to oversee broker-dealer activities, particularly with respect to sales practices” and enhanced compensation arrangements. The letter points out that pressures to sell securities linked to enhanced compensation packages could lead representatives to recommend sales of securities that are not in the best interest of investors.

**OTHER RESOURCES:** For more information, see the [press release](#) on the SEC’s Web site. ●

## SEC Sends Sample Letter to Public Companies About MD&A Disclosure Regarding Provisions and Allowances for Loan Losses

**AFFECTS:** SEC registrants.

**SUMMARY:** In August, the SEC sent a [sample letter](#) to certain public companies that suggests these companies consider disclosing, in their MD&A, information about the following items relating to provisions and allowances for loan losses:

- Higher-risk loans.
- Changes in practices regarding the determination of the allowance for loan losses.
- Declines in collateral value.

The letter also points out some other items that a company should consider disclosing to the extent they are relevant and material. ●

## SEC Releases Interpretive Guidance Regarding the FASB Codification

**AFFECTS:** SEC registrants.

**SUMMARY:** On August 18, 2009, the SEC issued an [interpretive release](#) pointing out that references to any specific U.S. GAAP standard in any Commission rules, staff guidance, or speeches now “should be understood to mean the corresponding reference in the FASB Codification.” The release also states the Commission’s intention to undertake a longer-term project to comprehensively revise and update specific references to U.S. GAAP standards. ●

## SEC Issues Orders Approving PCAOB Rule Proposals

**AFFECTS:** SEC registrants and their auditors.

**SUMMARY:** On August 13, 2009, the SEC released two orders approving PCAOB rules. The [first release](#) approves the adoption of eight new rules, instructions to two forms (Form 2 and Form 3), and amendments to related existing PCAOB rules regarding annual and special reporting by registered public accounting firms. The [second release](#) approves the adoption of two new rules and a new required form (Form 4) that allow, in certain circumstances, a registered public accounting firm to continue its registration status after a merger or other change in legal form. ●

## SEC Staff Issues Notice Regarding Upcoming EDGAR Release 9.17 and XBRL Validation

**AFFECTS:** SEC registrants.

**SUMMARY:** In August 2009, the SEC staff issued a [notice](#) regarding a planned update to the EDGAR system. The update will expand the tests the EDGAR system uses to validate information in XBRL (interactive data) submissions. While the EDGAR Filer Manual requirements relating to XBRL generally have not changed, with the enhanced validation process, the EDGAR system may reject XBRL exhibits that would have previously been accepted. The SEC staff is encouraging filers to take appropriate steps to ensure that all XBRL submissions comply with the EDGAR Filer Manual requirements and, once the update has occurred, to test compliance by submitting test filings in advance of required filing dates. ●

## SEC Issues Staff Accounting Bulletin on Business Combinations and Consolidations

See article in [Business Combinations](#) section above.

## SEC Staff’s Views on Filing Registration Statements After the Adoption of Statement 160 (ASC 810), FSP APB 14-1 (ASC 470-20), and FSP EITF 03-6-1 (ASC 260-10)

**AFFECTS:** SEC registrants and their auditors.

**SUMMARY:** On May 26, 2009, the CAQ issued an [alert](#) regarding the SEC’s views on how a registrant should consider the initial adoption of Statement 160 (ASC 810), FSP APB 14-1 (ASC 470-20), and FSP EITF 03-6-1 (ASC 260-10) when filing a registration statement that incorporates the most recent annual report on Form 10-K and financial statements for an interim period that includes the date of adoption of those FASB

pronouncements. The SEC staff has indicated that once a registrant has filed interim financial statements for a period including the adoption date of ASC 810, ASC 470-20, or both, the registrant should recast prior-period annual financial statements that are incorporated by reference into a registration statement to reflect the material retrospective application of those subtopics.

However, once a registrant has filed interim financial statements for a period including the adoption date of ASC 260-10, the registrant is not required to include or incorporate by reference in a registration statement revised prior-period annual financial statements to reflect that subtopic's retrospective application. Instead, if the registrant and its auditors believe that the financial statements that are incorporated by reference in the registration statement do not require revision and the auditors consent to the use of the prior-period audit report without revision, the registrant may disclose the revised EPS attributable to the adoption of ASC 260-10 in the selected financial data in the registration statement, or in a Form 10-Q or Form 8-K incorporated by reference. In addition, the SEC staff expects registrants to provide full and robust supplemental disclosures about the implications of the adoption of the new guidance. ●

## SEC's Division of Corporation Finance Releases Updated Financial Reporting Manual

**AFFECTS:** SEC registrants.

**SUMMARY:** On April 2, 2009, the SEC's Division of Corporation Finance (the "SEC staff") released a new [Financial Reporting Manual](#), which updates the December 9, 2008, version. Changes include the addition of Section 6000, "Foreign Issuer Reporting Enhancements," and conforming changes to Topic 6, "Foreign Private Issuers & Foreign Businesses." Section 6000 reflects the revisions to Form 20-F and related rules and forms that were adopted at the end of 2008 as a result of the SEC [final rule](#) on foreign issuer reporting enhancements. The revisions became effective on December 5, 2008, but many of the enhancements have delayed compliance dates. ●

## SEC Issues Technical Amendments to Conform Various Rules, Forms, and Schedules to ASC 805 and ASC 810

**AFFECTS:** SEC registrants.

**SUMMARY:** On April 15, 2009, the SEC issued [technical amendments](#) to conform Regulation S-X and Regulation S-K, as well as certain rules, forms, and schedules under the Securities Act of 1933, the Securities Exchange Act of 1934, and the Codification of Financial Reporting Policies, to ASC 805 and ASC 810. The more notable amendments include:

- Replacing the term "minority interests" with the term "noncontrolling interests."
- Replacing requirements to present minority interests as a separate line item in the balance sheet and income statement with new requirements for noncontrolling interests (see next two bullets).
- Adding requirements to present noncontrolling interests as a separate line item in equity on the balance sheet and to disclose in a note "amounts represented by preferred stock and the applicable dividend requirements if the preferred stock is material in relation to the consolidated equity."
- Adding requirements to present income attributable to noncontrolling interests and controlling interests as separate line items in the income statement.
- Removing guidance on "pooling of interests" accounting and revising "references to specify which rules apply to combinations of entities under common control."
- Removing the term "purchase method" because a business combination can occur without an actual purchase transaction.
- Requiring "a separate schedule in the notes to the financial statements that shows the effects of any changes in the registrant's ownership interest in a subsidiary to the equity attributable to the registrant."

The technical amendments became effective on April 23, 2009. ●

## SEC Staff Issues Compliance Guide for Small Entities

**AFFECTS:** Small public entities.

**SUMMARY:** In April 2009, the SEC staff published a [compliance guide](#) for small entities, which summarizes recent amendments that require registrants to provide financial information in an interactive data format in certain SEC filings. Such information will be made interactive through use of XBRL. Topics covered in the guide include the phase-in schedule, optional early compliance, creating required interactive data, due dates and grace periods, and consequences of noncompliance. ●

## SEC Approves Revisions to Modernize Oil and Gas Reporting Requirements

**AFFECTS:** Public oil and gas companies.

**SUMMARY:** On December 31, 2008, the SEC issued a [final rule](#) revising its oil and gas reporting requirements to reflect significant changes that have occurred in the industry over the past 25 years. The final rule allows for more comprehensive disclosures about off-balance-sheet information to help investors understand the value of their investments in oil and gas companies.

Many of the revisions are updates to definitions to make them consistent with the petroleum resource management system, which is a widely accepted standard for the management of petroleum resources that was developed by several industry organizations. Key revisions include changes to the pricing used to estimate reserves, the ability to include nontraditional resources in reserves, the use of new technology for determining reserves, and permitting disclosures about probable and possible reserves.

**NEXT STEPS:** The final rule is effective for registration statements filed on or after January 1, 2010, and for annual reports on Forms 10-K and 20-F for fiscal years ending on or after December 31, 2009. Early adoption is not permitted in either annual or quarterly reports before the first annual report in which the revised disclosures are required.

**OTHER RESOURCES:** Deloitte's [January 20, 2009, Heads Up](#). Also see the [press release](#) on the final rules on the SEC's Web site. ●

## SEC Approves Rules Requiring Registrants to Submit Interactive Data

**AFFECTS:** Registrants (other than investment companies) and mutual funds.

**SUMMARY:** The SEC agreed to issue two final rules that will require registrants (other than investment companies) and mutual funds to provide financial information and risk/return summary information, respectively, in an interactive data (XBRL) format in certain filings with the SEC. The interactive data also must be posted to an entity's Web site, if the entity maintains a Web site.

On January 30, 2009, the SEC issued one of the final rules. This [final rule](#) requires the use of XBRL for all registrants other than investment companies and provides a phase-in schedule indicating when registrants must furnish interactive data. The following table summarizes the timing for submission of interactive data by registrants (other than investment companies):

Phase-In Group	Periods Ending On or After:
Domestic and foreign registrants using U.S. GAAP that have a worldwide public float of more than \$5 billion.	June 15, 2009
All other domestic and foreign large accelerated filers using U.S. GAAP.	June 15, 2010
All remaining registrants using U.S. GAAP and foreign private issuers using IFRSs as issued by the IASB.	June 15, 2011



## SEC Issues Rule to Define “Annuity Contract” and “Optional Annuity Contract”

**AFFECTS:** SEC registrant insurance companies and entities with annuities.

**SUMMARY:** On January 8, 2009, the SEC issued a [final rule](#) that redefines the terms “annuity contract” and “optional annuity contract” under the Securities Act of 1933. The rule (1) excludes certain indexed annuities from the scope of Section 3(a)(8) of the 1933 Act (Rule 151A) and (2) “exempts insurance companies from filing reports under the Securities Exchange Act of 1934 with respect to indexed annuities and other securities registered under the Securities Act, provided that certain conditions are satisfied” (Rule 12h-7).

