



CAQ Alert #2009-76 – August 17, 2009

DEAR CENTER MEMBERS

SEC Shares Views Regarding the FASB Codification

The [Securities and Exchange Commission](#) (SEC or the Commission) staff has recently shared with the [CAQ SEC Regulations Committee](#) (Committee) its views regarding the [Financial Accounting Standards Board](#) (FASB) [Accounting Standards Codification](#) (Codification). Specifically the SEC has shared views related to:

- Financial statement references pre- and post-Codification effective date;
- The need for revisions/amendments to previously filed financial statements; and
- Preferability letters as it relates to the Codification.

For annual and interim periods ending after September 15, 2009, the Codification will become the single source of authoritative generally accepted accounting principles (GAAP) in the United States. For additional information on the FASB Codification, please refer to [CAQ Alert #2009-57](#) and [CAQ Alert #2009-66](#).

Financial Statement References Pre- and Post-Codification Effective Date

Note: The SEC staff has encouraged companies to make financial statements more useful to users by drafting financial statement disclosures to avoid specific GAAP references and to more clearly explain accounting concepts.

Financial Statement References Pre-Codification Effective Date - If references to specific GAAP are made in financial statements for periods ending on or before September 15, 2009 (i.e., before the Codification becomes effective) the SEC staff believes pre-Codification GAAP references continue to be acceptable, even if those financial statements were issued after September 15, 2009 (e.g., in a Form 10-K or Form 10-Q for the annual or quarterly period ended August 31, 2009). Further, the SEC staff will not object if those financial statements refer to either the Codification or both the Codification and pre-Codification GAAP literature.

Financial Statement References Post-Codification Effective Date - Once a company issues financial statements for a period ending after September 15, 2009 the SEC staff believes any references to specific elements of GAAP should use Codification references. That is, if references to specific GAAP

are made in financial statements for periods ending after September 15, 2009 (e.g., annual or interim financial statements as of September 30, 2009), those references should be to the Codification. Moreover, references to specific GAAP throughout the financial statements should be on a consistent basis for all periods (i.e., disclosures for comparative periods should not refer to only pre-Codification GAAP literature).

Revisions/Amendments to Previously Filed Financial Statements

After the Codification becomes effective, the SEC staff does not expect companies to revise or amend financial statements previously filed for prior periods simply because financial statements for periods ending after September 15, 2009 refer to the Codification. That is, a company's December 31, 2008 Form 10-K, with references to only pre-Codification GAAP literature, may be incorporated by reference into a Form S-3 registration statement that becomes effective after September 15, 2009, even if the Form S-3 also incorporates by reference the September 30, 2009 Form 10-Q that refers to the Codification.

Preferability Letters

The SEC staff will not require a preferability letter if an accounting change is in response to a newly issued update of the Codification.

NOTE: The Codification includes relevant portions of authoritative content issued by the SEC and the SEC staff for reference by public companies. The inclusion of the SEC content is intended to increase the utility of the Codification for public companies who file with the SEC. The Codification does not replace the specific rules and interpretive releases of the SEC or its staff and does not change the SEC content. Specific SEC rules and interpretive releases still may be referenced in financial statements.

Other Related Resources

- [CAQ Alert #2009-66](#) FASB Issues SFAS 168 on the FASB Codification and GAAP Hierarchy, July 7, 2009
- [CAQ Alert #2009-61](#) FASB Announces June 22nd Webcast on Transition to Codification, June 16, 2009
- [CAQ Alert #2009-57](#) FASB Codification Effective for Reporting Periods after September 15, 2009, June 8, 2009
- [CAQ Alert #2009-31](#) FASB Issues Proposed Statement on *The Hierarchy of GAAP, a replacement of SFAS No. 162*, April 8, 2009
- [CAQ Alert #2008-22](#) SEC Content Now Included in the FASB Codification, April 10, 2008

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Sincerely,

Lillian Ceynowa, CPA
Center for Audit Quality
Director of Professional Practice & Member Relations
(212) 596-6084
Iceynowa@theCAQ.org

Michelle McNulty, CPA
Center for Audit Quality
Technical Manager
Professional Practice & Member Relations
(212) 596-6034
mmcnulty@theCAQ.org

Kristen Sutherland, CPA
Center for Audit Quality
Technical Manager
Professional Practice & Member Relations
(212) 596-6221
ksutherland@theCAQ.org

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