**NEXT STEPS:** Rule 151A will become effective on January 12, 2011, and should be applied prospectively to indexed annuities issued on or after the rule’s effective date. Rule 12h-7 became effective on May 1, 2009. ●

## SEC Issues Final Rule on Disclosures and Prospectus Delivery for Certain Mutual Funds

**AFFECTS:** Registered open-end management investment companies.

**SUMMARY:** On January 13, 2009, the SEC issued a [final rule](#) to enhance, as well as change the delivery option for, disclosures about mutual funds. The amendments require that key information about each mutual fund be included in a summary at the front of the fund’s prospectus. The fund then has an option to send out this key information as a “summary prospectus” to the fund’s investors as long as the fund makes the statutory prospectus available on its Web site. The fund would, however, be required to send out the statutory prospectus upon request. The SEC is also adopting additional amendments that will enhance certain disclosures about exchange-traded funds on national securities exchanges.

**NEXT STEPS:** Although the effective date of the final rule is March 31, 2009, the SEC is providing for a transition period. All initial registration statements on Form N-1A (and any annual updates) that are filed on or after January 1, 2010, will need to comply with the new rule. All effective registration statements on Form N-1A must be amended by January 1, 2011; however, a fund may choose to comply with the new requirements any time after March 31, 2009. ●

## SEC Issues Report on 21st Century Disclosure Initiative

**AFFECTS:** SEC registrants.

**SUMMARY:** In January 2009, the SEC released a [report](#), *Modernizing the Securities and Exchange Commission’s Disclosure System*, as part of its “21st Century Disclosure Initiative.” The report recommends that the SEC “design and implement a new disclosure system in which interactive data would replace plain-text disclosure documents.” The interactive approach would be based on the following guiding principles:

- “Disclosure information and other data should be submitted and stored in an interactive format.”
- “The Commission should consider establishing a data warehouse, with a principles-based framework for managing the data.”
- “The Commission should consider providing for multiple [submission and] dissemination methods for disclosures.”

The report also recommends that the Commission establish an “advisory committee composed of investors, filers, information intermediaries and others.” While the report does not indicate the timing of next steps related to the initiative, companies and their auditors may wish to monitor developments in this area. ●

## SEC Issues Observations Based on Reviews of Certain IPOs

**AFFECTS:** Current and potential SEC registrants.

**SUMMARY:** The Division of Corporation Finance has compiled a [summary](#) of common SEC comments cited in the SEC staff’s comment letters sent to smaller reporting companies in connection with the staff’s reviews of initial registration statements. Although the summary addresses “smaller reporting company IPOs,” its guidance may be useful for all companies to consider in preparing IPOs as well as periodic reports. Of particular interest, the SEC staff noted, “Where a company’s registration statement appeared incomplete when filed, we often deferred our review of it until the company filed an amendment so that the filing was complete.” ●



## SEC's Division of Corporation Finance Issues Compliance and Disclosure Interpretations

**AFFECTS:** SEC registrants and their auditors.

**SUMMARY:** Throughout 2009, the SEC's Division of Corporation Finance released new and updated [compliance and disclosure interpretations](#). The updates included interpretations on the following topics:

- Securities Act rules.
- Regulation S-K.
- Exchange Act Form 8-K.
- Interactive data (XBRL).
- Regulation S-T.
- Beneficial ownership reporting.
- Regulation FD (fair disclosure).
- Executive compensation disclosures.
- Securities Act sections, rules, and forms.
- Exchange Act sections, rules, and forms.
- The effect of changes in accounting principles, changes in segments, or discontinued operations in registration statements on Form S-8. ●

## SEC Publishes 2008 Annual Report

**AFFECTS:** SEC registrants.

**SUMMARY:** In February 2009, the SEC published its [2008 Annual Report](#), which gives an overview of the SEC's activities over the past year as well as its future objectives. The report also provides a "financial snapshot." ●

## Other Auditing

### PCAOB Reproposes Seven Auditing Standards on Risk Assessment\*

**AFFECTS:** Auditors of SEC registrants.

**SUMMARY:** On December 17, 2009, the PCAOB repropose for comment [seven auditing standards](#) (originally proposed in October 2008) on auditors' evaluation of and responses to audit risk. The proposed standards would require the application of a risk-based audit approach, including consideration of fraud, for all public-company audits. The repropose standards are as follows:

Standard	Objective
<i>Audit Risk in an Audit of Financial Statements</i>	To understand the components of audit risk and to obtain reasonable assurance by reducing audit risk to an appropriately low level.
<i>Audit Planning and Supervision</i>	To plan an audit and establish an appropriate audit plan, including the appropriate supervision and review by audit engagement management of work performed by the engagement team.
<i>Identifying and Assessing Risks of Material Misstatement</i>	To identify and assess risks of material misstatement.
<i>The Auditor's Responses to the Risks of Material Misstatement</i>	To respond to the risks of material misstatement by performing specific audit procedures.

Standard	Objective
<i>Evaluating Audit Results</i>	To evaluate the results of an audit, including an evaluation of uncorrected misstatements and control deficiencies identified, to form an opinion to be presented in the auditor's report.
<i>Consideration of Materiality in Planning and Performing an Audit</i>	To apply the concept of materiality in planning the audit and determine the scope of audit procedures.
<i>Audit Evidence</i>	To design and apply audit procedures to obtain sufficient appropriate evidence to support the audit opinion.

**NEXT STEPS:** Comments on the reproposed standards are due by March 2, 2010.

**OTHER RESOURCES:** For more information, see the [press release](#) on the PCAOB's Web site. ●

## AICPA Proposes Guidance on Analytical Procedures and Financial Reporting Framework\*

**AFFECTS:** All entities.

**SUMMARY:** On December 10, 2009, the AICPA issued the following EDs as part of both the ASB's Clarity Project and its efforts to converge with International Standards on Auditing (ISAs):

- [Proposed SAS, Reports on Application of Requirements of an Applicable Financial Reporting Framework.](#)
- [Proposed SAS \(Redrafted\), Analytical Procedures.](#)

The first proposal addresses the accountant's responsibilities regarding reporting matters. The second proposal discusses the use of substantive analytical procedures and related auditor considerations.

**NEXT STEPS:** Comments on *Reports on Application of Requirements of an Applicable Financial Reporting Framework* are due by May 17, 2010. Comments on *Analytical Procedures* are due by May 3, 2010. ●

**OTHER RESOURCES:** For more information, see the AICPA's [Web site](#).

## Reports Released by the Institute of Internal Auditors Audit Executive Center

**AFFECTS:** All entities.

**SUMMARY:** In November 2009, the Audit Executive Center of the Institute of Internal Auditors released the following two reports:

- [Audit Committee Trends and Activities.](#)
- [10 Risk Management Imperatives for Internal Auditing.](#)

The first report highlights practices of audit committees and ways to enhance the relationship between chief audit executives and the audit committee. The second report discusses areas internal audit departments can focus on to better serve their organizations. ●

## Sample Forms Published by the PCAOB

**AFFECTS:** SEC registrants and their auditors.

**SUMMARY:** In August 2009, the SEC approved new rules and forms for registered public accounting firms regarding the succession of registration status of a predecessor firm. The effective date of the rules and forms has been postponed to December 31, 2009, from October 12, 2009. The timing of the first annual reports required of registered firms is still June 30, 2010, for the 12-month period ended March 31, 2010. Samples of [Form 3, Special Report](#), and [Form 4, Succeeding to Registration Status of Predecessor](#), are available on the PCAOB's Web site. ●

## PCAOB Issues Staff Guidance on References to Authoritative U.S. GAAP in PCAOB Standards

**AFFECTS:** SEC registrant auditors.

**SUMMARY:** On September 2, 2009, the PCAOB issued staff [Q&As](#). The objective of the Q&As is to remind auditors that, despite existing references to pre-Codification GAAP in PCAOB standards, the Codification now represents the sole source of authoritative accounting guidance.

**OTHER RESOURCES:** For more information, see the [press release](#) on the PCAOB's Web site. ●

## PCAOB Adopts New Auditing Standard and Issues Concept Release on Engagement Quality Review

**AFFECTS:** All audits and reviews subject to PCAOB standards.

**SUMMARY:** On July 28, 2009, the PCAOB adopted [Auditing Standard 7](#) and issued a concept release on engagement quality review. Under Auditing Standard 7, the engagement quality reviewer would focus its review "on the areas that are most likely to contain a significant engagement deficiency." If approved by the SEC, Auditing Standard 7 will be effective for audits and interim reviews for fiscal years beginning on or after December 15, 2009.

The concept release would require that, in addition to the audit firm, engagement partners sign the audit report. Comments on the release were due by September 11, 2009.

**OTHER RESOURCES:** For more information, see the [press release](#) on the PCAOB's Web site. ●

## PCAOB Publishes Report on Implementation of Auditing Standard 5

**AFFECTS:** All audits and reviews subject to PCAOB standards.

**SUMMARY:** On September 24, 2009, the PCAOB issued a [report](#) summarizing the Board's inspections into the first-year implementation of Auditing Standard 5 by the "eight largest domestic registered firms in 2007 and 2008." Acting PCAOB Chairman Daniel L. Goelzer stated that the Board is "encouraged by the first-year implementation of AS No. 5, [but] there is still room for improvement."

**OTHER RESOURCES:** For more information, see the [press release](#) on the PCAOB's Web site. ●

## CAQ Publishes Guide to IFRSs

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** In September 2009, the CAQ published a [guide](#) to use of IFRSs in the United States. According to CAQ Executive Director Cynthia Fornelli, "The purpose of the Guide is to provide investors, policymakers and other capital market stakeholders a timely, accessible and objective introduction to the current debate over a single set of high quality global accounting standards."

**OTHER RESOURCES:** For more information, see the [press release](#) on the CAQ's Web site. ●

## PCAOB Issues Staff Practice Alert 4 Regarding Fair Value Measurements, Disclosures, and Other-Than-Temporary Impairments

**AFFECTS:** Auditors of SEC registrants.

**SUMMARY:** On April 21, 2009, the PCAOB issued a [staff audit practice alert](#) on considerations related to fair value measurements, disclosures, and other-than-temporary impairments in light of the amendments to guidance to ASC 820-10, ASC 320-10-35, and ASC 825-10-50. Topics covered in the alert include (1) reviews of interim financial information; (2) audits of financial statements, including integrated audits; and (3) auditor reporting considerations. ●

## AICPA Issues Guidance on Applying Agreed-Upon Procedures to XBRL-Tagged Data

**AFFECTS:** Auditors.

**SUMMARY:** On April 28, 2009, the AICPA issued SOP 09-1, which provides guidance on “performing agreed-upon procedures engagements that address the completeness, accuracy, or consistency of an entity’s XBRL-tagged data.” The SOP will help practitioners who perform agreed-upon procedures engagements apply AT Section 201 to XBRL-tagged data.

**NEXT STEPS:** The SOP became effective upon issuance. ●

## CAQ Releases Guide on Public-Company Auditing

**AFFECTS:** All entities.

**SUMMARY:** On May 6, 2009, the CAQ released a [guide](#) that contains an overview of public-company auditing processes as well as Q&As on the following topics:

- “The relationship between company management, the audit committee and the auditors;
- Audit team composition;
- Steps in the audit process;
- Finding fraud; and
- Auditor independence.”

The guide illustrates the important role of the public-company auditor in providing transparency in the capital markets.

**OTHER RESOURCES:** For more information, see the [press release](#) on the CAQ’s Web site. ●

## PCAOB Issues Statement on Registration for Auditors of Nonpublic Broker-Dealers

**AFFECTS:** Auditors of nonpublic broker-dealers.

**SUMMARY:** On January 8, 2009, the PCAOB released a [statement](#) in response to the expiration of an SEC rule that did not require auditors of nonpublic broker-dealers to be registered with the PCAOB. The statement indicates that financial statements for nonpublic broker-dealers will need to be certified by a registered public accounting firm for fiscal years ending after December 31, 2008, unless the SEC takes action to reinstate the expired order. ●

## PCAOB Issues Staff Guidance on Auditing ICFR for Smaller Public Companies

**AFFECTS:** Auditors of smaller SEC registrants.

**SUMMARY:** On January 23, 2009, the staff of the PCAOB’s Office of the Chief Auditor published PCAOB staff [views](#) to help auditors of smaller, less complex public companies comply with the ICFR requirements of Auditing Standard 5. The document “provides insights and examples” but does not change the compliance requirements of the standard. ●

## CAQ Reports on Lessons Learned From ICFR in Integrated Audits

**AFFECTS:** Auditors of public companies.

**SUMMARY:** On February 9, 2009, the CAQ issued a “[lessons learned](#)” [document](#) that gives public-company auditors practical advice on performing audits of ICFR that are integrated with an audit of financial statements in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. The report does not represent authoritative guidance or affect PCAOB standards.

**OTHER RESOURCES:** Deloitte’s [February 12, 2009, Heads Up](#). Also see the [press release](#) on the CAQ’s Web site. ●

## AICPA Issues Two Standards on Reviewing Interim Financial Information

**AFFECTS:** Auditors.

**SUMMARY:** On February 15, 2009, the AICPA issued two related standards on reviews of interim financial information. SAS 116 was issued by the ASB, and amends AU Section 722 to provide guidance on reviewing the interim financial information of a nonissuer. It also removes the guidance on reviewing issuers' interim financial information, as defined in Section 3 of the Securities Exchange Act of 1934, from AU Section 722, "since such guidance appropriately resides in the auditing standards of the [PCAOB]." The Accounting and Review Services Committee simultaneously issued SSARS 18, which amends AR Section 100 to indicate that "SSARSs do not apply when the provisions of [SAS 116] apply."

**NEXT STEPS:** Both standards are effective for periods beginning after December 15, 2009; early adoption is permitted.

**OTHER RESOURCES:** For more information, see the summaries of [SAS 116](#) and [SSARS 18](#) on the AICPA's Web site. ●

## AICPA Issues Interpretation on Reporting the Design of Internal Controls

**AFFECTS:** Auditors.

**SUMMARY:** In December 2008, the ASB of the AICPA issued an [interpretation](#) of AT Section 101. The interpretation clarifies that an auditor may not issue a report on the suitability of an entity's design of internal controls on the basis of the evidence obtained as part of the risk assessment in a financial statement audit. Before issuing such a report, a practitioner must examine "management's written assertion about the suitability of the design of the entity's internal control" under AT Section 101 or AT Section 201. ●

## GASB Matters

### GASB Issues Statement on GAAP Hierarchy

**AFFECTS:** Governmental entities.

**SUMMARY:** On April 2, 2009, the GASB issued Statement 55, which moves the portions of the GAAP hierarchy that are relevant to governmental entities from SAS 69 to the GASB's authoritative literature. The objective of Statement 55 is to "improve financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source." The Statement became effective upon issuance.

**OTHER RESOURCES:** For more information, see the [press release](#) on the GASB's Web site. ●

### GASB Issues Statement on Related-Party Transactions, Going-Concern Considerations, and Subsequent Events

**AFFECTS:** Governmental entities.

**SUMMARY:** On April 16, 2009, the GASB issued Statement 56, which incorporates accounting and financial reporting guidance on related-party transactions, going-concern considerations, and subsequent events contained in the AICPA's auditing literature into the GASB's authoritative literature. The Statement became effective upon issuance.

**OTHER RESOURCES:** For more information, see the [press release](#) on the GASB's Web site. ●

### GASB Issues Statement on State and Local Fund Balance Reporting

**AFFECTS:** Governmental entities.

**SUMMARY:** On March 11, 2009, the GASB issued Statement 54, which improves "the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types."

**NEXT STEPS:** The new standard is effective for periods starting after June 15, 2010.

**OTHER RESOURCES:** For more information, see the [press release](#) on the GASB's Web site. ●

## GAO Issues Guide on Assessing the Reliability of Computer-Processed Data

**AFFECTS:** Governmental audits.

**SUMMARY:** In July 2009, the GAO published a [guide](#) to assessing the reliability of computer-processed data in governmental audits. The guide supersedes the version published in October 2002. ●

## GAO Issues Updated Manual on Auditing Information System Controls

**AFFECTS:** Auditors of information control systems of governmental entities.

**SUMMARY:** In February 2009, the GAO published an updated version of its [Federal Information System Controls Audit Manual](#) (FISCAM), which supersedes the previous version from 2001. The FISCAM “presents a methodology for performing information system control audits of federal and other governmental entities in accordance with professional standards.” This version of the manual incorporates the following:

- (1) A top-down, risk-based approach that considers materiality and significance in determining effective and efficient audit procedures;
- (2) Evaluation of entitywide controls and their effect on audit risk;
- (3) Evaluation of general controls and their pervasive impact on business process application controls;
- (4) Evaluation of security management at all levels (entitywide, system, and business process application levels);
- (5) A control hierarchy (control categories, critical elements, and control activities) to assist in evaluating the significance of identified IS control weaknesses;
- (6) Groupings of control categories consistent with the nature of the risk; and
- (7) Experience gained in GAO’s performance and review of IS control audits, including field testing the concepts in this revised FISCAM.

**OTHER RESOURCES:** For more information, see the [summary](#) of the manual on the GAO’s Web site. ●

## GAO Releases Report on Troubled Asset Relief Program

**AFFECTS:** All entities.

**SUMMARY:** On March 31, 2009, the GAO issued its third [report](#) discussing its work on the Troubled Asset Relief Program (TARP). The report follows up on recommendations from the [January 28, 2009, report](#). In accordance with the Emergency Economic Stabilization Act of 2008 (the “Act”), the TARP grants the Department of the Treasury the authority to purchase troubled assets from certain financial institutions. Under the Act, the GAO is required to report on its “findings resulting from [its] oversight of the status of actions taken under the program.” Both reports review (1) the nature and purpose of activities initiated under the TARP; (2) the Treasury’s Office of Financial Stability’s hiring and transition efforts, use of contractors, and progress in developing a system of internal control; and (3) preliminary indicators of the TARP’s performance.

**OTHER RESOURCES:** For more information, see the [summary](#) on the GAO’s Web site. ●

## GAO Releases Study of U.S. Financial Regulatory System

**AFFECTS:** All entities.

**SUMMARY:** In January 2009, the GAO released a [report](#) on the current U.S. financial regulatory system. The report was issued to help policymakers clearly understand existing issues so that they can write and review reform proposals. Specifically, the report:

1. “[D]escribes the origins of the current financial regulatory system;
2. [D]escribes various market developments and changes that have created challenges for the current system; and
3. [P]resents an evaluation framework that can be used by Congress and others to shape potential regulatory reform efforts.”

**OTHER RESOURCES:** For more information, see the [summary](#) on the GAO’s Web site. ●

## Other International

### IASB Issues Annual Improvements Standard

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On April 16, 2009, the IASB issued an annual improvements standard that amends 12 existing IFRSs. The annual improvements project is the IASB's opportunity to "make necessary, but non-urgent amendments to IFRSs that will not be included as part of another major project."

**NEXT STEPS:** The amendments are effective for annual periods beginning on or after January 1, 2010, unless otherwise specified. Early adoption is permitted.

**OTHER RESOURCES:** For a list of the affected standards, see the [press release](#) on the IASB's Web site. ●

### IASB Issues IFRS for Small and Medium-Sized Entities

**AFFECTS:** Small and medium-sized entities reporting under IFRSs.

**SUMMARY:** On July 9, 2009, the IASB issued an IFRS that represents the first set of international accounting requirements developed specifically for small and medium-sized entities (SMEs). The IFRS is suitable for all entities except those whose securities are publicly traded and financial institutions such as banks and insurance companies. It addresses the needs of users of an SME's financial statements and cost-benefit considerations, and is accompanied by implementation guidance consisting of sample financial statements and a presentation and disclosure checklist.

Although the IASB built the new IFRS on the same foundations as other IFRSs, it is not part of the full set of IFRSs. The new IFRS is less complex than other IFRSs in a number of ways. For example, it:

- Omits topics not relevant to SMEs.
- Only allows entities to choose the easiest accounting option, while other IFRSs allow entities to make accounting policy choices between alternatives.
- Simplifies many of the principles for recognizing and measuring assets, liabilities, income, and expenses.
- Requires significantly fewer disclosures.
- Is written in clear, easily translatable language. In addition, to further reduce the reporting burden for SMEs, the IASB will limit revisions to the IFRS to once every three years. The IFRS was effective immediately upon issuance.

**OTHER RESOURCES:** For more information, see Deloitte's [July 2009 IAS Plus Update](#) and the [press release](#) on the IASB's Web site. ●

### IASB Amends the Retrospective Application of IFRSs for First-Time Adopters

**AFFECTS:** Entities reporting under IFRSs.

**SUMMARY:** On July 23, 2009, the IASB issued amendments to IFRS 1 to:

- Exempt entities using the full-cost method from applying IFRSs to oil and gas assets retrospectively.
- Exempt entities with existing leasing contracts from reassessing those contracts to determine whether they contain a lease in accordance with IFRIC 4 when application of their home-country GAAP resulted in the same accounting.

The amendments are intended to prevent entities from incurring undue cost and effort as part of their transition to IFRSs.

**OTHER RESOURCES:** For more information, see the [press release](#) on the IASB's Web site. ●



## IAASB Issues Final Clarified ISAs

**AFFECTS:** Auditors performing audits in accordance with ISAs.

**SUMMARY:** In March 2009, the IAASB issued the following seven clarified ISAs to mark the completion of its Clarity Project:

- [ISA 210 \(Redrafted\), \*Agreeing the Terms of Audit Engagements\*](#).
- [ISA 265, \*Communicating Deficiencies in Internal Control to Those Charged With Governance and Management\*](#).
- [ISA 402 \(Revised and Redrafted\), \*Audit Considerations Relating to an Entity Using a Service Organization\*](#).
- [ISA 700 \(Redrafted\), \*Forming an Opinion and Reporting on Financial Statements\*](#).
- [ISA 800 \(Revised and Redrafted\), \*Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks\*](#).
- [ISA 805 \(Revised and Redrafted\), \*Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement\*](#).
- [ISA 810 \(Revised and Redrafted\), \*Engagements to Report on Summary Financial Statements\*](#).

**NEXT STEPS:** The revised ISAs are effective for audits of financial statements for periods beginning on or after December 15, 2009.

**OTHER RESOURCES:** For more information, see the [press release](#) on IFAC's Web site. ●

## Appendix A: Significant Adoption Dates and Deadlines

### Reminder Regarding SEC Disclosure Guidance — Recently Issued Standards

SAB Topic 11.M indicates that filings that include financial statements should include disclosure of the impact that a recently issued accounting standard will have on the financial position and results of operations of the registrant when such a standard is adopted in a future period. This disclosure guidance applies to all accounting standards that have been issued but not yet adopted by the registrant unless the impact on its financial position and results of operations is not expected to be material. MD&A requires disclosure of presently known material changes, trends, and uncertainties that have had, or that the registrant reasonably expects will have, a material impact on future sales, revenues, or income from continuing operations. With respect to financial statement disclosures, GAAS specifically address the need for the auditor to consider the adequacy of the disclosure of impending changes in accounting principles if (1) the financial statements have been prepared on the basis of accounting principles that were acceptable at the financial statement date but that will not be acceptable in the future and (2) the financial statements will be restated in the future as a result of the change. The SEC staff believes that recently issued accounting standards may constitute material matters and, therefore, that disclosure in the financial statements should also be considered when the change to the new accounting standard will be accounted for in financial statements of future periods, prospectively or with a cumulative catch-up adjustment.

Disclosures should include the following:

- A brief description of the new standard, the date that adoption is required, and the date that the registrant plans to adopt, if earlier.
- A discussion of the methods of adoption allowed by the standard and the method expected to be used by the registrant, if determined.
- A discussion of the impact that adoption of the standard is expected to have on the financial statements of the registrant, unless not known or not reasonably estimable, in which case a statement to that effect may be made.
- Disclosure of the potential impact of other significant matters that the registrant believes might result from the adoption of the standard (e.g., technical violations of debt covenant agreements, planned or intended changes in business practices) is encouraged.

The chart below illustrates significant adoption dates and deadline dates for the FASB, EITF, AICPA/ACSEC, SEC, PCAOB, GASB/ GAO, FASAB, and IASB/IFRIC. Content recently added or revised is highlighted in green.

FASB	Affects	Status
<b>Significant Adoption Dates</b>		
ASU 2009-12, <i>Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)</i>	All entities.	Effective for financial statements issued for interim and annual periods ending after December 15, 2009. Earlier application is permitted.
ASU 2009-11, <i>Extractive Activities — Oil and Gas</i> — amendment to Section 932-10-599 (SEC Update)	All entities.	The ASU does not contain an effective date.
ASU 2009-10, <i>Financial Services — Broker and Dealers; Investments — Other</i> — amendment to Subtopic 940-325 (SEC Update)	All entities.	The ASU does not contain an effective date.
ASU 2009-09, <i>Accounting for Investments — Equity Method and Joint Ventures and Accounting for Equity-Based Payments to Non-Employees</i> — amendments to Sections 323-10-599 and 505-50-599 (SEC Update)	All entities.	The ASU does not contain an effective date.
ASU 2009-08, <i>Earnings per Share</i> — amendments to Section 260-10-599 (SEC Update)	All entities.	The ASU does not contain an effective date.
ASU 2009-07, <i>Accounting for Various Topics</i> — technical corrections to SEC paragraphs (SEC Update)	All entities.	The ASU does not contain an effective date.
ASU 2009-06, <i>Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities</i>	All entities.	Effective for financial statements issued for interim and annual periods ending after September 15, 2009.
ASU 2009-05, <i>Measuring Liabilities at Fair Value</i>	All entities.	Effective for the first interim or annual reporting period beginning after August 28, 2009.

ASC 105 (Statement 168, <i>The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles</i> — a replacement of FASB Statement No. 162)	All entities.	Effective for financial statements issued for interim and annual periods ending after September 15, 2009.
ASC 810 (Statement 167, <i>Amendments to FASB Interpretation No. 46(R)</i> )	All entities.	Effective for fiscal years beginning after November 15, 2009.
ASC 860 (Statement 166, <i>Accounting for Transfers of Financial Assets</i> — an amendment of FASB Statement No. 140)	All entities.	Effective for financial asset transfers that occur in fiscal years beginning after November 15, 2009.
ASC 855 (Statement 165, <i>Subsequent Events</i> )	All entities.	Effective for interim and annual periods ending after June 15, 2009.
ASC 958 (Statement 164, <i>Not-for-Profit Entities: Mergers and Acquisitions</i> — including an amendment of FASB Statement No. 142)	Not-for-profit entities.	Effective prospectively for mergers that occur at or after the beginning of an initial reporting period that begins on or after December 15, 2009, and for acquisitions that occur at or after the beginning of the first annual reporting period that begins on or after December 15, 2009. Early application is prohibited.
ASC 944 (Statement 163, <i>Accounting for Financial Guarantee Insurance Contracts</i> — an interpretation of FASB Statement No. 60)	Entities within the scope of Statement 60 that issue financial guarantee insurance (and reinsurance) contracts.	Effective for financial statements issued for fiscal years beginning after December 15, 2008 (and all interim periods within those fiscal years), except for some disclosures about the insurance enterprise's risk-management activities. Requires that disclosures about the risk-management activities of the insurance enterprise be effective for the first period (including interim periods) beginning after the Statement's issuance. Except for those disclosures, early application is not permitted.
ASC 815-10-50 (Statement 161, <i>Disclosures About Derivative Instruments and Hedging Activities</i> — an amendment of FASB Statement No. 133)	All entities.	Effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged.
ASC 810 (transitional: ASC 810-10-65-1) (Statement 160, <i>Noncontrolling Interests in Consolidated Financial Statements</i> — an amendment of ARB No. 51)	All entities that prepare consolidated financial statements, except not-for-profit organizations.	Effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The standard should be applied prospectively. Presentation and disclosure requirements should be applied retrospectively for all periods presented. Early adoption is prohibited.
ASC 820 (Statement 157, <i>Fair Value Measurements</i> )	All entities.	Effective for fiscal years beginning after November 15, 2007, and interim periods within those years. Earlier adoption is permitted, provided that no financial statements have yet been issued within that fiscal year. ASC 820 (FSP FAS 157-2) defers the Statement's effective date for certain nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008, and interim periods within those years. This Statement requires prospective application, with the exception of certain financial instruments listed in paragraph 37 for which the Statement requires retrospective application.
ASC 805 (Statement 141(R), <i>Business Combinations</i> )	All entities except not-for-profit organizations, combinations between entities under common control, and formations of joint ventures.	Effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is prohibited.
ASC 740 (Interpretation 48, <i>Accounting for Uncertainty in Income Taxes</i> — an interpretation of FASB Statement No. 109)	All entities with tax positions accounted for under ASC 740 (Statement 109).	For public entities, effective for fiscal years beginning after December 15, 2006. For certain nonpublic entities, ASC 740 (FSP FIN 48-3) defers the effective date until fiscal years beginning after December 15, 2008.
ASC 715-20 (FSP FAS 158-1, "Conforming Amendments to the Illustrations in FASB Statements No. 87, No. 88, and No. 106 and to the Related Staff Implementation Guides")	All employers with defined benefit pension plans or other postretirement plans.	Effective concurrently with the requirements of ASC 715 (Statement 158).

ASC 820 (transitional: 820-10-65-4) (FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly")	All entities.	Effective for interim and annual periods ending after June 15, 2009, with early adoption permitted under certain circumstances.
ASC 820 (transitional: 820-10-65-2) (FSP FAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active")	All entities.	Effective as of October 10, 2008, and applicable to prior periods for which financial statements have not yet been issued. Entities must account for revisions to fair value estimates resulting from the adoption of the FSP as a change in accounting estimate under ASC 250 (Statement 154), but do not need to provide the disclosures required by that Statement.
ASC 820 (transitional: 820-10-65-1) (FSP FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement Under Statement 13")	All entities.	Effective upon the initial adoption of ASC 820 (Statement 157).
ASC 350-30-35-1 (FSP FAS 142-3, "Determination of the Useful Life of Intangible Assets")	All entities with recognized intangible assets.	Effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The guidance on determining the useful life of a recognized intangible asset must be applied prospectively only to intangible assets acquired after the FSP's effective date. Disclosure requirements are applied prospectively.
ASC 805-20-25-18A (FSP FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise From Contingencies")	All entities except not-for-profit organizations, combinations between entities under common control, and formations of joint ventures.	Effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is prohibited.
ASC 715-10-50 (FSP FAS 132(R)-1, "Employers' Disclosures About Postretirement Benefit Plan Assets")	Entities with postretirement benefit plan assets.	Effective for financial statements issued for fiscal years ending after December 15, 2009. The technical amendment became effective on December 30, 2008.
ASC 320 (FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments")	All entities.	Effective for interim and annual periods ending after June 15, 2009, with early adoption permitted under certain circumstances.
ASC 820-10-50 (FSP FAS 107-1 and APB 28-1, "Interim Disclosures About Fair Value of Financial Instruments")	All public entities.	Effective for interim and annual periods ending after June 15, 2009, with early adoption permitted under certain circumstances.
ASC 260-10-45-60 (FSP EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities")	Entities with share-based payments.	Effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Prior-period EPS data must be adjusted retrospectively. Early adoption is not permitted.
ASC 325-40 (FSP EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20")	Entities with beneficial interests in certain securitized financial assets.	Effective for interim and annual periods ending after December 15, 2008. The FSP should be applied prospectively. Retrospective application of this FSP to a prior interim or annual period is prohibited.
ASC 470-20 (FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)")	All entities with convertible debt instruments.	Effective for financial statements issued for fiscal years (and interim periods within these fiscal years) beginning after December 15, 2008. Early adoption is not permitted. Except as discussed in paragraph 36, the FSP should be applied retrospectively to all past periods presented.
EITF	Affects	Status
<b>Significant Adoption Dates</b>		
ASU 2009-15, <i>Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing</i> — a consensus of the FASB Emerging Issues Task Force	All entities.	Effective for fiscal years beginning on or after December 15, 2009, and interim periods within those fiscal years for arrangements outstanding as of the beginning of those fiscal years.
ASU 2009-14, <i>Certain Revenue Arrangements That Include Software Elements</i> — a consensus of the FASB Emerging Issues Task Force	All entities.	Effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Earlier application is permitted.

ASU 2009-13, <i>Multiple-Deliverable Revenue Arrangements</i> — a consensus of the FASB Emerging Issues Task Force	All entities.	Effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Earlier application is permitted.
ASC 815-40-15-5C and ASC 815-10-15-77 (Issue 08-8, "Accounting for an Instrument (or an Embedded Feature) With a Settlement Amount That Is Based on the Stock of an Entity's Consolidated Subsidiary")	Reporting entities that enter into freestanding financial instruments (or instruments that contain embedded features) for which the payoff to the counterparty is indexed, in whole or in part, to the stock of a consolidated subsidiary.	To coincide with the effective date of Statement 160, effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. At transition, the carrying value of the instrument (or separated embedded feature) previously classified as a liability will be reclassified to noncontrolling interest. Early adoption is not permitted.
ASC 350-30-25-5 (Issue 08-7, "Accounting for Defensive Intangible Assets")	Entities that will acquire intangible assets after the effective date of Statement 141(R), when the entity has no intention of actively using, or intends to discontinue use of, the intangible asset but holds it (locks it up) to prevent others from obtaining access to it (i.e., a defensive intangible asset).	To coincide with the effective date of ASC 805 (Statement 141(R)), effective for defensive intangible assets acquired in fiscal years beginning on or after December 15, 2008.
ASC 323 (Issue 08-6, "Equity Method Investment Accounting Considerations")	Entities that acquire or hold investments accounted for under the equity method.	To coincide with the effective dates of ASC 805 (Statements 141(R) and 160), effective for transactions occurring in fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Early adoption is not permitted.
ASC 820-10-25-1 (Issue 08-5, "Issuer's Accounting for Liabilities Measured at Fair Value With a Third-Party Credit Enhancement")	Entities that incur liabilities that have inseparable third-party credit enhancements, when the liability is measured or disclosed at fair value.	Effective beginning in the first reporting period after December 15, 2008. This Issue is to be applied prospectively, with the effect of initial application included in the change in fair value of the liability in the period of adoption. Early application is permitted.
ASC 840-10-05-9A (Issue 08-3, "Accounting by Lessees for Maintenance Deposits")	Entities that are lessees.	Effective for fiscal years beginning after December 15, 2008 (and interim periods within these fiscal years). The Issue must be applied by recognizing the cumulative effect of the change in accounting principle in the opening balance of retained earnings as of the beginning of the fiscal year in which the Issue is initially applied. Earlier application is not permitted.
ASC 815-40 (Issue 07-5, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock")	Entities with derivative instruments.	Effective for fiscal years beginning after December 15, 2008 (and interim periods within these fiscal years). The Issue must be applied to outstanding instruments as of the beginning of the fiscal year in which the Issue is adopted as a cumulative-effect adjustment to the opening balance of retained earnings for that fiscal year. Earlier application is not permitted.
ASC 260-10-45-71 (Issue 07-4, "Application of the Two-Class Method Under FASB Statement No. 128 to Master Limited Partnerships")	Master limited partnerships.	Effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted. This Issue should be applied retrospectively for all financial statements presented.
ASC 808 (Issue 07-1, "Accounting for Collaborative Arrangements")	Entities participating in collaborative arrangements.	Effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. This Issue should be applied retrospectively to all prior periods presented for all collaborative arrangements existing as of the effective date.
<b>Projects in Request-for-Comment Stage</b>		
Proposed ASU, <i>Compensation — Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades</i>	Entities that issue share-based payment awards with exercise prices in currencies that are different from the entity's functional currency and the payroll currency of the employees.	Effective for fiscal years beginning on or after December 15, 2010, and interim periods within those fiscal years.
Proposed ASU, <i>Receivables (Topic 310): Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset</i>	Entities that modify a loan that is currently accounted for under ASC 310-30 as part of a pool of loans that, when acquired, had deteriorated in credit quality.	Effective for modifications of loans accounted for within pools under Subtopic 310-30 beginning in the first interim or annual period after the amendments to the Codification take effect.

Proposed ASU, <i>Financial Services — Insurance (Topic 944): Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts</i>	Insurance entities that are within the scope of ASC 944.	Effective for fiscal years beginning on or after December 15, 2010, and interim periods within those fiscal years.
Proposed ASU, <i>Entertainment — Casinos (Topic 924): Casino Base Jackpot Liabilities</i>	Entities that operate as casinos and that are within the scope of ASC 924.	Effective for fiscal years beginning on or after December 15, 2010, and interim periods within those fiscal years.
AICPA/AcSEC	Affects	Status
<b>Significant Adoption Dates</b>		
SAS 116, <i>Interim Financial Information</i>	Auditors.	Effective for reviews of interim financial information for interim periods beginning on or after December 15, 2009. Early application is permitted.
SAS 115, <i>Communicating Internal Control Related Matters Identified in an Audit</i>	Auditors.	Effective for audits of financial statements for periods ending on or after December 15, 2009. Early application is permitted.
SAS, <i>The Auditor's Communication With Those Charged With Governance</i> (Redrafted)	Auditors.	Effective for audits of financial statements beginning on or after December 15, 2010.
SAS, <i>Audit Documentation</i> (Redrafted)	Auditors.	Effective for audits of financial statements beginning on or after December 15, 2010.
SOP 09-1, <i>Performing Agreed-Upon Procedures Engagements That Address the Completeness, Accuracy, or Consistency of XBRL-Tagged Data</i>	Auditors.	Effective April 28, 2009.
SSAE 15, <i>An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements</i>	Entities and their auditors.	Effective when the subject matter or assertion is as of or for a period ending on or after December 15, 2008. Early application is permitted.
SSARS 18, <i>Applicability of Statements on Standards for Accounting and Review Services</i>	Accountants that provide compilation or review services.	Effective for reviews of interim financial information for interim periods beginning on or after December 15, 2009. Early application is permitted.
SSARS 17, <i>Omnibus Statement on Standards for Accounting and Review Services — 2008</i>	Accountants that provide compilation or review services.	Effective for compilations and reviews for periods ending on or after December 15, 2008. Early application is permitted.
<b>Projects in Request-for-Comment Stage</b>		
Proposed SAS, <i>Terms of Engagement and Written Representations</i>	Auditors.	Comments due January 15, 2010.
Proposed SAS, <i>Forming an Opinion and Reporting on Financial Statements</i>	Auditors.	Comments due December 31, 2009.
Proposed SAS, <i>Modifications to the Opinion in the Independent Auditor's Report; and Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report</i>	Auditors.	Comments due December 31, 2009.
Proposed SAS, <i>Reporting on Compliance With Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements</i> (Redrafted)	Auditors.	Comments due December 31, 2009.
Proposed SAS, <i>Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks; and Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement</i>	Auditors.	Comments due December 31, 2009.
Proposed SAS, <i>Engagements to Report on Summary Financial Statements</i>	Auditors.	Comments due December 31, 2009.
Proposed SAS, <i>Reporting on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country</i>	Auditors.	Comments due December 31, 2009.



SEC	Affects	Status
<b>Significant Adoption Dates</b>		
SAB 113 (revises or rescinds portions of the interpretive guidance in SAB Topic 12, "Oil and Gas Producing Activities")	SEC registrants.	Effective November 4, 2009.
Final Rule, <i>Amendments to Rules for Nationally Recognized Statistical Rating Organizations</i> (34-59342)	Nationally recognized statistical rating organizations.	Effective April 10, 2009.
Final Rule, <i>Amendment to Municipal Securities Disclosure</i> (34-59062)	Brokers, dealers, and municipal securities dealers.	Effective July 1, 2009.
Final Rule, <i>Adoption of Updated Edgar Filer Manual</i> (33-9077)	All registrants.	Effective October 30, 2009.
Final Rule, <i>Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers</i> (33-9072)	Nonaccelerated filers.	Effective December 18, 2009, for nonaccelerated filers. Auditor's attestation report on internal control over financial reporting must be included with annual reports for fiscal years ending on or after June 15, 2010.
Final Rule, <i>Adoption of Updated Edgar Filer Manual</i> (33-9027)	All registrants.	Effective April 23, 2009.
Final Rule, <i>Technical Amendments to Rules, Forms, Schedules and Codification of Financial Reporting Policies</i> (33-9026)	All registrants.	Effective April 23, 2009.
Final Rule, <i>Adoption of Updated Edgar Filer Manual</i> (33-9022)	All registrants.	Effective April 16, 2009.
Final Rule, <i>Attaching Authenticating Documents to Online Form ID Applications</i> (33-9013)	Public entities that file Form ID.	Effective March 16, 2009.
Final Rule, <i>Adjustments to Civil Monetary Penalty Amounts</i> (33-9009)	All registrants.	Effective March 3, 2009.
Final Rule, <i>Interactive Data for Mutual Fund Risk/Return Summary</i> (33-9006)	Mutual funds.	Effective for initial registration statements and post-effective amendments that are annual updates to post-effective registration statements that become effective after January 1, 2011.
Final Rule, <i>Interactive Data to Improve Financial Reporting</i> (33-9002)	All registrants (other than investment companies).	Effective for domestic and foreign registrants using U.S. GAAP that have a worldwide public float of more than \$5 billion for periods ending on or after June 15, 2009. Effective for all other domestic and foreign large accelerated filers using U.S. GAAP for periods ending on or after June 15, 2010. Effective for all remaining registrants using U.S. GAAP and foreign private issuers using IFRSs as issued by the IASB for periods ending on or after June 15, 2011.
Interim Final Temporary Rule, <i>Temporary Exemptions for Eligible Credit Default Swaps to Facilitate Operation of Central Counterparties to Clear and Settle Credit Default Swaps</i> (33-8999)	Entities with investments in certain credit default swaps.	Effective January 22, 2009, through September 25, 2009.
Final Rule, <i>Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies</i> (33-8998)	Registered open-end management investment companies.	Initial registration statements on Form N-1A (and any annual updates) filed on or after January 1, 2010, will need to comply with the new rule. All effective registration statements on Form N-1A must be amended by January 1, 2011; however, a fund may choose to comply with the new requirements any time after March 31, 2009.
Final Rule, <i>Indexed Annuities and Certain Other Insurance Contracts</i> (33-8996)	Insurance companies and entities with annuities.	Rule 151A should be applied to indexed annuities issued on or after January 12, 2011. Rule 12h-7 will become effective on May 1, 2009.
Final Rule, <i>Modernization of Oil and Gas Reporting</i> (33-8995)	Public oil and gas companies.	Effective for registration statements filed on or after January 1, 2010, and for annual reports on Forms 10-K and 20-F for fiscal years ending on or after December 31, 2009.
Final Rule, <i>Mandatory Electronic Submission of Applications for Orders Under the Investment Company Act and Filings Made Pursuant to Regulation E</i> (33-8981)	Investment companies.	Effective January 1, 2009.



Final Rule, <i>Amendments to Rules Regarding Management's Report on Internal Control Over Financial Reporting</i> (33-8809)	All registrants.	Effective August 27, 2007, except the amendment to Section 210.2-02T, which is effective from August 27, 2007, until June 30, 2009.
Interim Final Temporary Rule, <i>Temporary Exemption for Liquidation of Certain Money Market Funds</i> (IC-28487)	Registered open-end management investment companies.	Effective November 26, 2008, through October 18, 2009.
<b>PCAOB</b>	<b>Affects</b>	<b>Status</b>
<b>Significant Adoption Dates</b>		
PCAOB Rule Release 34-60107, <i>Rules on Periodic Reporting by Registered Public Accounting Firms</i>	Registered public accounting firms.	Rule approved by the SEC on August 13, 2009; effective 60 days after SEC approval. The firms will be subject to the special reporting obligations 90 days after SEC approval, and the first annual reporting requirements will be due by June 30, 2009, for the 12-month period ending March 31, 2009.
PCAOB Rule Release 34-60108, <i>Rules on Succeeding to Registration Status of Predecessor Firm</i>	Registered public accounting firms involved in mergers or changes to the registered firm's legal form.	Rule approved by the SEC on August 13, 2009; effective 60 days after SEC approval. The firms will be subject to the special reporting obligations 90 days after SEC approval.
Board Statement, <i>PCAOB Registration Process for Auditors of Non-Public Broker-Dealers</i>	Auditors of nonpublic broker-dealers.	Effective for financial statements issued for fiscal years ending after December 31, 2008.
<b>GASB/GAO</b>	<b>Affects</b>	<b>Status</b>
<b>Significant Adoption Dates</b>		
Statement 56, <i>Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards</i>	Governmental entities.	Effective April 16, 2009.
Statement 55, <i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i>	Governmental entities.	Effective April 2, 2009.
Statement 54, <i>Fund Balance Reporting and Governmental Fund Type Definitions</i>	Governmental entities.	Effective for financial statements for periods beginning after June 15, 2010. Early adoption is encouraged.
Statement 53, <i>Accounting and Financial Reporting for Derivative Instruments</i>	Governmental entities with derivative instruments.	Effective for periods beginning after June 15, 2009. Early adoption is encouraged.
Statement 51, <i>Accounting and Financial Reporting for Intangible Assets</i>	Governmental entities with intangible assets.	Effective for periods beginning after June 15, 2009. Early adoption is encouraged.
Statement 45, <i>Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions</i>	Government entities with postretirement benefits other than pensions.	Effective for: <ul style="list-style-type: none"> <li>• Phase 1 governments in periods beginning after December 15, 2006.</li> <li>• Phase 2 governments in periods beginning after December 15, 2007.</li> <li>• Phase 3 governments in periods beginning after December 15, 2008.</li> </ul>
GASB Technical Bulletin 2008-1, <i>Determining the Annual Required Contribution Adjustment for Postemployment Benefits</i>	Government entities with postretirement benefits.	Effective for financial statements for periods ending after December 15, 2008, or concurrently with the initial adoption of Statement 45, whichever is later. Early application is permitted.
GAO Interim Guidance, <i>Reporting Deficiencies in Internal Control for GAGAS Financial Audits and Attestation Engagements</i>	Auditors of government agencies.	Effective concurrently with an auditor's adoption of SAS 115, SSAE 15, or both. This guidance may change upon final deliberations by the Comptroller General's Advisory Council on Government Auditing Standards.
<b>FASAB</b>	<b>Affects</b>	<b>Status</b>
<b>Significant Adoption Dates</b>		
Statement 33, <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses From Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>	U.S. federal government entities.	Effective for fiscal years beginning after September 30, 2009.
Technical Bulletin 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i>	U.S. federal government entities.	Effective for periods beginning after September 30, 2009. Early adoption is encouraged.

International Standards	Affects	Status
<b>Significant Adoption Dates</b>		
IFRS 9, <i>Financial Instruments</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
IAS 24, <i>Related Party Disclosures</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2011. Earlier application is permitted.
<i>IFRS for Small and Medium-sized Entities</i>	Small and medium-sized entities that apply IFRSs.	Effective as of July 9, 2009.
<i>Improvements to IFRSs</i> — a collection of amendments to International Financial Reporting Standards	Entities that apply IFRSs.	Most improvements are effective for annual periods beginning on or after January 1, 2009. Early application is permitted. The amendments should be applied retrospectively.
Amendments to IFRIC 9 and IAS 39, <i>Embedded Derivatives</i>	Entities that apply IFRSs.	Effective for annual periods ending on or after June 30, 2009. The amendments should be applied retrospectively.
<i>Improvements to IFRSs</i> — a collection of amendments to twelve International Financial Reporting Standards	Entities that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2010. Early application is permitted.
IFRS 8, <i>Operating Segments</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2009. Early application is permitted.
IFRS 3 (revised), <i>Business Combinations</i>	Entities that apply IFRSs.	Effective for business combinations in annual financial statements beginning on or after July 1, 2009. Early adoption is permitted provided that the standard is applied with IAS 27 (revised); the revised IFRS 3 is not applied in an accounting period beginning before June 30, 2007; and early adoption is disclosed.
Amendments to IFRS 2, <i>Group Cash-settled Share-based Payment Transactions</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2010; the amendments must be applied retrospectively. Early application is permitted.
Amendments to IFRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2009. Early application is permitted.
IFRS 1, <i>First-time Adoption of International Financial Reporting Standards</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after July 1, 2009. Early application is permitted.
Amendments to IAS 39, <i>Financial Instruments: Measurement and Recognition — Eligible Hedged Items</i>	Entities that apply IFRSs.	Effective retrospectively for annual periods beginning on or after July 1, 2009. Early application is permitted.
Amendments to IAS 32, <i>Financial Instruments: Presentation — Classification of Rights Issues</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after February 2, 2010. Early application is permitted.
Amendments to IAS 32, <i>Financial Instruments: Presentation</i> , and IAS 1, <i>Presentation of Financial Statements — Puttable Financial Instruments Arising on Liquidation and Obligations</i>	Entities with financial instruments that meet the definition of a financial liability but represent the residual interest in the net assets of the entity and that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2009. Early application is permitted.
IAS 27 (revised), <i>Consolidated and Separate Financial Statements</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after July 1, 2009. Early application is permitted provided that the standard is applied with IFRS 3 (revised); the revised IFRS 3 is not applied in an accounting period beginning before June 30, 2007; and early application is disclosed.
Amendment to IAS 23, <i>Borrowing Costs</i>	Entities that apply IFRSs.	Effective for annual periods beginning on or after January 1, 2009. Early application is permitted.
IFRIC Interpretation 18, <i>Transfers of Assets From Customers</i>	Entities that apply IFRSs.	Effective prospectively for transfers of assets received on or after July 1, 2009. However, limited retrospective application is permitted.
IFRIC Interpretation 17, <i>Distributions of Non-cash Assets to Owners</i>	Entities that apply IFRSs.	Effective prospectively for annual periods beginning on or after July 1, 2009.
IFRIC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	Entities that apply IFRSs.	Effective retrospectively for annual periods beginning on or after January 1, 2009.
ISA 810 (Revised/Redrafted), <i>Engagements to Report on Summary Financial Statements</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.

ISA 805 (Revised/Redrafted), <i>Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 800 (Revised/Redrafted), <i>Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 710 (Redrafted), <i>Comparative Information — Corresponding Figures and Comparative Financial Statements</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 706 (Revised/Redrafted), <i>Emphasis of Matter Paragraphs and Other Paragraphs in the Independent Auditor's Report</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 705 (Revised/Redrafted), <i>Modifications to the Opinion in the Independent Auditor's Report</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 700 (Redrafted), <i>Forming an Opinion and Reporting on Financial Statements</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 620 (Revised/Redrafted), <i>Using the Work of an Auditor's Expert</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 610 (Redrafted), <i>Using the Work of Internal Auditors</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 580 (Revised/Redrafted), <i>Written Representations</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 570 (Redrafted), <i>Going Concern</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 560 (Redrafted), <i>Subsequent Events</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 550 (Revised/Redrafted), <i>Related Parties</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 540 (Revised/Redrafted), <i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 530 (Redrafted), <i>Audit Sampling</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 520 (Redrafted), <i>Analytical Procedures</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 510 (Redrafted), <i>Initial Audit Engagements — Opening Balances</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 505 (Revised/Redrafted), <i>External Confirmations</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 501 (Redrafted), <i>Audit Evidence — Specific Considerations for Selected Items</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 500 (Redrafted), <i>Audit Evidence</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 450 (Revised/Redrafted), <i>Evaluation of Misstatements Identified During the Audit</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.

ISA 402 (Revised and Redrafted), <i>Audit Considerations Relating to an Entity Using a Service Organization</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 320 (Revised/Redrafted), <i>Materiality in Planning and Performing an Audit</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 265, <i>Communicating Deficiencies in Internal Control to Those Charged With Governance and Management</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 250 (Redrafted), <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 220 (Redrafted), <i>Quality Control for an Audit of Financial Statements</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 210 (Redrafted), <i>Agreeing the Terms of Audit Engagements</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISA 200 (Revised/Redrafted), <i>Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With International Standards on Auditing</i>	Auditors subject to International Standards on Auditing.	Effective for audits of financial statements for periods beginning on or after December 15, 2009.
ISQC 1 (Redrafted), <i>Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements</i>	Auditors subject to International Standards on Auditing.	Systems of quality control in compliance with this ISQC must be established by December 15, 2009.
<b>Projects in Request-for-Comment Stage</b>		
Exposure Draft, <i>Management Commentary</i>	Entities that apply IFRSs.	Comments due March 1, 2010.
Exposure Draft, <i>Financial Instruments: Amortised Cost and Impairment</i>	Entities that apply IFRSs.	Comments due June 30, 2010.

## Appendix B: Glossary of Standards

*ASC 985-605, Software — Revenue Recognition*

*ASC 958, Not-for-Profit Entities*

*ASC 952, Franchisors*

*ASC 946, Financial Services — Investment Companies*

*ASC 860, Transfers and Servicing*

*ASC 855, Subsequent Events*

*ASC 840, Leases*

*ASC 825, Financial Instruments*

*ASC 820, Fair Value Measurements and Disclosures*

*ASC 810, Consolidations*

*ASC 805, Business Combinations*

*ASC 740, Income Taxes*

*ASC 715-20, Compensation — Retirement Benefits — Defined Benefit Plans — General*

*ASC 605, Revenue Recognition*

*ASC 605-25, Revenue Recognition — Multiple-Element Arrangements*

*ASC 450, Contingencies*

*ASC 360-20, Property, Plant, and Equipment — Real Estate Sales*

*ASC 350, Intangibles — Goodwill and Other*

*ASC 325-40, Investments — Other — Beneficial Interests in Securitized Financial Assets*

*ASC 320, Investments — Debt and Equity Securities*

*ASC 105, Generally Accepted Accounting Principles*

*ASU 2009-14, Software (Topic 985): Certain Revenue Arrangements That Include Software Elements*

*ASU 2009-13, Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*

*ASU 2009-12, Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*

*ASU 2009-11, Extractive Activities — Oil and Gas*

*ASU 2009-10, Financial Services — Broker and Dealers: Investments — Other*

*ASU 2009-09, Accounting for Investments — Equity Method and Joint Ventures and Accounting for Equity-Based Payment to Non-Employees*

*ASU 2009-08, Earnings per Share*

*ASU 2009-07, Accounting for Various Topics*

*ASU 2009-06, Income Taxes (Topic 740): Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*

*ASU 2009-05, Fair Value Measurements and Disclosures (Topic 820): Measuring Liabilities at Fair Value*

*Proposed ASU, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures About Fair Value Measurements*

*Proposed ASU, Compensation — Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades*

Proposed ASU, *Receivables (Topic 310): Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset*

Proposed ASU, *Financial Services — Insurance (Topic 944): Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts*

Proposed ASU, *Entertainment — Casinos (Topic 924): Casino Base Jackpot Liabilities*

FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* — a replacement of FASB Statement No. 162

FASB Statement No. 167, *Amendments to FASB Interpretation 46(R)*

FASB Statement No. 166, *Accounting for Transfers of Financial Assets* — an amendment of FASB Statement No. 140

FASB Statement No. 165, *Subsequent Events*

FASB Statement No. 164, *Not-for-Profit Entities: Mergers and Acquisitions* — including an amendment of FASB Statement No. 142

FASB Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles*

FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements* — an amendment of ARB No. 51

FASB Statement No. 142, *Goodwill and Other Intangible Assets*

FASB Statement No. 141(R), *Business Combinations*

FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* — a replacement of FASB Statement No. 125

FASB Statement No. 132(R), *Employers' Disclosures About Pensions and Other Postretirement Benefits* — an amendment of FASB Statements No. 87, 88, and 106

FASB Statement No. 125, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*

FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*

FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan* — an amendment of FASB Statements No. 5 and 15

FASB Statement No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*

FASB Statement No. 88, *Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits*

FASB Statement No. 87, *Employers' Accounting for Pensions*

FASB Statement No. 15, *Accounting by Debtors and Creditors for Troubled Debt Restructurings*

FASB Statement No. 5, *Accounting for Contingencies*

FASB Staff Position No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly"

FASB Staff Position No. FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise From Contingencies"

FASB Staff Position No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-than-Temporary Impairments"

FASB Staff Position No. FAS 107-1 and APB 28-1, "Interim Disclosures About Fair Value of Financial Instruments"

FASB Staff Position No. APB No. 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)"

FASB Staff Position No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities"

FASB Staff Position No. EITF 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20"



FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* — an interpretation of FASB Statement 109

FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* — an interpretation of ARB No. 51

EITF Issue No. 09-E, “Accounting for Stock Dividends, Including Distributions to Shareholders With Components of Stock and Cash”

EITF Issue No. 09-F, “Casino Base Jackpot Liabilities”

EITF Issue No. 09-G, “Clarification of the Definition of Deferred Acquisition Costs of Insurance Entities”

EITF Issue No. 09-I, “Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset”

EITF Issue No. 09-J, “Impact of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Primarily Trades”

EITF Issue No. 09-2, “Research and Development Assets Acquired in an Asset Acquisition”

EITF Issue No. 08-1, “Revenue Arrangements With Multiple Deliverables”

EITF Issue No. 99-20, “Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets”

AICPA Proposed Statement on Auditing Standards, *Terms of Engagement and Written Representations*

AICPA Proposed Statement on Auditing Standards, *Forming an Opinion and Reporting on Financial Statements; Modifications to the Opinion in the Independent Auditor’s Report; and Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report*

AICPA Proposed Statement on Auditing Standards, *Reporting on Compliance With Aspects of Contractual Agreements or Regulatory Requirements in Connection With Audited Financial Statements (Redrafted)*

AICPA Proposed Statement on Auditing Standards, *Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks; and Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement*

AICPA Proposed Statement on Auditing Standards, *Engagements to Report on Summary Financial Statements*

AICPA Proposed Statement on Auditing Standards, *Reporting on Financial Statements Prepared in Accordance With a Financial Reporting Framework Generally Accepted in Another Country*

SEC Staff Accounting Bulletin No. 113, *Modernization of Oil and Gas Reporting*

SEC Staff Accounting Bulletin No. 111, *Other-Than-Temporary Impairment of Certain Investments in Debt and Equity Securities*

PCAOB Auditing Standard No. 7, *Engagement Quality Review, and Conforming Amendment*

PCAOB Auditing Standard No. 5, *An Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements*

*IFRS for Small and Medium Sized Entities*

IFRS 9, *Financial Instruments*

IFRS 7, *Financial Instruments — Disclosures*

IFRS 2, *Share-based Payment*

IFRS 1, *First-time Adoption of International Financial Reporting Standards*

IAS 39, *Financial Instruments: Recognition and Measurement*

IAS 32, *Financial Instruments: Presentation*

IAS 24, *Related Party Disclosures*

IAS 12, *Income Taxes*

IFRIC Interpretation 18, *Transfer of Assets From Customers*

IFRIC Interpretation 11, *IFRS 2 — Group and Treasury Share Transactions*



IFRIC Interpretation 9, *Reassessment of Embedded Derivatives*

IFRIC Interpretation 8, *Scope of IFRS 2*

IFRIC Interpretation 4, *Determining Whether an Arrangement Contains a Lease*

IASB Exposure Draft, *Financial Instruments: Amortised Cost and Impairment*

ISA 210 (Redrafted), *Agreeing the Terms of Audit Engagements*

ISA 265, *Communicating Deficiencies in Internal Control to Those Charged With Governance and Management*

ISA 402 (Revised and Redrafted), *Audit Considerations Relating to an Entity Using a Service Organization*

ISA 700 (Redrafted), *Forming an Opinion and Reporting on Financial Statements*

ISA 800 (Revised and Redrafted), *Special Considerations — Audits of Financial Statements Prepared in Accordance With Special Purpose Frameworks*

ISA 805 (Revised and Redrafted), *Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*

ISA 810 (Revised and Redrafted), *Engagements to Report on Summary Financial Statements*

GASB Statement No. 14, *Financial Reporting Entity*

## Appendix C: Abbreviations

<b>AcSEC</b>	Accounting Standards Executive Committee	<b>IAS</b>	International Accounting Standard
<b>AICPA</b>	American Institute of Certified Public Accountants	<b>IASB</b>	International Accounting Standards Board
<b>APB</b>	Accounting Principles Board	<b>IASC</b>	International Accounting Standards Committee
<b>ASB</b>	Auditing Standards Board	<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>ASC</b>	Accounting Standards Codification	<b>IFRS</b>	International Financial Reporting Standard
<b>ASU</b>	Accounting Standards Update	<b>IPO</b>	initial public offering
<b>AU</b>	U.S. Auditing Standards	<b>ISA</b>	International Standard on Auditing
<b>CAQ</b>	Center for Audit Quality	<b>MD&amp;A</b>	Management's Discussion and Analysis
<b>CEO</b>	chief executive officer	<b>NOL</b>	net operating loss
<b>CPE</b>	continuing professional education	<b>OTTI</b>	other-than-temporary impairment
<b>COSO</b>	Committee of Sponsoring Organizations of the Treadway Commission	<b>PCAOB</b>	Public Company Accounting Oversight Board
<b>DP</b>	discussion paper	<b>PEEC</b>	Professional Ethics Executive Committee
<b>ED</b>	exposure draft	<b>R&amp;D</b>	research and development
<b>EDGAR</b>	Electronic Data Gathering, Analysis, and Retrieval	<b>REIT</b>	real estate investment trust
<b>EDT</b>	Eastern Daylight Time	<b>SAB</b>	Staff Accounting Bulletin
<b>EITF</b>	Emerging Issues Task Force	<b>SAS</b>	Statement on Auditing Standards
<b>EQR</b>	engagement quality review	<b>SCA</b>	service concession arrangement
<b>FAS</b>	Financial Accounting Standard	<b>SEA</b>	service efforts and accomplishments
<b>FASAB</b>	Federal Accounting Standards Advisory Board	<b>SEC</b>	Securities and Exchange Commission
<b>FASB</b>	Financial Accounting Standards Board	<b>SMEs</b>	small and medium-sized entities
<b>FIN</b>	FASB Interpretation	<b>SOP</b>	Statement of Position
<b>FSP</b>	FASB Staff Position	<b>TARP</b>	Troubled Asset Relief Program
<b>GAAP</b>	generally accepted accounting principles	<b>TIS</b>	Technical Inquiry Service
<b>GAO</b>	U.S. Government Accountability Office	<b>TPA</b>	Technical Practice Aid
<b>GASB</b>	Governmental Accounting Standards Board	<b>VIE</b>	variable interest entity
<b>IAASB</b>	International Auditing and Assurance Standards Board	<b>VRG</b>	Valuation Resource Group
		<b>XBRL</b>	extensible business reporting language

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Further information about the standard setters can be found on their respective Web sites as follows: [www.fasb.org](http://www.fasb.org) (FASB); [www.fasb.org/eitf/agenda.shtml](http://www.fasb.org/eitf/agenda.shtml) (EITF); [www.aicpa.org](http://www.aicpa.org) (AICPA); [www.sec.gov](http://www.sec.gov) (SEC); [www.fasab.gov](http://www.fasab.gov) (FASAB); [www.gasb.org](http://www.gasb.org) (GASB); and [www.iasb.org](http://www.iasb.org) — or on [www.iasplus.com/index.htm](http://www.iasplus.com/index.htm) (IASB and IFRIC).

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